UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

(Check One)

☐ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

☒ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2022

Commission file number **1-35563**

PEMBINA PIPELINE CORPORATION

(Exact name of registrant as specified in its charter)

Alberta, Canada	**4612**	**None**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number (if applicable))	(I.R.S. Employer Identification Number (if Applicable))

Suite 4000, 585 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 1G1
(403) 231-7500

(Address and Telephone Number of Registrant's Principal Executive Offices)

DL Services Inc., Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104-7043
(206) 903-8800
(Name, Address (Including Zip Code) and Telephone Number
(Including Area Code) of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares	**PBA**	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act. **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Auditor Name: KPMG LLP Auditor Location: Calgary, Canada Auditor Firm ID: 85

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 550,305,350.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No ____

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (s.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes [X] No ____

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

☐

FORM 40-F

Principal Documents

The following documents, filed as Exhibits 99.1 and 99.2 to this Annual Report on Form 40-F of Pembina Pipeline Corporation ("Pembina"), are hereby incorporated by reference into this Annual Report on Form 40-F:

(a) Annual Information Form for the fiscal year ended December 31, 2022; and

(b) Management's Discussion and Analysis for the fiscal year ended December 31, 2022; and Audited Consolidated Financial Statements for the fiscal year ended December 31, 2022. Pembina's Audited Consolidated Financial Statements included in this Annual Report on Form 40-F have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Therefore, they are not comparable in all respects to financial statements of United States companies that are prepared in accordance with United States generally accepted accounting principles.

ADDITIONAL DISCLOSURE

Certifications and Disclosure Regarding Controls and Procedures.

(a) Certifications. See Exhibits 99.3, 99.4, 99.5 and 99.6 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of Pembina's fiscal year ended December 31, 2022, an evaluation of the effectiveness of Pembina's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out by Pembina's management, with the participation of its principal executive officer and principal financial officer. Based upon that evaluation, Pembina's principal executive officer and principal financial officer have concluded that as of the end of that fiscal year Pembina's disclosure controls and procedures are effective to ensure that information required to be disclosed by Pembina in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission (the "Commission") rules and forms and (ii) accumulated and communicated to Pembina's management, including its principal executive officer and principal financial officers, to allow timely decisions regarding required disclosure.

It should be noted that while Pembina's principal executive officer and principal financial officer believe that Pembina's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that Pembina's disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Management's Annual Report on Internal Control Over Financial Reporting. The required disclosure is included in the "Management's Report" that accompanies Pembina's Consolidated Financial Statements for the fiscal year ended December 31, 2022, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

(d) Attestation Report of the Registered Public Accounting Firm. The required disclosure is included in the "Report of Independent Registered Public Accounting Firm" that accompanies Pembina's Consolidated Financial Statements for the fiscal year ended December 31, 2022, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

(e) Changes in Internal Control Over Financial Reporting. During the fiscal year ended December 31, 2022, no changes were made in Pembina's internal control over financial reporting that have materially affected or are reasonably likely to materially affect Pembina's internal control over financial reporting.

Notices Pursuant to Regulation BTR.

None.

Audit Committee Financial Expert.

Pembina's board of directors has determined that Gordon J. Kerr and Maureen Howe, members of Pembina's audit committee, each qualify as an "audit committee financial expert" (as such term is defined in Form 40-F) and are "independent" as that term is defined in the rules of the New York Stock Exchange.

Code of Ethics.

Pembina has adopted a Code of Ethics that meets the definition of a "code of ethics" set forth in Form 40-F, and that applies to principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions.

On February 25, 2021, Pembina amended its Code of Ethics to confirm its commitment to operating its business in a way that respects the human, cultural and legal rights of all individuals and communities. In addition, on August 4, 2021, Pembina further amended its Code of Ethics to reflect ancillary changes to the Code of Ethics as a result of Pembina formalizing its Anti-Bribery Policy.

Since the date on which Pembina became subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, there have not been any other amendments to, or waivers, including implicit waivers, granted from, any provision of the Code of Ethics.

The Code of Ethics is available for viewing on Pembina's website at www.pembina.com and is available in print to any shareholder who requests it. Requests for copies of the Code of Ethics should be made by contacting: Investor Relations by phone at (855) 880-7404 or by e-mail at investor-relations@pembina.com.

If any amendment to the Code of Ethics is made, or if any waiver from the provisions thereof is granted, Pembina will disclose the information about such amendment or waiver required by Form 40-F to be disclosed, by posting such disclosure on Pembina's website, which may be accessed at www.pembina.com.

Principal Accountant Fees and Services.

The required disclosure is included under the heading "Audit Committee Information-External Auditor Service Fees" in Pembina's Annual Information Form for the fiscal year ended December 31, 2022, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

Pre-Approval Policies and Procedures.

(a) Pembina's full audit committee pre-approves all audit and non-services provided to Pembina by its external auditor, KPMG LLP. Also see "Audit Committee Information-Pre-Approval Policies and Procedures for Audit and Non-Audit

Services" in Pembina's Annual Information Form for the fiscal year ended December 31, 2022, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

(b) Of the fees reported in Exhibit 99.1 to this Annual Report on Form 40-F under the heading "Audit Committee Information-External Auditor Service Fees", none of the fees billed by KPMG LLP were approved by Pembina's audit committee pursuant to the *de minimis* exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Off-Balance Sheet Arrangements.

Pembina does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Tabular Disclosure of Contractual Obligations.

The required disclosure is included under the heading "Contractual Obligations" in Pembina's Management's Discussion and Analysis for the fiscal year ended December 31, 2022, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

Identification of the Audit Committee.

Pembina has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the audit committee are: Maureen E. Howe, Gordon J. Kerr, Leslie O'Donoghue and Ana Dutra.

Mine Safety Disclosure.

Not applicable.

New York Stock Exchange Disclosure.

Presiding Director at Meetings of Non-Management Directors

Pembina schedules regular executive sessions in which Pembina's "non-management directors" (as that term is defined in the rules of the New York Stock Exchange) meet without management participation. Mr.Henry Sykes serves as the presiding director (the "Presiding Director") at such sessions. Each of Pembina's non-management directors is "independent" within the meaning of the rules of the New York Stock Exchange.

Pembina also holds executive sessions at least once per year in which Pembina's independent directors meet without participation from management or non-independent directors.

Communication with Non-Management Directors

Shareholders may send communications to Pembina's non-management directors by writing to David M.B. LeGresley, Chair of the governance, nominating and corporate social responsibility committee of the board of directors, c/o Investor Relations, Pembina Pipeline Corporation, 4000, 585 – 8th Avenue S.W., Calgary, Alberta T2P 1G1. Communications will be referred to the Presiding Director for appropriate action. The status of all outstanding concerns addressed to the Presiding Director will be reported to the board of directors as appropriate.

Corporate Governance Guidelines

In accordance with Section 303A.09 of the NYSE Listed Company Manual, Pembina has adopted a set of corporate governance guidelines with respect to certain specified matters. Such guidelines are available for viewing on Pembina's website at www.pembina.com.

Board Committee Mandates

The Charters of Pembina's audit committee, human resources, health and compensation committee, safety and environment committee and governance, nominating and corporate social responsibility committee are each available for viewing on Pembina's website at www.pembina.com.

NYSE Statement of Governance Differences

As a Canadian corporation listed on the NYSE, Pembina is not required to comply with most of the NYSE corporate governance standards, so long as it complies with Canadian corporate governance practices. In order to claim such an exemption, however, Pembina must disclose the significant difference between its corporate governance practices and those required to be followed by U.S. domestic companies under the NYSE's corporate governance standards. Pembina has included a description of such significant differences in corporate governance practices on its website, which may be accessed at www.pembina.com.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking.

Pembina undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process.

Pembina has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of Pembina shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of Pembina.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 23, 2023.

Pembina Pipeline Corporation

By: /s/ "J. Scott Burrows"
Name: J. Scott Burrows
Title: President and Chief Executive Officer

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form for the fiscal year ended December 31, 2022
99.2	Management’s Discussion and Analysis for the fiscal year ended December 31, 2022 and Audited Consolidated Financial Statements for the fiscal year ended December 31, 2022, prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board
99.3	Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934
99.4	Certification of Chief Financial Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934
99.5	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
99.6	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
99.7	Consent of KPMG LLP
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REPORT TO SHAREHOLDERS

Year ended December 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") of the financial and operating results of Pembina Pipeline Corporation ("Pembina" or the "Company") is dated February 23, 2023, and is supplementary to, and should be read in conjunction with, Pembina's audited consolidated financial statements as at and for the year ended December 31, 2022 ("Consolidated Financial Statements"). The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, using the accounting policies described in Note 3 of the Consolidated Financial Statements. All dollar amounts contained in this MD&A are expressed in Canadian dollars unless otherwise noted. For further details on Pembina and Pembina's significant assets, including definitions for capitalized terms used herein and not otherwise defined, refer to Pembina's annual information form ("AIF") dated February 23, 2023 for the year ended December 31, 2022. Additional information about Pembina filed with Canadian and U.S. securities commissions, including quarterly and annual reports, annual information forms (filed with the U.S. Securities and Exchange Commission (the "SEC") under Form 40-F) and management information circulars, can be found online at www.sedar.com, www.sec.gov and through Pembina's website at www.pembina.com.

Abbreviations

For a list of abbreviations that may be used in this MD&A, refer to the "Abbreviations" section of this MD&A.

Non-GAAP Financial Measures

Pembina has disclosed certain financial measures and ratios within this MD&A that management believes provide meaningful information in assessing Pembina's underlying performance, but which are not specified, defined or determined in accordance with Canadian generally accepted accounting principles ("GAAP") and which are not disclosed in Pembina's Consolidated Financial Statements. Such non-GAAP financial measures and non-GAAP ratios do not have any standardized meaning prescribed by IFRS and may not be comparable to similar financial measures or ratios disclosed by other issuers. Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A for additional information regarding these non-GAAP financial measures and non-GAAP ratios.

Risk Factors and Forward-Looking Information

Management has identified the primary risk factors that could have a material impact on the financial results and operations of Pembina. Such risk factors are presented in the "Risk Factors" sections of this MD&A and are also included in Pembina's AIF. The Company's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described within the "Forward-Looking Statements & Information" section of this MD&A. This MD&A contains forward-looking statements based on Pembina's current expectations, estimates, projections and assumptions. This information is provided to assist readers in understanding the Company's future plans and expectations and may not be appropriate for other purposes.

1. ABOUT PEMBINA

Pembina Pipeline Corporation is a leading energy transportation and midstream service provider that has served North America's energy industry for more than 65 years. Pembina owns an integrated network of hydrocarbon liquids and natural gas pipelines, gas gathering and processing facilities, oil and natural gas liquids infrastructure and logistics services, and an export terminals business. Through our integrated value chain, we seek to provide safe and reliable energy solutions that connect producers and consumers across the world, support a more sustainable future and benefit our customers, investors, employees and communities. For more information, please visit www.pembina.com.

Pembina's Purpose and Strategy

We deliver extraordinary energy solutions so the world can thrive.

Pembina will build on its strengths by continuing to invest in and grow the core businesses that provide critical transportation and midstream services to help ensure reliable and secure energy supply. At the same time, Pembina will capitalize on exciting opportunities to leverage its assets and expertise into new service offerings that proactively respond to the transition to a lower-carbon economy. In continuing to meet global energy demand and its customers' needs, while ensuring Pembina's long-term success and resilience, the Company has established 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 the energy transition to improve the basins in which we operate.** We will 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:
    a. *Employees* say we are the 'employer of choice' and value our safe, respectful, collaborative, and inclusive work culture.
    b. *Communities* welcome us and recognize the net positive impact of our social and environmental commitment.
    c. *Customers* choose us first for reliable and value-added services.
    d. *Investors* receive sustainable industry-leading total returns.

Pembina Gas Infrastructure

On August 15, 2022, Pembina completed its joint venture transaction with KKR & Co., Inc. ("KKR") to combine their respective western Canadian natural gas processing assets into a single, new joint venture entity, Pembina Gas Infrastructure Inc. ("PGI") (the "PGI Transaction"). PGI is a premier gas processing entity in Western Canada with a combined processing capacity of approximately 5 billion cubic feet per day, approximately 3 billion cubic feet per day net to Pembina. PGI is strategically positioned to serve customers from central Alberta to northeast British Columbia. Pembina owns 60 percent of PGI while KKR's global infrastructure funds own the remaining 40 percent. Pembina serves as the operator and manager of PGI.

Pembina contributed to PGI its wholly-owned field-based gas processing assets, which include the Cutbank Complex, the Saturn Complex, the Resthaven Facility, the Duvernay Complex and the Saskatchewan Ethane Extraction Plant (collectively, "the Field-based Gas Processing Assets"), as well as its 45 percent interest in Veresen Midstream. KKR contributed to PGI its 55 percent interest in Veresen Midstream, as well as its 49 percent interest in PGI Processing ULC (formerly named Energy Transfer Canada ULC) ("ETC"). Concurrently with the closing of the transaction, PGI also acquired the remaining 51 percent common share equity interest in ETC from an affiliate of Energy Transfer LP, aligning ownership of those assets and driving additional efficiencies within PGI.

Pursuant to an agreement with the Competition Bureau, and consistent with Pembina's and KKR's intention to divest upon announcing their joint venture, on December 11, 2022 a subsidiary of PGI has entered into an agreement to sell its 50 percent non-operated interest in the Key Access Pipeline System ("KAPS") which was contributed to PGI as part of the transaction. Closing is now expected to occur in the second quarter of 2023.

The operational and financial results contained in this MD&A and the Consolidated Financial Statements include the equity interest in PGI following the completion of the PGI Transaction from August 16, 2022 to December 31, 2022. Prior to the PGI Transaction, Pembina owned 100 percent of the Field-based Gas Processing Assets and equity accounted for its 45 percent interest in Veresen Midstream.

In connection with the closing of the PGI Transaction, Pembina's Board of Directors approved a $0.0075 per common share increase to its monthly common share dividend rate, commencing with the dividend paid on October 14, 2022.

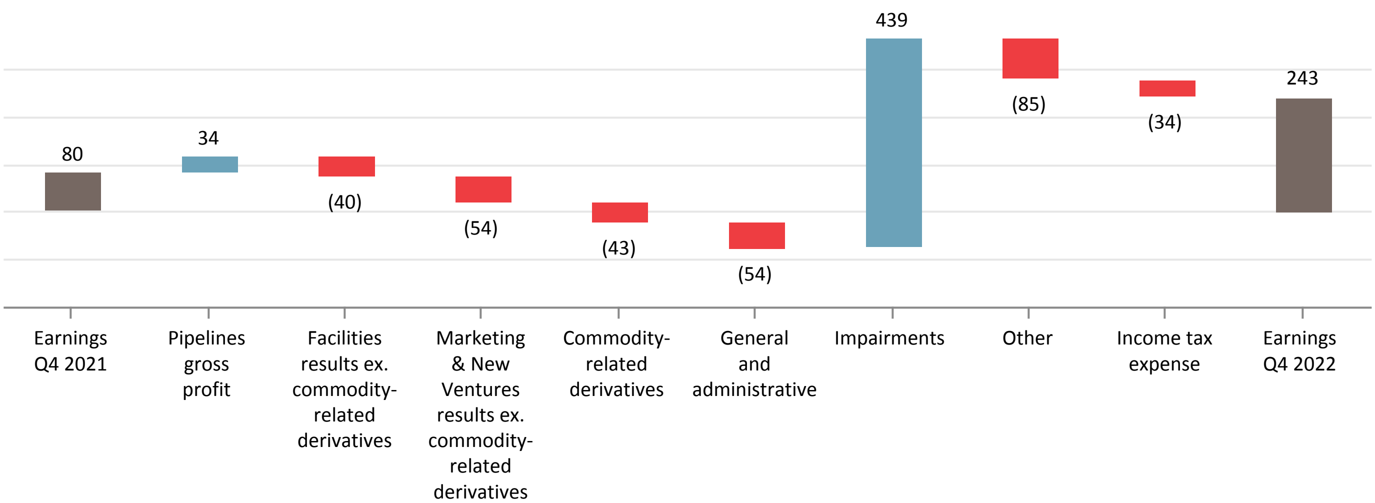
2. FINANCIAL & OPERATING OVERVIEW

Consolidated Financial Overview for the Three Months Ended December 31

Results of Operations

($ millions, except where noted)	**2022**	2021	Change
Revenue	**2,699**	2,560	139
Net revenue(1)	**1,043**	1,084	(41)
Gross profit	**681**	785	(104)
Earnings	**243**	80	163
Earnings per common share – basic and diluted *(dollars)*	**0.39**	0.08	0.31
Cash flow from operating activities	**947**	697	250
Cash flow from operating activities per common share – basic *(dollars)*	**1.72**	1.27	0.45
Adjusted cash flow from operating activities(1)	**690**	734	(44)
Adjusted cash flow from operating activities per common share – basic *(dollars)*(1)	**1.25**	1.33	(0.08)
Capital expenditures	**143**	176	(33)
Adjusted EBITDA(1)	**925**	970	(45)
Total volumes *(mboe/d)*(2)	**3,392**	3,437	(45)

Change in Earnings *($ millions)*(3)(4)



Results Overview

Earnings in the fourth quarter of 2022 were positively impacted by higher volumes on the Peace Pipeline system due to increased upstream activity and higher tolls, combined with higher volumes on the Cochin Pipeline, a higher contribution from Alliance and the impact of higher U.S. dollar exchange rates. Facilities results were impacted by the change in ownership of Pembina's formerly wholly-owned Field-based Gas Processing Assets as part of the PGI Transaction. Marketing & New Ventures results were impacted by lower NGL margins and lower share of profit from Aux Sable, partially offset by higher margins on crude oil sales. During the period, Pembina also had higher losses on commodity-related derivatives relating to NGL-based derivatives and renewable power purchase agreements. General and administrative expenses increased due to higher long-term incentive costs and other expenses increased as a result of the Ruby settlement provision, partially offset by lower restructuring costs. Impairment expense decreased due to $437 million recognized during the fourth quarter of 2021 primarily related to certain Oil Sands assets compared to nil recognized in the fourth quarter of 2022. Income tax expense increased due to the deferred tax recovery on impairments in the prior year, partially offset by higher earnings and the tax impacts of the PGI transaction.

Changes in Results for the Three Months Ended December 31		
Revenue	▲	$139 million increase, largely due to an increase in crude oil market prices, higher volumes on the Peace Pipeline system and higher tolls, higher volumes on the Cochin Pipeline, higher recoverable costs, and the impact of higher U.S. dollar exchange rates, partially offset by lower revenue from the Field-based Gas Processing Assets contributed to PGI and now reflected in share of profit from equity accounted investees ("share of profit") and from lower NGL sales primarily due to lower propane prices.
Cost of goods sold	▼	$180 million increase, largely due to higher crude oil market prices in Marketing & New Ventures.
Operating expenses	▼	$34 million increase, primarily due to higher power costs, the majority of which are recoverable, as a result of higher power pool prices during the fourth quarter of 2022 and higher integrity costs, partially offset by lower operating expenses as the Field-based Gas Processing Assets are now reflected in share of profit in connection with the PGI Transaction.
Depreciation and amortization included in operations	▲	$18 million decrease, primarily due to a smaller asset base resulting from the PGI Transaction.
Share of profit from equity accounted investees	●	Consistent with the prior period. Lower share of profit from Aux Sable as a result of a realized loss on commodity-related derivatives in the quarter was largely offset by the contributions from PGI following the PGI Transaction and higher contributions from Alliance as a result of lower interest expense.
Realized (gain) loss on commodity-related derivatives	▲	$46 million positive variance, primarily due to realized gains on NGL-based derivative instruments driven by the change in NGL market prices during the period compared to losses in the fourth quarter of 2021, combined with the transfer of the commodity-related derivatives from Pembina's Facilities Division to PGI as part of the contributed Field-based Gas Processing Assets.
Unrealized loss on commodity-related derivatives	▼	$89 million negative variance, primarily due to losses on NGL-based derivatives and renewable power purchase agreements due to the change in the forward prices for natural gas and power during the fourth quarter of 2022 and contracts maturing in the period, partially offset by the transfer of the commodity-related derivatives from Pembina's Facilities Division to PGI.
General and administrative	▼	$54 million increase, largely due to higher long-term incentive costs driven by Pembina's performance relative to peers and the change in Pembina's share price, and higher consulting fees. Included in general & administrative expenses is $16 million of fixed fee income related to shared service agreements with joint ventures that will continue on a recurring basis.
Other expense	▼	$78 million increase, primarily due to the Ruby settlement provision, partially offset by lower restructuring costs recognized during the period compared to the fourth quarter of 2021. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby.
Impairments	▲	$439 million decrease, largely due to $437 million in impairments recognized during the fourth quarter of 2021 related to certain Oil Sands assets compared to nil recognized in the fourth quarter of 2022.
Net finance costs	▼	$6 million increase, largely due to foreign exchange losses compared to gains in the fourth quarter of 2021 and higher interest on long-term debt, partially offset by gains on non-commodity related derivative financial instruments compared to losses in the fourth quarter of 2021.
Current tax expense	▲	$49 million decrease, primarily due to the tax impacts of the PGI Transaction, partially offset by higher current period earnings.
Deferred tax expense	▼	$83 million increase, primarily due to the recovery on the impairments recognized in the fourth quarter of 2021, partially offset by the tax impacts of the PGI transactions.
Cash flow from operating activities	▲	$250 million increase, primarily driven by an increase in the change in non-cash working capital and distributions from equity accounted investees, and a decrease in taxes paid, partially offset by lower operating results and an increase in net interest paid.
Adjusted cash flow from operating activities[1]	▼	$44 million decrease, largely due to lower operating results and an increase in accrued share based payments, partially offset by higher distributions from equity accounted investees and lower current tax expense.
Adjusted EBITDA[1]	▼	$45 million decrease, primarily due to lower margins on NGL sales, lower contribution from Aux Sable and Ruby, and higher general & administrative expense and integrity costs, partially offset by realized gains on commodity-related derivative instruments during the period compared to losses in the fourth quarter of 2021, higher margins on crude oil sales, higher volumes on the Peace Pipeline system and on the Cochin Pipeline, higher tolls, and the impact of higher U.S. dollar exchange rates.
Total volumes *(mboe/d)*[2]	▼	45 mboe/d decrease, largely due to the disposition of Pembina's interest in the assets comprising the Empress I Plant, Empress I Expansion Plant (collectively, "the E1 assets"), and the Empress VI Plant ("E6 assets") in October 2022 and lower volumes on the Ruby Pipeline, partially offset by higher volumes on the Peace Pipeline system and Cochin Pipeline due to increased upstream activity, higher volumes at the Alberta Ethane Gathering System ("AEGS") and at Redwater due to third-party outages and planned turnarounds at AEGS in the fourth quarter of 2021, and volumes following the PGI Transaction. Volumes include 483 mboe/d (2021: 294 mboe/d) related to equity accounted investees.

▲ Increase; ▼ Decrease; or ● No impact; to earnings, adjusted EBITDA, cash flow from operations, adjusted cash flow from operating activities or total volumes.

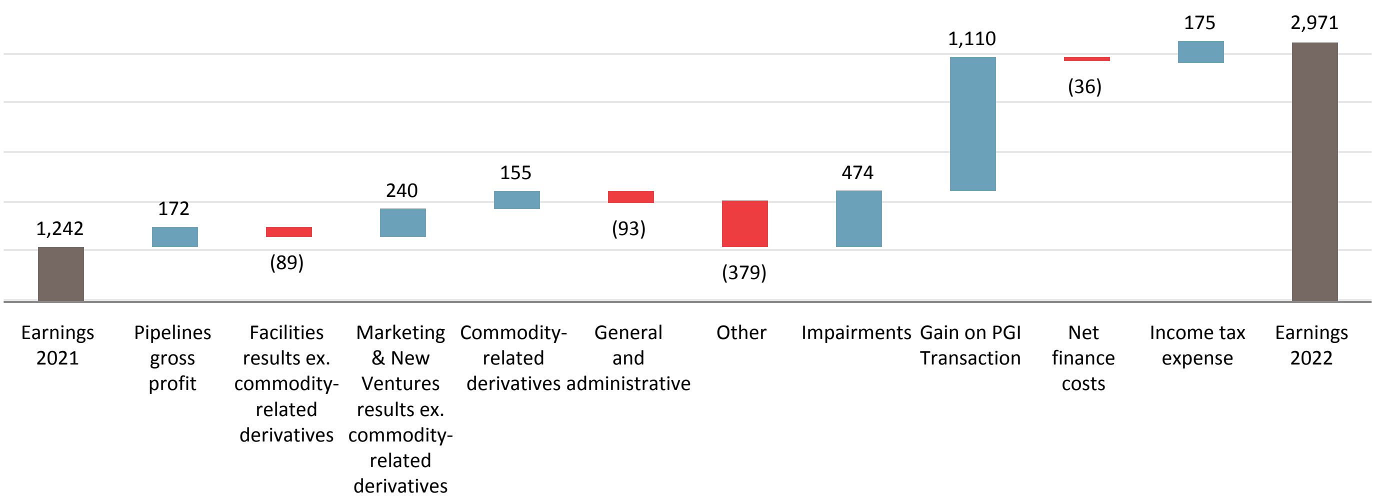
(1) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(2) Total revenue volumes. See the "Abbreviations" section of this MD&A for definition. Volumes do not include Empress processing capacity. Marketed NGL volumes are excluded from volumes to avoid double counting. Refer to the "Marketing & New Ventures" section of this MD&A for further information.
(3) Facilities results excluding commodity-related derivatives and Marketing & New Ventures results excluding commodity-related derivatives includes gross profit less realized and unrealized commodity related derivative financial instruments.
(4) Other includes other expenses, net finance costs, and corporate.

Consolidated Financial Overview for the 12 Months Ended December 31

Results of Operations

($ millions, except where noted)	**2022**	2021	Change
Revenue	**11,611**	8,627	2,984
Net revenue[1]	**4,247**	3,938	309
Gross profit	**3,123**	2,647	476
Earnings	**2,971**	1,242	1,729
Earnings per common share – basic *(dollars)*	**5.14**	2.00	3.14
Earnings per common share – diluted *(dollars)*	**5.12**	1.99	3.13
Cash flow from operating activities	**2,929**	2,650	279
Cash flow from operating activities per common share – basic *(dollars)*	**5.30**	4.82	0.48
Adjusted cash flow from operating activities[1]	**2,661**	2,640	21
Adjusted cash flow from operating activities per common share – basic *(dollars)*[1]	**4.82**	4.80	0.02
Capital expenditures	**605**	658	(53)
Adjusted EBITDA[1]	**3,746**	3,433	313
Total volumes *(mboe/d)*[2]	**3,383**	3,456	(73)

Change in Earnings *($ millions)*[3][4]



Results Overview

Earnings for 2022 were positively impacted by higher results in Marketing & New Ventures due to higher margins on crude oil and natural gas sales and higher contributions from Aux Sable, partially offset by lower NGL margins. Pipelines gross profit was positively impacted by higher volumes on the Peace Pipeline system and on the Cochin Pipeline, higher tolls, a higher contribution from Alliance, and the impact of higher U.S. dollar exchange rates, partially offset by contract expirations on the Nipisi and Mitsue Pipeline systems and a lower contribution from Ruby. Facilities results were impacted by the change in ownership of Pembina's formerly wholly-owned Field-based Gas Processing Assets as part of the PGI Transaction. During the period, Pembina also had gains on NGL marketing commodity-related derivatives, on renewable power purchase agreements, and on certain gas processing fees tied to AECO, partially offset by higher losses on crude oil-based derivatives. General and administrative expenses increased due to higher long-term incentive costs, and higher consulting fees and salaries and wages. There were no impairments in 2022 as compared to impairments of $437 million recognized on certain Oil Sands assets in 2021. Pembina recognized a $1.1 billion gain on the PGI Transaction compared to the $350 million received from the termination of the arrangement agreement with Inter Pipeline Ltd. ("Arrangement Termination Payment") recognized in other income. Net finance costs increased due to foreign exchange losses compared to gains in 2021 and higher interest on long-term debt, partially offset by lower interest expense associated with tax settlements. Income tax expense was lower primarily as a result of the PGI Transaction, partially offset by the deferred tax recovery on impairments in the prior year.

Changes in Results for the 12 Months Ended December 31		
Revenue	▲	$3.0 billion increase, largely due to an increase in crude oil, NGL and natural gas market prices, higher volumes on the Peace Pipeline system and higher tolls, combined with higher volumes on the Cochin Pipeline and higher recoverable costs, partially offset by lower revenue from the Field-based Gas Processing Assets contributed to PGI and now reflected in share of profit and contract expirations on the Nipisi and Mitsue Pipeline systems.
Cost of goods sold	▼	$2.7 billion increase, due to higher crude oil, NGL, and natural gas market prices in Marketing & New Ventures.
Operating expenses	▼	$108 million increase, primarily due to higher power and fuel costs, the majority of which are recoverable, as a result of higher power pool prices and higher AECO prices during the period, combined with higher integrity costs and higher recoverable geotechnical costs largely related to the Western Pipeline, partially offset by lower operating expenses as the Field-based Gas Processing Assets are now reflected in share of profit.
Depreciation and amortization included in operations	▲	$40 million decrease, primarily due to a smaller asset base in Facilities following the PGI Transaction and in Pipelines from the impairment of certain assets in the fourth quarter of 2021, partially offset by higher asset retirements in Facilities and the Prince Rupert Terminal being placed into service in March 2021.
Share of profit from equity accounted investees	▲	$80 million increase, primarily due to higher revenue at Alliance as a result of a wider AECO-Chicago natural gas price differential, gains on the sale of linepack inventory in 2022, the impact of the higher U.S. dollar exchange rate, and lower interest expenses, combined with the contributions from PGI following the PGI Transaction and higher revenue from Aux Sable, partially offset by a realized loss on commodity-related derivatives recognized by Aux Sable and lower contributions from Ruby. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby.
Realized loss on commodity-related derivatives	▲	$95 million positive variance, primarily due to lower realized losses on NGL-based derivative instruments driven by the change in NGL market prices and the increase in the AECO price during the period resulting in realized gains for certain gas processing fees tied to AECO prices, partially offset by higher realized losses on crude oil-based derivative instruments due to higher crude oil market prices during the period.
Unrealized gain on commodity-related derivatives	▲	$60 million positive variance, primarily due to gains on NGL marketing derivatives and renewable power purchase agreements resulting from newly added contracts, partially offset by 2021 contracts maturing in the period, combined with unrealized gains for certain gas processing fees tied to AECO prices.
General and administrative	▼	$93 million increase, largely due to higher long-term incentive costs driven by Pembina's performance relative to peers and the change in Pembina's share price, and higher consulting fees, salaries and wages, and legal fees. Included in general & administrative expenses is $23 million of fixed fee income related to shared service agreements with joint ventures that will continue on a recurring basis.
Other expense	▼	$377 million increase, primarily due to $350 million from the receipt of the Acquisition Termination Payment in 2021 recognized as other income and the Ruby settlement provision in 2022, partially offset by lower restructuring costs and lower acquisition costs.
Impairments	▲	$474 million decrease, primarily due to impairment charges of $437 million recognized during 2021 on certain Oil Sands assets, a $21 million impairment charge recognized on Pembina's interest in Fort Corp. in 2021, and a $10 million impairment charge on an advance made to Ruby in 2021 compared to nil in 2022.
Gain on PGI Transaction	▲	$1.1 billion increase related to the gain on the PGI Transaction recognized in third quarter of 2022.
Net finance costs	▼	$36 million increase, primarily due to foreign exchange losses compared to gains in 2021, higher interest expense on long-term debt, and lower interest income, partially offset by lower interest expense due to tax settlements.
Current tax expense	▲	$59 million decrease, primarily due to the tax associated with the Arrangement Termination Payment received in 2021 and the PGI Transaction in 2022, partially offset by higher current year earnings.
Deferred tax expense	▲	$116 million decrease, primarily due to the PGI Transaction, partially offset by the recovery on the impairments recognized in the fourth quarter of 2021.
Cash flow from operating activities	▲	$279 million increase, primarily driven by an increase in the change in non-cash working capital, higher distributions from equity accounted investees, higher operating results net of the $350 million Arrangement Termination Payment received in the third quarter of 2021, and a decrease in taxes paid, partially offset by an increase in net interest paid and share-based compensation payments.
Adjusted cash flow from operating activities[1]	▲	$21 million increase, primarily due to the same items impacting cash flow from operating activities, discussed above, net of the change in non-cash working capital, taxes paid, and share-based compensation payments, combined with lower current tax expense and preferred share dividends paid, largely offset by an increase in accrued share based payments.
Adjusted EBITDA[1]	▲	$313 million increase, primarily due to higher margins on crude oil, and natural gas sales, the contributions from certain PGI gas processing assets, including the Hythe Gas Plant, the Dawson Assets, the Cutbank Complex, and the Resthaven Facility, higher volumes on the Peace Pipeline system and on the Cochin Pipeline, higher tolls, lower realized losses on commodity-related derivatives, and higher contributions from Alliance and Aux Sable, partially offset by lower contributions from Ruby, higher general and administrative expense and integrity costs, and contract expirations on the Nipisi and Mitsue Pipeline systems.
Total volumes *(mboe/d)*[2]	▼	73 mboe/d decrease, largely driven by lower volumes on the Ruby Pipeline, contract expirations on the Nipisi and Mitsue Pipeline systems, and the disposition of Pembina's interest in the E1 and E6 assets in October 2022, partially offset by higher volumes on the Peace Pipeline system and Drayton Valley Pipeline due to increased upstream activity, volumes following the PGI Transaction, and higher volumes on the Cochin Pipeline. Volumes include 341 mboe/d (2021: 312 mboe/d) related to equity accounted investees.

▲ Increase; ▼ Decrease; or ● No impact; to earnings, adjusted EBITDA, cash flow from operations, adjusted cash flow from operating activities or total volumes.

(1) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(2) Total revenue volumes. See the "Abbreviations" section of this MD&A for definition. Volumes do not include Empress processing capacity. Marketed NGL volumes are excluded from volumes to avoid double counting. Refer to the "Marketing & New Ventures" section of this MD&A for further information.
(3) Facilities results excluding commodity-related derivatives and Marketing & New Ventures results excluding commodity-related derivatives includes gross profit less realized and unrealized commodity related derivative financial instruments.
(4) Other includes other expenses and corporate.

3. SEGMENT RESULTS

Business Overview

The Pipelines Division provides customers with pipeline transportation, terminalling, storage and rail services in key market hubs in Canada and the United States for crude oil, condensate, natural gas liquids and natural gas. Through Pembina's wholly-owned and joint venture assets, the Pipelines Division manages pipeline transportation capacity of 2.8 mmboe/d[1], above ground storage capacity of 11 mmbls[1] and rail terminalling capacity of approximately 105 mboe/d[1] within its conventional, oil sands and heavy oil, and transmission assets. The conventional assets include strategically located pipelines and terminalling hubs that gather and transport light and medium crude oils, condensate and natural gas liquids from western Alberta and northeast British Columbia to the Edmonton, Alberta area for further processing or transportation on downstream pipelines. The oil sands and heavy oil assets transport heavy and synthetic crude oil produced within Alberta to the Edmonton, Alberta area and offer associated storage, terminalling and rail services. The transmission assets transport natural gas, ethane and condensate throughout Canada and the United States on long haul pipelines linking various key market hubs. In addition, the Pipelines Division assets provide linkages between Pembina's upstream and downstream assets across North America, enabling integrated customer service offerings. Together, these assets supply products from hydrocarbon producing regions to refineries, fractionators and market hubs in Alberta, British Columbia, and Illinois, as well as other regions throughout North America.

The Facilities Division includes infrastructure that provides Pembina's customers with natural gas, condensate and NGL services. Through its wholly-owned assets and its interest in PGI, Pembina's natural gas gathering and processing facilities are strategically positioned in active, liquids-rich areas of the WCSB and Williston Basin and are integrated with the Company's other businesses. Pembina provides sweet and sour gas gathering, compression, condensate stabilization, and both shallow cut and deep cut gas processing services with a total capacity of approximately 5.4 bcf/d[2] for its customers. Condensate and NGL extracted at virtually all Canadian-based facilities have access to transportation on Pembina's pipelines. In addition, all NGL transported along the Alliance Pipeline are extracted through the Pembina operated Channahon Facility at the terminus. The Facilities Division includes approximately 354 mbpd[2] of NGL fractionation capacity, 21 mmbbls[1] of cavern storage capacity and associated pipeline and rail terminalling facilities and a liquefied propane export facility on Canada's West Coast. These facilities are fully integrated with the Company's other divisions, providing customers with the ability to access a comprehensive suite of services to enhance the value of their hydrocarbons. In addition, Pembina owns a bulk marine import/export terminal in Vancouver, British Columbia.

The Marketing & New Ventures Division strives to maximize the value of hydrocarbon liquids and natural gas originating in the basins where the Company operates. Pembina pursues this goal through the creation of new markets, and further enhances existing markets, to support both the Company's and its customers' overall business interests. In particular, Pembina seeks to identify opportunities to connect hydrocarbon production to new demand locations through the development of infrastructure. Pembina strives to increase producer netbacks and product demand to improve the overall competitiveness of the basins where the Company operates. This includes developing new business platforms and undertaking initiatives that seek to reduce the greenhouse gas ("GHG") emissions intensity of Pembina's and its customers' operations.

Within the Marketing & New Ventures Division, Pembina undertakes value-added commodity marketing activities including buying and selling products (natural gas, ethane, propane, butane, condensate, crude oil and electricity), commodity arbitrage, and optimizing storage opportunities. The marketing business enters into contracts for capacity on both Pembina's and third-party infrastructure, handles proprietary and customer volumes and aggregates production for onward sale. Through this infrastructure capacity, as well as utilizing the Company's expansive rail fleet and logistics capabilities, Pembina's marketing business adds incremental value to the commodities by accessing high value markets across North America and globally.

The Marketing & New Ventures Division is also responsible for the development of new large-scale, or value chain extending projects, including those that provide enhanced access to global markets and support a transition to a lower-carbon economy. Currently, Pembina is pursuing opportunities associated with liquefied natural gas ("LNG"), low-carbon commodities, and large-scale GHG emissions reductions.

(1) Net capacity.
(2) Net capacity; includes Aux Sable capacity; the financial and operational results for Aux Sable are included in the Marketing & New Ventures Division.

Financial and Operational Overview by Division

	3 Months Ended December 31					
	2022			2021		
($ millions, except where noted)	**Volumes[1]**	**Reportable Segment Earnings (Loss) Before Tax**	**Adjusted EBITDA[2]**	Volumes[1]	Reportable Segment Earnings (Loss) Before Tax	Adjusted EBITDA[2]
Pipelines	**2,593**	**295**	**548**	2,571	(70)	548
Facilities	**799**	**145**	**288**	866	164	285
Marketing & New Ventures[3]	**—**	**96**	**171**	—	220	183
Corporate	**—**	**(206)**	**(82)**	—	(181)	(46)
Total	**3,392**	**330**	**925**	3,437	133	970

	12 Months Ended December 31					
	2022			2021		
($ millions, except where noted)	**Volumes[1]**	**Reportable Segment Earnings (Loss) Before Tax**	**Adjusted EBITDA[2]**	Volumes[1]	Reportable Segment Earnings (Loss) Before Tax	Adjusted EBITDA[2]
Pipelines	**2,524**	**1,415**	**2,127**	2,586	917	2,102
Facilities	**859**	**1,804**	**1,137**	870	732	1,097
Marketing & New Ventures[3]	**—**	**708**	**721**	—	374	420
Corporate	**—**	**(708)**	**(239)**	—	(358)	(186)
Total	**3,383**	**3,219**	**3,746**	3,456	1,665	3,433

(1) Volumes for Pipelines and Facilities are revenue volumes, which are physical volumes plus volumes recognized from take-or-pay commitments. Volumes are stated in mboe/d, with natural gas volumes converted to mboe/d from MMcf/d at a 6:1 ratio.
(2) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(3) Marketed NGL volumes are excluded from volumes to avoid double counting. Refer to the "Marketing & New Ventures" section of this MD&A for further information.

Pipelines

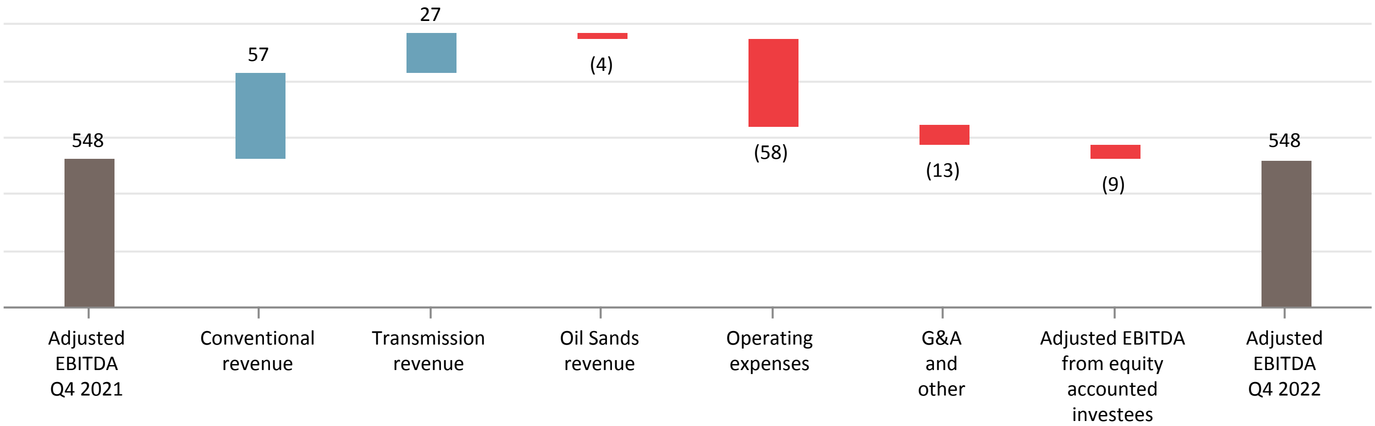
Financial Overview for the Three Months Ended December 31

Results of Operations

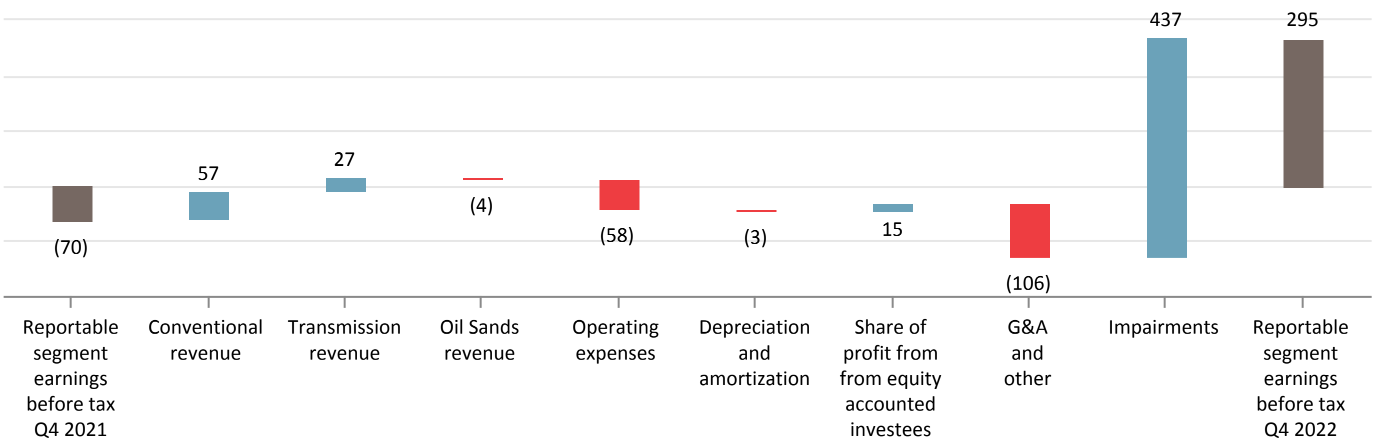
($ millions, except where noted)	**2022**	2021	Change
Conventional revenue(1)(2)	**436**	379	57
Transmission revenue(1)(2)	**139**	112	27
Oil Sands revenue(1)(2)	**111**	115	(4)
Pipelines revenue(1)	**686**	606	80
Operating expenses(1)	**205**	147	58
Depreciation and amortization included in operations	**104**	101	3
Share of profit from equity accounted investees	**44**	29	15
Gross profit	**421**	387	34
Reportable segment earnings (loss) before tax	**295**	(70)	365
Adjusted EBITDA(3)	**548**	548	—
Volumes *(mboe/d)*(4)	**2,593**	2,571	22
Distributions from equity accounted investees	**96**	51	45

Change in Results		
Conventional revenue(1)(2)	▲	Increase largely due to higher volumes on the Peace Pipeline system resulting from increased upstream activity, combined with higher tolls largely due to inflation and higher recoverable power costs.
Transmission revenue(1)(2)	▲	Increase primarily due to higher volumes on the Cochin Pipeline due to increased demand resulting from wider condensate price differentials between Western Canada and the U.S. Gulf Coast and the higher U.S. dollar exchange rate.
Oil Sands revenue(1)(2)	●	Consistent with the prior period. Lower revenue related to recoverable costs on the Horizon Pipeline system due to a timing difference of when the revenue was recognized in 2022 compared to the fourth quarter of 2021, largely offset by higher recoverable power costs on the Syncrude Pipeline.
Operating expenses(1)	▼	Increase largely due to higher power costs, the majority of which are recovered in revenue, as a result of the higher power pool price during the quarter as well as an increase in integrity spending primarily on the Peace Pipeline system.
Share of profit from equity accounted investees	▲	Increase primarily due to higher contributions from Alliance as a result of lower interest expense due to its debt re-financing in the fourth quarter of 2021.
Reportable segment earnings (loss) before tax	▲	Increase largely due to $437 million in impairments recognized during the fourth quarter of 2021 related to certain Oil Sands assets compared to nil recognized in the fourth quarter of 2022, combined with higher volumes on the Peace Pipeline system and on the Cochin Pipeline, higher tolls due to inflation, higher contributions from Alliance, and the impact of the higher U.S. dollar exchange rate, partially offset by the Ruby settlement provision, lower revenue related to recoverable costs on the Horizon pipeline system, and higher integrity spending and long-term incentives. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby.
Adjusted EBITDA(3)	●	Consistent with the prior period. Due to the same items impacting reportable segment earnings (loss) before tax, discussed above, net of the decrease in impairments and the Ruby settlement provision, largely offset by lower adjusted EBITDA from Ruby. Included in adjusted EBITDA is $83 million (2021: $80 million) related to Alliance and nil (2021: $14 million) related to Ruby.
Volumes *(mboe/d)*(4)	▲	Increase largely driven by higher volumes on the Peace Pipeline system resulting from increased upstream activity, combined with higher deferred revenue volumes recognized in the fourth quarter of 2022, higher volumes on AEGS due to third-party outages and planned turnarounds in the fourth quarter of 2021, and higher volumes on the Cochin Pipeline, partially offset by lower volumes on the Ruby Pipeline. Volumes include 147 mboe/d (2021: 144 mboe/d) related to Alliance and nil (2021: 60 mboe/d) related to Ruby.
Distributions from equity accounted investees	▲	$95 million (2021: $51 million) from Alliance. The increase in distributions from Alliance are due to the same factors impacting share of profit from equity accounted investees discussed above.

Change in Adjusted EBITDA *($ millions)*(2)(3)



Change in Reportable Segment Earnings Before Tax *($ millions)*(2)(5)



(1) Includes inter-segment transactions. See Note 19 to the Consolidated Financial Statements.
(2) Conventional, transmission and oil sands revenue include revenue generated from Pembina's conventional, transmission and oil sands and heavy oil assets within the Pipelines Division, respectively. For further details on Pembina's assets, refer to Pembina's AIF for the year ended December 31, 2022.
(3) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(4) Revenue volumes. See the "Abbreviations" section of this MD&A for definition.
(5) Other includes other expense and net finance costs.

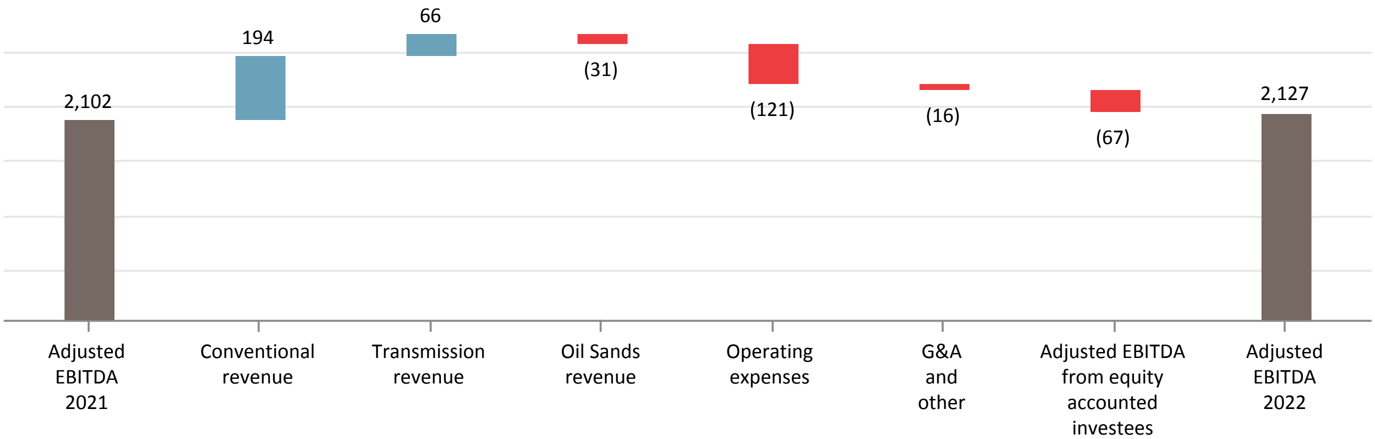
Financial Overview for the 12 Months Ended December 31

Results of Operations

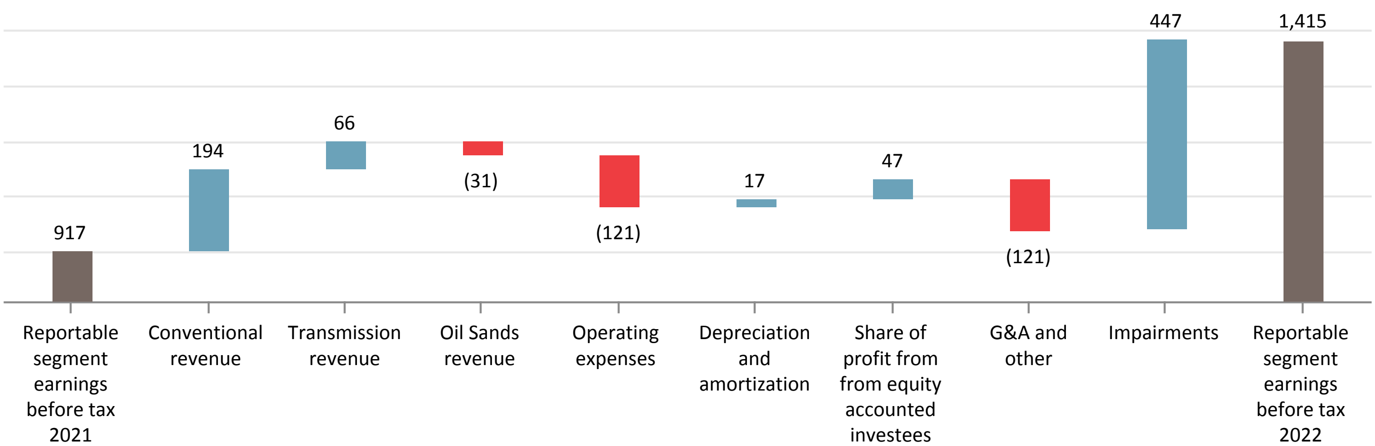
($ millions, except where noted)	**2022**	2021	Change
Conventional revenue[(1)(2)]	**1,604**	1,410	194
Transmission revenue[(1)(2)]	**493**	427	66
Oil Sands revenue[(1)(2)]	**411**	442	(31)
Total revenue[(1)]	**2,508**	2,279	229
Operating expenses[(1)]	**677**	556	121
Depreciation and amortization included in operations	**396**	413	(17)
Share of profit from equity accounted investees	**171**	124	47
Gross profit	**1,606**	1,434	172
Reportable segment earnings before tax	**1,415**	917	498
Adjusted EBITDA[(3)]	**2,127**	2,102	25
Volumes *(mboe/d)*[(4)]	**2,524**	2,586	(62)
Distributions from equity accounted investees	**343**	226	117

Change in Results		
Conventional revenue[(1)(2)]	▲	Increase largely due to higher volumes on the Peace Pipeline resulting from increased upstream activity, combined with higher tolls largely due to inflation and higher recoverable costs on the Western Pipeline and Peace Pipeline system.
Transmission revenue[(1)(2)]	▲	Increase primarily due to higher volumes on the Cochin Pipeline due to increased demand resulting from wider condensate price differentials between Western Canada and the U.S. Gulf Coast, the higher U.S. dollar exchange rate, and higher volumes on the Vantage Pipeline due to planned outages during the third quarter of 2021.
Oil Sands revenue[(1)(2)]	▼	Decrease largely due to contract expirations on the Nipisi and Mitsue Pipeline systems as a result of the expiration of contracts during the fourth quarter of 2021, partially offset by higher recoverable costs on the Syncrude Pipeline and on the Horizon Pipeline system.
Operating expenses[(1)]	▼	Increase largely due to an increase in power costs, the majority of which are recoverable, as a result of the higher power pool price during 2022, combined with higher recoverable geotechnical costs primarily related to the Western Pipeline and higher integrity spending largely on the Peace Pipeline system, partially offset by lower operating expense associated with the Nipisi and Mitsue Pipeline systems due to expiration of contracts during the fourth quarter of 2021.
Depreciation and amortization included in operations	▲	Decrease primarily due to fewer asset retirements in 2022 compared to 2021 and a smaller asset base resulting from the impairment of certain Oil Sands assets in the fourth quarter of 2021.
Share of profit from equity accounted investees	▲	Increase primarily due to higher revenue from Alliance as a result of a wider AECO-Chicago natural gas price differential, which increased demand and resulted in higher interruptible tolls, combined with higher margins realized on the sale of linepack inventory in 2022, the higher U.S. dollar exchange rate, and lower interest expenses as a result of its debt re-financing in the fourth quarter of 2021, partially offset by lower contributions from Ruby. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby.
Reportable segment earnings before tax	▲	Increase largely due to $447 million in impairments recognized during 2021 primarily related to certain Oil Sands assets compared to nil in 2022, combined with higher volumes on the Peace Pipeline system and on the Cochin Pipeline, higher tolls due to inflation, higher contributions from Alliance, the impact of the higher U.S. dollar exchange rate, and lower depreciation expense, partially offset by the Ruby settlement provision, contract expirations on the Nipisi and Mitsue Pipeline systems, lower contributions from Ruby, and higher integrity spending, legal and long-term incentives.
Adjusted EBITDA[(3)]	▲	Increase primarily due to the same items impacting reportable segment earnings before tax, net of the decrease in impairments, the Ruby settlement provision, and the lower depreciation expense. Included in adjusted EBITDA is $323 million (2021: $282 million) related to Alliance and $15 million (2021: $125 million) related to Ruby.
Volumes *(mboe/d)*[(4)]	▼	Decrease largely driven by lower volumes on the Ruby Pipeline and contract expirations on the Nipisi and Mitsue Pipeline systems, partially offset by higher volumes on the Peace Pipeline system and Drayton Valley Pipeline resulting from increased upstream activity, and higher volumes on the Cochin Pipeline. Volumes include 144 mboe/d (2021: 142 mboe/d) related to Alliance and 14 mboe/d (2021: 83 mboe/d) related to Ruby.
Distributions from equity accounted investees	▲	$342 million (2021: $212 million) from Alliance and nil (2021: $13 million) from Ruby. The increase in distributions is due to the same factors impacting share of profit from equity accounted investees discussed above.

Change in Adjusted EBITDA *($ millions)*(2)(3)



Change in Reportable Segment Earnings Before Tax *($ millions)*(2)(5)



(1) Includes inter-segment transactions. See Note 19 to the Consolidated Financial Statements.
(2) Conventional, transmission and oil sands revenue include revenue generated from Pembina's conventional, transmission and oil sands and heavy oil assets within the Pipelines Division, respectively. For further details on Pembina's assets, refer to Pembina's AIF for the year ended December 31, 2022.
(3) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(4) Revenue volumes. See the "Abbreviations" section of this MD&A for definition.
(5) Other includes other expense and net finance costs.

Financial and Operational Overview

($ millions, except where noted)	3 Months Ended December 31						12 Months Ended December 31					
	2022			2021			2022			2021		
	Volumes[1]	Reportable Segment Earnings Before Tax	Adjusted EBITDA[2]	Volumes[1]	Reportable Segment Earnings (Loss) Before Tax	Adjusted EBITDA[2]	Volumes[1]	Reportable Segment Earnings Before Tax	Adjusted EBITDA[2]	Volumes[1]	Reportable Segment Earnings (Loss) Before Tax	Adjusted EBITDA[2]
Pipelines[3]												
Conventional	**1,024**	**266**	**314**	959	238	298	**959**	**1,026**	**1,208**	908	894	1,100
Transmission	**593**	**4**	**177**	616	74	172	**589**	**278**	**679**	642	292	714
Oil Sands	**976**	**26**	**58**	996	(382)	78	**976**	**121**	**250**	1,036	(269)	288
General & administrative[4]	**—**	**(1)**	**(1)**	—	—	—	**—**	**(10)**	**(10)**	—	—	—
Total	**2,593**	**295**	**548**	2,571	(70)	548	**2,524**	**1,415**	**2,127**	2,586	917	2,102

(1) Revenue volumes in mboe/d. See the "Abbreviations" section of this MD&A for definition.
(2) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(3) Includes values attributed to Pembina's conventional, transmission and oil sands and heavy oil assets within the Pipelines Division. Refer to Pembina's AIF for the year ended December 31, 2022.
(4) Includes general & administrative expenses related to engineering & construction, systems & operations, and business development within the Pipelines Division. These expenses were included at the asset level in 2021 and elevated to the divisional level as at January 1, 2022.

Projects & New Developments[1]

Pipelines continues to focus on the execution of various system expansions. The projects in the following table were recently placed into service.

Significant Projects	In-service Date
NEBC Montney Infrastructure	February 2021
Phase VII Peace Pipeline Expansion	June 2022
Phase IX Peace Pipeline Expansion	December 2022

The following outlines the projects and new developments within Pipelines:

The Phase IX Peace Pipeline Expansion was completed on-budget and was placed into service in December 2022. Phase IX was constructed to debottleneck the corridor north of Gordondale, Alberta, upgrade a pump station, convert existing batching pipelines into single product lines, and add a new Wapiti-to-Kakwa pump station.

Phase VIII Peace Pipeline Expansion		
Capital Budget: $530 million	**In-service Date:** First half of 2024	**Status:** On time, trending on budget
This expansion will enable segregated pipeline service for ethane-plus and propane-plus NGL mix from Gordondale, Alberta, which is centrally located within the Montney trend, into the Edmonton area for market delivery. The project includes new 10-inch and 16-inch pipelines, totaling approximately 150 km, in the Gordondale to La Glace corridor of Alberta, as well as new mid-point pump stations and terminal upgrades located throughout the Peace Pipeline system. Phase VIII will add approximately 235 mbpd of incremental capacity between Gordondale, Alberta and La Glace, Alberta, as well as approximately 65 mbpd of capacity between La Glace, Alberta and the Namao hub near Edmonton, Alberta. Most procurement activities are complete or nearing completion with expected costs consistent with the announced project budget. Pipe manufacturing is underway and construction commenced at several locations in the fourth quarter of 2022.		

(1) For further details on Pembina's significant assets, including definitions for capitalized terms used herein that are not otherwise defined, refer to Pembina's AIF for the year ended December 31, 2022 filed at www.sedar.com (filed with the U.S. Securities and Exchange Commission at www.sec.gov under Form 40-F) and on Pembina's website at www.pembina.com.

Facilities

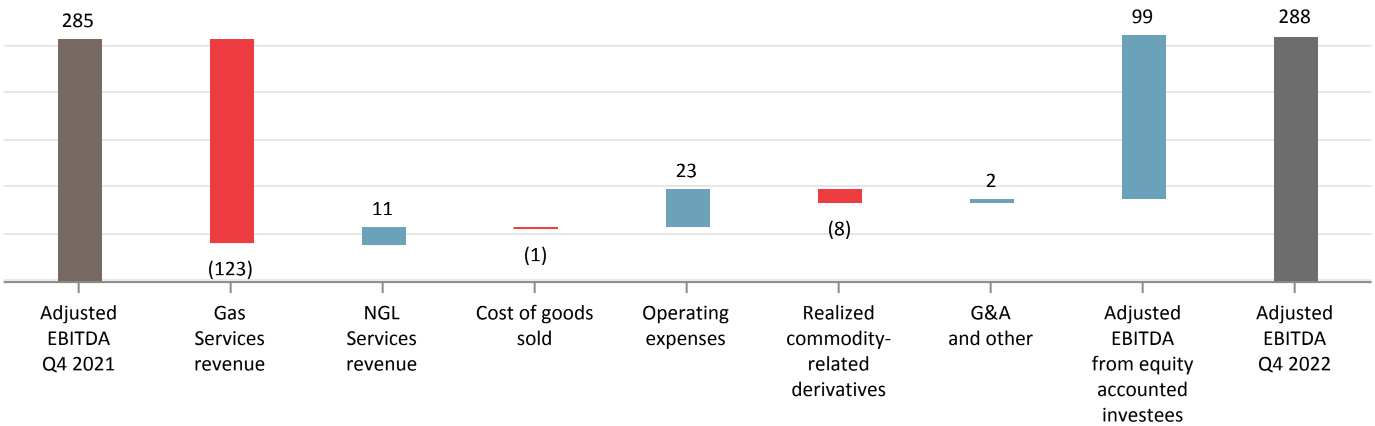
Financial Overview for the Three Months Ended December 31

Results of Operations

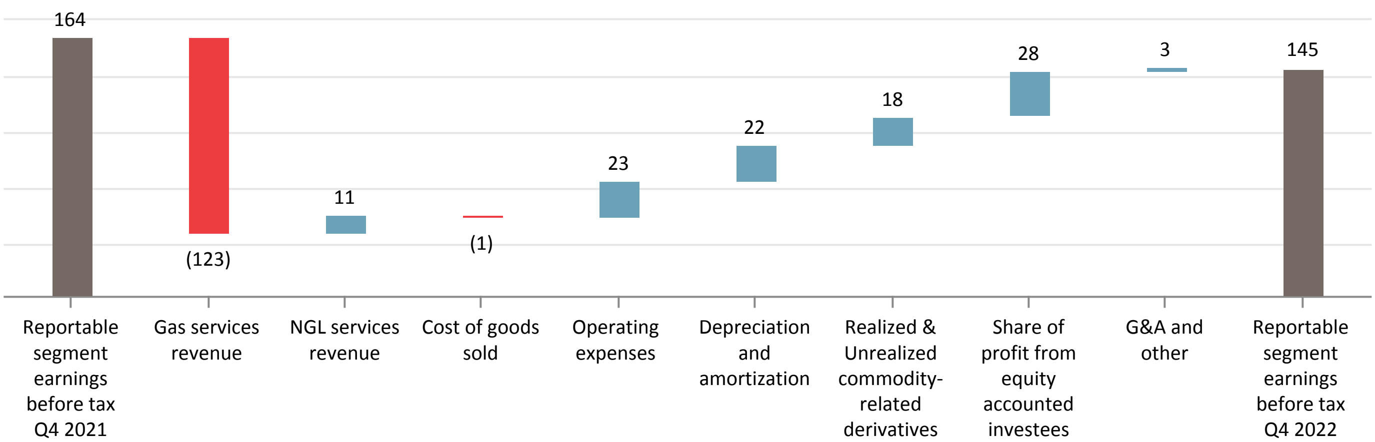
($ millions, except where noted)	**2022**	2021	Change
Gas Services revenue[(1)(2)]	**49**	172	(123)
NGL Services revenue[(1)(2)]	**188**	177	11
Facilities revenue[(1)]	**237**	349	(112)
Operating expenses[(1)]	**104**	127	(23)
Cost of goods sold[(1)]	**—**	(1)	1
Depreciation and amortization included in operations	**34**	56	(22)
Realized gain on commodity-related derivative financial instruments	**—**	(8)	8
Unrealized (gain) loss on commodity-related derivative financial instruments	**(2)**	24	(26)
Share of profit from equity accounted investees	**49**	21	28
Gross profit	**150**	172	(22)
Reportable segment earnings before tax	**145**	164	(19)
Adjusted EBITDA[(3)]	**288**	285	3
Volumes *(mboe/d)*[(4)]	**799**	866	(67)
Distributions from equity accounted investees	**110**	40	70

Changes in Results		
Gas Services revenue[(1)(2)]	▼	Decrease largely due to the change in ownership of Pembina's formerly wholly-owned Field-based Gas Processing Assets as of August 15, 2022 as part of the PGI Transaction. The revenue from these assets is included in share of profit. Refer to the "About Pembina – Pembina Gas Infrastructure" section of this MD&A.
NGL Services revenue[(1)(2)]	▲	Increase primarily due to higher recoveries as a result of higher power and fuel costs and higher volumes at the Redwater Complex.
Operating expenses[(1)]	▲	Decrease largely due to the PGI Transaction, partially offset by an increase in power and fuel costs, the majority of which are recoverable, as a result of higher power pool prices and AECO prices in the fourth quarter of 2022.
Depreciation and amortization included in operations	▲	Decrease primarily due to a smaller asset base following the PGI Transaction.
Realized and unrealized (gain) loss on commodity-related derivatives	▲	The change is due to the transfer of the commodity-related derivatives from Pembina to PGI as part of the contributed Field-based Gas Processing Assets.
Share of profit from equity accounted investees	▲	Increase primarily due to the contributions from PGI's gas processing assets, partially offset by interest expense on long-term debt, income tax expense, and depreciation resulting from the PGI assets recorded at fair value, compared to the contributions in 2021 when Pembina owned a 45 percent interest in Veresen Midstream.
Reportable segment earnings before tax	▼	Decrease primarily due to lower contribution from Gas Services resulting from the change in ownership of Pembina's formerly wholly-owned Field-based Gas Processing Assets as part of the PGI Transaction, partially offset by contributions from PGI, a gain on commodity-related derivatives compared to a loss in the fourth quarter of 2021, and lower depreciation.
Adjusted EBITDA[(3)]	●	Consistent with the prior period. The contributions from certain PGI gas processing assets, including the Hythe Gas Plant, the Dawson Assets, the Cutbank Complex and the Resthaven Facility are offset by the lower contribution from Gas Services. Included in adjusted EBITDA is nil (2021: $53 million) related to Veresen Midstream and $153 million (2021: nil) related to PGI.
Volumes *(mboe/d)*[(4)]	▼	Decrease primarily due to the disposition of Pembina's interest in the E1 and E6 assets on October 1, 2022, partially offset by the volumes at the ETC operating plants recognized by Pembina following the PGI Transaction and higher volumes at the Hythe Gas Plant and on the Dawson assets, combined with higher volumes at the Redwater complex due to a third-party outage in the fourth quarter of 2021 and at Younger. Volumes include 336 mboe/d (2021: nil) related to PGI and nil (2021: 90 mboe/d) related to Veresen Midstream.
Distributions from equity accounted investees	▲	$109 million (2021: nil) from PGI, $1 million (2021: $1 million) from Fort Corp, and no distributions (2021: $39 million) from Veresen Midstream. The increase in distributions is due to the same factors impacting share of profit from equity accounted investees discussed above.

Change in Adjusted EBITDA *($ millions)*(2)(3)



Change in Reportable Segment Earnings Before Tax *($ millions)*(2)(5)



(1) Includes inter-segment transactions. See Note 19 to the Consolidated Financial Statements.
(2) Gas services and NGL services revenue include revenue generated from Pembina's gas services and NGL services assets within the Facilities operating segment, respectively. For further details on Pembina's assets, refer to Pembina's AIF for the year ended December 31, 2022.
(3) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(4) Revenue volumes. See the "Abbreviations" section of this MD&A for definition. Volumes do not include Empress processing capacity.
(5) Other includes other expense and net finance costs.

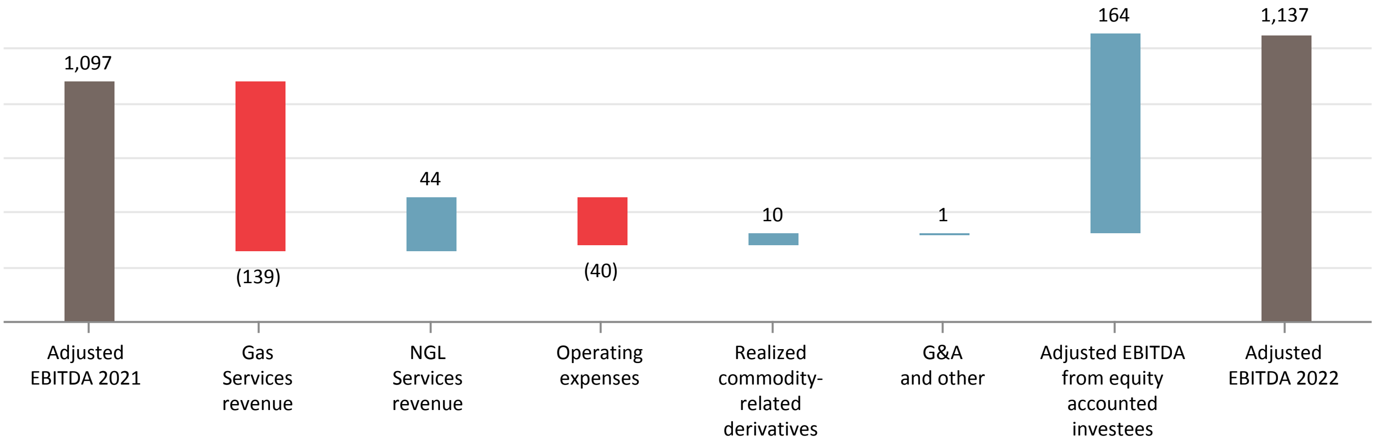
Financial Overview for the 12 Months Ended December 31

Results of Operations

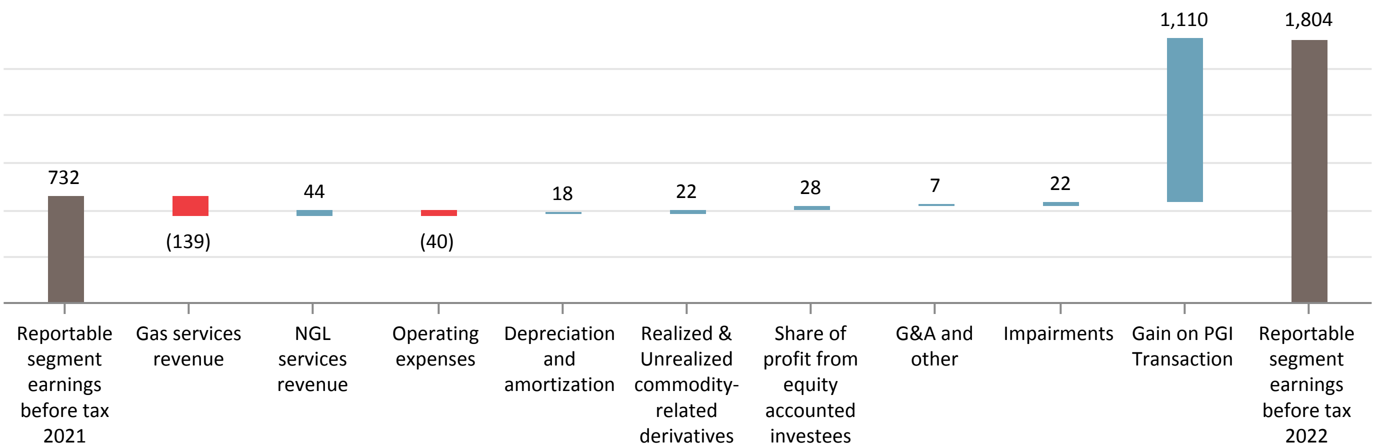
($ millions, except where noted)	**2022**	2021	Change
Gas Services revenue[1][2]	**536**	675	(139)
NGL Services revenue[1][2]	**732**	688	44
Facilities revenue[1]	**1,268**	1,363	(95)
Operating expenses[1]	**511**	471	40
Cost of goods sold[1]	**6**	6	—
Depreciation and amortization included in operations	**196**	214	(18)
Realized gain on commodity-related derivative financial instruments	**(20)**	(10)	(10)
Unrealized gain on commodity-related derivative financial instruments	**(50)**	(38)	(12)
Share of profit from equity accounted investees	**108**	80	28
Gross profit	**733**	800	(67)
Reportable segment earnings before tax	**1,804**	732	1,072
Adjusted EBITDA[3]	**1,137**	1,097	40
Volumes *(mboe/d)*[4]	**859**	870	(11)
Distributions from equity accounted investees	**196**	135	61

Changes in Results		
Gas Services revenue[1][2]	▼	Decrease largely due to the change in ownership of Pembina's formerly wholly-owned Field-based Gas Processing Assets as of August 15, 2022 as part of the PGI Transaction. The revenue from these assets is included in share of profit. Refer to the "About Pembina – Pembina Gas Infrastructure" section of this MD&A. This is partially offset by higher recoveries as a result of higher power and fuel costs.
NGL Services revenue[1][2]	▲	Increase primarily due to higher recoveries at the Redwater complex as a result of higher power and fuel costs and the Prince Rupert Terminal being placed into service in March 2021.
Operating expenses[1]	▼	Increase largely due to an increase in power and fuel costs, the majority of which are recoverable, as a result of higher power pool prices and higher AECO prices during 2022 and higher integrity costs, partially offset by lower operating expenses due to the PGI Transaction.
Depreciation and amortization included in operations	▲	Decrease primarily due to a smaller asset base following the PGI Transaction, partially offset by higher asset retirements in 2022, combined with the Prince Rupert Terminal being placed into service in March 2021.
Realized and unrealized gain on commodity-related derivatives	▲	Pembina had certain gas processing fees tied to AECO prices and the increase in the AECO price resulted in gains recognized up until the completion of the PGI Transaction, at which point Pembina transferred the commodity-related derivatives to PGI as part of the contributed Field-based Gas Processing Assets.
Share of profit from equity accounted investees	▲	Increase primarily due to the contributions from PGI's gas processing assets, partially offset by interest expense on long-term debt, depreciation resulting from the PGI assets recorded at fair value, an unrealized loss on commodity-related derivatives, and income tax expense, compared to the contributions in 2021 when Pembina owned a 45 percent interest in Veresen Midstream.
Reportable segment earnings before tax	▲	Increase primarily due to the $1.1 billion gain recognized on the PGI Transaction in the third quarter of 2022, contributions from PGI, and a $21 million impairment charge recognized on Pembina's interest in Fort Corp. in 2021 compared to nil in 2022, partially offset by lower contribution from Gas Services resulting from the change in ownership of Pembina's formerly wholly-owned Field-based Gas Processing Assets as part of the PGI Transaction, and higher integrity costs.
Adjusted EBITDA[3]	▲	Increase primarily due to the contributions from certain PGI gas processing assets, including the Hythe Gas Plant, the Dawson Assets, the Cutbank Complex, and the Resthaven Facility, and realized gains on commodity-related derivatives recognized during the period, partially offset by lower contributions from Gas Services and higher integrity costs. Included in adjusted EBITDA is $135 million (2021: $201 million) related to Veresen Midstream and $230 million (2021: nil) related to PGI.
Volumes *(mboe/d)*[4]	▼	Decrease primarily due to the disposition of Pembina's interest in the E1 and E6 assets on October 1, 2022, partially offset by the volumes at the ETC operating plants recognized by Pembina following the PGI Transaction and higher volumes at the Hythe Gas Plant and on the Dawson assets, combined with higher volumes at Younger. Volumes include 57 mboe/d (2021: 87 mboe/d) related to Veresen Midstream and 126 mboe/d (2021: nil) related to PGI.
Distributions from equity accounted investees	▲	$66 million (2021: $131 million) from Veresen Midstream, $125 million (2021: nil) from PGI, and $5 million (2021: $4 million) from Fort Corp. The increase in distributions is due to the same factors impacting share of profit from equity accounted investees discussed above.

Change in Adjusted EBITDA *($ millions)*(2)(3)



Change in Reportable Segment Earnings Before Tax *($ millions)*(2)(5)



(1) Includes inter-segment transactions. See Note 19 to the Consolidated Financial Statements.
(2) Gas services and NGL services revenue include revenue generated from Pembina's gas services and NGL services assets within the Facilities operating segment, respectively. For further details on Pembina’s assets, refer to Pembina's AIF for the year ended December 31, 2022.
(3) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(4) Revenue volumes. See the "Abbreviations" section of this MD&A for definition. Volumes do not include Empress processing capacity.
(5) Other includes other expense and net finance costs.

Financial and Operational Overview

	3 Months Ended December 31						12 Months Ended December 31					
	2022			2021			2022			2021		
($ millions, except where noted)	Volumes[(1)]	Reportable Segment Earnings Before Tax	Adjusted EBITDA[(2)]	Volumes[(1)]	Reportable Segment Earnings Before Tax	Adjusted EBITDA[(2)]	Volumes[(1)]	Reportable Segment Earnings Before Tax	Adjusted EBITDA[(2)]	Volumes[(1)]	Reportable Segment Earnings Before Tax	Adjusted EBITDA[(2)]
Facilities[(3)]												
Gas Services	**588**	**82**	**182**	677	85	172	**653**	**1,506**	**706**	669	420	640
NGL Services	**211**	**65**	**108**	189	79	113	**206**	**305**	**438**	201	312	457
General & administrative[(4)]	**—**	**(2)**	**(2)**	—	—	—	**—**	**(7)**	**(7)**	—	—	—
Total	**799**	**145**	**288**	866	164	285	**859**	**1,804**	**1,137**	870	732	1,097

(1) Revenue volumes in mboe/d, with natural gas volumes converted to mboe/d from MMcf/d at a 6:1 ratio. See the "Abbreviations" section of this MD&A for definition.
(2) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(3) Includes values attributed to Pembina's gas and NGL services assets within the Facilities operating segment. For a description of Pembina's gas and NGL assets, refer to Pembina's AIF for the year ended December 31, 2022.
(4) Includes general & administrative expenses related to engineering & construction and business development within the Facilities operating segment. These expenses were included at the asset level in 2021 and elevated to the divisional level as at January 1, 2022.

Projects & New Developments[(1)]

Facilities continues to build-out its natural gas and NGL processing and fractionation assets to service customer demand. The projects in the following table were recently placed into service.

Significant Projects	In-service Date
Hythe Developments	March 2021
Prince Rupert Terminal	March 2021
Vancouver Wharves Expansion	June 2021
Empress Cogeneration Facility	November 2022

During the fourth quarter, Pembina closed the previously announced transaction with Plains Midstream Canada ULC ("Plains") to sell Pembina's minority interest in certain assets currently part of the Empress NGL Extraction Facility, namely, the Empress I Plant, Empress I Expansion Plant, and the Empress VI Plant (collectively "E1 and E6") in consideration for a long-term processing agreement that provides Pembina the right to first priority for 750 mmcf/d of extraction capacity at all Plains-operated assets at Empress. In future periods, the financial impact associated with the processing agreement will be reported within the Marketing & New Ventures segment.

Subsequent to the fourth quarter, Pembina sanctioned construction of a new 55,000 bpd propane-plus fractionator ("RFS IV") at its existing Redwater fractionation and storage complex (the "Redwater Complex"). The project includes additional rail loading capacity at the Redwater Complex. RFS IV is expected to cost approximately $460 million and will leverage the design, engineering, and operating best practices of its existing facilities. Subject to regulatory and environmental approvals, RFS IV is expected to be in service in the first half of 2026.

RFS IV		
Capital Budget: $460 million	**In-service Date(2):** First half of 2026	**Status:** Recently Announced
RFS IV is a 55,000 barrel per day, propane-plus fractionator at the Redwater Complex. With the addition of RFS IV, the fractionation capacity at the Redwater Complex will total 256,000 bpd.		

(1) For further details on Pembina's significant assets, including definitions for capitalized terms used herein that are not otherwise defined, refer to Pembina's AIF for the year ended December 31, 2022 filed at www.sedar.com (filed with the U.S. Securities and Exchange Commission at www.sec.gov under Form 40-F) and on Pembina's website at www.pembina.com.
(2) Subject to environmental and regulatory approvals. See the "Forward-Looking Statements & Information" section.

Marketing & New Ventures

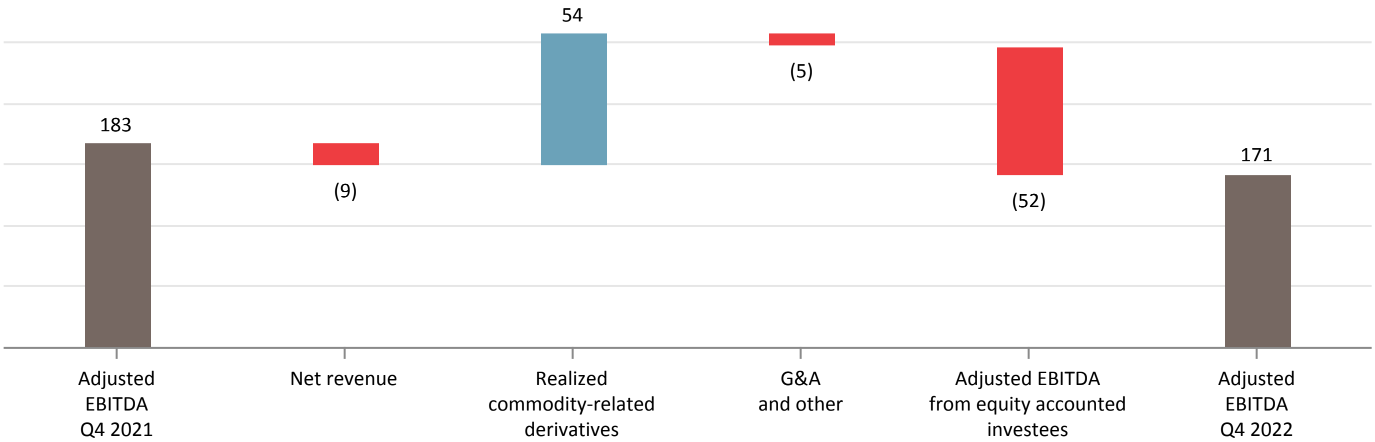
Financial Overview for the Three Months Ended December 31

Results of Operations

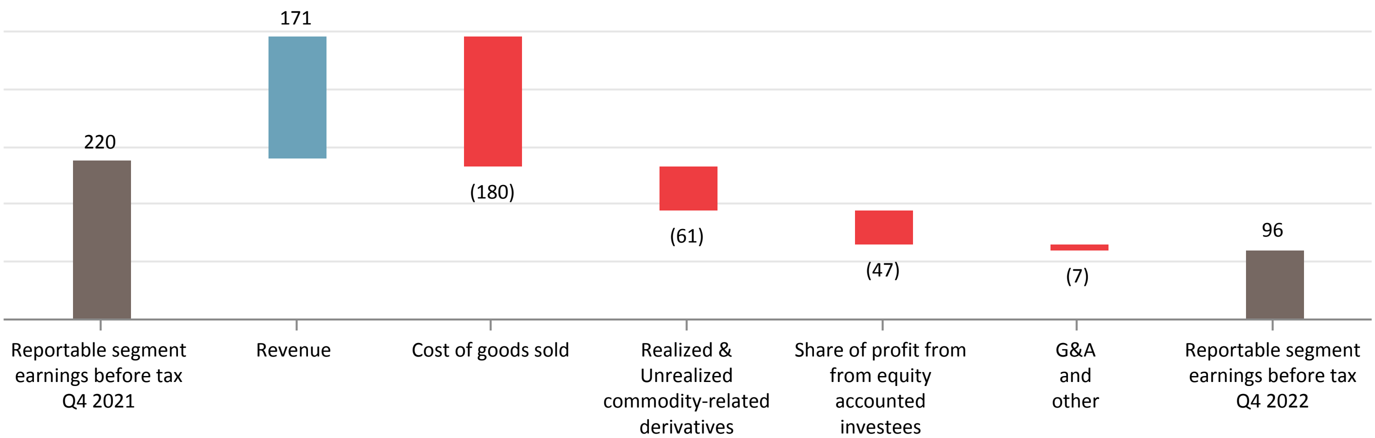
($ millions, except where noted)	**2022**	2021	Change
Marketing revenue[1]	**1,921**	1,750	171
Cost of goods sold[1]	**1,734**	1,554	180
Net revenue[1][2]	**187**	196	(9)
Depreciation and amortization included in operations	**10**	12	(2)
Realized (gain) loss on commodity-related derivative financial instruments	**(10)**	44	(54)
Unrealized loss (gain) on commodity-related derivative financial instruments	**61**	(54)	115
Share of (loss) profit from equity accounted investees	**(14)**	33	(47)
Gross profit	**112**	227	(115)
Reportable segment earnings before tax	**96**	220	(124)
Adjusted EBITDA[2]	**171**	183	(12)
Volumes *(mboe/d)*[3]	**193**	193	—
Distributions from equity accounted investees	**29**	37	(8)

Change in Results		
Net revenue[1][2]	▼	Decrease largely due to lower NGL margins as a result of lower propane prices and higher input natural gas prices and transportation costs, partially offset by higher margins on crude oil resulting from the higher prices across the crude oil complex.
Realized (gain) loss on commodity-related derivatives	▲	The realized gain is primarily due to a $16 million gain (2021: $47 million loss) on NGL-based derivative instruments due to the change in NGL market prices during the fourth quarter of 2022.
Unrealized loss (gain) on commodity-related derivatives	▼	Unrealized loss on commodity-related derivatives primarily due to losses on NGL-based derivatives and renewable power purchase agreements due to the increase in the forward prices for natural gas and the decrease in the forward prices for power during the fourth quarter of 2022, combined with contracts maturing in the period.
Share of (loss) profit from equity accounted investees	▼	Decrease largely due to a realized loss on commodity-related derivatives at Aux Sable related to Rich Gas premiums and gas supply and transport tied to AECO prices for the fourth quarter of 2022, combined with cancellation costs associated with CKPC.
Reportable segment earnings before tax	▼	Decrease largely due to losses on commodity-related derivatives for the fourth quarter of 2022 compared to gains recognized during the fourth quarter of 2021, lower contribution from Aux Sable, and lower margins on NGL sales, partially offset by higher margins on crude oil sales.
Adjusted EBITDA[2]	▼	Decrease largely due to the same items impacting reportable segment earnings before tax, discussed above, net of the unrealized loss on commodity-related derivatives and net finance income. Included in adjusted EBITDA is a loss of $12 million (2021: $38 million) related to Aux Sable.
Volumes *(mboe/d)*[3]	●	Consistent with the prior period. Revenue volumes include 35 mboe/d (2021: 35 mboe/d) related to Aux Sable.
Distributions from equity accounted investees	▼	$29 million (2021: $37 million) from Aux Sable. Decrease largely due to the same factors impacting share of (loss) profit from equity accounted investees discussed above excluding the cancellation costs associated with CKPC.

Change in Adjusted EBITDA *($ millions)*[(2)]



Change in Reportable Segment Earnings Before Tax *($ millions)*[(4)]



(1) Includes inter-segment transactions. See Note 19 to the Consolidated Financial Statements.
(2) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(3) Marketed NGL volumes. See the "Abbreviations" section of this MD&A for definition.
(4) Other includes other expense, net finance costs, depreciation & amortization, and impairment expense.

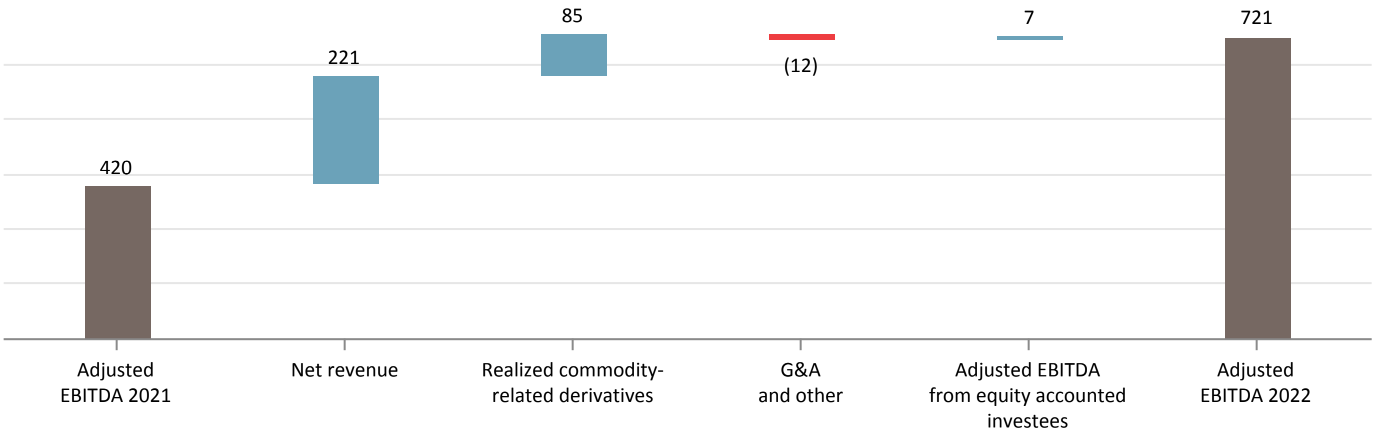
Financial Overview for the 12 Months Ended December 31

Results of Operations

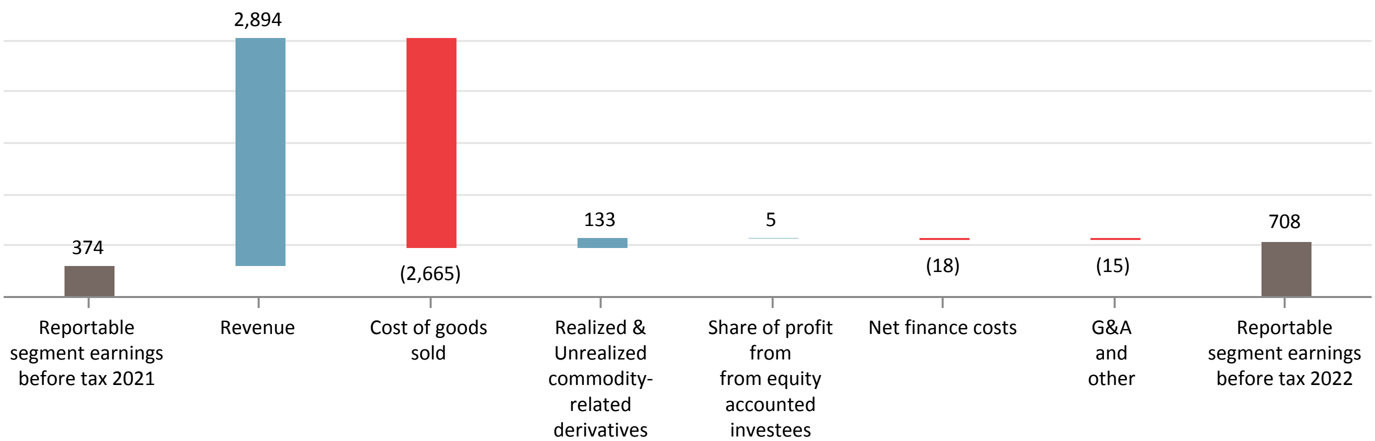
($ millions, except where noted)	2022	2021	Change
Marketing revenue[1]	**8,471**	5,577	2,894
Cost of goods sold[1]	**7,682**	5,017	2,665
Net revenue[1][2]	**789**	560	229
Depreciation and amortization included in operations	**44**	50	(6)
Realized loss on commodity-related derivative financial instruments	**125**	210	(85)
Unrealized gain on commodity-related derivative financial instruments	**(83)**	(35)	(48)
Share of profit from equity accounted investees	**82**	77	5
Gross profit	**785**	412	373
Reportable segment earnings before tax	**708**	374	334
Adjusted EBITDA[2]	**721**	420	301
Volumes *(mboe/d)*[3]	**190**	190	—
Distributions from equity accounted investees	**134**	100	34

Change in Results		
Net revenue[1][2]	▲	Higher margins on crude oil sales as a result of the higher prices across the crude oil complex contributed to a significant year-over-year increase for the marketing business, combined with contributions from natural gas marketing, where higher margins resulted from the increase in Chicago natural gas prices, partially offset by lower NGL margins as a result of higher input natural gas prices and transportation costs.
Realized loss on commodity-related derivatives	▲	The realized loss is primarily due to a $90 million (2021: $32 million) loss on crude oil-based derivative instruments and a $37 million (2021: $171 million) loss on NGL-based derivative instruments due to the change in NGL and crude oil market prices during 2022.
Unrealized gain on commodity-related derivatives	▲	Unrealized gain on commodity-related derivatives primarily due to gains on NGL-based derivatives and renewable power purchase agreements resulting from newly added contracts, partially offset by 2021 contracts maturing in the period.
Share of profit from equity accounted investees	●	Consistent with the prior period. Higher revenues at Aux Sable as a result of a wider AECO-Chicago natural gas price differential during 2022 and higher NGL margins were largely offset by a realized loss on commodity-related derivatives for the period and cancellation costs associated with CKPC.
Reportable segment earnings before tax	▲	Increase largely due to higher margins on crude oil and natural gas sales, lower realized losses and higher unrealized gains on commodity-related derivatives for the period compared to 2021, and a higher contribution from Aux Sable, partially offset by lower NGL margins and higher net finance costs related to foreign exchange losses in the period compared to gains in 2021.
Adjusted EBITDA[2]	▲	Increase largely due to the same items impacting reportable segment earnings before tax, discussed above, net of the unrealized gains on commodity-related derivatives, and higher net finance costs. Included in adjusted EBITDA is $116 million (2021: $100 million) related to Aux Sable.
Volumes *(mboe/d)*[3]	●	Consistent with the prior period. Revenue volumes include 36 mboe/d (2021: 36 mboe/d) related to Aux Sable.
Distributions from equity accounted investees	▲	$134 million (2021: $100 million) from Aux Sable. Increase largely due to the same factors impacting share of profit from equity accounted investees discussed above.

Change in Adjusted EBITDA *($ millions)*[(2)]



Change in Reportable Segment Earnings Before Tax[(4)] *($ millions)*



(1) Includes inter-segment transactions. See Note 19 to the Consolidated Financial Statements.
(2) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(3) Marketed NGL volumes. See the "Abbreviations" section of this MD&A for definition.
(4) Other includes other expense, depreciation & amortization, and impairment expense.

Financial and Operational Overview

($ millions, except where noted)	3 Months Ended December 31						12 Months Ended December 31					
	2022			2021			2022			2021		
	Volumes[1]	Reportable Segment Earnings (Loss) Before Tax	Adjusted EBITDA[2]	Volumes[1]	Reportable Segment Earnings (Loss) Before Tax	Adjusted EBITDA[2]	Volumes[1]	Reportable Segment Earnings (Loss) Before Tax	Adjusted EBITDA[2]	Volumes[1]	Reportable Segment Earnings (Loss) Before Tax	Adjusted EBITDA[2]
Marketing & New Ventures[3]												
Marketing	**193**	**98**	**177**	193	225	185	**190**	**729**	**746**	190	390	431
New Ventures[4]	**—**	**(2)**	**(6)**	—	(5)	(2)	**—**	**(21)**	**(25)**	—	(16)	(11)
Total	**193**	**96**	**171**	193	220	183	**190**	**708**	**721**	190	374	420

(1) Marketed NGL volumes in mboe/d. Marketed NGL volumes. See the "Abbreviations" section of this MD&A for definition.
(2) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
(3) Includes values attributed to Pembina's marketing activities and new ventures projects within the Marketing & New Ventures operating segment. For further details on Pembina's marketing activities and projects, refer to Pembina's AIF for the year ended December 31, 2022.
(4) All New Ventures projects have not yet commenced operations and therefore have no volumes.

Projects & New Developments[1]

The New Ventures group is responsible for the development of new large-scale, or value chain extending projects, including those that provide enhanced access to global markets and support a transition to a lower-carbon economy. Currently, Pembina is pursuing opportunities associated with LNG, low-carbon commodities, and large-scale GHG emissions reductions.

Pembina has formed a partnership with the Haisla First Nation to develop the proposed Cedar LNG Project, a three million tonne per annum floating LNG facility strategically positioned to leverage Canada's abundant natural gas supply and British Columbia's growing LNG infrastructure to produce industry-leading low-carbon, cost-competitive Canadian LNG for overseas markets. Cedar LNG will provide a valuable outlet for WCSB natural gas to access global markets, achieving higher prices for Canadian producers, contributing to lower overall emissions, and enhancing global energy security. Given Cedar LNG will be a floating facility, manufactured in the controlled conditions of a shipyard, it is expected that the project will have lower construction and execution risk. Further, powered by BC Hydro, Cedar LNG is expected to be one of the greenest LNG facilities in the world. The Environmental Assessment ("EA") was referred to the B.C. Ministers of Environment and Energy and Mines on November 16, 2022, and the decisions of the B.C. Ministers as well as the federal Minister of Environment and Climate Change are expected to be received in the first quarter of 2023.

As with most of Pembina's assets, Cedar LNG is expected to be structured as a tolling business providing a low risk, long-term cash flow stream, and strengthening Pembina's financial guardrails. Cedar LNG is in active commercial discussions with potential counterparties, all of which are investment grade, for long-term commitments, and is working towards the signing of definitive agreements prior to a final investment decision. Work with EPC contractors in the development of the floating LNG Facility continues. The four current work streams – engineering, regulatory, commercial discussions, and financing – are expected to converge for a final investment decision to be made by the third quarter of 2023.

Pembina and TC Energy Corporation ("TC Energy") continue to develop the Alberta Carbon Grid ("ACG"), a carbon transportation and sequestration platform that will enable Alberta-based industries to effectively manage their greenhouse gas emissions, contribute positively to Alberta's lower-carbon economy, and create sustainable long-term value for Pembina and TC Energy stakeholders. In 2022, the Government of Alberta announced that ACG was successfully chosen to move to the next stage of the province's carbon capture utilization and storage process in the Industrial Heartland. In 2022, Pembina and TC Energy progressed surface and sub-surface engineering and planning, continued with ongoing engagement with customers and stakeholders, and recently signed an evaluation agreement with the Government of Alberta. The first phase of the system is the Industrial Heartland project, which will have the potential of transporting and storing up to 10 million tonnes of carbon dioxide ("CO_2") annually. Pembina and TC Energy are also exploring options to create several hubs throughout Alberta. The long-term vision is to annually transport and store up to 20 million tonnes of CO_2 through several hubs across Alberta.

(1) For further details on Pembina's significant assets, including definitions for capitalized terms used herein that are not otherwise defined, refer to Pembina's AIF for the year ended December 31, 2022 filed at www.sedar.com (filed with the U.S. Securities and Exchange Commission at www.sec.gov under Form 40-F) and on Pembina's website at www.pembina.com.

Corporate

Financial Overview for the Three Months Ended December 31

Results of Operations[1]

($ millions, except where noted)	**2022**	2021	Change
General and administrative	**93**	57	36
Other expense	**2**	26	(24)
Net finance costs	**109**	97	12
Reportable segment loss before tax	**(206)**	(181)	(25)
Adjusted EBITDA[2]	**(82)**	(46)	(36)

Change in Results		
General and administrative	▼	Increase primarily due to higher long-term incentive costs driven by Pembina's performance relative to peers and the change in Pembina's share price, and higher consulting fees.
Other expense	▲	Decrease primarily due to lower restructuring costs recognized during the period compared to the fourth quarter of 2021.
Net finance costs	▼	Increase primarily due to higher interest on long-term debt as a result of higher interest rates during the period and lower interest income.
Reportable segment loss before tax	▼	Decrease primarily due to higher long-term incentive costs, consulting fees, and interest expense, partially offset by lower restructuring costs, discussed above.
Adjusted EBITDA[2]	▼	Decrease primarily due to higher long-term incentive costs and consulting fees, discussed above.

(1) Includes inter-segment eliminations.
(2) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

Financial Overview for the 12 Months Ended December 31

Results of Operations[1]

($ millions, except where noted)	**2022**	2021	Change
General and administrative	**285**	233	52
Other expense (income)	**4**	(268)	272
Net finance costs	**418**	394	24
Reportable segment loss before tax	**(708)**	(358)	(350)
Adjusted EBITDA[2]	**(239)**	(186)	(53)

Change in Results		
General and administrative	▼	Increase primarily due to higher long-term incentive costs driven by Pembina's performance relative to peers and the change in Pembina's share price, and higher consulting fees and salaries and wages.
Other expense (income)	▼	Decrease in other income is primarily due to the receipt of the $350 million Arrangement Termination Payment in the third quarter of 2021, partially offset by lower restructuring costs and lower acquisition costs.
Net finance costs	▼	Increase primarily due to higher interest on long-term debt as a result of higher interest rates during 2022 and lower interest income, partially offset by lower interest expense associated with tax settlements.
Reportable segment loss before tax	▼	Decrease primarily due to the proceeds received from the Arrangement Termination Payment in the third quarter of 2021, combined with higher long-term incentive costs, consulting fees, interest expense and salaries and wages, discussed above, partially offset by lower restructuring costs and acquisition costs, discussed above.
Adjusted EBITDA[2]	▼	Decrease primarily due to higher long-term incentive costs, consulting fees, and salaries and wages costs, discussed above.

(1) Includes inter-segment eliminations.
(2) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

4. LIQUIDITY & CAPITAL RESOURCES

Available Sources of Liquidity

As at December 31 *($ millions)*	**2022**	2021
Working capital[1]	**(684)**	(1,145)
Variable rate debt[2][3]		
Senior unsecured credit facilities	**771**	910
Variable rate bank debt swapped to fixed	**(338)**	(316)
Total variable rate loans and borrowings outstanding (weighted average interest rate of 5.9% (2021: 1.1%))	**433**	594
Fixed rate debt[2]		
Senior unsecured medium-term notes	**9,200**	9,700
Variable rate bank debt swapped to fixed	**338**	316
Total fixed rate loans and borrowings outstanding (weighted average interest rate of 3.9% (2021: 3.9%))	**9,538**	10,016
Total loans and borrowings outstanding	**9,971**	10,610
Cash and unutilized debt facilities	**2,181**	2,469
Subordinated hybrid notes (weighted average interest rate of 4.8% (2021: 4.8%))	**600**	600

(1) As at December 31, 2022, working capital included $600 million (2021: $1.0 billion) associated with the current portion of long-term debt.
(2) Face value.
(3) Includes U.S. $250 million variable rate debt outstanding at December 31, 2022 (2021: U.S. $250 million) and fully hedged at 1.45 percent.

Pembina currently anticipates that its cash flow from operating activities, the majority of which is derived from fee-based contracts, will be more than sufficient to meet its operating obligations, to fund its dividend and to fund its capital expenditures in the short term and long term. Pembina expects to source funds required for debt maturities from cash, its credit facilities and by accessing the capital markets, as required. Based on its successful access to financing in the capital markets over the past several years, Pembina expects to continue to have access to additional funds as required. Refer to "Risk Factors – General Risk Factors – Additional Financing and Capital Resources" in this MD&A and Note 24 to the Consolidated Financial Statements for more information. Management continues to monitor Pembina's liquidity and remains satisfied that the leverage employed in Pembina's capital structure is sufficient and appropriate given the characteristics and operations of the underlying asset base.

Management may adjust Pembina's capital structure as a result of changes in economic conditions or the risk characteristics of the underlying assets. To maintain or modify Pembina's capital structure in the future, Pembina may renegotiate debt terms, repay existing debt, seek new borrowings, issue additional equity or hybrid securities and/or repurchase or redeem additional common or preferred shares.

As at December 31, 2022, Pembina's credit facilities consisted of: an unsecured $1.5 billion (2021: $2.5 billion) revolving credit facility, which includes a $750 million (2021: $750 million) accordion feature, which provides Pembina with the ability to increase the credit facility subject to lender approval, and matures in June 2027 (the "Revolving Facility"); an unsecured $1.0 billion (2021: nil) sustainability linked revolving credit facility, which matures in June 2026 (the "SLL Credit Facility"); an unsecured U.S. $250 million (2021: U.S. $250 million) non-revolving term loan, which matures in May 2025; and an operating facility of $20 million (2021: $20 million), which matures in May 2023 and is typically renewed on an annual basis (collectively, the "Credit Facilities"). There are no mandatory principal repayments due over the term of the Credit Facilities, with principal repayments not due until maturity. Pembina is required to meet certain specific and customary affirmative and negative financial covenants under the indenture governing its medium-term notes and the agreements governing its Credit Facilities, including a requirement to maintain certain financial ratios. See "Liquidity & Capital Resources – Covenants" below for more information.

The SLL Credit Facility contains pricing adjustments that reduce or increase borrowing costs based on Pembina's performance relative to a GHG emissions intensity reduction performance target. Previously, Pembina announced its commitment to reduce its GHG emissions intensity by 30 percent by 2030, relative to baseline 2019 levels. The specific terms of the SLL Credit Facility include annual intermediate targets that align with Pembina's trajectory towards its 2030 target.

Pembina is also subject to customary restrictions on its operations and activities under the indenture governing its medium-term notes and the agreements governing its Credit Facilities, including restrictions on the granting of security, incurring indebtedness and the sale of its assets.

With the exception of the sustainability linked adjustments to borrowing costs, the terms and conditions of the SLL Credit Facility and the Revolving Facility, including financial covenants, are substantially similar to each other.

Financing Activity

On March 14, 2022, Pembina's $50 million senior unsecured medium term notes, series 3A, matured and were fully repaid.

On July 27, 2022, Pembina replaced its $2.5 billion revolving credit facility with two credit facilities: an unsecured $1.0 billion SLL Credit Facility that has a term of four years, maturing June 2026 and an amendment and restatement of the revolving facility into an unsecured $1.5 billion revolving credit facility, which includes a $750 million accordion feature and matures in June 2027.

In 2022, Pembina fully repaid and cancelled its non-revolving term loan for a total repayment of $500 million.

On October 24, 2022, Pembina's $450 million senior unsecured medium term notes, series 2, matured and were fully repaid.

Covenants

Pembina's financial covenants under the indenture governing its medium-term notes and the agreements governing the Credit Facilities include the following:

Debt Instrument	Financial Covenant[1]	Ratio	Ratio as at December 31, 2022
Senior unsecured medium-term notes	Funded Debt to Capitalization	Maximum 0.70	0.38
Credit Facilities	Debt to Capital	Maximum 0.70	0.39

(1) Terms as defined in relevant agreements.

Pembina was in compliance with all covenants under the note indenture governing its medium-term notes and the agreements governing its Credit Facilities as at December 31, 2022 (2021: in compliance).

Credit Risk

Pembina continues to actively monitor and reassess the creditworthiness of its counterparties. The majority of Pembina's credit exposure is to investment grade counterparties. Pembina assesses all high exposure counterparties during the on-boarding process and actively monitors credit limits and exposure across the business. Pembina may reduce or mitigate its exposure to certain counterparties where it is deemed warranted and permitted under contractual terms. Where warranted, financial assurances may be sought from counterparties to mitigate and reduce risk, and such assurances may include guarantees, letters of credit and cash collateral. Letters of credit totaling $168 million (2021: $100 million) were held as at December 31, 2022, primarily in respect of customer trade receivables.

Credit Ratings

The following information with respect to Pembina's credit ratings is provided as such information relates to Pembina's financing costs and liquidity. Specifically, credit ratings affect Pembina's ability to obtain short-term and long-term financing and the cost of such financing. A reduction in the current ratings of Pembina's debt by its rating agencies, particularly a downgrade below investment-grade ratings, could adversely affect Pembina's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings and the associated costs may affect Pembina's ability to enter into normal course derivative or hedging transactions. Credit ratings are intended to provide investors with an independent measure of the credit quality of any issues of securities. The credit ratings assigned by the rating agencies are not recommendations to purchase, hold or sell the securities, nor do the credit rating agencies comment on the market price or suitability for a particular investor. Any credit rating may not remain in effect for a given period of time or may be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

DBRS Limited ("DBRS") rates Pembina's senior unsecured medium-term notes 'BBB (high)'. DBRS has also assigned a debt rating of 'BBB (low)' to Pembina's Fixed-To-Fixed Rate Subordinated Notes, Series 1 (the "Series 1 Subordinated Notes") and a rating of 'Pfd-3 (high)' for each issued series of Pembina's Class A Preferred Shares, other than the Class A Preferred Shares, Series 2021-A (the "Series 2021-A Class A Preferred Shares"), which are deliverable to the holders of the Series 1 Subordinated Notes following the occurrence of certain bankruptcy or insolvency events in respect of Pembina.

The long-term corporate credit rating assigned by S&P Global Ratings ("S&P") on Pembina is 'BBB'. S&P has also assigned a debt rating of 'BBB' to Pembina's senior unsecured medium-term notes, a debt rating of 'BB+' to the Series 1 Subordinated Notes, and a rating of 'P-3 (High)' to each issued series of Pembina's Class A Preferred Shares, other than the Series 2021-A Class A Preferred Shares.

Refer to "Description of the Capital Structure of Pembina – Credit Ratings" in the AIF for further information.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

Pembina had the following contractual obligations outstanding as at December 31, 2022:

Contractual Obligations[1]	**Payments Due By Period**				
($ millions)	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**After 5 years**
Leases[2]	906	104	175	143	484
Long-term debt[3]	16,355	1,092	2,150	2,184	10,929
Construction commitments[4]	710	423	53	28	206
Other	690	144	142	93	311
Total contractual obligations	18,661	1,763	2,520	2,448	11,930

(1) Pembina enters into product purchase agreements and power purchase agreements to secure supply for future operations. Purchase prices of both NGL and power are dependent on current market prices. Volumes and prices for NGL and power contracts cannot be reasonably determined, and therefore, an amount has not been included in the contractual obligations schedule. Product purchase agreements range from one to nine years and involve the purchase of NGL products from producers. Assuming product is available, Pembina has secured between 45 and 194 mbpd of NGL each year up to and including 2031. Power purchase agreements range from one to 24 years and involve the purchase of power from electrical service providers. Pembina has secured up to 76 megawatts per day each year up to and including 2046.

(2) Includes terminals, rail, office space, land and vehicle leases.

(3) Includes loans and borrowings, subordinated hybrid notes and interest payments on Pembina's senior unsecured medium-term notes. Excludes deferred financing costs.

(4) Includes required maintenance and/or turnarounds and excludes significant projects that are awaiting regulatory approval, projects which Pembina is not committed to construct, and projects that are executed by equity accounted investees.

As a result of the disposition of Pembina's Field-based Gas Processing Assets on August 15, 2022, Pembina's construction commitments were reduced by $264 million. Refer to the "About Pembina – Pembina Gas Infrastructure" section for further details on the PGI Transaction.

Off-Balance Sheet Arrangements

As at December 31, 2022, Pembina does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on Pembina's financial condition, results of operations, liquidity or capital expenditures.

Letters of Credit

Pembina has provided letters of credit to various third parties in the normal course of conducting business. The letters of credit include guarantees to counterparties for product purchases and sales, transportation services, utilities, engineering and construction services. The letters of credit have not had and are not expected to have a material impact on Pembina's financial position, earnings, liquidity or capital resources. As at December 31, 2022, Pembina had $198 million (2021: $135 million) in letters of credit issued.

5. SHARE CAPITAL

Common Shares

On March 8, 2022, the Toronto Stock Exchange ("TSX") accepted the renewal of Pembina's normal course issuer bid (the "NCIB") that allows the Company to repurchase, at its discretion, up to five percent of the Company's outstanding common shares (representing approximately 27.5 million common shares) through the facilities of the TSX, the New York Stock Exchange and/or alternative Canadian trading systems or as otherwise permitted by applicable securities law, subject to certain restrictions on the number of common shares that may be purchased on a single day. Common shares purchased by the Company under the NCIB are cancelled. The NCIB expires on March 9, 2023 and Pembina expects to file a notice of intention with the TSX to renew the NCIB to purchase up to five percent of its outstanding common shares, subject to approval of the TSX.

The following table summarizes Pembina's share repurchases under its NCIB:

For the years ended December 31 *(millions, except as noted)*	**2022**	2021
Number of common shares repurchased for cancellation *(thousands)*	7,154	450
Average price per share	$46.55	$37.77
Total cost[1]	333	17

[1] Total cost includes $204 million (2021: $13 million) charged to share capital and $129 million (2021: $4 million) charged to deficit.

Common Share Dividends

Common share dividends are payable if, as and when declared by Pembina's Board of Directors. The amount and frequency of dividends declared and payable is at the discretion of Pembina's Board of Directors, which considers earnings, cash flow, capital requirements, the financial condition of Pembina and other relevant factors when making its dividend determination.

In connection with the closing of the PGI Transaction on August 15, 2022, Pembina's Board of Directors approved a $0.0075 per common share increase to its monthly common share dividend rate from $0.21 to $0.2175 per common share per month, commencing with the dividend paid on October 14, 2022.

On December 5, 2022, Pembina announced that it was moving from its current practice of paying monthly dividends to a quarterly common share dividend payment, following the monthly December 2022 dividend. Quarterly dividend payments are expected to be made on the last business day of March, June, September and December to shareholders of record on the 15th day of the corresponding month, if, as and when declared by the Board of Directors.

Subsequent to the end of the year, on February 23, 2023, Pembina announced that its Board of Directors had declared a common share cash dividend for the first quarter of 2023 of $0.6525 per share to be paid, on March 31, 2023, to shareholders of record on March 15, 2023.

Preferred Shares

On August 31, 2022, Pembina announced that it did not intend to exercise its right to redeem the eight million Cumulative Redeemable Rate Reset Class A Preferred Shares, Series 15 shares (the "Series 15 Class A Preferred Shares") outstanding on September 30, 2022. The annual dividend rate for the Series 15 Class A Preferred Shares for the five-year period from and including September 30, 2022 to, but excluding, September 30, 2027 is 6.164 percent.

On November 15, 2022, Pembina redeemed all of the 12 million issued and outstanding Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 23 (the "Series 23 Class A Preferred Shares") for a redemption price equal to $25.00 per Series 23 Class A Preferred Share. The total redemption price for the Series 23 Class A Preferred Shares was $300 million.

Subsequent to the end of the year, on January 16, 2023, Pembina announced that it did not intend to exercise its right to redeem the ten million Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 25 (the "Series 25 Class A Preferred Shares") outstanding on February 15, 2023. The annual dividend rate for the Series 25 Class A Preferred Shares for the five-year period from and including February 15, 2023 to, but excluding, February 15, 2028 is 6.481 percent.

Subsequent to the end of the year, on January 30, 2023, Pembina announced that it did not intend to exercise its right to redeem the 16 million Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 21 (the "Series 21 Class A Preferred Shares") outstanding on March 1, 2023. The annual dividend rate for the Series 21 Class A Preferred Shares for the five-year period from and including March 1, 2023 to, but excluding March 1, 2028 will be 6.302 percent.

Subsequent to the end of the year, on February 14, 2023, holders of an aggregate of 1,028,130 of the 16 million Series 21 Class A Preferred Shares elected to convert, on a one-for-one basis, their Series 21 Class A Preferred Shares into Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 22 ("Series 22 Class A Preferred Shares"). As a result of the exercise of such conversion rights, on March 1, 2023, Pembina will have 14,971,870 Series 21 Class A Preferred Shares and 1,028,130 Series 22 Class A Preferred Shares issued and outstanding. The annual dividend rate applicable to the Series 22 Class A Preferred Shares for the three-month floating rate period from and including March 1, 2023, to, but excluding, June 1, 2023, will be 7.706 percent.

Preferred Share Dividends

Other than in respect of the Series 2021-A Class A Preferred Shares, the holders of Pembina's Class A Preferred Shares are entitled to receive fixed cumulative dividends. Dividends on the Series 1, 3, 5, 7, 9 and 21 Class A Preferred Shares are payable quarterly on the first day of March, June, September and December, if, as and when declared by the Board of Directors of Pembina. Dividends on the Series 15, 17 and 19 Class A Preferred Shares are payable on the last day of March, June, September and December in each year, if, as and when declared by the Board of Directors of Pembina. Dividends on the Series 25 Class A Preferred Shares are payable on the 15th day of February, May, August and November in each year, if, as and when declared by the Board of Directors of Pembina.

Dividends are not payable on the Series 2021-A Class A Preferred Shares, nor shall any dividends accumulate or accrue, prior to delivery of Series 2021-A Class A Preferred Shares to the holders of the Series 1 Subordinated Notes following the occurrence of certain bankruptcy or insolvency events in respect of Pembina. Thereafter, dividends on the Series 2021-A Class A Preferred Shares are payable on the 25th day of January and July in each year, if, as and when declared by the Board of Directors.

Outstanding Share Data

Issued and outstanding *(thousands)*[(1)]	**February 16, 2023**
Common shares	550,336
Stock options	11,837
Stock options exercisable	7,380
Series 1 Class A Preferred Shares	10,000
Series 3 Class A Preferred Shares	6,000
Series 5 Class A Preferred Shares	10,000
Series 7 Class A Preferred Shares	10,000
Series 9 Class A Preferred Shares	9,000
Series 15 Class A Preferred Shares	8,000
Series 17 Class A Preferred Shares	6,000
Series 19 Class A Preferred Shares	8,000
Series 21 Class A Preferred Shares	16,000
Series 25 Class A Preferred Shares	10,000

(1) Pembina issued 600,000 Series 2021-A Class A Preferred Shares to the Computershare Trust Company of Canada, to be held in trust to satisfy its obligations under the indenture governing the Series 1 Subordinated Notes, in connection with the issuance of the Series 1 Subordinated Notes.

6. CAPITAL EXPENDITURES

	3 Months Ended December 31		12 Months Ended December 31	
($ millions)	**2022**	2021	**2022**	2021
Pipelines	**78**	123	**342**	475
Facilities	**39**	34	**153**	136
Marketing & New Ventures	**6**	6	**59**	21
Corporate and other projects	**20**	13	**51**	26
Total capital expenditures[1]	**143**	176	**605**	658

(1) Includes $38 million for the three months ended December 31, 2022 (2021: $28 million) and $160 million for the twelve months ended December 31, 2022 (2021: $77 million) related to non-recoverable sustainment activities.

In both 2022 and 2021, Pipeline capital expenditures continued to be largely related to Pembina's Peace Pipeline system expansion projects. Pipeline capital expenditures in 2022 also included slope mitigation on the Syncrude and Horizon Pipeline systems. In 2022, Facilities capital expenditures were primarily related to continued expansion at the Empress Co-generation Facility. In 2021, Facilities capital expenditures were largely related to the expansion at Empress and the Prince Rupert Terminal. Marketing & New Ventures capital expenditures primarily related to the purchase of linefill for the Phase VII Peace Pipeline expansion in 2022 and offshore LNG activities in 2021. Corporate capital expenditures in 2021 and 2022 relate mainly to information technology infrastructure and systems development.

Contributions to Equity Accounted Investees

	3 Months Ended December 31		12 Months Ended December 31	
($ millions)	**2022**	2021	**2022**	2021
Alliance	**4**	299	**4**	299
Aux Sable	**1**	1	**3**	2
Veresen Midstream	**—**	—	**13**	29
PGI	**32**	—	**49**	—
Cedar LNG	**9**	5	**26**	5
Total	**46**	305	**95**	335

Alliance contributions in 2021 were the result of early note redemptions in December 2021. Contributions to Veresen Midstream and PGI in 2022 (and Veresen Midstream in 2021) were to fund general capital expenditures. Contributions made to Cedar LNG in 2022 were to fund front-end engineering and design capital expenditures.

7. SELECTED QUARTERLY INFORMATION

Selected Quarterly Operating Information

(mboe/d)	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Volumes[1][2]								
Pipelines								
Conventional Pipelines	**1,024**	977	937	897	959	918	892	862
Transmission Pipelines	**593**	577	564	621	616	595	685	674
Oil Sands Pipelines	**976**	977	975	975	996	1,050	1,050	1,051
Facilities								
Gas Services	**588**	686	664	675	677	660	662	677
NGL Services	**211**	207	204	201	189	188	211	218
Total	**3,392**	3,424	3,344	3,369	3,437	3,411	3,500	3,482

(1) Revenue volumes. See the "Abbreviations" section of this MD&A for definition.
(2) Includes Pembina's proportionate share of volumes from equity accounted investees.

Deferred Take-or-pay Revenue

($ millions)	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Pipelines								
Opening balance	**15**	27	24	3	21	32	22	3
Revenue deferred	**48**	55	49	47	43	48	45	42
Revenue recognized	**(60)**	(67)	(46)	(26)	(61)	(59)	(35)	(23)
Ending take-or-pay contract liability balance	**3**	15	27	24	3	21	32	22
Facilities								
Opening balance	**—**	—	1	—	—	3	1	—
Revenue deferred	**—**	—	2	1	—	—	2	1
Revenue recognized	**—**	(1)	—	—	—	(3)	—	—
Transfers to liabilities related to assets held for sale	**—**	3	(3)	—	—	—	—	—
Disposition[1]	**—**	(2)	—	—	—	—	—	—
Ending take-or-pay contract liability balance	**—**	—	—	1	—	—	3	1

(1) Refer to Note 9 to the Consolidated Financial Statements for further information.

Quarterly Financial Information

($ millions, except where noted)	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**2,699**	2,779	3,095	3,038	2,560	2,149	1,902	2,016
Net revenue[1]	**1,043**	1,030	1,020	1,154	1,084	961	894	999
Operating expenses	**240**	225	211	193	206	187	186	182
Realized (gain) loss on commodity-related derivative financial instruments	**(10)**	19	49	47	36	43	33	88
Share of profit from equity accounted investees	**79**	123	74	85	83	75	52	71
Gross profit	**681**	874	711	857	785	682	550	630
Earnings	**243**	1,829	418	481	80	588	254	320
Earnings per common share – basic *(dollars)*	**0.39**	3.24	0.70	0.81	0.08	1.01	0.39	0.51
Earnings per common share – diluted *(dollars)*	**0.39**	3.23	0.69	0.81	0.08	1.01	0.39	0.51
Cash flow from operating activities	**947**	723	604	655	697	913	584	456
Cash flow from operating activities per common share – basic *(dollars)*	**1.72**	1.30	1.09	1.19	1.27	1.66	1.06	0.83
Adjusted cash flow from operating activities[1]	**690**	588	683	700	734	786	538	582
Adjusted cash flow from operating activities per common share – basic *(dollars)*[1]	**1.25**	1.07	1.23	1.27	1.33	1.43	0.98	1.06
Common shares outstanding *(millions)*:								
Weighted average – basic	**551**	554	554	551	550	550	550	550
Weighted average – diluted	**553**	556	557	552	551	551	551	550
End of period	**550**	552	555	552	550	550	550	550
Common share dividends declared	**359**	354	349	347	346	347	347	346
Dividends per common share	**0.65**	0.64	0.63	0.63	0.63	0.63	0.63	0.63
Preferred share dividends declared	**32**	31	32	31	33	31	35	36
Capital expenditures	**143**	131	152	179	176	209	146	127
Contributions to equity accounted investees	**46**	24	6	19	305	18	—	12
Distributions from equity accounted investees	**235**	138	145	155	128	106	112	115
Adjusted EBITDA[1]	**925**	967	849	1,005	970	850	778	835

(1) Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

During the periods in the table above, Pembina's financial and operating results were impacted by the following factors and trends:

- New large-scale growth projects across Pembina's business being placed into service;
- Volatility in commodity market prices impacting margins within the marketing business, partially offset by Pembina's risk management program;
- Volatility in the AECO-Chicago natural gas price differential, power pool prices, foreign exchange rates, and inflation impacting operating results;
- The recovery in demand for commodities and global energy prices in 2021 following the start of the COVID-19 pandemic, which continued through 2022 due to supply concerns associated with the current conflict between Ukraine and Russia;
- Higher net finance costs impacting earnings associated with debt related to financing growth projects, volatility in foreign exchange rates and volatility in Pembina's share price impacting incentive costs;
- Impairments recognized on certain assets in Pipelines as a result of contract expirations in the fourth quarter of 2021;
- The receipt and associated tax of the $350 million Arrangement Termination Payment in the third quarter of 2021;
- Higher contributions made to Alliance to redeem all of its issued and outstanding senior notes in 2021;
- Higher number of common shares as a result of option exercises, partially offset by share repurchases; and
- The completion of the PGI Transaction, which resulted in a gain recognized by Pembina of $1.1 billion in the third quarter of 2022 and other impacts to Pembina's earnings; and
- The Ruby Settlement Agreement in the fourth quarter of 2022 with Ruby Pipeline, L.L.C. ("the Ruby Subsidiary") which provides for the payment from Pembina to the Ruby Subsidiary of U.S. $102 million in exchange for the release of Pembina from any causes of action arising in connection with, among other things, the prepetition distributions and the Ruby Subsidiary Bankruptcy (as defined below).

Selected Quarterly Market Pricing

	2022				2021			
($ average)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
WTI (USD/bbl)	82.64	91.56	108.41	94.29	77.19	70.50	66.07	57.84
FX (USD/CAD)	1.36	1.31	1.28	1.27	1.26	1.25	1.23	1.27
AECO Natural Gas (CAD/GJ)	5.29	5.50	5.95	4.35	4.68	3.15	2.70	2.77
Station 2 Natural Gas (CAD/GJ)	3.06	2.94	6.45	4.46	3.51	3.22	2.84	2.92
Chicago Citygate Natural Gas (USD/mmbtu)	5.86	7.86	6.97	5.74	5.87	3.40	2.74	2.61
Mt Belvieu Propane (USD/gal)	0.80	1.08	1.25	1.31	1.25	1.06	0.87	0.90
Pembina volume-weighted average share price	45.61	46.17	49.11	43.21	40.27	39.69	38.54	35.18

8. SELECTED EQUITY ACCOUNTED INVESTEE INFORMATION

Loans and Borrowings of Equity Accounted Investees

Under equity accounting, the assets and liabilities of an investment are reported as a single line item in the Consolidated Statement of Financial Position, "Investments in Equity Accounted Investees". To assist readers' understanding and to evaluate the capitalization of Pembina's investments, loans and borrowings associated with investments in equity accounted investees are presented below based on Pembina's proportionate ownership in such investments, as at December 31, 2022. The loans and borrowings are presented and classified by the division in which the results for the investment are reported. Please refer to the "Abbreviations" section for a summary of Pembina's investments in equity accounted investees and the division in which their results are reported.

As at December 31 *($ millions)*[1]	**2022**	2021
Pipelines[2]	**672**	642
Facilities[3]	**2,694**	1,214
Marketing & New Ventures	**—**	1
Total	**3,366**	1,857

(1) Balances reflect Pembina's ownership percentage of the outstanding balance face value.
(2) Balance includes $322 million (2021: $300 million) of loans and borrowings associated with Ruby, which were extinguished upon the completion of the sale of Ruby on January 13, 2023. Refer to "Financing Activities for Equity Accounted Investees" section below for further details.
(3) Balance includes $330 million (2021: nil), Pembina's ownership share of $550 million (2021: nil) of loans and borrowings on a PGI credit facility funding the construction of the KAPS project, which will be extinguished upon the closing of the sale of KAPS in the second quarter of 2023.

Financing Activities for Equity Accounted Investees

The Ruby Subsidiary had U.S. $475 million principal amount (100 percent gross) of unsecured notes that matured on April 1, 2022 (the "2022 Notes"). On March 31, 2022, the Ruby Subsidiary filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Ruby Subsidiary Bankruptcy") as it lacked sufficient liquidity to satisfy its obligations under the 2022 Notes on the maturity date. On November 18, 2022, Pembina and certain of its subsidiaries entered into the Ruby Settlement Agreement with the Ruby Subsidiary which provides for the release of Pembina from any causes of action arising in connection with, among other things, the prepetition distributions and the Ruby Subsidiary Bankruptcy in exchange for a U.S. $102 million payment by Pembina to the Ruby Subsidiary. In January 2023, the United States Bankruptcy Court for the District of Delaware approved the Ruby Subsidiary's Chapter 11 plan of reorganization (the "Ruby Subsidiary Plan") and the Ruby Settlement Agreement. The Ruby Subsidiary Plan provides for the sale of the Ruby Subsidiary's reorganized equity to a third-party, which sale was completed on January 13, 2023, and the distribution of the sales proceeds and cash on hand of the Ruby Subsidiary to the creditors of the Ruby Subsidiary, including approximately U.S. $14 million to an affiliate of Pembina in respect of the subordinated notes issued by the Ruby Subsidiary to that Pembina affiliate. Following the completion of the sale of the Ruby Subsidiary's reorganized equity, Pembina ceased to have any ownership interest in the Ruby Pipeline.

On August 15, 2022, PGI closed $4.75 billion of syndicated credit facilities consisting of a $3.9 billion unsecured non-revolving term loan facility which matures August 2027, a $250 million unsecured revolving credit facility, which includes a $300 million accordion feature and matures August 2025, a $50 million unsecured operating credit facility which matures August 2024, and a $550 million unsecured revolving credit facility which matures August 2024 to fund the construction of the KAPS project (collectively, the "PGI Credit Facilities"). There are no mandatory principal repayments due over the term of the PGI Credit Facilities, with the exception of the prepayment of the $550 million unsecured revolving credit facility in connection with certain specified dispositions. Proceeds of the credit facilities were primarily used to fund a portion of the PGI Transaction including the repayment of Veresen Midstream's and ETC's credit facilities.

On August 15, 2022, Veresen Midstream repaid $2.6 billion of outstanding debt on its syndicated credit facilities. The credit facilities were cancelled upon repayment as part of the PGI Transaction.

Between August 30, 2022, and October 28, 2022, PGI entered into floating-to-fixed interest rate swaps with a notional value of $1.95 billion. The floating debt is priced at CAD-BA-CDOR. The interest rate swaps mature July 2027. The weighted average hedge rate for the total notional amount is 3.66 percent.

On December 16, 2022, Alliance completed an extension on its unsecured credit agreement, for a weighted average tenor of 2.9 years, comprising of a $315 million non-revolving term loan facility, a $30 million revolving facility and operating facility, a U.S. $250 million non-revolving term loan facility, and a U.S. $30 million revolving facility and operating facility, which now matures on December 10, 2025.

Commitments to Equity Accounted Investees

Pembina has commitments to provide contributions to certain equity accounted investees based on annual budgets approved by the joint venture partners and contractual agreements.

Credit Risk for Equity Accounted Investees

At December 31, 2022, Pembina's various equity accounted investees held letters of credit totaling $75 million (2021: $73 million) primarily in respect of customer trade receivables.

9. OTHER

Selected Annual Financial Information

($ millions, except where noted)	**2022**	2021	2020
Revenue	**11,611**	8,627	5,953
Earnings (loss)	**2,971**	1,242	(316)
Per common share - basic *(dollars)*	**5.14**	2.00	(0.86)
Per common share - diluted *(dollars)*	**5.12**	1.99	(0.86)
Total assets	**31,475**	31,456	31,416
Total non-current liabilities	**13,640**	14,703	14,620
Common share dividends declared *($ per share)*	**2.55**	2.52	2.52
Preferred share dividends declared	**126**	135	151

See the "Quarterly Financial Information" section for the factors impacting the years ended December 31, 2022 and 2021. The increase in revenues, earnings and earnings per common share (basic and diluted) between 2020 and 2021 were largely due to the recovery in demand for commodities and global energy prices in 2021, combined with lower impairments recognized in 2021 largely related to certain Oil Sands assets compared to impairments recognized during the fourth quarter of 2020 associated with its investments in Ruby, CKPC and the assets associated with Jordan Cove, and the results from new assets going into service, partially offset by the deferred tax recovery on impairments in 2020 and higher losses on commodity-related derivative financial instruments in 2021.

Related Party Transactions

Pembina enters into transactions with related parties in the normal course of business and all transactions are measured at their exchange amount, unless otherwise noted. Pembina contracts capacity from certain of its equity accounted investees, advances funds to support operations, provides letters of credit, including financial guarantees, and provides services, on a cost recovery basis, to certain equity accounted investees. These services are provided under separate service agreements.

PGI

Pembina provides management services to PGI for a fixed fee of $52 million per year plus flow-through costs. Pembina also bills PGI for payments made by Pembina, on behalf of PGI, to third parties. Services provided to PGI in 2022 totaled $106 million. PGI provides Pembina with extraction services under long-term fee-for-service arrangements, with total services received by Pembina from PGI in 2022 of $11 million. As at December 31, 2022, trade receivables and other includes $41 million due from PGI.

Veresen Midstream

Until August 15, 2022, Pembina provided management services to Veresen Midstream for a fixed fee of $18 million per year plus flow-through costs. Pembina also provided transportation services to Veresen Midstream under long-term fee-for-service arrangements. Total services provided to Veresen Midstream in 2022 totaled $35 million (2021: $50 million).

Ruby

As at December 31, 2022, Pembina had an advance due from Ruby for U.S. $14 million as well as a provision payable to Ruby for U.S. $102 million, both of which are related to the Ruby Pipeline Bankruptcy. See "Selected Equity Accounted Investee Information – Financing Activities for Equity Accounted Investees" for further information.

Aux Sable

Pembina operates and provides oversight for the facilities owned by Aux Sable. As the operating partner, Pembina recovers operating costs, and other costs on a cost recovery basis. Total services provided by Pembina to Aux Sable in 2022 totaled $104 million (2021: $95 million).

Risk Management

Pembina's risk management strategies, policies and limits, ensure risks and exposures are aligned to its business strategy and risk tolerance. Pembina's Board of Directors is responsible for providing risk management oversight at Pembina and oversees how management monitors compliance with Pembina's risk management policies and procedures and reviews the adequacy of this risk framework in relation to the risks faced by Pembina.

Pembina has exposure to counterparty credit risk, liquidity risk and market risk. Pembina utilizes derivative instruments to stabilize the results of its marketing business and, as at December 31, 2022, the Company has entered into certain financial derivative contracts in order to manage commodity price, interest rate, cost of power and foreign exchange risk. These instruments are not used for trading or speculative purposes. Pembina has also entered into power purchase agreements to secure cost-competitive renewable energy, fix the price for a portion of the power Pembina consumes, and reduce its emissions. For more information on Pembina's derivative instruments, refer to Note 24 to the Consolidated Financial Statements.

Pension Plan

Pembina maintains defined contribution plans and defined benefit pension plans for employees and retirees. The defined benefit plans include a funded registered plan for all qualified employees and an unfunded supplemental retirement plan for those employees affected by the Canada Revenue Agency maximum pension limits. At the end of 2022, the pension plans carried a net asset of $6 million (2021: net obligation of $6 million). At December 31, 2022, plan obligations amounted to $218 million (2021: $274 million) compared to plan assets of $224 million (2021: $268 million). In 2022, the pension plans' expense was $23 million (2021: $30 million). Pembina's contributions to the pension plans totaled $15 million in 2022 (2021: $23 million).

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure Controls and Procedures

Pembina maintains disclosure controls and procedures ("DC&P") designed to provide reasonable assurance that information required to be disclosed in Pembina's annual filings, interim filings and other reports filed or submitted by it under applicable securities laws is recorded, processed, summarized and reported accurately and in the time periods specified under such securities laws, and include controls and procedures designed to ensure such information is accumulated and communicated to Pembina's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. As at December 31, 2022, an evaluation of the effectiveness of the design and operation of Pembina's DC&P, as defined in Rule 13a – 15(e) and 15(d) – 15(e) under the United States *Securities Exchange Act of 1934*, as amended (the "Exchange Act") and National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109"), was carried out by management, including the President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"). Based on the evaluation, the CEO and CFO have concluded that the design and operation of Pembina's DC&P were effective as at December 31, 2022 to ensure that material information relating to Pembina is made known to the CEO and CFO by others.

It should be noted that while the CEO and CFO believe that Pembina's DC&P provide a reasonable level of assurance that they are effective, they do not expect that Pembina's DC&P will prevent all errors or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management's Annual Report on Internal Control over Financial Reporting

Pembina maintains internal control over financial reporting which is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a – 15(e) and 15(d) – 15(e) under the Exchange Act and NI 52-109*.*

Under the supervision and with the participation of our CEO and our CFO, management has conducted an evaluation of the effectiveness of our internal control over financial reporting, as at December 31, 2022 based on the framework set forth in Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on management's assessment as at December 31, 2022, the CEO and CFO have concluded that Pembina's internal control over financial reporting is effective.

Due to its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of Pembina's financial statements would be prevented or detected. Further, the evaluation of the effectiveness of internal control over financial reporting was made as at a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate.

The effectiveness of internal control over financial reporting as at December 31, 2022 was audited by KPMG LLP, an independent registered public accounting firm, as stated in their Report of Independent Registered Public Accounting Firm, which is included in the Consolidated Financial Statements.

Changes in Internal Control over Financial Reporting

There has been no change in Pembina's internal control over financial reporting that occurred during the year ended December 31, 2022 that has materially affected, or are reasonably likely to materially affect, Pembina's internal control over financial reporting.

10. ACCOUNTING POLICIES & ESTIMATES

Changes in Accounting Policies

The accounting policies used in preparing the Consolidated Financial Statements are described in Note 3. There were no new accounting standards or amendments to existing standards adopted in the 12 months ended December 31, 2022 that have a material impact on Pembina's financial statements.

New Standards and Interpretations Not Yet Adopted

The International Accounting Standards Board has issued the following standard and amendments to existing standards that are effective for periods on or after January 1, 2023, with early application permitted. Assessment of the impacts of these standards is ongoing, however, to date, no material impacts on Pembina's Consolidated Financial Statements have been identified.

- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure Initiative – Accounting Policies (Amendments to IAS 1);
- IFRS 17 *Insurance Contracts;*
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)[1]; and
- Non-current Liabilities with Covenants (Amendments to IAS 1)[1].

(1) Effective for periods beginning on or after January 1, 2024.

Critical Accounting Judgments and Estimates

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are based on the facts and circumstances and estimates at the date of the Consolidated Financial Statements and affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impacts of Geopolitical Events in Eastern Europe and the Ongoing Impact of the COVID-19 Pandemic

Geopolitical events in Eastern Europe and continuing events and conditions related to the COVID-19 pandemic are driving significant volatility in commodity prices and currencies, disruption of business operations and a significant increase in economic uncertainty and inflation. Management applied its judgment in determining the impact of the significant uncertainties created by these events and conditions when using estimates and judgments as well as when assessing fair values of assets and liabilities in the Consolidated Financial Statements.

The following judgments and estimation uncertainties are those management considers material to the Consolidated Financial Statements:

Judgments

(i) Impairment of Non-Financial Assets

Assessment of impairment of non-financial assets is based on management's judgment of whether or not events or changes in circumstances indicate that the carrying value of an asset, investment, cash generating unit ("CGU") or group of CGUs may exceed its recoverable amount. The determination of a CGU is based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. When an impairment test is performed, the carrying value of a CGU or group of CGUs is compared to its recoverable amount, defined as the greater of fair value less costs of disposal and value in use. As such, the asset composition of a CGU or group of CGUs directly impacts both the carrying value and recoverability of the assets included therein.

(ii) Joint Control Over Joint Arrangements

The determination of joint control requires judgment about the influence Pembina has over decisions about the relevant activities of an arrangement and the extent of the benefits it obtains based on the facts and circumstances of the arrangement during the reporting period. Joint control exists when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively. Ownership percentage alone may not be a determinant of joint control.

Estimates

(i) Deferred Taxes

The calculation of the deferred tax asset or liability is based on assumptions about the timing of many taxable events and the enacted or substantively enacted rates anticipated to be applicable to income in the years in which temporary differences are expected to be realized or reversed. Deferred income tax assets are recognized to the extent that it is probable that the deductible temporary differences will be recoverable in future periods, and estimates and judgment are used in assessing the recognition. Estimates including, but not limited to, the timing of reversal and future taxability may differ on actual realization, and may result in an income tax charge or credit in future periods.

(ii) Impairment of Non-Financial Assets

In determining the recoverable amount of a CGU, a group of CGUs or an individual asset, management uses its best estimates of future cash flows, including considerations related to climate change, access to global markets and energy transition, and assesses discount rates to reflect management's best estimate of a rate that reflects a current market assessment of the time value of money and the specific risks associated with the underlying assets and cash flows.

(iii) Acquisition of an interest in a Joint Venture

Acquisitions of interests in joint ventures that meet the definition of a business involve application of the acquisition method of accounting in order to apply the equity method post-acquisition. The determination of fair value often requires management to make judgments about future possible events. The assumptions with respect to the fair value of consideration exchanged and intangible assets require the most judgment. Estimates of future cash flows, forecast revenue, contract renewal rates, and discount rates are made in determining the fair values of the businesses contributed to the joint venture and Pembina's share of the fair value of assets acquired and liabilities assumed. Changes in these assumptions or estimates used in determining the fair values of the businesses contributed or Pembina's share of acquired assets and liabilities could impact the amounts assigned to the investment in PGI, the gain on the disposition, as well as the assets, liabilities, intangible assets, goodwill and deferred taxes in the in-substance purchase price equation for the investment in PGI. Future earnings can be affected as a result of changes in Pembina's share of the joint venture's equity accounted profits or losses due to differences in future depreciation and amortization, asset or goodwill impairment.

11. RISK FACTORS

Pembina's value proposition is based on balancing economic benefit against risk. Where appropriate, Pembina will seek to reduce risk. Pembina continually works to mitigate the impact of potential risks to its business by identifying all significant risks so that they can be appropriately managed. To assist with identifying and managing risk, Pembina has implemented a comprehensive Risk Management Program. The risks that may affect the business and operation of Pembina and its operating subsidiaries are described at a high level within this MD&A and more fully within Pembina's AIF, an electronic copy of which is available at www.pembina.com or on Pembina's SEDAR profile at www.sedar.com and which is filed under Form 40-F on Pembina's EDGAR profile at www.sec.gov. Further, additional discussion about counterparty risk, market risk, liquidity risk and additional information on financial risk management can be found in Note 24 of the Consolidated Financial Statements.

Risks Inherent in Pembina's Business

Commodity Price Risk

Pembina's business is exposed to commodity price volatility and a substantial decline in the prices of these commodities could adversely affect its financial results.

Certain of the transportation contracts or tolling arrangements with respect to Pembina's pipeline assets do not include take-or-pay commitments from crude oil and gas producers and, as a result, Pembina is exposed to volume risk with respect to those assets. A decrease in volumes transported can directly and adversely affect Pembina's revenues and earnings. The demand for, and utilization of, Pembina's pipeline assets may be impacted by factors such as changing market fundamentals, capacity bottlenecks, operational incidents, regulatory restrictions, system maintenance, weather and increased competition. Market fundamentals, such as commodity prices and price differentials, natural gas and gasoline consumption, alternative energy sources and global supply disruptions outside of Pembina's control can impact both the supply of and demand for the commodities transported on Pembina's pipelines. See "*Reserve Replacement, Throughput and Product Demand*" below.

Pembina's Marketing business includes activities related to product storage, terminalling, and hub services. These activities expose Pembina to certain risks relating to fluctuations in commodity prices and, as a result, Pembina may experience volatility in revenue and impairments related to the book value of stored product with respect to these activities. Primarily, Pembina enters into contracts to purchase and sell crude oil, condensate, NGL and natural gas at floating market prices and, as a result, the prices of products that are marketed by Pembina are subject to volatility as a result of factors such as seasonal demand changes, extreme weather conditions (the severity of which could increase due to climate change), market inventory levels, general economic conditions, the availability and price of transportation logistics, changes in commodity markets and other factors. Pembina manages its risk exposure by balancing purchases and sales to secure less volatile margins. Notwithstanding Pembina's management of price and quality risk, marketing margins for commodities can vary and have varied significantly from period to period in the past. This variability could have an adverse effect on the results of Pembina's Marketing business and its overall results of operations. To assist in reducing this inherent variability in its Marketing business, Pembina has invested, and will continue to invest, in assets that have a fee-based revenue component.

Pembina is also exposed to potential price declines and decreasing frac spreads between the time Pembina purchases NGL feedstock and sells NGL products. Frac spread is the difference between the revenue from the sale of NGL if removed from a gas stream and the value such NGL would have had if left in the gas stream and sold at natural gas prices. Frac spreads can change significantly from period to period depending on the relationship between NGL and natural gas prices (the "frac spread ratio"), absolute commodity prices, transport differentials and changes in the Canadian to U.S. dollar exchange rate. In addition to the frac spread ratio changes, there is also a differential between NGL product prices and crude oil prices which can change margins realized for midstream products. The amount of profit or loss made on the extraction portion of the business will generally increase or decrease with frac spreads. This exposure could result in variability of cash flow generated by the Marketing business, which could affect Pembina and the cash dividends that Pembina is able to distribute.

Regulation and Legislation

Legislation in Alberta and British Columbia, the jurisdictions from which most products transported by Pembina are produced, exists to ensure that producers have fair and reasonable opportunities to produce, process and market their reserves. Regulatory authorities in Alberta and British Columbia may declare the operator of a pipeline a common carrier of crude oil, NGL or natural gas. Common carriers must not discriminate between producers who seek access to the pipeline. Regulatory authorities may also establish conditions under which the common carrier must accept and carry product, including the tariffs that may be charged. Producers and shippers may also apply to the appropriate regulatory authorities for a review of tariffs, and such tariffs may then be regulated if it is proven that the tariffs are not just and reasonable. The potential for direct regulation of tariffs for pipelines other than the Alliance Pipeline and the Cochin Pipeline (the tolls and tariffs of which are otherwise subject to CER oversight) and certain pipelines owned by Pembina's subsidiaries in British Columbia (the tolls and tariffs of which are otherwise subject to BCUC oversight), while considered remote by Pembina, could result in tariff levels that are less advantageous to Pembina and could impair the economic operation of such pipeline systems.

The AER is the primary regulatory body that oversees Pembina's Alberta-issued energy development permits, with some minor exceptions. Certain of Pembina's subsidiaries own pipelines in British Columbia, which are regulated by the BCER and the BCUC, and pipelines that cross provincial or international boundaries, which are regulated by the CER and/or the FERC and PHMSA. Certain of Pembina's operations and expansion projects are subject to additional regulations and, as Pembina's operations expand throughout Canada and North America, Pembina may be required to comply with the requirements of additional regulators and legislative bodies, including the IAAC, the BCEAO, the Ontario Energy Regulator, the Ontario Ministry of Natural Resources and Forestry, the Ontario Ministry of the Environment, Conservation and Parks, the Saskatchewan Ministry of Energy and Resources and Regulatory Services (Oil and Gas) under Manitoba Natural Resources and Northern Development.

In the U.S., FERC regulates interstate natural gas pipelines and the transportation of crude oil, NGL and refined products in interstate commerce. Under the NGA, FERC regulates the construction, extension, and abandonment of interstate natural gas pipelines and the rates, terms and conditions of service and other aspects of the business of interstate natural gas pipelines. Interstate natural gas pipelines rates, terms and conditions of service are filed at FERC and publicly available. Under the ICA, FERC regulates the rates, terms and conditions of the transportation in interstate commerce of crude oil, NGLs and refined products. Pipeline safety is regulated by the PHMSA, which sets standards for the design, construction, pressure testing, operation and maintenance, corrosion control, training and qualification of personnel, accident reporting and record keeping. The Office of Pipeline Safety, within the PHMSA, inspects and enforces the pipeline safety regulations across the U.S. All regulations and environmental, safety and economic compliance obligations are subject to change at the initiative of FERC, PHMSA or other United States Federal agencies with jurisdiction over aspects of the operations of pipelines, including environmental, economic and safety regulations. Changes by FERC in its regulations or policies could adversely impact Pembina's natural gas pipelines, making the construction, extension, expansion or abandonment of such pipelines more costly, causing delay in the permitting of such projects or impacting the likelihood of success of completion of such projects. Similarly, changes in FERC's regulations or policies could adversely impact the rates that Pembina's FERC-regulated pipelines are able to charge and how such pipelines do business, whether such pipelines are regulated by FERC pursuant to the NGA or the ICA. Pembina continually monitors existing and changing regulations in all jurisdictions in which it currently operates, or into which it may expand in the future, and the potential implications to its operations; however, Pembina cannot predict future regulatory changes, and any such compliance and regulatory changes in any one or multiple jurisdictions could have a material adverse impact on Pembina, its financial results and its Shareholders.

In 2019, the federal government overhauled the environmental assessment and federal energy regulation regime in Canada. The National Energy Board ("NEB") and NEB Act were replaced by the CER and the CER Act. Similarly, the *Canadian Environmental Assessment Act, 2012* (Canada) ("CEAA") was replaced by the *Impact Assessment Act* (Canada) ("IAA") and the Canadian Environmental Assessment Agency was replaced by the new IAAC as the authority responsible for conducting all federal impact assessments (formerly "environmental assessments") for certain designated projects under the IAA. The list of designated projects which are subject to mandatory assessment under the IAA is similar to the list under the CEAA; however, the length of new pipelines for which an impact assessment is required has been increased from 40 km to 75 km. The IAA also contains a broader project assessment process than under the CEAA and provides for enhanced consultation with groups that may be affected by proposed projects, while also expanding the scope of factors and considerations that are required to be taken into account under the project assessment process. The CER continues to oversee approved federal, interprovincial and international energy projects in a manner similar to the former regime under the NEB, with new projects being referred to a review panel under the IAA. On July 16, 2020, the federal government published the Strategic Assessment of Climate Change ("SACC") under the provisions for such assessments in the IAA. The SACC imposes the new requirements regarding GHG emissions planning on projects subject to the IAA and has also been incorporated in legacy assessments begun under the CEAA but concluded by the IAAC.

Relatively few projects have been subject to the new federal impact assessment regime to date and Pembina continues to actively monitor developments in this area. To the extent these changes lengthen the review timeline for projects or expand the scope of the matters to be considered, the new regime could materially impact the amount of time and capital resources required by Pembina to seek and obtain approval to construct and operate international or interprovincial pipelines or other projects designated pursuant to the IAA project list or ministerial designation powers under the IAA. Indications are that the SACC and new guidance which is yet to be released on a "best in class" approach to GHG emissions requirements will strictly limit GHG emissions from IAA-regulated projects, in support of the federal government's net-zero by 2050 goal discussed under "*Environmental Costs and Liabilities*" below. The ongoing development of the CER Act and IAA regime could therefore materially and directly impact Pembina's business and financial results, and could indirectly affect Pembina's business and financial results by impacting the financial condition and growth projects of its customers and, ultimately, production levels and throughput on Pembina's pipelines and in its facilities. The uncertainty surrounding the impact of the IAA is currently heightened because, on May 10, 2022, the Alberta Court of Appeal held that the IAA is unconstitutional. The federal government has appealed this decision to the Supreme Court of Canada, with a hearing currently scheduled for March 2023. Pembina continues to monitor these developments.

In addition to the direct regulation of pipelines and midstream facilities, Pembina's business and operations may also be adversely affected by changes in regulations or polices that regulate upstream and/or downstream activities, including, but not limited to, land sales, exploration, development and retail and consumer uses. Pembina's business and financial condition may also be influenced by federal and foreign legislation affecting, in particular, foreign investment, through legislation such as the *Competition Act* (Canada), the *Investment Canada Act* (Canada) and equivalent legislation in foreign jurisdictions.

There can be no assurance that changes to income tax laws, regulatory and environmental laws or policies and government incentive programs relating to the pipeline or crude oil and natural gas industry will not adversely affect Pembina or the value of its securities.

Operational Risks

Operational risks include, but are not limited to: pipeline leaks; the breakdown or failure of equipment, pipelines and facilities, information systems or processes; the compromise of information and control systems; the performance of equipment at levels below those originally intended (whether due to misuse, unexpected degradation or design, construction or manufacturing defects); releases at truck terminals and hubs; releases associated with the loading and unloading of potentially harmful substances onto rail cars and trucks; adverse sea conditions (including storms and rising sea levels) and releases or spills from shipping vessels loaded at Pembina's marine terminal; failure to maintain adequate supplies of spare parts; operator error; labour disputes; disputes with interconnected facilities and carriers; operational disruptions or apportionment on third-party systems or refineries, which may prevent the full utilization of Pembina's facilities and pipelines; and catastrophic events, including, but not limited to, those related to climate change and extreme weather events, including fires, floods and other natural disasters, explosions, train derailments, earthquakes, widespread epidemics or pandemic outbreaks (including the COVID-19 pandemic), acts of civil protest or disobedience, terrorism or sabotage, and other similar events, many of which are beyond the control of Pembina and all of which could result in operational disruptions, damage to assets, related releases or other environmental issues, and delays in construction, labour and materials. Pembina may also be exposed from time to time to additional operational risks not stated in the immediately preceding sentence. In addition, the consequences of any operational incident (including as a result of adverse sea conditions) at Vancouver Wharves and the Prince Rupert Terminal or involving a vessel receiving products from Vancouver Wharves or the Prince Rupert Terminal, may be even more significant as a result of the complexities involved in addressing leaks and releases occurring in the ocean or along coastlines and/or the repair of marine terminals. Any leaks, releases or other incidents involving such vessels, or other similar operators along the West Coast, could result in significant harm to the environment, curtailment of, or disruptions of and/or delays in, offshore shipping activity in the affected areas, including Pembina's ability to effectively carry on operations at Vancouver Wharves and the Prince Rupert Terminal. The occurrence or continuance of any of the foregoing events could increase the cost of operating Pembina's assets or reduce revenue, thereby impacting earnings. Additionally, facilities and pipelines are reliant on electrical power for their operations. A failure or disruption within the local or regional electrical power supply or distribution or transmission systems could significantly affect ongoing operations. Further, a significant increase in the cost of power or fuel could have a materially negative effect on the level of profit realized in cases where the relevant contracts do not provide for recovery of such costs.

Pembina is committed to preserving customer and shareholder value by proactively managing operational risk through safe and reliable operations. Senior managers are responsible for the supervision of operational risk by ensuring appropriate policies, procedures and systems are in place within their business units and internal controls are operating efficiently. Pembina also has an extensive program to manage pipeline system integrity, which includes the development and use of in-line inspection tools and various other leak detection technologies. Pembina’s maintenance, inspection, excavation and repair programs are focused on risk mitigation and, as such, integrity maintenance programs are developed and resources are directed to areas based on continual risk assessments and infrastructure is replaced or repaired as required to ensure that Pembina’s assets are operated safely and reliably. Pembina carries insurance coverage with respect to some, but not all, casualty occurrences in amounts customary for similar business operations, which coverage may not be sufficient to compensate for all casualty occurrences. In addition, Pembina has a comprehensive Security Management Program designed to reduce security-related risks.

Inflation

The general rate of inflation impacts the economies and business environments in which Pembina operates. In response to sustained, elevated global inflationary pressures resulting from, among other things, the COVID-19 pandemic and the conflict between Ukraine and Russia, major central banks, including the Bank of Canada and the U.S. Federal Reserve, increased benchmark interest rates multiple times throughout 2022 and in early 2023 and may continue to raise them again in the future. Increased inflation and any economic conditions resulting from additional governmental attempts to reduce inflation, including the imposition of higher interest rates or wage and price controls, may negatively impact levels of demand for Pembina's services and cost of inputs, and could, accordingly, have a negative impact on Pembina's business, financial condition and results of operations. Higher interest rates as a result of inflation could negatively impact the Company's borrowing costs, which could, in turn, have a negative impact on Pembina's cash flow and ability to service obligations under its debt securities and other debt obligations, and impact Pembina's ability to sanction new projects.

Completion and Timing of Expansion Projects

The successful completion of Pembina's growth and expansion projects is dependent on a number of factors outside of Pembina's control, including the impact of general economic, business and market conditions, availability of capital on terms and rates acceptable to Pembina, receipt of regulatory approvals, reaching long-term commercial arrangements with customers in respect of certain portions of the expansions, construction schedules, commissioning difficulties or delays and costs that may change depending on supply, demand and/or inflation, labour, materials and equipment availability, contractor non-performance, acts of civil protest or disobedience, terrorism or sabotage, weather conditions, cost of engineering services, and change in governments that granted the requisite regulatory approvals. There is no certainty, nor can Pembina provide any assurance, that necessary regulatory approvals will be received on terms that maintain the expected return on investment associated with a specific project, or at all, or that satisfactory commercial arrangements with suppliers or customers will be entered into on a timely basis, or at all, or that third parties will comply with contractual obligations in a timely manner. Factors such as special interest group opposition, Indigenous, landowner and other stakeholder consultation requirements, civil protest or disobedience, changes in shipper support, and changes to the legislative or regulatory framework could all have an impact on meeting contractual and regulatory milestones. As a result, the cost estimates and completion dates for Pembina's major projects may change during different stages of the project. Greenfield and early stage projects face additional challenges, including securing leases, easements, rights-of-way, permits and/or licenses from landowners or governmental authorities allowing access for such purposes, as well as Indigenous consultation requirements. Accordingly, actual costs and construction schedules may vary from initial estimates and these differences can be significant, and certain projects may not proceed as planned, or at all. Further, there is a risk that maintenance will be required more often than currently planned or that significant maintenance capital projects could arise that were not previously anticipated.

Under most of Pembina's construction and operating agreements, the Company is obligated to construct the facilities and pipelines regardless of delays and cost increases and Pembina bears the risk for any cost overruns. Future agreements entered into with customers with respect to expansions may contain similar conditions. While Pembina is not currently aware of any significant undisclosed cost overruns with respect to its current projects at the date hereof, any such cost overruns may adversely affect the economics of particular projects, as well as Pembina's business operations and financial results, and could reduce Pembina's expected return on investment which, in turn, could reduce the level of cash available for dividends and to service obligations under Pembina's debt securities and other debt obligations.

See "*General Risk Factors – Additional Financing and Capital Resources*" and "*Customer Contracts*" below.

Possible Failure to Realize Anticipated Benefits of Corporate Strategy

Pembina evaluates the value proposition for new investments, acquisitions and divestitures on an ongoing basis. Planning and investment analysis is highly dependent on accurate forecasting assumptions and, to the extent that these assumptions do not materialize, financial performance may be lower or more volatile than expected. Volatility in the economy, change in cost estimates, failure to obtain regulatory approvals and permits, project scoping and risk assessment could result in decreased returns and loss in profits for Pembina.

As part of its ongoing strategy, Pembina may complete acquisitions of assets or other entities in the future. Achieving the benefits of completed and future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Pembina's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Pembina. In particular, large scale acquisitions may involve significant pricing and integration risk. The integration of acquired businesses and entities requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may also result in the loss of key employees and the disruption of ongoing business, customer and employee relationships, which may adversely affect Pembina's ability to achieve the anticipated benefits of any acquisitions. Acquisitions may also expose Pembina to additional risks, including risks relating to entry into markets or businesses in which Pembina has little or no direct prior experience, increased credit risks through the assumption of additional debt, costs and contingent liabilities and exposure to liabilities of the acquired business or assets.

As part of its value proposition evaluation, Pembina may also desire to divest assets to optimize its operations and financial performance. Pembina may, however, be unable to sell certain assets or, if Pembina is able to sell certain assets, it may not receive the optimal or desired amount of proceeds from such asset sales. Additionally, the timing to close any asset sales could be significantly different than Pembina's expected timeline.

See "*General Risk Factors – Additional Financing and Capital Resources*" below.

Joint Ownership and Third-Party Operators

Certain of Pembina's assets are jointly owned and are governed by partnership or shareholder agreements entered into with third-parties. As a result, certain decisions relating to these assets require the approval of a simple majority of the owners, while others require unanimous approval of the owners. In addition, certain of these assets are operated by unrelated third-party entities. The success of these assets is, to some extent, dependent on the effectiveness of the business relationship and decision-making among Pembina and the other joint owner(s) and the expertise and ability of any third-party operators to operate and maintain the assets. While Pembina believes that there are prudent governance and other contractual rights in place, there can be no assurance that Pembina will not encounter disputes with joint owners or that assets operated by third parties may not perform as expected. Such events could impact operations or cash flows of these assets or cause them to not operate as Pembina expects which could, in turn, have a negative impact on Pembina's business operations and financial results, and could reduce Pembina's expected return on investment, thereby reducing the level of cash available for dividends and to service obligations under Pembina's debt securities and other debt obligations.

Reserve Replacement, Throughput and Product Demand

Pembina's pipeline revenue is based on a variety of tolling arrangements, including fee-for-service, cost-of-service agreements and market-based tolls. As a result, certain pipeline revenue is heavily dependent upon throughput levels of crude oil, condensate, NGL and natural gas. Future throughput on crude oil, NGL and natural gas pipelines and replacement of crude oil and natural gas reserves in the service areas will be dependent upon the activities of producers operating in those areas as they relate to exploiting their existing reserve bases and exploring for and developing additional reserves, and technological improvements leading to increased recovery rates. Similarly, the volumes of natural gas processed through Pembina's gas processing assets depends on the production of natural gas in the areas serviced by the gas processing business and associated pipelines. Without reserve additions, or expansion of the service areas, volumes on such pipelines and in such facilities would decline over time as reserves are depleted. As crude oil and natural gas reserves are depleted, production costs may increase relative to the value of the remaining reserves in place, causing producers to shut-in production or seek out lower cost alternatives for transportation. If, as a result, the level of tolls collected by Pembina decreases, cash flow available for dividends to Shareholders and to service obligations under Pembina's debt securities and Pembina's other debt obligations could be adversely affected.

Over the long-term, the ability and willingness of shippers to continue production will also depend, in part, on the level of demand and prices for crude oil, condensate, NGL and natural gas in the markets served by the crude oil, NGL and natural gas pipelines and gas processing and gathering infrastructure in which Pembina has an interest. Producers may shut-in production at lower product prices or higher production costs.

Global economic events may continue to have a substantial impact on the prices of crude oil, condensate, NGL and natural gas. Pembina cannot predict the impact of future supply/demand or economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel efficiency and energy generation in the energy and petrochemical industries or future demand for and prices of natural gas, crude oil, condensate and NGL. A lower commodity price environment will generally reduce drilling activity and, as a result, the demand for midstream infrastructure could decline. Producers in the areas serviced by Pembina may not be successful in exploring for and developing additional reserves or achieving technological improvements to increase recovery rates and lower production costs during periods of lower commodity prices, which may also reduce demand for midstream infrastructure.

Future prices of these hydrocarbons are determined by supply and demand factors, including weather and general economic conditions as well as economic, political and other conditions in other crude oil and natural gas producing regions, all of which are beyond Pembina's control. The rate and timing of production from proven natural gas reserves tied into gas plants is at the discretion of producers and is subject to regulatory constraints. Producers have no obligation to produce from their natural gas reserves, which means production volumes are at the discretion of producers. Lower production volumes may increase the competition for natural gas supply at gas processing plants, which could result in higher shrinkage premiums being paid to natural gas producers. In addition, lower production volumes may lead to less demand for pipelines and processing capacity and could adversely impact Pembina's ability to re-contract on favourable terms with shippers as current agreements expire.

Pembina's gas processing assets are connected to various third-party trunk line systems. Operational disruptions or apportionment on those third-party systems may prevent the full utilization of Pembina's gas processing assets, which may have an adverse effect on Pembina's business.

Competition

Pembina competes with other pipeline, midstream, marketing and gas processing, fractionation and handling/storage service providers in its service areas as well as other transporters of crude oil, NGL and natural gas. The introduction of competing transportation alternatives into Pembina's service areas could limit Pembina's ability to adjust tolls as it may deem necessary and could result in the reduction of throughput in Pembina's pipelines. Additionally, potential pricing differentials on the components of NGL may result in these components being transported by competing gas pipelines. Pembina is determined to meet, and believes that it is prepared for, these existing and potential competitive pressures, including through agreements which provide for areas of dedication over the geographic areas in which Pembina's pipeline infrastructure is located. Pembina also competes with other businesses for growth and business opportunities, including competition related to potential greenfield development opportunities, which could impact its ability to grow through acquisitions and developments and could impact earnings and cash flow available to pay dividends and to service obligations under Pembina's debt securities and other debt obligations.

Reliance on Principal Customers

Pembina sells services and products to large customers within its area of operations and relies on several significant customers to purchase product for the Marketing business. If for any reason these parties are unable to perform their obligations under the various agreements with Pembina, the revenue and dividends of the Company and the operations of Pembina could be negatively impacted, which could also adversely affect the cash flow available for dividends and to service obligations under Pembina's debt securities and other debt obligations. See "*General Risk Factors – Counterparty Credit Risk*" below.

Customer Contracts

Throughput on Pembina's pipelines is governed by transportation contracts or tolling arrangements with various crude oil and natural gas producers. Pembina is party to numerous contracts of varying durations in respect of its gas gathering, processing and fractionation facilities as well as its terminalling and storage services. Any default by counterparties under such contracts or any expiration or early termination of such contracts or tolling arrangements without renewal or replacement, provided that such contracts are material to Pembina's business and operations, may have an adverse effect on Pembina's business and results from operations and there is no guarantee that any of the contracts that Pembina currently has in place will be renewed at the end of their term, including on terms favourable to Pembina, or replaced with other contracts in the event of early termination. Further, some contracts associated with the services described above are comprised of a mixture of firm and non-firm commitments. The revenue that Pembina earns on non-firm or firm commitments without take-or-pay service is dependent on the volume of crude oil, condensate, NGL and natural gas produced by producers in the relevant geographic areas. Accordingly, lower production volumes in these areas, including for reasons such as low commodity prices, may have an adverse effect on Pembina's revenue, which could also adversely affect the cash flow available for dividends and to service obligations under Pembina's debt securities and other debt obligations.

Risks Relating to Leases and Rights of Way Access

Certain Pembina facilities and associated infrastructure are located on lands leased or licensed from third parties and such leases and licenses must be renewed from time to time. Failure to renew the leases or licenses on terms acceptable to Pembina could significantly reduce the operations of such facilities and could result in related decommissioning costs for Pembina, pursuant to the terms of such leases or licenses. Successful development of new pipelines or extensions to existing pipelines depends in part on securing leases, easements, rights-of-way, permits and/or licenses from landowners or governmental authorities allowing access for such purposes. The process of securing rights-of-way or similar access is becoming more complex, particularly in more densely populated, environmentally sensitive and other areas. The inability to secure such rights-of-way or similar access could have an adverse effect on Pembina's operations and financial results.

Urban Encroachment Near Leases and Rights of Way

Pembina operates certain assets in or near urban areas. Land use decisions made by municipal governments or other authorities may increase or introduce exposure to the public within defined emergency planning zones, particularly for high vapour pressure (HVP) pipelines. This can increase the potential severity and likelihood of public safety impacts should a failure event occur. Urban encroachment may result in incremental capital expenditures to increase pipeline wall thickness and re-route pipelines so that emergency planning zones can be reduced in size or avoid areas of development. Operational pressures may also be required to be lowered, which reduces throughput. These issues could impact the competitiveness of certain assets and Pembina’s ability to meet customer demand.

Reputation

Reputational risk is the potential risk that market- or company-specific events, or other factors, could result in the deterioration of Pembina's reputation with key stakeholders. Pembina's business and operations, projects and growth opportunities require us to have strong relationships with key stakeholders, including local communities, Indigenous communities and other groups directly impacted by the Company's activities, as well as governments and government agencies.

The potential for deterioration of Pembina's reputation exists in many business decisions, which may negatively impact Pembina's business and the value of its securities. Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, liquidity, regulatory and legal, and technology risks, among others, must all be managed effectively to safeguard Pembina's reputation. Pembina's reputation could also be impacted by the actions and activities of other companies operating in the energy industry, particularly other energy infrastructure providers, over which Pembina has no control. In particular, Pembina's reputation could be impacted by negative publicity related to pipeline incidents, expansion plans or new projects or due to opposition from civilians or organizations opposed to energy, oil sands and pipeline development and, particularly, with transportation of production from oil sands producing regions. Further, Pembina's reputation could be negatively impacted by changing public attitudes towards climate change and the perceived causes thereof, over which the Company has no control. Negative impacts resulting from a compromised reputation, whether caused by Pembina's actions or otherwise, could include revenue loss, reduction in customer base, delays in obtaining regulatory approvals with respect to growth projects, reduced access to capital or decreased value of Pembina's securities and reduced insurance capacity and coverage.

Environmental Costs and Liabilities

Pembina's operations, facilities and petroleum product shipments are subject to extensive national, regional and local environmental, health and safety laws and regulations governing, among other things, discharges to air, land and water, the handling and storage of petroleum products and hazardous materials, waste disposal, the protection of employee health, safety and the environment, and the investigation and remediation of contamination. Pembina's facilities may experience incidents, malfunctions or other unplanned events that may result in spills or emissions and/or result in personal injury, fines, penalties, other sanctions or property damage. Pembina may also incur liability for environmental contamination associated with past and present activities and properties.

Pembina's facilities and pipelines must maintain a number of environmental and other permits from various governmental authorities in order to operate, and these facilities are subject to inspection and audit from time to time. Failure to maintain compliance with regulatory and permit requirements could result in operational interruptions, fines or penalties, or the need to install additional pollution control technology. Licenses and permits must be renewed from time to time and there is no guarantee that a license or permit will be renewed on the same or similar conditions as it was initially granted. There can be no assurance that Pembina will be able to obtain all licenses, permits, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. Further, if at any time regulatory authorities deem any of Pembina's pipelines or facilities unsafe or not in compliance with applicable laws, they may order such facilities to be shut down. Certain significant environmental legislative initiatives that may materially impact Pembina's business and financial results and conditions are outlined below.

On June 29, 2021, the federal government enacted the Canadian Net-Zero Emissions Accountability Act ("Net-Zero Act"), which legislated a federal commitment to achieve net-zero GHG emissions by 2050 and a nearer-term target of the federal government's Nationally Determined Contribution under the Paris Climate Agreement, which currently is a 40-50% GHG emissions reduction by 2030. The upstream crude oil and natural gas industry is expected to contribute a significant amount of the reduction needed to achieve these goals. On March 29, 2022, the federal government released the first plan under the Net-Zero Act, the "2030 Emissions Reduction Plan". The federal government's net-zero strategy includes a number of specific measures described below, but is also expected to affect the decision-making of all federal government bodies, including federal regulators, consistent with, for instance, the application of the SACC to projects subject to the IAA, as described above.

The federal government has mandated a pan-Canadian carbon price pursuant to the GGPPA. The carbon price is $65 per tonne in 2022, rising by $15 per tonne per year until 2030 to a then price of $170 per tonne. The GGPPA establishes a set of minimum national standards for carbon pricing in Canada, which standards apply to provinces that otherwise fail to impose adequate provincial carbon pricing measures. A revised minimum national benchmark released in August 2021 under the GGPPA increased the stringency of the pan-Canadian carbon price and the 2030 Emissions Reduction Plan stated the federal government will explore ways to maintain the carbon price against future legislative changes. In 2021, a majority of the Supreme Court of Canada confirmed that the carbon pricing regime established under the GGPPA is constitutional. The increasing carbon price and any potential future amendments to the GGPPA may impose additional costs on the operations of Pembina and Pembina's customers.

The federal Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) ("Federal Methane Regulations"), which require reduction of fugitive and vented gas emissions from the upstream oil and gas sector, came into force on January 1, 2020. The federal government published a discussion paper in March, 2022 and confirmed that the stringency of the Federal Methane Regulations will increase in order to achieve a reduction of oil and gas methane emissions by at least 75 percent below 2012 levels by 2030. Draft regulations to implement this commitment are expected to be released in early 2023 and finalized in 2024, with effect from 2025 onward. The Federal Methane Regulations may impose additional costs on the operations of Pembina and Pembina's customers.

On June 21, 2022, the federal Clean Fuel Regulations came into force, which will require all producers and importers of gasoline and diesel in Canada to reduce or offset the carbon intensity of the fuels they produce or import. The Clean Fuel Regulations are intended to facilitate a decrease in the carbon intensity of gasoline and diesel used in Canada by approximately 15 percent below 2016 levels by 2030, with reductions beginning in 2023. The potential costs and benefits of the Clean Fuel Regulations to Pembina and its customers are continuing to be assessed.

In the 2030 Emissions Reduction Plan and a discussion paper which followed, the federal government has proposed to cap and reduce oil and gas sector GHG emissions in order to achieve an overall reduction of GHG emissions from the sector of 32% below 2005 levels by 2030. The details of this cap and reduction strategy are still in development and Pembina continues to actively monitor such developments.

Alberta currently satisfies federal requirements with respect to output-based carbon pricing for large emitters but has been and continues to be subject to the federal fuel charge pursuant to the GGPPA as of January 1, 2020.

The Technology Innovation and Emissions Reduction Regulation ("TIER") is Alberta's output-based carbon pricing regime for large emitters. The TIER facilitates emissions reductions relative to facilities that emitted 100,000 tonnes of GHGs or more in 2016 or any subsequent year. The TIER also allows facilities emitting less than 100,000 tonnes of GHGs but more than 2,000 tonnes of GHGs to opt-in and apply to be regulated as an aggregate facility. Facilities which are subject to the TIER are exempt from the federal output-based carbon price included in the GGPPA as the regimes are currently deemed equivalent. This equivalence may be re-evaluated as the federal government increases the stringency of the benchmark under the GGPPA, but the TIER has, to date, kept pace with that benchmark, including through a December 2022 ministerial order confirming that the TIER carbon price will align with the GGPPA carbon price between 2023 and 2030. Amendments to the TIER came into force on January 1, 2023 and include, among other things, the addition of emissions associated with flaring to the regulated emissions of aggregate oil and gas facilities and the annual tightening of emission reduction benchmarks. As at December 31, 2022, Pembina had ten processing facilities, along with three aggregate facilities (as a result of the opt-in option) subject to the TIER. At present, the operational and financial impacts of TIER are minimal and are anticipated to not change substantially over the next few years, subject to any significant increase in carbon price that may be imposed on Alberta pursuant to the GGPPA, the Net-Zero Act or resulting policies. As more facilities expand and increase production, it is anticipated that additional facilities will become subject to the TIER. The potential costs and benefits to Pembina of those facilities under the TIER are continuing to be assessed.

By an equivalency agreement with the federal government, which came into force October 26, 2020, the Federal Methane Regulations do not currently apply in Alberta. The application of the Federal Methane Regulations in Alberta may change in 2025 or earlier as the federal government works to meet its desired GHG emissions reduction targets. The Methane Emission Reduction Regulation came into force in Alberta on January 1, 2020, and, along with certain AER Directives, imposes largely the same constraints as the Federal Methane Regulations. The Federal Methane Regulations apply in Ontario and Manitoba but not currently, by equivalency agreements similar to that in effect in Alberta, in British Columbia or Saskatchewan.

The Government of Alberta, in its climate change legislation and guidelines, has legislated an overall cap on oil sands GHG emissions. The legislated emissions cap on oil sands operations has been set to a maximum of 100 megatonnes in any year. Oil sands operations emitted approximately 83 megatonnes per year as of 2019. This legislated cap may limit oil sands production growth in the future, and its interaction with the proposed federal oil and gas sector emissions cap is unknown at this time.

Pembina is subject to regulation by the AER under the AER's liability management framework, including the Licensee Management Program, the Inventory Reduction Program, the Licensee Liability Rating Program and the Large Facility Liability Management Program. As of December 1, 2021, Directive 088 came into force and will replace the AER's current Licensee Liability Rating Program over time. Directive 088 institutes a wholistic assessment regime with several different regulatory tools not limited to the current use of security deposits. This wholistic regime currently applies to licence transfers and has implemented the Inventory Reduction Program. Under the Inventory Reduction Program, which became effective on January 1, 2022, all licensees that have liability associated with inactive infrastructure are required to spend a specified amount each year on reclamation activities, or post equivalent security with the AER.
Pembina is subject to regulation by the BCER under the new Permittee Capability Assessment program, which became effective on April 1, 2022. The Permittee Capability Assessment program is aligned with the intent of the AER's Directive 088 to assess licensees wholistically. It assesses the overall risk of the licensee by examining both financial health measures and deemed liabilities. Licensees are then required to provide security deposits or reduce their deemed liabilities such that their assessed risk under the Permittee Capability Assessment program is reduced to zero in a given year. Failure to do so may restrict the licensee's ability to transfer licenses or result in enforcement action by the BCER. Pursuant to the *Energy Statutes Amendment Act, 2022* (British Columbia), the BCER will have broadened authority to impose liability for cleanup, restoration and management of oil and gas infrastructure sites on directors or officers of a current of former permittee, or on a "responsible person," which is broadly defined to include those holding a legal or beneficial interest in petroleum or natural gas rights, production or profits associated with the oil and gas activity at issue, among others. These changes introduced by the *Energy Statutes Amendment Act, 2022* (British Columbia) will come into force by future regulation, the timing of which is uncertain.

Policy reviews relating to climate change, liability management and other environmental issues are ongoing in the jurisdictions in which Pembina operates. Through active participation with industry associations and direct engagement with regulatory bodies, Pembina will continue to monitor and assess for material impacts to Pembina's business as regulations and policies continue to be developed.

While Pembina believes its current operations are in material compliance with applicable environmental, health and safety laws, there can be no assurance that substantial costs or liabilities will not be incurred as a result of non-compliance with such laws. Moreover, it is possible that other developments, such as changes in environmental, health and safety laws, regulations and enforcement policies thereunder, including with respect to climate change, claims for damages to persons or property resulting from Pembina's operations, and the discovery of pre-existing environmental liabilities in relation to Pembina's existing or future properties or operations, could result in significant costs and liabilities to Pembina. If Pembina is not able to recover the resulting costs or increased costs through insurance or increased tolls, cash flow available to pay dividends to Shareholders and to service obligations under Pembina's debt securities and Pembina's other debt obligations could be adversely affected.

Changes in environmental, health and safety regulations and legislation, including with respect to climate change, may also impact Pembina's customers and could result in crude oil and natural gas development and production becoming uneconomical, which would impact throughput and revenue on Pembina's systems and in its facilities.

See "*Risk Inherent in Pembina's Business – Reserve Replacement, Throughput and Product Demand*" above.

While Pembina maintains insurance for damage caused by seepage or pollution from its pipelines or facilities in an amount it considers prudent and in accordance with industry standards, certain provisions of such insurance may limit the availability thereof in respect of certain occurrences unless they are discovered within fixed time periods, which typically range from 72 hours to 30 days. Although Pembina believes it has adequate pipeline monitoring systems in place to monitor for a significant spill of product, if Pembina is unaware of a problem or is unable to locate the problem within the relevant time period, insurance coverage may lapse and may not be available.

Abandonment Costs

Pembina is responsible for compliance with all applicable laws and regulations regarding the dismantling, decommissioning, environmental, reclamation and remediation activities associated with abandonment of its pipeline systems and other assets at the end of their economic life, and these abandonment costs may be significant. An accounting provision is made for the estimated cost of site restoration and is capitalized in the relevant asset category. A provision is recognized if, as a result of a past event, Pembina has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Pembina's estimates of the costs of such abandonment or decommissioning could be materially different than the actual costs incurred. For more information with respect to Pembina's estimated net present value of decommissioning obligations, see Note 15 to the Consolidated Financial Statements.

The proceeds from the disposition of certain assets, including in respect of certain pipeline systems and line fill, may be available to offset abandonment costs. Pembina may, in the future, determine it prudent or be required by applicable laws or regulations to establish and fund additional reclamation funds to provide for payment of future abandonment costs. Such reserves could decrease cash flow available to pay for dividends to Shareholders and to service obligations under Pembina's debt securities and Pembina's other debt obligations.

To the best of its knowledge, Pembina has complied in all material respects with CER requirements relative to its wholly-owned CER-regulated pipelines for abandonment funding and has completed the compliance-based filings that are required under the applicable CER rules and regulations regarding the abandonment of its pipeline systems and assets. Pembina also has ownership in CER-regulated pipelines including in respect of the Alliance Pipeline, the Tupper pipelines and the Kerrobert pipeline, which are operated by or with its joint venture partners. Pembina and the joint venture partner in each case are responsible for the abandonment funding and the submission of the CER-compliance based filings for those CER-regulated pipelines. Pembina will continue to monitor any regulatory changes prior to the next five-year review and will complete the annual reporting as required by the CER.

Operating and Capital Costs

The operating and capital costs of Pembina's assets may vary considerably from current and forecasted values and rates and represent significant components of the cost of providing service. In general, as equipment ages, costs associated with such equipment may increase over time. In addition, operating and capital costs may increase as a result of a number of factors beyond Pembina's control, including general economic, business and market conditions and supply, demand and/or inflation in respect of required goods and/or services. Dividends may be reduced if significant increases in operating or capital costs are incurred and this may also impact the ability of Pembina to service obligations under its debt securities and other debt obligations.

Although certain operating costs are recaptured through the tolls charged on natural gas volumes processed and crude oil and NGL transported, respectively, to the extent such tolls escalate, producers may seek lower cost alternatives or stop production of their crude oil and/or natural gas.

Hedging Activities

The Company utilizes financial derivative instruments as part of its overall risk management strategy to assist in managing the exposure to commodity price, interest rate, cost of power and foreign exchange risks. As an example of commodity price mitigation, the Company actively fixes a portion of its exposure to fractionation margins through the use of derivative financial instruments. Additionally, Pembina's Marketing business is also exposed to variability in quality, time and location differentials for various products, and financial instruments may be used to offset the Company's exposures to these differentials. However, these hedging arrangements may expose the Company to risk of financial loss in certain circumstances. Further, certain hedging arrangements may limit the benefit the Company would otherwise receive from increases in commodity price, decreases in interest rates and changes in foreign exchange rates. The Company does not trade financial instruments for speculative purposes. Commodity price fluctuations and volatility can also impact producer activity and throughput in Pembina's infrastructure, which is discussed in more detail below.

For more information with respect to Pembina's financial instruments and financial risk management program, see Note 24 to the Consolidated Financial Statements.

Risks Relating to NGL by Rail

Pembina's operations include rail loading, offloading and terminalling facilities. Pembina relies on railroads and trucks to distribute its products for customers and to transport raw materials to its processing facilities. Costs for environmental damage, damage to property and/or personal injury in the event of a railway incident involving hydrocarbons have the potential to be significant. At this time, the *Railway Safety Act* (Canada), which governs the operation of railway equipment, does not contemplate regulatory enforcement proceedings against shippers, but consignors and shippers may be subject to regulatory proceedings under the *Transportation of Dangerous Goods Act* (Canada), which specifies, among other things, the obligations of shippers to identify and classify dangerous goods, select appropriate equipment and prepare shipping documentation. While the *Canada Transportation Act* was amended in 2015 to preclude railway companies from shifting liability for third-party claims to shippers by tariff publication alone, major Canadian railways have adopted standard contract provisions designed to implement such a shift. Under various environmental statutes in both Canada and the U.S., Pembina could be held responsible for environmental damage caused by hydrocarbons loaded at its facilities or being carried on its leased rail cars. Pembina partially mitigates this risk by securing insurance coverage, but such insurance coverage may not be adequate in the event of an incident.

Railway incidents in Canada and the U.S. have prompted regulatory bodies to initiate reviews of transportation rules and publish various directives. Regulators in Canada and the U.S. have begun to phase-in more stringent engineering standards for tank cars used to move hydrocarbon products, which require all North American tank cars carrying crude oil or ethanol to be retrofitted and all tank cars carrying flammable liquids to be compliant in accordance with the required regulatory timelines. In addition, in 2020, the Government of Canada directed industry to review and update the rules regarding the transportation of crude oil and liquefied petroleum gas. While most legislative and regulatory changes apply directly to railway companies, costs associated with retrofitting locomotives and rail cars, implementing safety systems, increased inspection and reporting requirements may be indirectly passed on to Pembina through increased freight rates and car leasing costs. In addition, regulators in Canada and the U.S. have implemented changes that impose obligations directly on consignors and shippers, such as Pembina, relating to the certification of product, equipment procedures and emergency response procedures.

In the event that Pembina is ultimately held liable for any damages resulting from its activities relating to transporting NGL by rail, for which insurance is not available, or increased costs or obligations are imposed on Pembina as a result of new regulations, this could have an impact on Pembina's business, operations and prospects and could impact earnings and cash flow available to pay dividends and to service obligations under Pembina's debt securities and other debt obligations.

Risks Related to Diluent Usage in the Oilsands

Oil sands production continues to rely on diluent (primarily condensate) blending to enable transportation of bitumen to markets via pipeline or rail. A shortage, or increase in the price, of diluent may cause oil sands producers' transportation costs to increase, which may result in less demand for the Company's services and have a negative impact on Pembina's financial performance and cash flows. Further, oil sands producers continue to invest in and evaluate technologies and methodologies to reduce the volume of diluent required for product transport. Constraints of diluent supply in the market or increases in diluent costs may accelerate such producers' investments in diluent replacement technologies. A material reduction in diluent demand from oil sands producers, whether as a result of decreased supply, or increased prices, of diluent or due to the successful implementation of diluent reduction technologies, could reduce volumes shipped on Pembina's pipeline assets and reduce demand for capacity at certain of Pembina's facilities particularly for fractionation services, which could, in either case, have a negative impact on Pembina's financial performance and cash flows.

Risk Factors Relating to the Securities of Pembina

Dilution of Shareholders

Pembina is authorized to issue, among other classes of shares, an unlimited number of Common Shares for consideration on terms and conditions as established by the Board of Directors without the approval of Shareholders in certain instances. Existing Shareholders have no pre-emptive rights in connection with such further issuances. Any issuance of Common Shares may have a dilutive effect on existing Shareholders.

Risk Factors Relating to the Activities of Pembina and the Ownership of Securities

The following is a list of certain risk factors relating to the activities of Pembina and the ownership of its securities:

- the level of Pembina's indebtedness from time to time could impair Pembina's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise, which may have an adverse effect on the value of Pembina's securities;
- the uncertainty of future dividend payments by Pembina and the level thereof, as Pembina's dividend policy and the funds available for the payment of dividends from time to time will be dependent upon, among other things, operating cash flow generated by Pembina and its subsidiaries, financial requirements for Pembina's operations, the execution of its growth strategy and the satisfaction of solvency tests imposed by the ABCA for the declaration and payment of dividends;
- Pembina may make future acquisitions or may enter into financings or other transactions involving the issuance of securities of Pembina which may be dilutive to the holders of Pembina's securities;
- the inability of Pembina to manage growth effectively, and realize the anticipated growth opportunities from acquisitions and new projects, could have an adverse impact on Pembina's business, operations and prospects, which may also have an adverse effect on the value of Pembina's securities; and
- the market value of the Common Shares may deteriorate materially if Pembina is unable to meet its cash dividend targets or make cash dividends in the future.

Market Value of Common Shares and Other Securities

Pembina cannot predict at what price the Common Shares, Class A Preferred Shares or other securities issued by Pembina will trade in the future. Common Shares, Class A Preferred Shares and other securities of Pembina will not necessarily trade at values determined solely by reference to the underlying value of Pembina's assets. One of the factors that may influence the market price of the Common Shares and the Class A Preferred Shares is the annual dividend yield of such securities. An increase in interest rates may lead holders and/or purchasers of Common Shares or Class A Preferred Shares to demand a higher annual dividend yield, which could adversely affect the market price of the Common Shares or Class A Preferred Shares. In addition, the market price for Common Shares and the Class A Preferred Shares may be affected by announcements of new developments, changes in Pembina's operating results, failure to meet analysts' expectations, changes in credit ratings, changes in general market conditions, fluctuations in the market for equity or debt securities and other factors beyond the control of Pembina.

Shareholders are encouraged to obtain independent legal, tax and investment advice with respect to the holding of Common Shares or Class A Preferred Shares and other securities issued by Pembina.

General Risk Factors

Health and Safety

The operation of Pembina's business is subject to hazards of gathering, processing, transporting, fractionating, storing and marketing hydrocarbon products. Such hazards include, but are not limited to: blowouts; fires; explosions; gaseous leaks, including sour natural gas; migration of harmful substances; oil spills; corrosion; and acts of vandalism and terrorism. These hazards may interrupt operations, impact Pembina's reputation, cause loss of life or personal injury to the Company's workers or contractors, result in loss of or damage to equipment, property, information technology systems, related data and control systems or cause environmental damage that may include polluting water, land or air. Further, several of the Company's pipeline systems and related assets are operated in close proximity to populated areas and a major incident could result in injury or loss of life to members of the public. A public safety incident could also result in reputational damage to the Company, material repair costs or increased costs of operating and insuring Pembina's assets.

Additional Financing and Capital Resources

The timing and amount of Pembina's capital expenditures and contributions to equity accounted investees, and the ability of Pembina to repay or refinance existing debt as it becomes due, directly affects the amount of cash available for Pembina to pay dividends. Future acquisitions, expansions of Pembina's assets, other capital expenditures and the repayment or refinancing of existing debt as it becomes due may be financed from sources such as cash generated from operations, the issuance of additional Common Shares, Class A Preferred Shares or other securities (including debt securities) of Pembina and borrowings. Dividends may be reduced, or even eliminated, at times when significant capital or other expenditures are made. There can be no assurance that sufficient capital will be available on terms acceptable to Pembina, or at all, to make additional investments, fund future expansions or make other required capital expenditures. During periods of weakness in the global economy, and, in particular, the commodity-related industry sectors, Pembina may experience restricted access to capital and increased borrowing costs. The ability of Pembina to raise capital depends on, among other factors, the overall state of capital markets, Pembina's credit rating, investor demand for investments in the energy industry and demand for Pembina's securities. To the extent that external sources of capital, including the issuance of additional Common Shares, Class A Preferred Shares or other securities or the availability of additional credit facilities, become limited or unavailable on acceptable terms, or at all, due to credit market conditions or otherwise, the ability of Pembina to make the necessary capital investments to maintain or expand its operations, to repay outstanding debt or to invest in assets, as the case may be, may be impaired. To the extent Pembina is required to use operating cash flow to finance capital expenditures or acquisitions or to repay existing debt as it becomes due, the level of dividends payable may be reduced.

Counterparty Credit Risk

Counterparty credit risk represents the financial loss Pembina may experience if a counterparty to a financial instrument or commercial agreement fails to meet its contractual obligations to Pembina in accordance with the terms and conditions of such instruments or agreements with Pembina. Counterparty credit risk arises primarily from Pembina's short-term investments, trade and other receivables, advances to related parties and from counterparties to its derivative financial instruments.

Pembina continues to closely monitor and reassess the creditworthiness of its counterparties, including financial institutions. Pembina may reduce or mitigate its exposure to certain counterparties where it is deemed warranted and permitted under contractual terms. Pembina manages counterparty credit risk through established credit management techniques, including conducting comprehensive financial and other assessments on all high exposure new counterparties. Pembina utilizes various sources of financial, credit and business information in assessing the creditworthiness of a counterparty, including external credit ratings, where available, and, in other cases, detailed financial statement analysis in order to generate an internal credit rating based on quantitative and qualitative factors. The establishment of counterparty exposure limits is governed by a Board-designated counterparty exposure limit matrix which represents the maximum dollar amounts of counterparty exposure by debt rating that can be approved for a particular counterparty.

Financial assurances from counterparties may include guarantees, letters of credit and cash. As at December 31, 2022, letters of credit totaling approximately $168 million (December 31, 2021: $100 million) were held primarily in respect of customer trade receivables.

Pembina has typically collected its receivables in full. At December 31, 2022, approximately 98 percent (December 31, 2021: 98 percent) of receivables were current. Pembina has a general lien and a continuing and first priority security interest in, and a secured charge on, all of a shipper's petroleum products in its custody. The risk of non-collection is considered to be low and no material impairment of trade and other receivables has been made as of the date hereof.

Pembina monitors and manages its concentration of counterparty credit risk on an ongoing basis. Pembina also evaluates counterparty risk from the perspective of future exposure with existing or new counterparties that support future capital expansion projects. Pembina believes these measures are prudent and allow for effective management of its counterparty credit risk but there is no certainty that they will protect Pembina against all material losses. As part of its ongoing operations, Pembina must balance its market and counterparty credit risks when making business decisions.

Debt Service

As at December 31, 2022, Pembina had exposure to floating interest rates on approximately $433 million (2021: $594 million) in debt. Certain borrowings which occur under floating rates have been swapped to fixed rates using derivative financial instruments.

Pembina and its subsidiaries are permitted to borrow funds to finance the purchase of pipelines and other energy infrastructure assets, to fund capital expenditures or other financial obligations or expenditures in respect of such assets and for working capital purposes. Amounts paid in respect of interest and principal on debt incurred in respect of those assets reduce the amount of cash flow available for dividends on Common Shares. Pembina is also required to meet certain financial covenants under the credit facilities and is subject to customary restrictions on its operations and activities, including restrictions on the granting of security, incurring indebtedness and the sale of its assets. In addition, the borrowing costs under the SLL Credit Facility are based on Pembina's performance relative to a GHG emissions intensity reduction performance target. To the extent that Pembina is unable to meet that GHG emissions intensity reduction performance target, or the annual intermediate GHG emissions intensity reduction targets, Pembina's borrowing costs under the SLL Credit Facility will increase, which may adversely affect Pembina's financial position.

The lenders under Pembina's credit facilities have been provided with guarantees and subordination agreements. If Pembina becomes unable to pay its debt service charges or otherwise commits an event of default, payments to the lenders under its credit facilities will rank in priority to dividends.

Although Pembina believes its existing credit facilities are sufficient for its immediate liquidity requirements, there can be no assurance that the amount available thereunder will be adequate for the future financial obligations of Pembina or that additional funds will be able to be obtained on terms acceptable to Pembina, or at all.

Credit Ratings

Rating agencies regularly evaluate Pembina and base their ratings of Pembina's long-term and short-term debt and Class A Preferred Shares on a number of factors. These factors include Pembina's financial strength as well as factors not entirely within Pembina's control, including conditions affecting the industry in which Pembina operates generally and the wider state of the economy. A credit rating downgrade could also limit Pembina’s access to debt and preferred share markets.

Pembina's borrowing costs and ability to raise funds are also directly impacted by its credit ratings. Credit ratings may also be important to suppliers or counterparties when they seek to engage in certain transactions with Pembina. A credit rating downgrade may impair Pembina's ability to enter into arrangements with suppliers or counterparties, engage in certain transactions, limit Pembina's access to private and public credit markets or increase the costs of borrowing under its existing credit facilities. There can be no assurance that one or more of Pembina's credit ratings will not be downgraded.

Reliance on Management, Key Individuals and a Skilled Workforce

Pembina is dependent on senior management and directors of the Company in respect of the governance, administration and management of all matters relating to Pembina and its operations and administration. The loss of the services of key individuals could have a detrimental effect on Pembina. In addition, Pembina's operations require the retention and recruitment of a skilled workforce, including engineers, technical personnel and other professionals. Pembina competes with other companies in the energy industry for this skilled workforce. If the Company is unable to retain current employees and/or recruit new employees of comparable skill, knowledge and experience, Pembina's business and operations could be negatively impacted. The costs associated with retaining and recruiting key individuals and a skilled workforce could adversely affect Pembina's business opportunities and financial results and there is no assurance that Pembina will continue to attract and retain all personnel necessary for the development and operation of its business.

Indigenous Land Claims and Consultation Obligations

Indigenous people have claimed title and rights to a considerable portion of the lands in western Canada. The successful assertion of Indigenous title or other Indigenous rights claims may have an adverse effect on western Canadian crude oil and natural gas production or oil sands development and may result in reduced demand for Pembina's assets and infrastructure that service those areas, which could have a material adverse effect on Pembina's business and operations.

In Canada, the federal and provincial governments (the "Crown") have a duty to consult and, when appropriate, accommodate Indigenous peoples when the interests of the Indigenous peoples may be affected by a Crown action or decision. Crown actions include the decision to issue a regulatory approval relating to activities that may impact Indigenous rights, interests or lands. The Crown may rely on steps undertaken by a regulatory agency to fulfill its duty to consult and accommodate in whole or in part. Therefore, the processes established by regulatory bodies, such as the AER, the BCER, the BCEAO and the CER, often include an assessment of Indigenous rights claims and consultation obligations. While the Crown holds ultimate responsibility for ensuring consultation is adequate, this issue is often a major aspect of regulatory permitting processes. If a regulatory body, or the Crown itself, determines that the duty to consult has not been appropriately discharged relative to the issuance of regulatory approvals required by Pembina, the issuance of such approvals may be delayed or denied, thereby impacting Pembina's Canadian operations.

As described in "*Regulation and Legislation*" above, the CER Act, IAA, and associated amendments to the *Fisheries Act* (Canada) and the *Canadian Navigable Waters Act* (Canada) replaced previously applicable regimes in 2019. A number of the federal regulatory process amendments pertained to the participation of Indigenous groups and the protection of Indigenous and treaty rights. The now-current legislation generally codifies existing law and practice with respect to these matters. For example, decision makers are now expressly required to consider the effects (positive or negative) of a proposed project on constitutionally-protected Indigenous rights, as well as Indigenous peoples themselves, and ensure that consultation is undertaken during the planning phase of impact assessment processes. The legislation also creates a larger role for Indigenous governing bodies in the impact assessment process (enabling the delegation of certain aspects of the impact assessment process to such groups) and requires decision makers to consider Indigenous traditional knowledge in certain cases.

The federal government is advancing recognition of Indigenous rights across Canada. As part of these efforts, the federal government enacted the *United Nations Declaration on the Rights of Indigenous Peoples* ("UNDRIP") *Act* on June 21, 2021. The purpose of the legislation is to affirm the application of the UNDRIP in Canadian law, but the practical effects of the legislation are yet to be determined as it only requires the government to prepare and implement an action plan for this application, and annually report on its progress. Structurally similar legislation was enacted by British Columbia in 2019; the *Declaration on the Rights of Indigenous Peoples Act* ("DRIPA").

The DRIPA is just one piece of the Government of British Columbia's strategy to include greater First Nation involvement in regulatory decision-making. The recognition of Indigenous rights is also facilitated by the renewed British Columbia *Environmental Assessment Act* (the "EA Act") that came into force in late 2019. The EA Act is designed as a "consent-based" environmental assessment model and is intended to support reconciliation with Indigenous peoples and the implementation of the UNDRIP. The legislation requires the BCEAO to seek participating Indigenous groups' consent with respect to, among other things, the decision to issue an environmental assessment certificate to a given project. While the EA Act does not strictly require consent in most cases, the legislation creates significant participation opportunities for Indigenous groups during environmental assessments. Furthermore, the Government of British Columbia is beginning to explore bilateral "Consent Decision-Making Agreements" under the DRIPA which require First Nation consent for certain resource development projects, with one such agreement announced on June 6, 2022. These developments may increase the time required to obtain regulatory approvals or the risk of such approvals and thereby impact Pembina's operations in British Columbia.

Pembina continues to actively monitor the development of the regulations required to facilitate the implementation of the UNDRIP Act, DRIPA, EA Act and the impact that other federal and provincial government initiatives on Indigenous rights may have on its business.

In addition, Pembina is monitoring the impact of the recent judgments of the Supreme Court of British Columbia with respect to First Nation claims, including the claim brought by the Blueberry River First Nation ("BRFN") against British Columbia relating to the cumulative impact of industrial development within the BRFN treaty area and the claim brought by Saik'uz First Nation and Stellat'en First Nation (collectively "Saik'uz") in nuisance against the Crown and private company Rio Tinto Alcan Inc. The judgments have contributed to the acceleration of the Government of British Columbia's imposition of additional requirements to obtain regulatory approvals for developing pipelines or associated facilities and could cause delays, suspensions, or deferrals in the development of such facilities. They may also impact the current and future activities of producers operating in British Columbia and cause them to decrease production, which could, in turn, reduce such producers' demand for Pembina's existing pipeline capacity and processing assets, and may have an adverse effect on Pembina's business. On January 18, 2023, the Government of British Columbia and BRFN announced that they had reached the Blueberry River First Nations Implementation Agreement in response to the BRFN decision. The agreement creates a framework for how resource development may continue within the BRFN claim area, which includes, among other things, limiting new surface disturbances from oil and gas development in BRFN's claim area to 750 hectares per year while a long-term cumulative effects management regime is developed and implemented. Beyond the BRFN and Saik'uz decisions, at least one First Nation has used DRIPA as justification to challenge British Columbia's mineral tenure regime before the Supreme Court of British Columbia. Pembina continues to actively monitor regulatory developments relating to Indigenous claims in British Columbia; however, Pembina cannot predict future regulatory changes that may arise to address the Court's decisions in these or future cases and any such regulatory changes could impact the operations of Pembina and Pembina's customers.

Potential Conflicts of Interest

Shareholders and other securityholders of Pembina are dependent on senior management and the directors of Pembina for the governance, administration and management of Pembina. Certain directors and officers of Pembina may be directors or officers of entities in competition to Pembina or may be directors or officers of certain entities in which Pembina holds an equity investment in. As such, certain directors or officers of Pembina may encounter conflicts of interest in the administration of their duties with respect to Pembina. Pembina mitigates this risk by requiring directors and officers to disclose the existence of potential conflicts in accordance with Pembina's Code of Ethics Policy and in accordance with the ABCA.

Litigation

In the course of their business, Pembina and its various subsidiaries and affiliates may be subject to lawsuits and other claims, including with respect to Pembina's growth or expansion projects. Defence and settlement costs associated with such lawsuits and claims may be substantial, even with respect to lawsuits and claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal or other proceeding may have a material adverse effect on the financial position or operating results of Pembina.

Changes in Tax Legislation

Tax legislation that Pembina is subject to may be amended (or the interpretation of such legislation may change), retroactively or prospectively, resulting in tax consequences that materially differ from those contemplated by Pembina in the jurisdictions in which Pembina has operations, which may create a risk of non-compliance and re-assessment. While Pembina believes that its tax filing positions are appropriate and supportable, it is possible that governing tax authorities may: (i) amend tax legislation (or its interpretation of such legislation may change), or (ii) successfully challenge Pembina's interpretation of tax legislation, either of which could expose Pembina to additional tax liabilities and may affect Pembina's estimate of current and future income taxes and could have an adverse effect on the financial condition and prospects of Pembina and the distributable cash flow available to pay dividends and to service obligations under Pembina's debt securities and other debt obligations.

Foreign Exchange Risk

Pembina's cash flows, including a portion of its commodity-related cash flows, certain cash flows from U.S.-based infrastructure assets, and distributions from U.S.-based investments in equity accounted investees, are subject to currency risk, arising from the denomination of specific cash flows in U.S. dollars. Additionally, a portion of Pembina's capital expenditures, and contributions or loans to Pembina's U.S.-based investments in equity accounted investees, may be denominated in U.S. dollars. Pembina monitors, assesses and responds to these foreign currency risks using an active risk management program, which may include the exchange of foreign currency for domestic currency at a fixed rate.

Cyber Security

Pembina's infrastructure, technologies and data are becoming increasingly integrated. Such integration creates a risk that the failure of one system, including due to factors such as telecommunication failures, cyber-terrorism, security breaches and intentional or inadvertent user misuse or error, could lead to failure of other systems which may also have an impact on the Company's physical assets and its ability to safely operate such assets. Furthermore, Pembina and its third-party vendors collect and store sensitive data in the ordinary course of business, including personal identification information of employees as well as proprietary business information and that of the Company's customers, suppliers, investors and other stakeholders. Notable cybersecurity threats include unauthorized access to information technology systems due to hacking, viruses, cyber phishing attacks and other causes that can result in service disruptions, system failures and unauthorized access to confidential business information. Due to Pembina's high level of integration, such an attack on the information technology systems of one segment or asset of Pembina could have a material adverse effect on the broader business, operations or financial results of the Company.

As a result of the critical nature of energy infrastructure, the industry has experienced an increasing risk of cyber-attacks. Any breach in the security or failure of Pembina's information technology could result in operational outages, delays, damage to assets or the environment, reputational harm, lost profits, lost data and other adverse outcomes for which Pembina could be held liable, all of which could adversely affect Pembina's reputation, business, operations or financial results. As a result of a cyber-attack or security breach, Pembina could also be liable under laws that protect the privacy of personal information or subject to regulatory penalties.

Political Uncertainty

Political and social events and decisions made in Canada, the U.S. and elsewhere, including changes to federal, provincial, state or municipal governments in Canada and the U.S., may create future uncertainty on global financial and economic markets. This uncertainty may impact the energy industry in Canada and may have an adverse effect on Pembina's business and financial results.

Risks Relating to Breach of Confidentiality

Pembina regularly enters into confidentiality agreements with third parties prior to the disclosure of any confidential information when discussing potential business relationships or other transactions. Breaches of confidentiality could put Pembina at competitive risk and may cause significant damage to its business. There is no assurance that, in the event of a breach of confidentiality, Pembina will be able to obtain equitable remedies from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Concentration of Assets in the Western Canadian Sedimentary Basin

The majority of Pembina's assets are concentrated in the WCSB, which leaves the company exposed to the economic conditions of that area. Pembina mitigates this risk through a diversity of business activities within the area and by owning and operating assets in the U.S.

COVID-19 Related Impacts

In 2022, Pembina's business and operations largely recovered from, and had limited disruption overall as a result of, the impacts of the COVID-19 pandemic. The actions which may be taken in the future by governmental authorities in response to the COVID-19 pandemic may result in, among other things: an overall slowdown in the global economy; a decrease in global energy demand; increased volatility in financial and commodity markets; disruptions to global supply chains; labour shortages; significant impacts to the workforce; reductions in trade volumes; temporary operational restrictions and restrictions on gatherings of individuals, as well as shelter-in-place declarations and quarantine orders; business closures and travel bans; political and economic instability; and civil unrest. The occurrence of new variants of the COVID-19 virus in certain geographic areas, including certain areas in which Pembina operates, and the possibility that a resurgence of the COVID-19 virus or the spread of such new or other variants or mutations thereof may occur in other areas, may result in the re-imposition of certain of the foregoing restrictions or further restrictions by governmental authorities in certain jurisdictions, including certain jurisdictions in which Pembina operates.

Depending on how the COVID-19 pandemic evolves, it may also have the effect of heightening many of the other risks described herein, including the risks relating to Pembina's exposure to commodity prices; the successful completion of Pembina's growth and expansion projects, including the expected return on investment thereof; Pembina's ability to obtain required equipment, materials or labour; Pembina's ability to maintain its credit ratings; restricted access to capital and increased borrowing costs; Pembina's ability to pay dividends and service obligations under its debt securities and other debt obligations; and otherwise complying with the covenants contained in the agreements that govern Pembina's existing indebtedness.

Impacts of Geopolitical Events in Eastern Europe

While Pembina's operations, based solely in North America, have not been, and are unlikely to be, directly impacted, the current conflict between Ukraine and Russia and the international response has, and may continue to have, potential wide-ranging consequences for global market volatility and economic conditions, including energy and commodity prices, which may, in turn, increase inflationary pressures and interest rates. Certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which have, and may continue to have, far-reaching effects on the global economy and energy and commodity prices. The short-, medium- and long-term implications of the conflict in Ukraine are difficult to predict with any certainty at this time and there remains uncertainty relating to the potential direct and indirect impact of the conflict on Pembina, and it could have a material and adverse effect on the Company's business, financial condition and results of operations. Depending on the extent, duration, and severity of the conflict, it may have the effect of heightening many of the other risks described herein, including, without limitation, the risks relating to Pembina's exposure to commodity prices; the successful completion of Pembina's growth and expansion projects, including the expected return on investment thereof; supply chains and Pembina's ability to obtain required equipment, materials or labour; cybersecurity risks; inflationary pressures; and restricted access to capital and increased borrowing costs as a result of increased interest rates.

Risks Related to Climate Change

Risks Relating to Changing Investor Sentiment in the Oil and Gas Industry

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, concerns of the impact of oil and gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during transportation and concerns of Indigenous rights, have affected certain investors' sentiments towards investing in the oil and gas industry. As a result of these concerns, some investors have announced that they are no longer willing to fund or invest in oil and gas properties or companies and/or are reducing the amount of such investments over time. Additionally, companies across all sectors have been subjected to a heightened level of awareness and scrutiny from institutional, retail and public investors with respect to their ESG practices and, as such, issuers are increasingly being required to develop and implement more robust ESG policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from Pembina's Board of Directors, management and employees. Failure to implement the policies and practices expected by investors may result in such investors reducing their investment in Pembina or not investing in Pembina at all. Any reduction in the investor base interested or willing to invest in the oil and gas industry and, more specifically, Pembina may result in limits on Pembina's ability to access capital, increases to the cost of capital, a downgrade in Pembina's credit ratings and outlooks, and a decrease in the price and liquidity of Pembina's securities even if Pembina's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause a decrease in the value of an asset which may result in an impairment charge.

In October 2022, Pembina published its 2021 Sustainability Report which highlights certain of Pembina's ESG policies and practices, including, but not limited to, energy transition, GHG emissions reduction, employee well-being and culture, health and safety, responsible asset management and Indigenous and community engagement. However, certain investors of Pembina may not be satisfied with the degree and/or speed at which Pembina is implementing and bolstering its ESG policies and practices. If Pembina is unable to meet such investors' expectations, Pembina's business, as well as its reputation, could be adversely affected.

Energy Market Transition

Changing consumer preferences, new technologies, government regulation or other external factors may lead to an acceleration away from fossil-based sources of energy, including energy derived from crude oil and natural gas, to renewable and other alternative sources of energy. This may lead to lower global demand for crude oil and natural gas and related commodities and, in turn, may lead to lower prices for crude oil, natural gas and NGL and related commodities. This could negatively impact the Company's producing customers and lead to less demand for Pembina's services, which could negatively impact the revenue the Company receives from, and the value of, its pipelines, facilities and other infrastructure assets, the useful life of those assets and accelerate the timing of decommissioning.

In addition, Pembina may invest in opportunities related to an energy transition, which may involve investments in businesses, operations or assets relating to renewable or other alternative forms of energy. Such investments may involve certain risks and uncertainties in addition to those identified herein in respect of Pembina's existing businesses, operations and assets, including the obligation to comply with additional regulatory and other legal requirements associated with such businesses, operations or assets and the potential requirement for additional sources of capital to make, develop and/or maintain such investments and Pembina's ability to access such sources of capital. In the event Pembina were to complete such investments, there can be no guarantee that Pembina will realize a return on those investments or businesses, operations or assets that is similar to the returns it receives in respect of its existing business, operations and assets or that would offset any loss in revenue from, or the value of, the Company's existing pipeline, facilities and other infrastructure assets resulting from the impact of the potential energy transition. As a result, any such investment could reduce the level of cash available for dividends and to service obligations under Pembina's debt securities and other debt obligations and may also negatively impact the trading price of Pembina's securities.

Greenhouse Gas Emissions and Targets

Among other sustainability goals, Pembina has committed to reducing GHG emissions intensity of its operations by 30 percent by 2030 (based on a 2019 baseline year). The Company's ability to lower GHG emissions in respect of its 2030 emissions intensity reduction target is subject to numerous risks and uncertainties, and Pembina's actions taken to implement these objectives may also expose the Company to certain additional and/or heightened financial and operational risks. A reduction in GHG emissions intensity relies on, among other things, Pembina's ability to implement and improve energy efficiency at all facilities, future development and growth opportunities, development and deployment of new technologies, investment in lower-carbon power and transition to greater use of renewable and lower emission energy sources. In the event that the Company is unable to implement these strategies and technologies as planned without negatively impacting its expected operations or business plans, or in the event that such strategies or technologies do not perform as expected, the Company may be unable to meet its GHG emissions intensity reduction targets or goals on the current timelines, or at all.

In addition, achieving the Company's GHG emissions intensity reductions target and goals could require significant capital expenditures and resources, with the potential that the costs required to achieve such target and goals materially differ from Pembina's original estimates and expectations, which differences may be material. In addition, while the intent is to improve efficiency and increase the use of renewable and lower-carbon energy, the shift in resources and focus towards GHG emissions reduction could have a negative impact on Pembina's operating results. The overall final cost of investing in and implementing a GHG emissions intensity reduction strategy and technologies in furtherance of such strategy, and the resultant change in the deployment of the Company's resources and focus, could have a material adverse effect on Pembina's business, financial condition and results of operations.

Risks Relating to Weather Conditions

Weather conditions (including those associated with climate change) can affect the demand for and price of natural gas and NGL. As a result, changes in weather patterns may affect Pembina's gas processing business. For example, colder winter temperatures generally increase demand for natural gas and NGL used for heating which tends to result in increased throughput volume on the Alliance Pipeline and at the Company's gas processing facilities and higher prices in the processing and storage businesses. Pembina has capacity to handle any such increased volume of throughput and storage at its facilities to meet changes in seasonal demand; however, at any given time, processing and storage capacity is finite.

Weather conditions (including those associated with climate change) may impact Pembina's ability to complete capital projects, repairs or facility turnarounds on time, potentially resulting in delays and increased costs. Weather may also affect access to Pembina's facilities, and the operations and projects of Pembina's customers or shippers, which may impact the supply and/or demand for Pembina's services. With respect to construction activities, in areas where construction can be conducted in non-winter months, Pembina attempts to schedule its construction timetables so as to minimize potential delays due to cold winter weather.

Changes and/or extreme variability in weather patterns, including with respect to the impact on the geophysical environment, as well as increases in the frequency of extreme weather events, such as floods, cyclones, hurricanes, droughts and forest fires, increases the potential risk for Pembina's assets, including operational disruptions, transportation difficulties, supply chain disruptions, employee safety incidents, and damage to assets, which may result in lower revenues, higher costs or project delays.

See also "*Risk Factors – Risks Inherent in Pembina's Business – Environmental Costs and Liabilities*"; and "*Risk Factors – Risks Inherent in Pembina's Business – Reputation*".

12. NON-GAAP & OTHER FINANCIAL MEASURES

Throughout this MD&A, Pembina has disclosed certain financial measures that are not specified, defined or determined in accordance with GAAP and which are not disclosed in Pembina's financial statements. Non-GAAP financial measures either exclude an amount that is included in, or include an amount that is excluded from, the composition of the most directly comparable financial measure specified, defined and determined in accordance with GAAP. These non-GAAP financial measures and ratios, together with financial measures and ratios specified, defined and determined in accordance with GAAP, are used by management to evaluate the performance and cash flows of Pembina and its businesses and to provide additional useful information respecting Pembina's financial performance and cash flows to investors and analysts.

In this MD&A, Pembina has disclosed the following non-GAAP financial measures and non-GAAP ratios: net revenue, earnings before interest, taxes, depreciation, and amortization ("adjusted EBITDA"), adjusted EBITDA per common share, adjusted EBITDA from equity accounted investees, adjusted cash flow from operating activities and adjusted cash flow from operating activities per common share.

Non-GAAP financial measures and ratios disclosed in this MD&A do not have any standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The financial measures and ratios should not, therefore, be considered in isolation or as a substitute for, or superior to, measures and ratios of Pembina's financial performance, or cash flows specified, defined or determined in accordance with IFRS, including revenue, earnings before income tax, share of profit from equity accounted investees and cash flow from operating activities.

Except as otherwise described herein, these non-GAAP financial measures and non-GAAP ratios are calculated on a consistent basis from period to period. Specific reconciling items may only be relevant in certain periods.

Below is a description of each non-GAAP financial measure and non-GAAP ratio disclosed in this MD&A, together with, as applicable, disclosure of: the most directly comparable financial measure that is specified, defined and determined in accordance with GAAP to which each non-GAAP financial measure relates; a quantitative reconciliation of each non-GAAP financial measure to such directly comparable GAAP financial measure; the composition of each non-GAAP financial measure and non-GAAP ratio; an explanation of how each non-GAAP financial measure and non-GAAP ratio provides useful information to investors and the additional purposes, if any, for which management uses each non-GAAP financial measure and non-GAAP ratio; and an explanation of the reason for any change in the label or composition of each non-GAAP financial measure and non-GAAP ratio from what was previously disclosed.

Net Revenue

Net revenue is a non-GAAP financial measure which is defined as total revenue less cost of goods sold including product purchases. Management believes that net revenue provides investors with a single measure to indicate the margin on sales before non-product operating expenses that is comparable between periods. Management utilizes net revenue to compare consecutive results in Marketing & New Ventures and Facilities, to aggregate revenue generated by each of the Company's divisions and to set comparable objectives. The most directly comparable financial measure to net revenue that is specified, defined and determined in accordance with GAAP and disclosed in Pembina's financial statements is revenue.

3 Months Ended December 31 *($ millions)*	**Pipelines**		**Facilities**		**Marketing & New Ventures**		**Corporate & Inter-segment Eliminations**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Revenue	**686**	606	**237**	349	**1,921**	1,750	**(145)**	(145)	**2,699**	2,560
Cost of goods sold, including product purchases	**—**	—	**—**	(1)	**1,734**	1,554	**(78)**	(77)	**1,656**	1,476
Net revenue	**686**	606	**237**	350	**187**	196	**(67)**	(68)	**1,043**	1,084

12 Months Ended December 31 *($ millions)*	Pipelines		Facilities		Marketing & New Ventures		Corporate & Inter-segment Eliminations		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Revenue	**2,508**	2,279	**1,268**	1,363	**8,471**	5,577	**(636)**	(592)	**11,611**	8,627
Cost of goods sold, including product purchases	**—**	—	**6**	6	**7,682**	5,017	**(324)**	(334)	**7,364**	4,689
Net revenue	**2,508**	2,279	**1,262**	1,357	**789**	560	**(312)**	(258)	**4,247**	3,938

Adjusted EBITDA and adjusted EBITDA per Common Share

Adjusted EBITDA is a non-GAAP financial measure and is calculated as earnings before net finance costs, income taxes, depreciation and amortization (included in operations and general and administrative expense) and unrealized gains or losses on commodity-related derivative financial instruments. The exclusion of unrealized gains or losses on commodity-related derivative financial instruments eliminates the non-cash impact of such gains or losses.

Adjusted EBITDA also includes adjustments to earnings for losses (gains) on disposal of assets, transaction costs incurred in respect of acquisitions, dispositions and restructuring, impairment charges or reversals in respect of goodwill, intangible assets, investments in equity accounted investees and property, plant and equipment, certain non-cash provisions and other amounts not reflective of ongoing operations. In addition, Pembina's proportionate share of results from investments in equity accounted investees with a preferred interest is presented in adjusted EBITDA as a 50 percent common interest. These additional adjustments are made to exclude various non-cash and other items that are not reflective of ongoing operations.

Management believes that adjusted EBITDA provides useful information to investors as it is an important indicator of Pembina's ability to generate liquidity through cash flow from operating activities and equity accounted investees. Management also believes that adjusted EBITDA provides an indicator of operating income generated from capital expenditures, which includes operational finance income and gains from lessor lease arrangements. Adjusted EBITDA is also used by investors and analysts for assessing financial performance and for the purpose of valuing Pembina, including calculating financial and leverage ratios. Management utilizes adjusted EBITDA to set objectives and as a key performance indicator of the Company's success. Pembina presents adjusted EBITDA as management believes it is a measure frequently used by analysts, investors and other stakeholders in evaluating the Company's financial performance.

Adjusted EBITDA per common share is a non-GAAP ratio which is calculated by dividing adjusted EBITDA by the weighted average number of common shares outstanding.

3 Months Ended December 31 *($ millions, except per share amounts)*	Pipelines		Facilities		Marketing & New Ventures		Corporate & Inter-segment Eliminations		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Earnings (loss) before income tax	**295**	(70)	**145**	164	**96**	220	**(206)**	(181)	**330**	133
Adjustments to share of profit from equity accounted investees and other	**41**	65	**107**	36	**—**	5	**—**	—	**148**	106
Net finance costs (income)	**6**	6	**(8)**	1	**6**	3	**109**	97	**113**	107
Depreciation and amortization	**104**	101	**34**	56	**10**	12	**14**	11	**162**	180
Unrealized (gain) loss on commodity-related derivative financial instruments	**—**	—	**(2)**	24	**61**	(54)	**—**	—	**59**	(30)
Transaction costs incurred in respect of acquisitions	**—**	—	**—**	—	**—**	—	**—**	5	**—**	5
Impairment charges, transformation and restructuring costs, (gain) loss on disposal of assets and non-cash provisions	**102**	446	**12**	4	**(2)**	(3)	**1**	22	**113**	469
Adjusted EBITDA	**548**	548	**288**	285	**171**	183	**(82)**	(46)	**925**	970
Adjusted EBITDA per common share – basic *(dollars)*									**1.68**	1.76

12 Months Ended December 31 *($ millions, except per share amounts)*	**Pipelines**		**Facilities**		**Marketing & New Ventures**		**Corporate & Inter-segment Eliminations**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Earnings before income tax	**1,415**	917	**1,804**	732	**708**	374	**(708)**	(358)	**3,219**	1,665
Adjustments to share of profit from equity accounted investees and other	**172**	286	**271**	135	**25**	23	**—**	—	**468**	444
Net finance costs	**28**	29	**13**	18	**27**	9	**418**	394	**486**	450
Depreciation and amortization	**396**	413	**196**	214	**44**	50	**47**	46	**683**	723
Unrealized gain on commodity-related derivative financial instruments	**—**	—	**(50)**	(38)	**(83)**	(35)	**—**	—	**(133)**	(73)
Arrangement Termination Payment	**—**	—	**—**	—	**—**	—	**—**	(350)	**—**	(350)
Gain on PGI Transaction	**—**	—	**(1,110)**	—	**—**	—	**—**	—	**(1,110)**	—
Transaction costs incurred in respect of acquisitions	**—**	—	**(1)**	—	**—**	—	**—**	31	**(1)**	31
Impairment charges, transformation and restructuring costs, contract dispute settlement, (gain) loss on disposal of assets and non-cash provisions	**116**	457	**14**	36	**—**	(1)	**4**	51	**134**	543
Adjusted EBITDA	**2,127**	2,102	**1,137**	1,097	**721**	420	**(239)**	(186)	**3,746**	3,433
Adjusted EBITDA per common share – basic *(dollars)*									**6.78**	6.24

Adjusted EBITDA from Equity Accounted Investees

In accordance with IFRS, Pembina's joint ventures are accounted for using equity accounting. Under equity accounting, the assets and liabilities of the investment are presented net in a single line item in the Consolidated Statement of Financial Position, "Investments in Equity Accounted Investees". Net earnings from investments in equity accounted investees are recognized in a single line item in the Consolidated Statement of Earnings and Comprehensive Income "Share of Profit from Equity Accounted Investees". The adjustments made to earnings, in adjusted EBITDA above, are also made to share of profit from investments in equity accounted investees. Cash contributions and distributions from investments in equity accounted investees represent Pembina's share paid and received in the period to and from the investments in equity accounted investees.

To assist in understanding and evaluating the performance of these investments, Pembina is supplementing the IFRS disclosure with non-GAAP proportionate consolidation of Pembina's interest in the investments in equity accounted investees. Pembina's proportionate interest in equity accounted investees has been included in adjusted EBITDA.

3 Months Ended December 31 *($ millions)*	**Pipelines**		**Facilities**		**Marketing & New Ventures**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Share of profit from equity accounted investees	**44**	29	**49**	21	**(14)**	33	**79**	83
Adjustments to share of profit from equity accounted investees:								
Net finance costs (income)	**5**	26	**37**	7	**(1)**	(1)	**41**	32
Income tax expense	**—**	—	**13**	—	**—**	—	**13**	—
Depreciation and amortization	**36**	(4)	**39**	29	**7**	6	**82**	31
Unrealized loss (gain) on commodity-related derivative financial instruments	**—**	—	**11**	—	**(6)**	—	**5**	—
Transaction costs incurred in respect of acquisitions	**—**	—	**7**	—	**—**	—	**7**	—
Share of earnings in excess of equity interest[(1)]	**—**	43	**—**	—	**—**	—	**—**	43
Total adjustments to share of profit from equity accounted investees	**41**	65	**107**	36	**—**	5	**148**	106
Adjusted EBITDA from equity accounted investees	**85**	94	**156**	57	**(14)**	38	**227**	189

(1) Pembina's proportionate share of results from investments in equity accounted investees with a preferred interest is presented in adjusted EBITDA as a 50 percent common interest.

12 Months Ended December 31 ($ millions)	Pipelines		Facilities		Marketing & New Ventures		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Share of profit from equity accounted investees	**171**	124	**108**	80	**82**	77	**361**	281
Adjustments to share of profit from equity accounted investees:								
Net finance costs	**21**	72	**79**	31	**—**	1	**100**	104
Income tax expense	**—**	—	**14**	—	**—**	—	**14**	—
Depreciation and amortization	**149**	156	**138**	104	**25**	22	**312**	282
Unrealized loss on commodity-related derivative financial instruments	**—**	—	**27**	—	**—**	—	**27**	—
Transaction costs incurred in respect of acquisitions	**—**	—	**13**	—	**—**	—	**13**	—
Share of earnings in excess of equity interest[1]	**2**	58	**—**	—	**—**	—	**2**	58
Total adjustments to share of profit from equity accounted investees	**172**	286	**271**	135	**25**	23	**468**	444
Adjusted EBITDA from equity accounted investees	**343**	410	**379**	215	**107**	100	**829**	725

(1) Pembina's proportionate share of results from investments in equity accounted investees with a preferred interest is presented in adjusted EBITDA as a 50 percent common interest.

Adjusted Cash Flow from Operating Activities and Adjusted Cash Flow from Operating Activities per Common Share

Adjusted cash flow from operating activities is a non-GAAP measure which is defined as cash flow from operating activities adjusting for the change in non-cash operating working capital, adjusting for current tax and share-based compensation payments, and deducting preferred share dividends paid. Adjusted cash flow from operating activities deducts preferred share dividends paid because they are not attributable to common shareholders. The calculation has been modified to include current tax expense and accrued share-based payment expense as it allows management to better assess the obligations discussed below. Management believes that adjusted cash flow from operating activities provides comparable information to investors for assessing financial performance during each reporting period. Management utilizes adjusted cash flow from operating activities to set objectives and as a key performance indicator of the Company's ability to meet interest obligations, dividend payments and other commitments. Adjusted cash flow from operating activities per common share is a non-GAAP financial ratio which is calculated by dividing adjusted cash flow from operating activities by the weighted average number of common shares outstanding.

	3 Months Ended December 31		12 Months Ended December 31	
($ millions, except per share amounts)	**2022**	2021	**2022**	2021
Cash flow from operating activities	**947**	697	**2,929**	2,650
Cash flow from operating activities per common share – basic *(dollars)*	**1.72**	1.27	**5.30**	4.82
Add (deduct):				
Change in non-cash operating working capital	**(220)**	30	**(177)**	100
Current tax expense	**18**	(31)	**(227)**	(286)
Taxes paid, net of foreign exchange	**28**	90	**334**	355
Accrued share-based payment expense	**(51)**	(20)	**(117)**	(76)
Share-based compensation payment	**—**	—	**45**	32
Preferred share dividends paid	**(32)**	(32)	**(126)**	(135)
Adjusted cash flow from operating activities	**690**	734	**2,661**	2,640
Adjusted cash flow from operating activities per common share – basic *(dollars)*	**1.25**	1.33	**4.82**	4.80

13. ABBREVIATIONS

The following is a list of abbreviations that may be used in this MD&A:

Other	
AECO	Alberta Energy Company benchmark price for natural gas
B.C.	British Columbia
GAAP	Canadian generally accepted accounting principles
IFRS	International Financial Reporting Standards
NGL	Natural gas liquids
U.S.	United States
WCSB	Western Canadian Sedimentary Basin
Deep cut	Ethane-plus capacity extraction gas processing capabilities
Shallow cut	Sweet gas processing with propane and/or condensate-plus extraction capabilities
Volumes	Volumes for Pipelines and Facilities are revenue volumes, defined as physical volumes plus volumes recognized from take-or-pay commitments. Volumes for Marketing & New Ventures are marketed NGL volumes. Volumes are stated in mboe/d, with natural gas volumes converted to mboe/d from MMcf/d at a 6:1 ratio.

Measurement		**Regulators & Acts**	
bpd	barrels per day	ABCA	*Business Corporations Act* (Alberta)
mbbls	thousands of barrels	AER	Alberta Energy Regulator
mbpd	thousands of barrels per day	BCEAO	British Columbia Environmental Assessment Office
mmbpd	millions of barrels per day	BCER	British Columbia Energy Regulator
mmbbls	millions of barrels	BCUC	British Columbia Utilities Commission
mboe/d	thousands of barrels of oil equivalent per day	CER	Canadian Energy Regulator
mmboe/d	millions of barrels of oil equivalent per day	FERC	United States Federal Energy Regulatory Commission
MMcf/d	millions of cubic feet per day	ICA	*Interstate Commerce Act of 1887* (United States)
bcf/d	billions of cubic feet per day	NEB	National Energy Board
km	kilometer	NGA	*Natural Gas Act of 1938* (United States)
		PHMSA	Pipeline and Hazardous Material Safety Administration
		IAAC	Impact Assessment Agency of Canada

Investments in Equity Accounted Investees	
Pipelines:	
Alliance	50 percent interest in both Alliance Pipeline Limited Partnership and Alliance Pipeline L.P.
Ruby	50 percent convertible, cumulative preferred interest in Ruby Pipeline Holding Company L.L.C.
Grand Valley	75 percent jointly controlled interest in Grand Valley 1 Limited Partnership wind farm ("Grand Valley")
Facilities:	
PGI	60 percent interest in Pembina Gas Infrastructure Inc., a premier gas processing entity in Western Canada serving customers throughout the Montney and Duvernay trends from central Alberta to northeast British Columbia
Veresen Midstream	Prior to August 15, 2022, Pembina owned a 45 percent interest in Veresen Midstream Limited Partnership, which owns assets in western Canada serving the Montney geological play in northwestern Alberta and northeastern B.C. including gas processing plants and gas gathering pipelines and compression. On August 15, 2022, Pembina contributed its equity interest in Veresen Midstream to PGI, resulting in Pembina holding a 60 percent interest indirectly through its investment in PGI.
Fort Corp	50 percent interest in Fort Saskatchewan Ethylene Storage Limited Partnership and Fort Saskatchewan Ethylene Corporation
Marketing & New Ventures:	
Aux Sable	An ownership interest in Aux Sable (approximately 42.7 percent in Aux Sable U.S. and 50 percent in Aux Sable Canada), which includes an NGL fractionation facility and gas processing capacity near Chicago, Illinois and other natural gas and NGL processing facilities, logistics and distribution assets in the U.S. and Canada, as well as transportation contracts on Alliance
CKPC	50 percent interest in the PDH/PP Facility which was cancelled in the third quarter of 2022
Cedar LNG	49.9 percent interest in the proposed floating LNG facility in Kitimat, British Columbia, Canada

Readers are referred to the AIF for the year ended December 31, 2022 on www.sedar.com for additional descriptions.

14. FORWARD-LOOKING STATEMENTS & INFORMATION

In the interest of providing Pembina's security holders and potential investors with information regarding Pembina, including management's assessment of the Company's future plans and operations, certain statements contained in this MD&A constitute forward-looking statements or forward-looking information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "could", "would", "believe", "plan", "intend", "design", "target", "undertake", "view", "indicate", "maintain", "explore", "entail", "schedule", "objective", "strategy", "likely", "potential", "outlook", "aim", "purpose", "goal" and similar expressions suggesting future events or future performance.

By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Pembina believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These forward-looking statements speak only as of the date of the MD&A.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- future levels and sustainability of cash dividends that Pembina intends to pay to its shareholders and the dividend payment dates;
- planning, construction, locations, capital expenditure estimates, schedules, regulatory and environmental applications and anticipated approvals, expected capacity, incremental volumes, completion and in-service dates, rights, sources of product, activities, benefits and operations with respect to new construction of, or expansions on existing, pipelines, systems, gas services facilities, processing and fractionation facilities, terminalling, storage and hub facilities and other facilities or energy infrastructure, as well as the impact of Pembina's new projects on its future financial performance;
- future pipeline, processing, fractionation and storage facility and system operations and throughput levels;
- Pembina's commitment to, and the effectiveness and impact of, its risk management policies;
- treatment under existing and proposed governmental regulatory regimes, including taxes, competition, environmental, project assessment and GHG laws and regulations
- Pembina's strategy and the development and expected timing of new business; initiatives and growth opportunities and the impact thereof;
- increased throughput potential, processing capacity and fractionation capacity due to increased oil and gas industry activity and new connections and other initiatives on Pembina's pipelines and at Pembina's facilities;
- expected future cash flows and the sufficiency thereof, financial strength, sources of and access to funds at acceptable rates, future contractual obligations, future financing options, availability of capital for capital expenditures, operating obligations, dividends, debt maturities and the use of proceeds from financings;
- Pembina's capital structure, including the sufficiency of the amount of leverage employed therein and future actions that may be taken with respect thereto, including expectations regarding the repurchase or redemption of common shares, repayments of existing debt, new borrowings, equity or hybrid securities issuances and the timing thereof;
- Pembina's expectations regarding the creditworthiness of its counterparties;
- tolls and tariffs and processing, transportation, fractionation, storage and services commitments and contracts;
- the outcomes and effectiveness of Pembina's DC&P;
- operating risks, including the amount of future liabilities related to pipelines spills and other environmental incidents;
- management's belief regarding certain claims against Pembina;
- the expected demand for, and prices and inventory levels of, crude oil and other petroleum products, including NGL;
- the development and anticipated benefits of Pembina's new projects and developments, including RFS IV, the Cedar LNG Project and the Alberta Carbon Grid, including the timing thereof; and
- the impact of current market conditions on Pembina.

Various factors or assumptions are typically applied by Pembina in drawing conclusions or making the forecasts, projections, predictions or estimations set out in forward-looking statements based on information currently available to Pembina. These factors and assumptions include, but are not limited to:

- oil and gas industry exploration and development activity levels and the geographic region of such activity;
- the success of Pembina's operations;
- prevailing commodity prices, interest rates, carbon prices, tax rates, exchange rates and inflation rates;
- the ability of Pembina to maintain current credit ratings;
- the availability and cost of capital to fund future capital requirements relating to existing assets, projects and the repayment of refinancing existing debt as it becomes due;
- expectations regarding Pembina's pension plan;
- future operating costs including geotechnical and integrity costs being consistent with historical costs;
- oil and gas industry compensation levels remaining consistent;
- in respect of current developments, expansions, planned capital expenditures, completion dates and capacity expectations: that third parties will provide any necessary support; that any third-party projects relating to Pembina's growth projects will be sanctioned and completed as expected; that any required commercial agreements can be reached; that all required regulatory and environmental approvals can be obtained on the necessary terms in a timely manner; that there are no supply chain disruptions impacting Pembina's ability to obtain required equipment, materials or labour; that counterparties will comply with contracts in a timely manner; that there are no unforeseen events preventing the performance of contracts or the completion of the relevant facilities, and that there are no unforeseen material costs relating to the facilities which are not recoverable from customers;
- in respect of the stability of Pembina's dividends: prevailing commodity prices, margins and exchange rates; that Pembina's future results of operations will be consistent with past performance and management expectations in relation thereto; the continued availability of capital at attractive prices to fund future capital requirements relating to existing assets and projects, including but not limited to future capital expenditures relating to expansion, upgrades and maintenance shutdowns; the success of growth projects; future operating costs; that counterparties to agreements will continue to perform their obligations in a timely manner; that there are no unforeseen events preventing the performance of contracts; and that there are no unforeseen material construction or other costs related to current growth projects; current operations or the repayment or refinancing of existing debt as it becomes due;
- prevailing regulatory, tax and environmental laws and regulations and tax pool utilization; and
- the amount of future liabilities relating to lawsuits and environmental incidents and the availability of coverage under Pembina's insurance policies (including in respect of Pembina's business interruption insurance policy).

The actual results of Pembina could differ materially from those anticipated in these forward-looking statements as a result of the material risk factors set forth below:

- the regulatory environment and decisions and Indigenous and landowner consultation requirements;
- the impact of competitive entities and pricing;
- reliance on third parties to successfully operate and maintain certain assets;
- labour and material shortages;
- reliance on key relationships, joint venture partners, and agreements and the outcome of stakeholder engagement;
- the strength and operations of the oil and natural gas production industry and related commodity prices;
- non-performance or default by counterparties to agreements which Pembina or one or more of its subsidiaries has entered into in respect of its business;
- actions by joint venture partners or other partners which hold interests in certain of Pembina's assets;
- actions by governmental or regulatory authorities including changes in tax laws and treatment, changes in royalty rates, changes in regulatory processes or increased environmental regulation;
- fluctuations in operating results;
- adverse general economic and market conditions, including potential recessions in Canada, North America and worldwide, resulting in changes, or prolonged weaknesses, as applicable, in interest rates, foreign currency exchange rates, inflation rates, commodity prices, supply/demand trends and overall industry activity levels;
- risks related to the potential impacts of the COVID-19 pandemic;
- constraints on, or the unavailability of adequate infrastructure;
- the political environment in North America and elsewhere, and public opinion;
- ability to access various sources of debt and equity capital on acceptable terms;
- adverse changes in credit ratings;
- counterparty credit risk;
- technology and security risks, including cyber-security risks;
- natural catastrophes; and
- the other factors discussed under "Risk Factors" herein and in Pembina's MD&A and AIF for the year ended December 31, 2022, which are available at www.sedar.com, www.sec.gov and through Pembina's website at www.pembina.com.

These factors should not be construed as exhaustive. Unless required by law, Pembina does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements contained herein are expressly qualified by this cautionary statement.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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MANAGEMENT'S REPORT

The audited consolidated financial statements of Pembina Pipeline Corporation (the "Company" or "Pembina") are the responsibility of Pembina's management. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, using management's best estimates and judgments, where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report. In the preparation of these financial statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management's Assessment of Internal Control over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting, as defined in Rule 13a – 15(e) and 15(d) – 15(e) under the United States *Securities Exchange Act of 1934,* as amended (the "Exchange Act") and National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings.*

Under the supervision and with the participation of the President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"), management has conducted an evaluation of Pembina's internal control over financial reporting based on the framework set forth in Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on management's assessment as at December 31, 2022, the CEO and CFO have concluded that Pembina's internal control over financial reporting is effective.

Due to its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of Pembina's financial statements would be prevented or detected. Further, the evaluation of the effectiveness of internal control over financial reporting was made as at a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate.

The Board of Directors of Pembina (the "Board") is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee, which consists of five non-management directors. The Audit Committee meets periodically with management and the internal and external auditors to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

KPMG LLP, the independent auditors, have audited Pembina's consolidated financial statements and the effectiveness of internal control over financial reporting as of December 31, 2022 in accordance with the standards of the Public Company Accounting Oversight Board (United States). The independent auditors have full and unrestricted access to the Audit Committee to discuss their audit and their related findings.

Changes in Internal Control over Financial Reporting

There has been no change in Pembina's internal control over financial reporting that occurred during the year ended December 31, 2022 that has materially affected, or are reasonably likely to materially affect, Pembina's internal control over financial reporting.

"J. Scott Burrows"	*"Cameron J. Goldade"*
J. Scott Burrows	**Cameron J. Goldade**
President and Chief Executive Officer	Senior Vice President and Chief Financial Officer

February 23, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Pembina Pipeline Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Pembina Pipeline Corporation and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of earnings and comprehensive income, changes in equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 23, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the recoverable amount of the Marketing & New Ventures operating segment

As discussed in Note 8 to the consolidated financial statements, the goodwill balance as of December 31, 2022 was $4,557 million and the carrying amount of goodwill allocated to the Marketing & New Ventures operating segment was $1,439 million. For the purpose of the impairment test, goodwill has been allocated to the Company's operating segments which represents the lowest level within the Company at which the goodwill is monitored for management purposes. As discussed in Note 3 to the consolidated financial statements, the Company performs goodwill impairment testing on an annual basis and whenever events or changes in circumstances indicate that the carrying value of an operating segment exceeds its recoverable amount. The recoverable amounts were determined using a fair value less costs of disposal approach which is based on a discounted cash flow model.

We identified the evaluation of the recoverable amount of the Marketing & New Ventures operating segment as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the significant revenue assumptions such as projected commodity volumes and pricing and long-term growth rate (collectively, forecasted cash flow assumptions) and the discount rate used in the discounted cash flow model. Changes to those assumptions could have had a significant impact on the determination of the recoverable amount of the Marketing & New Ventures operating segment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter, including controls related to the determination of the forecasted cash flow assumptions and the discount rate used in the calculation of the recoverable amount. We evaluated the Company's projected commodity pricing assumptions by comparing to publicly available forward price curves. We compared the Company's historical forecasted results to actual historical results to assess the Company's ability to accurately forecast and to assess the long-term growth rate. We evaluated the Company's forecasted cash flow assumptions by comparing them to actual historical results. In addition, we involved a valuation professional with specialized skills and knowledge, who assisted in:

- testing the recoverable amount for the operating segment using the operating segment's forecasted cash flow assumptions and discount rate, and comparing the result to the Company's calculated recoverable amount
- evaluating the discount rate used in the valuation for the operating segment by comparing the inputs against publicly available market data for comparable entities and assessing the resulting discount rate
- evaluating the historical and forecasted cash flow multiples implied in the valuation for the operating segment by comparing them against publicly available historical and forecasted cash flow multiples for comparable entities.

Evaluation of the fair value of the Gas Processing Business contributed to Pembina Gas Infrastructure Inc.

As discussed in Note 9 and 10 to the consolidated financial statements, the Company completed a transaction to create a new jointly controlled entity, Pembina Gas Infrastructure Inc. ("PGI"). The cost of the Company's investment in PGI includes $2.8 billion for the fair value of its contribution of the Gas Processing Business, which is also the fair value of the PGI shares received in consideration. The $2.8 billion fair value of the shares of PGI was determined by reference to the $3.6 billion fair value of the Gas Processing Business, adjusted for cash and a contingent receivable. The fair value of the Gas Processing Business was determined using discounted cash flow models.

We identified the evaluation of the fair value of the Gas Processing Business as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the forecasted revenue and contract renewal rate assumptions and the discount rate used in the discounted cash flow model. Minor changes to those assumptions could have had a significant impact on the Company's assessment of the fair value of the Gas Processing Business.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter, including controls related to the determination of the forecasted revenue and contract renewal rate assumptions and the discount rate used in the determination of the fair value of the Gas Processing Business. We evaluated the Company's forecasted revenue from existing customers by comparing to the acquired assets' historical actual results, as well as by comparing contractual revenue details to signed contracts to assess the accuracy of the Company's forecast. In addition, we involved a valuation professional with specialized skills and knowledge, who assisted in:

- evaluating the contract renewal rates used by the Company by examining existing contract terms and assessing future contract renewal expectations based on industry knowledge and experience from comparable market transactions
- evaluating the methodologies used by the Company to determine the fair value and testing the accuracy of the calculations of fair value
- evaluating the methodologies used by the Company to determine the discount rate in addition to comparing the inputs to publicly available market data for comparable entities and assessing the resulting discount rate
- evaluating the forecasted cash flow multiples implied in the fair value of the Gas Processing Business by comparing them to publicly available historical and forecasted cash flow multiples for comparable entities.

Evaluation of the fair value of the intangible assets of PGI

As discussed in Note 10 to the consolidated financial statements, the Company completed a transaction to create a new jointly controlled entity, PGI. Acquisitions of interests in joint ventures that meet the definition of a business involve the application of the acquisition method of accounting in order to apply the equity method of accounting post-acquisition. The cost of the Company's investment in PGI of $4.2 billion was allocated to PGI's net assets on the acquisition date based on their fair values. The fair value of the intangible assets acquired was determined using a discounted cash flow model.

We identified the evaluation of the fair value of the intangible assets acquired as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the forecasted revenue and contract renewal rate assumptions and discount rate used in the discounted cash flow models. Minor changes to those assumptions could have had a significant impact on the Company's future share of PGI's equity accounted profits or losses due to differences in future depreciation and amortization and asset or goodwill impairment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter, including controls related to forecasted revenue and contract renewal rate assumptions and the discount rate used in the determination of the fair value of PGI's intangible assets. We evaluated forecasted revenue from PGI's existing customers by comparing to the acquired assets' historical actual results, as well as by comparing contractual revenue details to signed contracts to assess the accuracy of the Company's forecast. In addition, we involved a valuation professional with specialized skills and knowledge, who assisted in:

- evaluating the contract renewal rates used by the Company by examining existing contract terms and assessing future contract renewal expectations based on industry knowledge and experience from comparable market transactions
- evaluating the methodologies used by the Company to determine the fair value of intangible assets and testing the accuracy of the calculations of fair value
- evaluating the methodologies used by the Company to determine the discount rate in addition to comparing the inputs to publicly available market data for comparable entities and assessing the resulting discount rate.

KPMG LLP

Chartered Professional Accountants

We have served as the Company's auditor since 1997.

Calgary, Canada
February 23, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Pembina Pipeline Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Pembina Pipeline Corporation's (and subsidiaries') (the "Company") internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company has maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2022 and 2021, the related consolidated statements of earnings and comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes (collectively, the consolidated financial statements), and our report dated February 23, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting included in Management's Discussion and Analysis. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
February 23, 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31 *($ millions)*	2022	2021
Assets **Current assets**		
Cash and cash equivalents	**94**	43
Trade receivables and other *(Note 5)*	**912**	812
Inventory *(Note 6)*	**269**	376
Derivative financial instruments *(Note 24)*	**87**	14
	1,362	1,245
Non-current assets		
Property, plant and equipment *(Note 7)*	**15,518**	18,193
Intangible assets and goodwill *(Note 8)*	**6,131**	6,238
Investments in equity accounted investees *(Note 10)*	**7,370**	4,622
Right-of-use assets *(Note 13)*	**518**	581
Finance lease receivables *(Note 13)*	**219**	211
Deferred tax assets *(Note 11)*	**261**	257
Derivative financial instruments *(Note 24)*	**42**	81
Other assets	**54**	28
	30,113	30,211
Total assets	**31,475**	31,456
Liabilities and equity **Current liabilities**		
Trade payables and other *(Note 12)*	**1,254**	1,063
Loans and borrowings *(Note 14)*	**600**	1,000
Dividends payable	**—**	115
Lease liabilities	**79**	88
Contract liabilities *(Note 17)*	**56**	71
Derivative financial instruments *(Note 24)*	**57**	53
	2,046	2,390
Non-current liabilities		
Loans and borrowings *(Note 14)*	**9,405**	9,645
Subordinated hybrid notes *(Note 14)*	**595**	594
Lease liabilities	**596**	635
Decommissioning provision *(Note 15)*	**259**	412
Contract liabilities *(Note 17)*	**138**	220
Deferred tax liabilities *(Note 11)*	**2,507**	3,011
Other liabilities	**140**	186
	13,640	14,703
Total liabilities	**15,686**	17,093
Equity		
Attributable to shareholders	**15,729**	14,303
Attributable to non-controlling interest	**60**	60
Total equity	**15,789**	14,363
Total liabilities and equity	**31,475**	31,456

See accompanying notes to the audited consolidated financial statements

Approved on behalf of the Board of Directors:

"Maureen E. Howe"
Maureen E. Howe
Director

"Henry W. Skyes"
Henry W. Skyes
Director

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

For the years ended December 31 *($ millions, except per share amounts)*	**2022**	2021
Revenue *(Note 17)*	**11,611**	8,627
Cost of sales *(Note 19)*	**8,877**	6,134
(Gain) Loss on commodity-related derivative financial instruments *(Note 24)*	**(28)**	127
Share of profit from equity accounted investees *(Note 10)*	**361**	281
Gross profit	**3,123**	2,647
General and administrative	**399**	306
Other expense (income)	**129**	(248)
Gain on Pembina Gas Infrastructure Transaction *(Note 9)*	**(1,110)**	—
Impairment expense	**—**	474
Results from operating activities	**3,705**	2,115
Net finance costs *(Note 18)*	**486**	450
Earnings before income tax	**3,219**	1,665
Current tax expense *(Note 11)*	**227**	286
Deferred tax expense *(Note 11)*	**21**	137
Income tax expense *(Note 11)*	**248**	423
Earnings	**2,971**	1,242
Other comprehensive income (loss), net of tax *(Note 23 & 24)*		
Exchange gain (loss) on translation of foreign operations	**295**	(18)
Impact of hedging activities	**3**	10
Re-measurement of defined benefit asset or liability *(Note 21)*	**15**	34
Total comprehensive income attributable to shareholders	**3,284**	1,268
Earnings attributable to common shareholders, net of preferred share dividends *(Note 20)*	**2,842**	1,098
Earnings per common share – basic *(dollars) (Note 20)*	**5.14**	2.00
Earnings per common share – diluted *(dollars) (Note 20)*	**5.12**	1.99
Weighted average number of common shares *(millions)*		
Basic	**553**	550
Diluted	**554**	551

See accompanying notes to the audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company						
($ millions)	Common Share Capital	Preferred Share Capital	Deficit	AOCI[1]	Total	Non-Controlling Interest	Total Equity
December 31, 2021	15,678	2,517	(3,920)	28	14,303	60	14,363
Total comprehensive income							
Earnings	—	—	2,971	—	2,971	—	2,971
Other comprehensive income *(Note 23)*	—	—	—	313	313	—	313
Total comprehensive income	—	—	2,971	313	3,284	—	3,284
Transactions with shareholders of the Company *(Note 16)*							
Part VI.1 tax on preferred shares	—	(9)	—	—	(9)	—	(9)
Repurchase of common shares	(204)	—	(129)	—	(333)	—	(333)
Preferred shares redemption	—	(300)	—	—	(300)	—	(300)
Share-based payment transactions	319	—	—	—	319	—	319
Dividends declared – common	—	—	(1,409)	—	(1,409)	—	(1,409)
Dividends declared – preferred	—	—	(126)	—	(126)	—	(126)
Total transactions with shareholders of the Company	115	(309)	(1,664)	—	(1,858)	—	(1,858)
December 31, 2022	15,793	2,208	(2,613)	341	15,729	60	15,789
December 31, 2020	15,644	2,946	(3,637)	2	14,955	60	15,015
Total comprehensive income							
Earnings	—	—	1,242	—	1,242	—	1,242
Other comprehensive income *(Note 23)*	—	—	—	26	26	—	26
Total comprehensive income	—	—	1,242	26	1,268	—	1,268
Transactions with shareholders of the Company *(Note 16)*							
Part VI.1 tax on preferred shares	—	(9)	—	—	(9)	—	(9)
Repurchase of common shares	(13)		(4)		(17)	—	(17)
Preferred shares redemption	—	(420)	—	—	(420)	—	(420)
Share-based payment transactions	47	—	—	—	47	—	47
Dividends declared – common	—	—	(1,386)	—	(1,386)	—	(1,386)
Dividends declared – preferred	—	—	(135)	—	(135)	—	(135)
Total transactions with shareholders of the Company	34	(429)	(1,525)	—	(1,920)	—	(1,920)
December 31, 2021	15,678	2,517	(3,920)	28	14,303	60	14,363

[1] Accumulated Other Comprehensive Income (loss) ("AOCI").

See accompanying notes to the audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 *($ millions)*	**2022**	2021
Cash provided by (used in)		
Operating activities		
Earnings	**2,971**	1,242
Adjustments for:		
Share of profit from equity accounted investees *(Note 10)*	**(361)**	(281)
Distributions from equity accounted investees *(Note 10)*	**673**	461
Depreciation and amortization	**683**	723
Impairment expense	**—**	474
Gain on Pembina Gas Infrastructure Transaction *(Note 9)*	**(1,110)**	—
Unrealized gain on commodity-related derivative financial instruments *(Note 24)*	**(133)**	(73)
Net finance costs *(Note 18)*	**486**	450
Net interest paid *(Note 18)*	**(447)**	(418)
Income tax expense *(Note 11)*	**248**	423
Taxes paid	**(334)**	(355)
Share-based compensation expense *(Note 22)*	**126**	100
Share-based compensation payment	**(45)**	(32)
Other	**(5)**	36
Change in non-cash operating working capital	**177**	(100)
Cash flow from operating activities	**2,929**	2,650
Financing activities		
Net increase (decrease) in bank borrowings *(Note 14)*	**339**	(623)
Proceeds from issuance of long-term debt, net of issue costs *(Note 14)*	**—**	1,587
Repayment of long-term debt	**(1,000)**	(600)
Repayment of lease liability	**(85)**	(87)
Exercise of stock options	**310**	16
Repurchase of common shares *(Note 16)*	**(333)**	(17)
Redemption of preferred shares *(Note 16)*	**(300)**	(420)
Common share dividends paid *(Note 16)*	**(1,525)**	(1,386)
Preferred share dividends paid *(Note 16)*	**(126)**	(135)
Cash flow used in financing activities	**(2,720)**	(1,665)
Investing activities		
Capital expenditures	**(605)**	(658)
Contributions to equity accounted investees *(Note 10)*	**(95)**	(335)
Cedar acquisition	**—**	(41)
Net proceeds from disposition *(Note 9)*	**609**	—
Proceeds from sale of assets	**31**	—
Receipt of finance lease payments	**13**	11
Interest paid during construction *(Note 18)*	**(21)**	(25)
Changes in non-cash investing working capital and other	**(86)**	9
Cash flow used in investing activities	**(154)**	(1,039)
Change in cash and cash equivalents	**55**	(54)
Effect of movement in exchange rates on cash held	**9**	16
Cash and cash equivalents, beginning of period	**43**	81
Cash and cash equivalents, end of period	**107**	43
Long-term restricted cash included in other assets *(Note 15)*	**13**	—
Short-term cash and cash equivalents, end of period	**94**	43

See accompanying notes to the audited consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Pembina Pipeline Corporation ("Pembina" or the "Company") is a Calgary-based, leading transportation and midstream service provider serving North America's energy industry. The audited consolidated financial statements ("Consolidated Financial Statements") include the accounts of Pembina, its subsidiary companies, partnerships and any investments in associates and joint arrangements as at and for the year ended December 31, 2022.

Pembina owns an integrated network of hydrocarbon liquids and natural gas pipelines, gas gathering and processing facilities, oil and natural gas liquids infrastructure and logistics services, and an export terminals business. Pembina's integrated assets and commercial operations along the majority of the hydrocarbon value chain allow it to offer a full spectrum of midstream and marketing services to the energy sector.

2. BASIS OF PREPARATION

The Consolidated Financial Statements are presented in Canadian dollars, Pembina's functional currency, with all values presented in millions, unless otherwise indicated.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies applied in preparation of the Consolidated Financial Statements are set out below in Note 3 and have been applied consistently to all periods presented.

Certain insignificant comparative amounts have been reclassified to conform to the presentation adopted in the current year.

The Consolidated Financial Statements were authorized for issue by Pembina's Board of Directors on February 23, 2023.

a. Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis with some exceptions, as detailed in the accounting policies set out below.

b. Basis of Consolidation

These Consolidated Financial Statements include the results of the Company and its subsidiaries together with its interests in joint arrangements.

i) Subsidiaries

Subsidiaries are entities, including unincorporated entities such as partnerships, controlled by Pembina. The financial results of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by Pembina.

When there is a loss of control of a subsidiary in a transaction with a joint venture, the Company derecognizes the assets and liabilities of the subsidiary and other components of equity. However, there is an accounting policy choice to recognize the entirety of any resulting gain or loss in earnings on loss of control or to recognize the gain or loss only to the extent of the unrelated investor's interest in the joint venture. Pembina has elected to recognize the full gain in its entirety. As a result, any interest retained in the former subsidiary is measured at fair value when control is lost.

Non-controlling interests represent existing outside owned equity interests in a subsidiary. The non-controlling interests were recognized at fair value on the acquisition date and are presented as a separate component of equity. The equity interests bear conditional non-discretionary distributions and will continue to be held as a non-controlling interest in equity at their acquisition date fair value until derecognition, either when the conditions are met for reclassification from equity to financial liabilities, or when the equity interests are cancelled or on a loss of control of the relevant subsidiary.

ii) Joint Arrangements

Joint arrangements represent arrangements where Pembina has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Pembina recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses from the date that joint control commences until the date that joint control ceases. These have been incorporated in the financial statements under the appropriate headings.

Joint ventures are accounted for using the equity method of accounting and are initially recognized at cost, or fair value if acquired as part of a business combination. Joint ventures are adjusted thereafter for the post-acquisition change in the Company's share of the equity accounted investees' net assets. Pembina's Consolidated Financial Statements include its share of the equity accounted investees' profit or loss and comprehensive income, or income equal to preferred distributions for certain preferred share interests in equity accounted investees, until the date that joint control ceases. When Pembina's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that Pembina has an obligation or has made payments on behalf of the investee. Distributions from and contributions to investments in equity accounted investees are recognized when received or paid.

After application of the equity method, Pembina determines whether it is necessary to recognize an impairment loss on its equity accounted investees. At each reporting date, Pembina determines whether there is objective evidence that the equity accounted investment is impaired. If there is such evidence, Pembina calculates the amount of the impairment as the difference between the recoverable amount of the equity accounted investment and its carrying value, and then recognizes the loss within share of profit of equity accounted investees in the Consolidated Statement of Earnings and Comprehensive Income.

Acquisition of an incremental ownership in a joint arrangement where Pembina maintains joint control is recorded at cost or fair value if acquired as part of a business combination. Where Pembina has a partial disposal, including a deemed disposal, of a joint arrangement and maintains joint control, the resulting gains or losses are recorded in earnings at the time of disposal.

iii) Transactions Eliminated on Consolidation

Balances and transactions, and any revenue and expenses arising from transaction with or between subsidiaries are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with investments in equity accounted investees, other than on their formation, are eliminated against the investment to the extent of Pembina's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

iv) Foreign Currency

Transactions in foreign currencies are translated to Pembina's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Pembina's functional currency at the exchange rate at that date, with exchange differences recognized in earnings.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of subsidiaries, and investments in equity accounted investees, whose functional currencies are other than Canadian dollars are translated into Canadian dollars at the foreign exchange rate at the balance sheet date, while revenues and expenses of such subsidiaries are translated using average monthly foreign exchange rates, which approximate the foreign exchange rates on the dates of the transactions. Foreign exchange differences arising on translation of subsidiaries and investments in equity accounted investees with a functional currency other than the Canadian dollar are included in other comprehensive income.

c. Use of Estimates and Judgments

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are based on the facts and circumstances and estimates at the date of the Consolidated Financial Statements and affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impacts of Geopolitical Events in Eastern Europe and the Ongoing Impact of the COVID-19 Pandemic

Geopolitical events in Eastern Europe and continuing events and conditions related to the COVID-19 pandemic are driving significant volatility in commodity prices and currencies, disruption of business operations and a significant increase in economic uncertainty and inflation. Management applied its judgment in determining the impact of the significant uncertainties created by these events and conditions when using estimates and judgments as well as when assessing fair values of assets and liabilities in the Consolidated Financial Statements.

The following judgments and estimation uncertainties are those management considers material to the Consolidated Financial Statements:

Judgments

(i) Impairment of Non-Financial Assets

Assessment of impairment of non-financial assets is based on management's judgment of whether or not events or changes in circumstances indicate that the carrying value of an asset, investment, cash generating unit ("CGU") or group of CGUs may exceed its recoverable amount. The determination of a CGU is based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. When an impairment test is performed, the carrying value of a CGU or group of CGUs is compared to its recoverable amount, defined as the greater of fair value less costs of disposal and value in use. As such, the asset composition of a CGU or group of CGUs directly impacts both the carrying value and recoverability of the assets included therein.

(ii) Joint Control Over Joint Arrangements

The determination of joint control requires judgment about the influence Pembina has over decisions about the relevant activities of an arrangement and the extent of the benefits it obtains based on the facts and circumstances of the arrangement during the reporting period. Joint control exists when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively. Ownership percentage alone may not be a determinant of joint control.

Estimates

(i) Deferred Taxes

The calculation of the deferred tax asset or liability is based on assumptions about the timing of many taxable events and the enacted or substantively enacted rates anticipated to be applicable to income in the years in which temporary differences are expected to be realized or reversed. Deferred income tax assets are recognized to the extent that it is probable that the deductible temporary differences will be recoverable in future periods, and estimates and judgment are used in assessing the recognition. Estimates including, but not limited to, the timing of reversal and future taxability may differ on actual realization, and may result in an income tax charge or credit in future periods.

(ii) Impairment of Non-Financial Assets

In determining the recoverable amount of a CGU, a group of CGUs or an individual asset, management uses its best estimates of future cash flows, including considerations related to climate change, access to global markets and energy transition, and assesses discount rates to reflect management's best estimate of a rate that reflects a current market assessment of the time value of money and the specific risks associated with the underlying assets and cash flows.

(iii) Acquisition of an interest in a Joint Venture

Acquisitions of interests in joint ventures that meet the definition of a business involve application of the acquisition method of accounting in order to apply the equity method post-acquisition. The determination of fair value often requires management to make judgments about future possible events. The assumptions with respect to the fair value of consideration exchanged and intangible assets require the most judgment. Estimates of future cash flows, forecast revenue, contract renewal rates, and discount rates are made in determining the fair values of the businesses contributed to the joint venture and Pembina's share of the fair value of assets acquired and liabilities assumed. Changes in these assumptions or estimates used in determining the fair values of the businesses contributed or Pembina's share of acquired assets and liabilities could impact the amounts assigned to the investment in Pembina Gas Infrastructure Inc. ("PGI"), the gain on the disposition, as well as the assets, liabilities, intangible assets, goodwill and deferred taxes in the in-substance purchase price equation for the investment in PGI. Future earnings can be affected as a result of changes in Pembina's share of the joint venture's equity accounted profits or losses due to differences in future depreciation and amortization, asset or goodwill impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits and short-term investments with original maturities of ninety days or less, which are used by Pembina in the management of its short-term commitments. Certain demand deposits are subject to contractual restrictions on use and are therefore included in long-term other assets on the balance sheet.

Bank overdrafts that are repayable on demand and form an integral part of Pembina's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statements of cash flows.

b. Inventories

Inventories are measured at the lower of cost and net realizable value and consist primarily of crude oil, natural gas liquids ("NGL") and spare parts that are expected to be used within one year of the year-end date. The cost of inventories is determined using the weighted average costing method and includes direct purchase costs and when applicable, costs of production, extraction, fractionation, and transportation. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling costs. All changes in the value of inventories are reflected in earnings.

c. Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, Pembina has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

i) Non-Derivative Financial Assets

Pembina initially recognizes loans, receivables, advances to related parties and deposits on the date that they are originated. All other financial assets are recognized on the trade date at which Pembina becomes a party to the contractual provisions of the instrument.

Pembina derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by Pembina is recognized as a separate asset or liability. On derecognition, the difference between the carrying amount of the financial asset and the consideration received is recognized in earnings.

Pembina classifies non-derivative financial assets into the following categories:

Financial Assets at Amortized Cost

A financial asset is classified in this category if the asset is held within a business model whose objective is to collect contractual cash flows on specified dates that are solely payments of principal and interest. At initial recognition, financial assets at amortized cost are recognized at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any expected credit losses that will be realized and impairment loss allowances. Pembina's non-derivative financial assets measured at amortized cost include cash and cash equivalents, trade receivables and other, finance lease receivables, and other assets.

Financial Assets at Fair Value Through Other Comprehensive Income

A financial asset is classified in this category if the asset is held within a business model whose objective is met by both collecting contractual cash flows and selling financial assets. Pembina did not have any financial assets classified at fair value through other comprehensive income during the years covered in these financial statements.

Financial Assets at Fair Value Through Earnings

A financial asset is classified in this category if it is not classified as a financial asset at amortized cost or a financial asset at fair value through other comprehensive income, or it is an equity instrument designated as such on initial recognition. At initial recognition, and subsequently, these financial assets are recognized at fair value. Pembina did not have any financial assets classified at fair value through earnings during the years covered in these financial statements.

ii) Non-Derivative Financial Liabilities

Pembina initially recognizes financial liabilities on the trade date at which Pembina becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Pembina derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition, the difference between the carrying value of the liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in earnings.

Pembina records a modification or exchange of an existing liability as a derecognition of the financial liability if the terms are substantially different, resulting in a difference of more than 10 percent when comparing the present value of the remaining cash flows of the existing liability to the present value of the discounted cash flows under the new terms using the original effective interest rate.

If a modification to an existing liability causes a revision to the estimated payments of the liability but is not treated as a derecognition, Pembina adjusts the gross carrying amount of the liability to the present value of the estimated contractual cash flows using the instrument's original effective interest rate, with the difference recorded in earnings.

Pembina's non-derivative financial liabilities are comprised of: trade payables and accrued liabilities, taxes payable, dividends payable, loans and borrowings, lease liabilities and other liabilities.

iii) Common Share Capital

Common shares and share options are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. When the company repurchases its own common shares, share capital is reduced by the average carrying value of the shares repurchased. The excess of the purchase price over the average carrying value is recognized as an increase in deficit. Shares are cancelled upon repurchase.

iv) Preferred Share Capital

Preferred shares are classified as equity because they bear discretionary dividends and do not contain any obligations to deliver cash or other financial assets. Discretionary dividends are recognized as equity distributions on approval by Pembina's Board of Directors. Incremental costs directly attributable to the issue of preferred shares are recognized as a deduction from equity, net of any tax effects.

v) Derivative Financial Instruments and Hedge Accounting

Pembina holds derivative financial instruments to manage its interest rate, commodity, power costs and foreign exchange risk exposures. Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value with changes recognized immediately in earnings, unless hedge accounting is applied.

Pembina applies hedge accounting to certain financial instruments that qualify for and are designated for hedge accounting treatment. At inception of a designated hedging relationship, formal documentation is prepared and includes the risk management objective and strategy for undertaking the hedge, identification of the hedged item and the hedging instrument, the nature of the risk being hedged and how Pembina will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item.

For derivatives that are designated and qualified cash flow hedges, the effective portion of changes in fair value is accumulated in other comprehensive income. The amount accumulated is reclassified to earnings in the same period or periods during which the hedged expected future cash flows occur. Any ineffective portion of changes in fair value of hedges are recorded in earnings.

For non-derivative financial liabilities designated as hedging instruments in a hedge of the net investment in foreign operations, the effective portion of foreign exchange gains and losses arising on translation of the financial liability is recognized in other comprehensive income. Any ineffective portion of the foreign exchange gains and losses arising from the translation of the financial liability is recognized immediately in earnings. The amount accumulated in other comprehensive income is reclassified to earnings on disposal of the foreign operation.

Hedge accounting is discontinued prospectively when the hedging relationship no longer qualifies for hedge accounting or the hedging instrument is sold or terminated.

d. Assets Held for Sale

Non-current assets, or disposal groups comprised of assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continued use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or employee benefit assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in earnings.

Assets or disposal groups that are classified as held-for-sale and initially recognized as part of a business combination are initially measured at fair value less costs to sell. Any difference between the fair value less costs to sell of the disposal group and the values of the underlying assets and liabilities is allocated on a pro-rata basis, except that no reduction in value is assigned to inventories, financial assets, deferred tax assets, or employee benefit assets.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

e. Property, Plant and Equipment

i) Recognition and Measurement

Items of property, plant and equipment are measured initially at cost, or at fair value if acquired as part of a business combination. Thereafter, property, plant and equipment are recorded net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, estimated decommissioning provisions and borrowing costs on qualifying assets.

Cost may also include any gain or loss realized on foreign currency transactions directly attributable to the purchase or construction of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized in earnings.

ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Pembina, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized and recorded as depreciation expense. The costs of maintenance and repair of the property, plant and equipment are recognized in earnings as incurred.

iii) Depreciation

Depreciation is based on the remaining undepreciated cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately. Land and linefill are not depreciated. Depreciation commences only once an asset is available for use.

Depreciation is recognized in earnings over an asset's useful life on a straight line or declining balance basis, which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. An asset's useful life is determined as the lower of its physical life and economic life. Estimated useful lives are based on management's assumptions and estimates of the physical useful lives of the assets, the economic lives, which maybe associated with the reserve lives and commodity type of the production area, in addition to the estimated residual value. Useful lives over which costs should be depreciated may be impacted by changes in Pembina's strategy, process or operations as a result of climate change, access to global markets and energy transition.

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

f. Intangible Assets

i) Goodwill

Goodwill is measured at cost less accumulated impairment losses.

Goodwill relating to equity accounted investees is included in the carrying amount of the investment and is not tested for impairment separately.

ii) Other Intangible Assets

Other intangible assets acquired individually by Pembina are initially recognized and measured at cost, or at fair value if acquired as part of a business combination. Thereafter, intangible assets with finite useful lives are recorded net of accumulated amortization and accumulated impairment losses. Other intangible assets include purchase and sales contracts, customer relationships and certain software costs.

iii) Subsequent Expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred.

iv) Amortization

Amortization is based on the cost of an asset less its residual value.

Amortization is recognized in earnings on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Amortization is included in cost of sales and general and administrative expense.

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

g. Leases

A specific asset is the subject of a lease if a contract conveys the right to control the use of that identified asset for a period of time in exchange for consideration. This determination is made at inception of a contract or on the acquisition date if acquired as assumed as part of a business combination, and is reassessed when the terms and conditions of the contract are amended.

At inception or on reassessment of a contract that contains a lease component, Pembina allocates contract consideration to the lease and non-lease components based on the components' relative stand-alone prices. The consideration allocated to the lease components is recognized in accordance with the policies for lessee and lessor leases, as described below. The consideration allocated to non-lease components is recognized in accordance with their nature.

i) Lessee

Leased assets are recognized as right-of-use assets, with corresponding lease liabilities recognized on the statement of financial position at the lease commencement date.

Right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset and restore the site of an underlying asset to the condition required by the terms of the lease, less any lease incentives received. Right-of-use assets are subsequently depreciated over the lease term on a straight-line basis, and adjusted for remeasurements of the lease liability. The right-of-use assets are included in CGUs for the purposes of impairment testing.

The lease liability is initially measured at the present value of the lease payments, discounted using the rate Pembina would be required to pay to borrow over a similar term with a similar security to obtain an asset of a similar value to the right-of-use asset, or using the interest rate implicit in the lease if readily determinable. Lease payments used in the calculation of the lease liability exclude variable payments unless those payments are in-substance fixed. Lease payments in an optional renewal period are included in the lease liability if Pembina is reasonably certain to exercise such option. Management applies its best estimate with respect to the likelihood of exercising renewal, extension and termination options in determining the lease term. The lease liability is subsequently increased by interest expense on the lease liability and decreased by lease payments made.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimated guaranteed residual value to be paid, a previously-variable payment becoming in-substance fixed, or a change in the assessment of whether a purchase option, extension option or termination option is reasonably certain to be exercised. A corresponding adjustment is made to the right of use asset when a liability is remeasured, or the adjustment is recorded in earnings if the right of use asset has been reduced to zero.

Pembina has elected to apply the recognition exemptions for short-term and low value leases. Pembina recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) Lessor

Lessor leases are classified as either operating leases or finance leases according to the substance of the contract at contract inception. Leases transferring substantially all of the risks incidental to asset ownership are classified as finance leases, while all other leases are classified as operating leases. Subleases are classified as either operating or finance leases in reference to the right-of-use asset arising from the head lease.

Finance lease receivables acquired in a business combination are initially recognized at an amount equal to the fair value of the underlying leased assets. Finance lease receivables outside of a business combination are initially measured at the net present value of the future lease payments and the unguaranteed residual values of the underlying assets, discounted using the interest rate implicit in the lease. Finance income is subsequently recognized using the interest rate implicit in the lease. Operational finance lease income generated from physical assets in the normal course of operations is recorded as a component of revenue. All other finance lease income is recorded in net finance costs.

Lease payments received for finance leases include both the finance income and a principal repayment of the finance lease receivable. Payments related to the principal repayment are not recognized in earnings and are classified as investing cashflows in the Consolidated Statements of Cash Flows.

Lease payments from operating leases are recognized in revenue on either a straight-line basis or a systematic basis representative of the pattern of economic benefit transfer, and are fully recognized in earnings and operating cash flows in the Consolidated Statements of Cash Flows.

h. Impairment

i) Non-Derivative Financial Assets

Impairment of financial assets carried at amortized cost is assessed using the lifetime expected credit loss of the financial asset at initial recognition and throughout the life of the financial asset, except where credit risk has not increased significantly since initial recognition, in which case impairment is assessed at the 12 month expected credit loss of the financial asset at the reporting date.

Impairment losses are recognized in earnings and reflected as a reduction in the related financial asset.

ii) Non-Financial Assets

The carrying amounts of Pembina's non-financial assets, other than: inventory, assets arising from employee benefits and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated annually in connection with the annual goodwill impairment test.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into CGUs, the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. CGUs may incorporate integrated assets from multiple operating segments. For the purpose of goodwill impairment testing, CGUs are aggregated to the operating segment level, which reflects the lowest level at which goodwill is monitored for management purposes. Goodwill acquired in a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset, CGU or group of CGUs exceeds its estimated recoverable amount.

The recoverable amount of an asset, CGU or group of CGUs is the greater of its value in use and its fair value less costs of disposal. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, CGU or group of CGUs.

Pembina's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset has been allocated.

Impairment losses are recognized in earnings. Impairment losses recognized in respect of a CGU (group of CGUs) are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an equity accounted investee is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment is tested for impairment as a single asset when there is objective evidence that the equity accounted investee may be impaired, unless the equity accounted investee does not generate cash inflows that are largely independent of those from other assets of the entity in which case it is combined in a CGU with the related assets.

i. Employee Benefits

i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in earnings in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

ii) Defined Benefit Pension Plans

A defined benefit pension plan is a post-employment benefit plan other than a defined contribution plan. Pembina's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value of any plan assets. The discount rate used to determine the present value is established by referencing market yields on high-quality corporate bonds on the measurement date with cash flows that match the timing and amount of expected benefits.

The calculation is performed, at a minimum, every three years by a qualified actuary using the actuarial cost method. The actuarial valuation is prepared using management's best estimates with respect to longevity, discount and inflation rates, compensation increases, market returns on plan assets, retirement and termination rates. When the calculation results in a benefit to Pembina, the recognized asset is limited to the present value of economic benefits available in the form of future expenses payable from the plan, any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in Pembina. An economic benefit is available to Pembina if it is realizable during the life of the plan or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in earnings immediately.

Pembina recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in earnings.

Pembina recognizes gains or losses on the termination or settlement of a defined benefit plan when the termination or settlement occurs. The gain or loss on termination comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost that had not previously been recognized.

iii) Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if Pembina has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

iv) Share-Based Payment Transactions

For equity settled share-based payment plans ("options"), the fair value of the share-based payment at grant date is recognized as an expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service conditions at the vesting date.

For cash settled share-based payment plans, the fair value of the amount payable to employees is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as an expense in earnings.

j. Provisions

A provision is recognized if, as a result of a past event, Pembina has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. With regards to these potential obligations, Pembina considers environmental laws, regulations and interpretations by regulatory authorities in determining expected cash flows. Updates to those laws and regulations, including those related to climate change, access to global markets and energy transition, could impact the estimate. Provisions are measured at each reporting date based on the best estimate of the settlement amount. Where the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount rate is recognized as accretion in finance costs.

i) Decommissioning Provision

Pembina's activities give rise to certain dismantling, decommissioning, environmental reclamation and remediation obligations at the end of an asset's economic life. A provision is made for the estimated cost of site restoration and capitalized as part of the cost of the underlying asset to which the provision relates. Based on the long-term nature of the decommissioning provision, the most significant uncertainties in estimating the provision are the determination of whether a present obligation exists, the discount and inflation rates used, the costs that will be incurred, the timing of when these costs will occur and the impact of climate change, access to global markets and energy transition.

Decommissioning obligations are measured at the present value, based on a credit-adjusted risk-free rate, of management's best estimate of what is reasonably expected to be incurred to settle the obligation at the end of an asset's economic life. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time, changes in the credit-adjusted risk-free rate and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion in finance costs whereas increases or decreases due to changes in the estimated future cash flows or credit adjusted risk-free rate are added to or deducted from the cost of the related asset. When a re-measurement of the decommissioning provision relates to a retired asset, the amount is recorded in earnings.

k. Revenue

i) Take-or-Pay

Pembina provides transportation, gas processing, fractionation, terminalling, and storage services under take-or-pay contracts. In a take-or-pay contract, Pembina is entitled to a minimum fee for the firm service promised to a customer over the contract period, regardless of actual volumes transported, processed, terminalled, or stored. This minimum fee can be represented as a set fee for an annual minimum volume, or an annual minimum revenue requirement. In addition, these contracts may include variable consideration for operating costs that are flowed through to the customer. In determining the amount of consideration to be allocated to performance obligations that are not sold on a stand-alone basis, management estimates the stand-alone selling price of each performance obligation under the contract, taking into consideration the location and volume of goods and services being provided, the market environment, and customer specific considerations.

Pembina satisfies its performance obligations and recognizes revenue for services under take-or-pay commitments when volumes are transported, processed, terminalled, or stored. Make-up rights may arise when a customer does not fulfill their minimum volume commitment in a certain period, but is allowed to use the delivery of past or future volumes to meet this commitment. These make-up rights are subject to expiry and have varying conditions associated with them. When contract terms allow a customer to exercise their make-up rights using firm volume commitments, revenue is not recognized until these make-up rights are used, expire, or management determines that it is remote that they will be utilized. If Pembina bills a customer for unused service in an earlier period and the customer utilizes available make-up rights, Pembina records a refund liability for the amount to be returned to the customer through an annual adjustment process. For contracts where no make-up rights exist, revenue is recognized to take-or-pay levels once Pembina has an enforceable right to payment for the take-or-pay volumes. Make-up rights generally expire within a contract year, and a majority of the related contract years follow the calendar year.

When customers are transporting, processing, terminalling, or storing volumes below their take-or-pay commitments early in a contract year, and the customer has the right to exercise make up rights against future firm volume commitments, the timing of revenue recognition may not be even throughout the year. Where Pembina has a right to invoice to take-or-pay levels throughout the contract year, revenue is deferred and a contract liability is recorded for the volumes invoiced that were not utilized by the customer. Once the customer has used its make-up rights or it is determined to be remote that a customer will use them, the previously deferred revenue is recognized. In these instances, there will be a deferral of revenue in early quarters of the year, with subsequent recognition occurring in later quarters although there is no impact on cash flows.

For certain arrangements where the customer does not have make-up rights, where the make-up rights have been determined to be insignificant, and for cost of service agreements, revenue is recognized using the practical expedient to recognize revenue in an amount equal to Pembina's right to invoice. For these arrangements, the consideration Pembina is entitled to invoice in each period is representative of the value provided to the customer.

When up-front payments or non-cash consideration is received in exchange for future services to be performed, revenue is deferred as a contract liability and recognized over the period the performance obligation is expected to be satisfied. Non-cash consideration is measured at the fair value of the non-cash consideration received.

ii) Fee-for-Service

Fee-for-service revenue includes firm contracted revenue that is not subject to take-or-pay commitments and interruptible revenue. Pembina satisfies its performance obligations for transportation, gas processing, fractionation, terminalling, and storage as volumes of product are transported, processed, fractionated, terminalled, or stored. Revenue is based on a contracted fee and consideration is variable with respect to volumes. Payment is due in the month following Pembina's provision of service.

iii) Product Sales

Pembina's performance obligation in a product sale is to transfer distinct products to the customer. Pembina satisfies its performance obligation on product sales when the customer obtains control of the product.

In certain product sales contracts, Pembina transfers products to a customer in an agency capacity only. In determining whether Pembina is the principal or agent in product sale transactions, Pembina assesses whether it controls the product before it is transferred to the customer. Control of a product is not necessarily held by the party with legal title, but by the party with the rights to the remaining economic benefits of the product prior to it being transferred. In situations where Pembina acquires the product from a third party shortly before transfer to the customer, or where Pembina purchases NGL mix product before selling specification grade component products back to the customer, determining whether Pembina controls the product requires significant judgment. This determination includes assessing whether Pembina or another party is primarily responsible for fulfilling the promise to provide the specified product, if Pembina is subject to inventory risk on the product, and if Pembina has the discretion to establish the price for the specified product. If Pembina does not have control prior to transferring the product to the customer and is acting in an agency capacity, Pembina presents revenue on a net basis.

For product sales, revenue is recognized using the practical expedient to recognize revenue in an amount equal to Pembina's right to invoice as the consideration Pembina is entitled to invoice in each period is representative of the value provided to the customer.

l. Government Grants

Government grants are recognized in earnings as other income on a systematic basis over the periods in which Pembina recognizes expenses for the related costs for which the grant is intended to compensate. Government grants are recognized only when there is reasonable assurance that Pembina will comply with the conditions attached to the grant, and the grant will be received.

m. Finance Income and Finance Costs

Finance income comprises interest income on funds deposited and invested, interest income on advances to related parties, gains on non-commodity-related derivatives measured at fair value through earnings and foreign exchange gains that are not recognized in other comprehensive income. Interest income is recognized as it accrues in earnings, using the effective interest rate method.

Finance costs comprise of interest expense on loans and borrowings and lease liabilities, accretion on provisions, losses on non-commodity-related derivatives and foreign exchange losses.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognized in earnings using the effective interest rate method.

n. Income Tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in earnings except to the extent that they relate to a business combination, or items that are recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings;
- temporary differences relating to investments in subsidiaries and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which Pembina expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on either: i) the same taxable entity; or ii) different taxable entities where the intent is to settle current tax liabilities and assets on a net basis, or where tax liabilities and assets will be realized simultaneously in each future period.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax, Pembina takes into account income tax exposures and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes Pembina to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

o. Earnings Per Common Share

Pembina presents basic and diluted earnings per common share ("EPS") data for its common shares. Basic EPS is calculated by dividing the earnings attributable to common shareholders of Pembina by the weighted average number of common shares outstanding during the period. To calculate earnings attributable to common shareholders, earnings are adjusted for accumulated preferred dividends. Diluted EPS is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all potentially dilutive common shares, which comprise share options granted to employees. Only outstanding share options that will have a dilutive effect are included in fully diluted EPS calculations.

The dilutive effect of share options is determined by assuming that outstanding share options at the end of the period have been converted at the beginning of the period or at the time issued if issued during the year. Amounts charged to earnings relating to the outstanding share options are added back to earnings for the diluted EPS calculations. The shares issued upon conversion are included in the denominator of basic EPS calculations for the date of issue.

p. Segment Reporting

An operating segment is a component of Pembina that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly and were reassessed following the creation of PGI by Pembina's President and Chief Executive Officer ("CEO"), Senior Vice President and Chief Financial Officer ("CFO") and other Senior Vice Presidents ("SVPs") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO, CFO and other SVPs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

q. New Standards and Interpretations Not Yet Adopted

The IASB has issued the following standard and amendments to existing standards that are effective for periods on or after January 1, 2023, with early application permitted. Assessment of the impacts of these standards is ongoing, however, to date, no material impacts on Pembina's Consolidated Financial Statements have been identified.

- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure Initiative – Accounting Policies (Amendments to IAS 1);
- IFRS 17 *Insurance Contracts;*
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)(1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1)(1).

(1) Effective for periods beginning on or after January 1, 2024.

4. DETERMINATION OF FAIR VALUES

Several of Pembina's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring fair value, Pembina uses observable market data to the extent possible. Fair value measurements are categorized into levels in a fair value hierarchy based on the degree to which inputs are observable and significant.

Level 1: Unadjusted quoted prices are available in active markets for identical assets or liabilities as the reporting date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Level 3 valuations use unobservable inputs, such as a financial forecast developed using the entity's own data for expected cash flows and risk adjusted discount rates, to measure fair value to the extent that relevant observable inputs are not available. The unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. In developing unobservable inputs, Pembina's own data is used and adjusted for reasonably available information that would be used by other market participants.

For level 2 valued financial instruments, management makes assumptions and estimates value based on observable inputs such as quoted forward prices, time value and volatility factors. For level 3 valued financial instruments, management uses estimates of financial forecasts, expected cash flows and risk adjusted discount rates to measure fair value.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Property, Plant and Equipment

The fair value of property, plant and equipment recognized as a result of a business combination or transferred from a customer is based on market values when available, an income approach, or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

When the recoverable value of an item of property, plant and equipment is estimated for impairment purposes, fair value is determined using comparable market transactions if available, or using a combination of internal and external estimates of the value that the assets could be sold for in an orderly manner.

ii) Equity Investments

When the recoverable value of the Company's equity investments is estimated for impairment purposes, fair value is determined using comparable market transactions if available, or using estimates of the discounted cash flows a market participant would expect to derive from the use and eventual sale of the investments.

iii) Derivative Financial Instruments

Pembina's derivative financial instrument fair value measurements are categorized in Level 2 and Level 3 of the fair value hierarchy. Further information about the methods used and assumptions made in determining fair values is disclosed in Note 24 to the Consolidated Financial Statements.

Fair values reflect the credit risk of the instrument and include adjustments to take account of counterparty or own credit risk when appropriate.

iv) Non-Derivative Financial Assets and Liabilities

The fair value of non-derivative financial assets and liabilities is determined on initial recognition, on a recurring basis, or for disclosure purposes. Fair values of financial assets at amortized cost are calculated based on the present value of estimated future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For other financial liabilities where market rates are not readily available, a risk adjusted market rate is used which incorporates the nature of the instrument as well as the risk associated with the underlying cash payments.

v) Share-Based Compensation Transactions

The fair value of employee share options is measured using the Black-Scholes formula on grant date. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, expected forfeitures and the risk-free interest rate (based on government bonds). Service and performance conditions attached to the transactions are not taken into account in determining fair value.

The fair value of the long-term share unit award incentive plan and associated distribution units are measured based on the volume-weighted average price of Pembina's shares for the 20 days ending December 31, 2022.

5. TRADE RECEIVABLES AND OTHER

As at December 31 *($ millions)*	**2022**	2021
Trade and accrued receivables from customers	**696**	743
Other receivables	**51**	30
Income tax receivable	**73**	—
Prepayments	**32**	32
Advances to related parties	**18**	—
Related party receivables	**42**	7
Total trade receivables and other	**912**	812

6. INVENTORY

As at December 31 *($ millions)*	**2022**	2021
Crude oil and NGL	**184**	276
Materials, supplies and other	**85**	100
Total inventory	**269**	376

7. PROPERTY, PLANT AND EQUIPMENT

($ millions)	Land and Land Rights	Pipelines	Facilities and Equipment	Cavern Storage and Other	Assets Under Construction[1]	Total
Cost						
Balance at December 31, 2020	429	9,206	8,907	1,993	1,109	21,644
Additions and transfers	28	92	469	144	(177)	556
Change in decommissioning provision	—	8	25	6	—	39
Foreign exchange adjustments	—	(5)	2	—	—	(3)
Dispositions and other	(1)	(22)	(19)	(59)	(17)	(118)
Balance at December 31, 2021	456	9,279	9,384	2,084	915	22,118
Additions and transfers	22	703	264	83	(499)	573
Disposition *(Note 9)*	(1)	(475)	(2,440)	(104)	(20)	(3,040)
Change in decommissioning provision	—	(17)	(84)	(18)	—	(119)
Other	(2)	(56)	(201)	(31)	(29)	(319)
Foreign exchange	6	61	26	—	—	93
Balance at December 31, 2022	**481**	**9,495**	**6,949**	**2,014**	**367**	**19,306**
Depreciation						
Balance at December 31, 2020	21	1,547	1,118	409	—	3,095
Depreciation	5	192	232	82	—	511
Impairment	—	283	85	12	—	380
Dispositions and other	—	(7)	(14)	(40)	—	(61)
Balance at December 31, 2021	26	2,015	1,421	463	—	3,925
Depreciation	6	194	211	78	—	489
Disposition *(Note 9)*	—	(85)	(384)	(38)	—	(507)
Other	—	(37)	(63)	(19)	—	(119)
Balance at December 31, 2022	**32**	**2,087**	**1,185**	**484**	**—**	**3,788**
Carrying amounts						
Balance at December 31, 2021	430	7,264	7,963	1,621	915	18,193
Balance at December 31, 2022	**449**	**7,408**	**5,764**	**1,530**	**367**	**15,518**
Assets subject to operating leases						
December 31, 2021	8	297	466	163	—	934
December 31, 2022	**41**	**629**	**509**	**156**	**—**	**1,335**

(1) At December 31, 2022, the movement in Assets Under Construction includes $14 million in assets transferred to finance lease receivables (2021: $90 million).

Property, Plant and Equipment Dispositions

On October 1, 2022, Pembina disposed of its interest in the assets comprising the Empress I Plant, Empress I Expansion Plant (collectively, "the E1 assets"), and the Empress VI Plant ("E6 assets") to Plains Midstream Canada ULC ("Plains") in exchange for a processing agreement that provides Pembina the right to first priority for gas processing at all Plains-operated assets at Empress. The carrying value of the E1 and E6 assets disposed of is $86 million. The processing agreement is treated as an intangible asset with a useful life of 50 years and was measured at fair value.

On August 15, 2022, Pembina contributed a portion of its field-based gas processing assets to PGI. Refer to Note 9 for further information on the disposition of these assets.

Property, Plant and Equipment Under Construction

For the year ended December 31, 2022, included in additions and transfers are capitalized borrowing costs related to the construction of new pipelines or facilities amounting to $21 million (2021: $25 million), with capitalization rates ranging from 3.81 percent to 4.17 percent (2021: 3.60 percent to 3.81 percent).

Depreciation

Pipeline assets, facilities and equipment are depreciated using the straight-line method over three to 75 years with the majority of assets depreciated over 40 years. Cavern storage and other assets are depreciated using the straight-line method over three to 40 years with the majority of assets depreciated over 40 years. These rates are established to depreciate remaining net book value over the shorter of their useful lives or economic lives.

8. INTANGIBLE ASSETS AND GOODWILL

		Intangible Assets			
($ millions)	**Goodwill**	**Purchase and Sale Contracts and Other**	**Customer Relationships**	**Total**	**Total Goodwill & Intangible Assets**
Cost					
Balance at December 31, 2020	4,694	261	1,869	2,130	6,824
Additions	—	26	—	26	26
Dispositions and other	(1)	1	(8)	(7)	(8)
Balance at December 31, 2021	4,693	288	1,861	2,149	6,842
Additions	—	138	—	138	138
Disposition *(Note 9)*	(153)	(23)	(66)	(89)	(242)
Foreign exchange adjustments	17	1	48	49	66
Balance at December 31, 2022	**4,557**	**404**	**1,843**	**2,247**	**6,804**
Amortization					
Balance at December 31, 2020	—	180	304	484	484
Amortization	—	7	93	100	100
Impairment	—	1	23	24	24
Dispositions and other	—	1	(5)	(4)	(4)
Balance at December 31, 2021	—	189	415	604	604
Amortization	—	9	84	93	93
Disposition *(Note 9)*	—	(8)	(22)	(30)	(30)
Foreign exchange adjustments	—	—	6	6	6
Balance at December 31, 2022	**—**	**190**	**483**	**673**	**673**
Carrying amounts					
Balance at December 31, 2021	4,693	99	1,446	1,545	6,238
Balance at December 31, 2022	**4,557**	**214**	**1,360**	**1,574**	**6,131**

Intangible assets have a finite useful life and are amortized using the straight-line method over 8 to 50 years.

The aggregate carrying amount of goodwill allocated to each operating segment is as follows:

As at December 31		
($ millions)	**2022**	2021
Pipelines	**2,722**	2,714
Facilities	**396**	540
Marketing & New Ventures	**1,439**	1,439
Total goodwill	**4,557**	4,693

Goodwill Impairment Testing

For the purpose of impairment testing, goodwill is allocated to Pembina's operating segments which represent the lowest level within Pembina at which goodwill is monitored for management purposes. Annually, impairment testing for goodwill is performed in the fourth quarter.

Economic uncertainty due to increasing interest rates and volatile commodity prices had minimal impact to Pembina's recoverable amount. The goodwill test was performed and no impairment was identified as it was determined that the recoverable amount for each operating segment exceeded the carrying amount, including goodwill. The recoverable amount was determined using a fair value less costs of disposal approach by discounting each operating segment's expected future cash flows (Level 3). The key assumptions that impact the recoverable amount include the following:

- Cash flows for the first five years are projected based on past experience, actual operating results and the business plan approved by management. Cash flows for Pipelines and Facilities incorporate assumptions regarding contracted volumes and rates, which are based on market expectations. In addition, revenue and cost of product projections for Marketing & New Ventures incorporate assumptions regarding commodity volumes and pricing, which are sensitive to changes in the commodity price environment.
- Cash flows for the remaining years of the useful lives of the assets within each operating segment are extrapolated for periods up to 75 years (2021: 75 years) using a long-term growth rate, except where contracted, long-term cash flows indicate that no growth rate should be applied or a specific reduction in cash flows is more appropriate.
- After-tax discount rates are applied in determining the recoverable amount of operating segments. Discount rates are estimated based on past experience, the risk free rate and average cost of debt, targeted debt to equity ratio, in addition to estimates of the specific operating segment's equity risk premium, size premium, projection risk, asset risk, and betas.

For each operating segment, key assumptions and discount rate sensitivity are presented below:

	Operating Segments		
As at December 31, 2022 *(Percent)*	**Pipelines**	**Facilities**	**Marketing & New Ventures**
Key assumptions used			
After-tax discount rate	7.4	7.2	9.9
Long-term growth rate	1.5	1.8	2.2
Incremental change in rates that would result in carrying value equal to recoverable amount			
Increase in after-tax discount rate	2.6	2.5	2.5

9. DISPOSITION

On August 15, 2022, Pembina and affiliates of KKR & Co., Inc. (collectively, "KKR") created a new jointly controlled corporation, PGI, a western Canadian gas processing entity, incorporated in Alberta (the "PGI Transaction"). Pembina obtained a 60 percent equity interest in the joint venture and will serve as PGI's operator and manager, while KKR obtained the remaining 40 percent equity interest in PGI.

Pembina contributed to PGI a portion of its field-based gas processing assets, which include the Cutbank Complex, the Saturn Complex, the Resthaven Facility, the Duvernay Complex and the Saskatchewan Ethane Extraction Plant (collectively, the "Disposal Group"), as well as its 45 percent equity interest in Veresen Midstream, which were previously included in Pembina's Facilities operating segment. KKR contributed to PGI its 55 percent equity interest in Veresen Midstream to PGI, as well as its 49 percent common share equity interest and its preferred share interest in PGI Processing ULC (formerly named Energy Transfer Canada ULC) ("ETC"). Concurrently with the closing of the transaction, PGI also acquired the remaining 51 percent common share equity interest in ETC from an affiliate of Energy Transfer LP, aligning ownership of those assets and driving additional efficiencies within PGI.

As a result of the disposition of the Disposal Group and acquisition of PGI, management reevaluated Pembina's operating segments and determined there were no changes as a result.

Pembina's contribution of its field-based gas processing assets was accounted for as a disposition given that Pembina changed from control of the assets to joint control through PGI. The contribution of Pembina's interest in Veresen Midstream resulted in Pembina retaining joint control through the newly formed PGI and therefore was not considered a disposition.

The assets and liabilities of the Disposal Group were derecognized at their carrying values as at August 15, 2022 as follows:

($ millions)	**August 15, 2022**
Cash and cash equivalents	**167**
Trade receivables and other	**145**
Inventory	**18**
Property, plant and equipment *(Note 7)*	**2,533**
Intangible assets and goodwill *(Note 8)*	**212**
Derivative financial instruments (*Note 24*)	**113**
Total assets	**3,188**
Trade payables and other	**72**
Decommissioning provision *(Note 15)*	**20**
Contract liabilities *(Note 17)*	**92**
Deferred tax liabilities	**514**
Total liabilities	**698**

In exchange for the contribution of the field-based gas processing assets contributed to PGI ("Gas Processing Business"), Pembina received $776 million cash, a $12 million contingent related party receivable, and shares of PGI. The $2.8 billion preliminary fair value of the shares of PGI was determined by reference to the $3.6 billion preliminary fair value of the Gas Processing Business, adjusted for cash and the contingent receivable. The resulting gain on disposition recognized by Pembina is $1.1 billion.

Pembina engaged an independent valuator to assist with determining the preliminary fair value of the Gas Processing Business and the preliminary fair value of PGI using a discounted cash flow model based on significant assumptions including forecasted revenue and the discount rate. Given the complexity of the PGI Transaction, the valuation of the Gas Processing Business and associated PGI purchase price allocation is not final as Pembina and PGI continue to review and assess acquired contracts and obtain and verify information required to determine the amount of deferred taxes at the transaction date.

10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

	Ownership Interest at December 31 *(percent)*		Share of Profit from Equity Investments For the years ended December 31		Investment in Equity Accounted Investees at December 31	
($ millions)	**2022**	2021	**2022**	2021	**2022**	2021
PGI[1]	**60**	—	**49**	—	**4,158**	—
Alliance	**50**	50	**167**	111	**2,609**	2,686
Aux Sable	**42.7 - 50**	42.7 - 50	**91**	77	**360**	377
Veresen Midstream[2]	**—**	45	**51**	77	**—**	1,349
Cedar LNG	**49.9**	49.9	**—**	—	**155**	130
Other[3]	**50 - 75**	50 - 75	**3**	16	**88**	80
Total			**361**	281	**7,370**	4,622

(1) Refer to Note 9 and to the "PGI Acquisition" section of this note for further information on the acquisition of Pembina's interest in PGI.
(2) Pembina owned a 45 percent interest in Veresen Midstream up to the closing of the PGI Transaction on August 15, 2022. As part of the transaction, Pembina contributed its 45 percent interest in Veresen Midstream to PGI.
(3) Other includes Pembina's interest in Ruby, CKPC, Grand Valley, and Fort Corp. Pembina owns a 50 percent convertible, cumulative preferred interest in Ruby. Refer to "Financing Activities for Equity Accounted Investees" section below for further details on Ruby.

PGI is a premier gas processing entity in Western Canada positioned to serve customers throughout the Montney and Duvernay trends from central Alberta to northeast British Columbia. Alliance owns and operates a high-pressure natural gas pipeline connecting areas primarily in northern Alberta and northeast British Columbia to delivery points near Chicago, Illinois, which connects to the Aux Sable natural gas liquids extraction facility in Channahon, Illinois. Cedar LNG was formed to construct a floating liquid natural gas processing and export facility in Kitimat, British Columbia.

Investments in equity accounted investees include the unamortized excess of the purchase price over the underlying preliminary net book value of the investee's assets and liabilities at the purchase date, which is comprised of $1.1 billion (2021: $223 million) Goodwill and $1.7 billion (2021: $2.7 billion) in property, plant and equipment and intangible assets.

Pembina has U.S. $1.3 billion in Investments in Equity Accounted Investees that is held by entities whose functional currency is the U.S. dollar. The resulting foreign exchange gain for the year ended December 31, 2022 of $118 million (2021: $11 million loss) has been included in Other Comprehensive Income.

PGI Acquisition

On August 15, 2022, Pembina acquired a 60 percent equity interest in PGI, a newly formed joint venture that is jointly controlled by Pembina and KKR. Pembina serves as PGI's operator and manager.

Pembina's investment in PGI of $4.2 billion at August 15, 2022, includes $2.8 billion for the value of PGI shares received as consideration for its contribution of the Gas Processing Business (refer to Note 9) and $1.3 billion for the value of PGI shares received for the contribution of Pembina's 45 percent equity interest in Veresen Midstream, which was recorded at its carrying value at the acquisition date. At August 15, 2022, the fair value of Pembina's 45 percent equity interest in Veresen Midstream exceeded its carrying cost by $431 million. Pembina's recognized cost of its PGI investment also includes $10 million in costs directly attributable to the acquisition of the investment.

Pembina engaged an independent valuator to assist with determining the preliminary fair value of certain tangible and intangible assets of PGI. The fair value of PGI tangible assets was determined using the cost approach, while the fair value of the intangible assets was determined using a discounted cash flow model based on significant assumptions including forecasted contract renewal rates and the discount rate. The preliminary fair value of deferred tax liabilities was measured in accordance with PGI's accounting policies.

The cost of Pembina's 60 percent interest in PGI was allocated to PGI's identifiable net assets on the acquisition date as follows:

As at August 15, 2022 *($ millions)*	Previously reported in Q3 2022	Adjustments	Updated
Current assets	853	(212)	641
Non-current assets	6,648	(7)	6,641
Current liabilities	1,163	1	1,164
Non-current liabilities	2,483	351	2,834
Allocated to PGI assets and liabilities	**3,855**	**(571)**	**3,284**
Goodwill	328	571	899
Pembina's cost of investment in PGI	**4,183**	**—**	**4,183**

Pursuant to an agreement with the Competition Bureau, and consistent with Pembina's and KKR's intention to divest upon announcing their joint venture, on December 11, 2022 a subsidiary of PGI has entered into an agreement to sell its 50 percent non-operated interest in the Key Access Pipeline System ("KAPS") which was contributed to PGI as part of the transaction. Closing is now expected to occur in the second quarter of 2023.

During the fourth quarter of 2022, PGI continued to obtain and verify information required to determine the fair value of certain assets and liabilities. Pembina adjusted the preliminary fair value of PGI's identifiable net assets to reflect updated information, primarily including a reduction in the value of assets held for sale as well as an increase in the recognized amount of deferred tax liabilities, with a corresponding increase in goodwill.

The primary drivers that generated goodwill were synergies and business opportunities from the integration of the three separate gas services businesses into PGI, the difference between the fair value and carrying value of the 45 percent equity interest in Veresen Midstream, and the deferred tax liabilities recognized in PGI, which were not previously recognized by Pembina as part of its investment in Veresen Midstream. Pembina recognized a deferred tax recovery of $195 million during 2022 as a result of its contribution of its partnership interest in Veresen Midstream for shares of PGI.

Distributions and Contributions

The following table summarizes distributions from and contributions to Pembina's investments in equity accounted investees:

For the years ended December 31	Distributions		Contributions	
($ millions)	**2022**	2021	**2022**	2021
PGI[1]	**125**	—	**49**	—
Alliance	**342**	212	**4**	299
Aux Sable	**134**	100	**3**	2
Veresen Midstream[2]	**66**	131	**13**	29
Cedar LNG	**—**	—	**26**	5
Other[3]	**6**	18	**—**	—
Total	**673**	461	**95**	335

(1) Refer to Note 9 and to the "PGI Acquisition" section of this note for further information on the acquisition of Pembina's interest in PGI.
(2) Pembina owned a 45 percent interest in Veresen Midstream up to the closing of the PGI Transaction on August 15, 2022. As part of the transaction, Pembina contributed its 45 percent interest in Veresen Midstream to PGI.
(3) Other includes Pembina's interest in Ruby, CKPC, Grand Valley, and Fort Corp. Pembina owns a 50 percent convertible, cumulative preferred interest in Ruby. Refer to "Financing Activities for Equity Accounted Investees" section below for further details on Ruby.

Distributions received from equity accounted investees are included in operating activities in the Consolidated Statement of Cash Flows. Distributions from Alliance and Veresen Midstream are subject to satisfying certain financing conditions including complying with financial covenants.

Contributions made to investments in equity accounted investees are included in investing activities in the Consolidated Statement of Cash Flows.

Financing Activities for Equity Accounted Investees

Ruby

Ruby Pipeline, L.L.C. ("the Ruby Subsidiary") had U.S. $475 million principal amount (100 percent gross) of unsecured notes that matured on April 1, 2022 (the "2022 Notes"). On March 31, 2022, the Ruby Subsidiary filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Ruby Subsidiary Bankruptcy") as it lacked sufficient liquidity to satisfy its obligations under the 2022 Notes on the maturity date. On November 18, 2022, Pembina and certain of its subsidiaries entered into the Ruby Settlement Agreement with the Ruby Subsidiary which provides for the release of Pembina from any causes of action arising in connection with, among other things, the prepetition distributions and the Ruby Subsidiary Bankruptcy in exchange for a U.S. $102 million payment by Pembina to the Ruby Subsidiary. In January 2023, the United States Bankruptcy Court for the District of Delaware approved the Ruby Subsidiary's Chapter 11 plan of reorganization (the "Ruby Subsidiary Plan") and the Ruby Settlement Agreement. The Ruby Subsidiary Plan provides for the sale of the Ruby Subsidiary's reorganized equity to a third-party, which sale was completed on January 13, 2023, and the distribution of the sales proceeds and cash on hand of the Ruby Subsidiary to the creditors of the Ruby Subsidiary, including approximately U.S. $14 million to an affiliate of Pembina in respect of the subordinated notes issued by the Ruby Subsidiary to that Pembina affiliate. Following the completion of the sale of the Ruby Subsidiary's reorganized equity, Pembina ceased to have any ownership interest in the Ruby Pipeline.

PGI

On August 15, 2022, PGI closed $4.75 billion of syndicated credit facilities consisting of a $3.9 billion unsecured non-revolving term loan facility which matures August 2027, a $250 million unsecured revolving credit facility, which includes a $300 million accordion feature and matures August 2025, a $50 million unsecured operating credit facility which matures August 2024, and a $550 million unsecured revolving credit facility which matures August 2024 to fund the construction of the KAPS project (collectively, the "PGI Credit Facilities"). There are no mandatory principal repayments due over the term of the PGI Credit Facilities, with the exception of the prepayment of the $550 million unsecured revolving credit facility in connection with certain specified dispositions. Proceeds of the credit facilities were primarily used to fund a portion of the PGI Transaction including the repayment of Veresen Midstream's and ETC's credit facilities.

Between August 30, 2022, and October 28, 2022, PGI entered into floating-to-fixed interest rate swaps with a notional value of $1.95 billion. The floating debt is priced at CAD-BA-CDOR. The interest rate swaps mature July 2027. The weighted average hedge rate for the total notional amount is 3.66 percent.

Alliance

On December 16, 2022, Alliance completed an extension on its unsecured credit agreement, for a weighted average tenor of 2.9 years, comprising of a $315 million non-revolving term loan facility, a $30 million revolving facility and operating facility, a U.S. $250 million non-revolving term loan facility, and a U.S. $30 million revolving facility and operating facility, which now matures on December 10, 2025.

Veresen Midstream

On August 15, 2022, Veresen Midstream repaid $2.6 billion of outstanding debt on its syndicated credit facilities. The credit facilities were cancelled upon repayment as part of the PGI Transaction.

CKPC

In the third quarter of 2022, Pembina, along with its joint venture partner, Petrochemical Industries Company K.S.C. collectively decided to cancel the proposed integrated propane dehydrogenation plant and polypropylene upgrading facility that was to be located in Sturgeon County, Alberta. The project has been in a state of indefinite suspension since late 2020.

Summarized Financial Information

Financial information for Pembina's equity accounted investees is presented (at 100 percent) in the following tables and is prepared under the financial reporting framework adopted by each equity accounted investee (IFRS except for Veresen Midstream and Alliance which are in accordance with U.S. GAAP). Differences between the equity accounted investee's earnings (loss) and earnings attributable to Pembina relate to the different accounting standards applied and amortization of the excess of the purchase price over the underlying net book value of the investee's assets and liabilities at the purchase date.

For the year ended December 31, 2022 *($ millions)*	**PGI**[1]	**Alliance**	**Aux Sable**	**Veresen Midstream**[2]	**Cedar LNG**	**Other**[3]
Earnings and Comprehensive Income						
Revenue	625	1,115	2,283	449	—	56
Expenses	(307)	(480)	(2,026)	(151)	(1)	(41)
Depreciation and amortization	(133)	(140)	(47)	(122)	—	(16)
Interest expense	(94)	(21)	(1)	(58)	—	(2)
Finance costs and other	5	7	4	(2)	—	2
Income tax expense	(24)	—	—	—	—	—
Earnings	**72**	**481**	**213**	**116**	**(1)**	**(1)**
Earnings attributable to Pembina	**49**	**167**	**91**	**51**	**—**	**3**

(1) Refer to Note 9 and to the "PGI Acquisition" section of this note for further information on the acquisition of Pembina's interest in PGI.
(2) Pembina owned a 45 percent interest in Veresen Midstream up to the closing of the PGI Transaction on August 15, 2022. As part of the transaction, Pembina contributed its 45 percent interest in Veresen Midstream to PGI.
(3) Other includes Ruby, CKPC, Grand Valley, and Fort Corp.

As at December 31, 2022 *($ millions)*	**PGI**[1]	**Alliance**	**Aux Sable**	**Veresen Midstream**[2]	**Cedar LNG**	**Other**[3]
Statements of Financial Position						
Cash and cash equivalents	—	95	16	—	—	29
Other current assets	1,125	118	68	—	2	13
Non-current assets	12,578	1,612	725	—	67	90
Current trade, other payables and provisions	257	57	65	—	7	56
Other current liabilities	578	23	4	—	2	14
Non-current trade, other payables and provisions	106	7	6	—	—	—
Other non-current liabilities	5,799	832	184	—	—	28

(1) Refer to Note 9 and to the "PGI Acquisition" section of this note for further information on the acquisition of Pembina's interest in PGI.
(2) Pembina owned a 45 percent interest in Veresen Midstream up to the closing of the PGI Transaction on August 15, 2022. As part of the transaction, Pembina contributed its 45 percent interest in Veresen Midstream to PGI.
(3) Other includes Ruby, CKPC, Grand Valley, and Fort Corp.

For the year ended December 31, 2021 *($ millions)*	PGI[1]	Alliance	Aux Sable	Veresen Midstream	Cedar LNG	Other[2][3]
Earnings and Comprehensive Income						
Revenue	—	905	1,967	661	—	342
Expenses	—	(353)	(1,747)	(216)	—	(58)
Depreciation and amortization	—	(138)	(43)	(191)	—	(41)
Interest expense	—	(118)	—	(71)	—	(79)
Finance costs and other	—	3	—	4	—	(1)
Income tax expense	—	—	—	—	—	—
Earnings	**—**	**299**	**177**	**187**	**—**	**163**
Earnings attributable to Pembina	**—**	**111**	**77**	**77**	**—**	**16**

(1) Refer to Note 9 and to the "PGI Acquisition" section of this note for further information on the acquisition of Pembina's interest in PGI.
(2) Balances were adjusted per final issued joint venture financial statements.
(3) Other includes Ruby, CKPC, Grand Valley, and Fort Corp.

As at December 31, 2021 *($ millions)*	PGI[1]	Alliance	Aux Sable	Veresen Midstream	Cedar LNG[2]	Other[3]
Statements of Financial Position						
Cash and cash equivalents	—	168	24	1	—	143
Other current assets	—	96	172	210	2	32
Non-current assets	—	1,690	707	4,605	18	766
Current trade, other payables and provisions	—	48	98	63	3	62
Other current liabilities	—	20	45	85	3	643
Non-current trade, other payables and provisions	—	9	5	61	—	307
Other non-current liabilities	—	804	159	2,613	2	47

(1) Refer to Note 9 and to the "PGI Acquisition" section of this note for further information on the acquisition of Pembina's interest in PGI.
(2) Balances were adjusted per final issued joint venture financial statements.
(3) Other includes Ruby, CKPC, Grand Valley, and Fort Corp.

11. INCOME TAXES

The movements in the components of the deferred tax assets and deferred tax liabilities are as follows:

($ millions)	Balance at December 31, 2021	Recognized in Earnings	Recognized in Other Comprehensive Income (Loss)	Disposition	Equity	Other	Balance at December 31, 2022
Deferred income tax assets							
Employee benefits	2	1	(5)	—	—	—	(2)
Share-based payments	24	17	—	—	—	—	41
Provisions	100	(31)	—	(5)	—	—	64
Benefit of loss carryforwards	385	65	—	—	—	—	450
Other deductible temporary differences	7	93	—	1	—	17	118
Deferred income tax liabilities							
Property, plant and equipment	2,250	229	—	(450)	—	—	2,029
Intangible assets	251	24	—	(13)	—	—	262
Investments in equity accounted investees	709	(174)	—	—	—	—	535
Derivative financial instruments	16	37	(3)	(27)	—	—	23
Taxable limited partnership income deferral	46	50	—	(28)	—	—	68
Total net deferred tax liabilities[1]	**2,754**	**21**	**2**	**(514)**	**—**	**(17)**	**2,246**

($ millions)	Balance at December 31, 2020	Recognized in Earnings	Recognized in Other Comprehensive Income (Loss)	Disposition	Equity	Other	Balance at December 31, 2021
Deferred income tax assets							
Derivative financial instruments	4	(20)	—	—	—	—	(16)
Employee benefits	11	2	(11)	—	—	—	2
Share-based payments	14	10	—	—	—	—	24
Provisions	83	17	—	—	—	—	100
Benefit of loss carryforwards	275	110	—	—	—	—	385
Other deductible temporary differences	51	(41)	—	—	—	(3)	7
Deferred income tax liabilities							
Property, plant and equipment	2,091	159	—	—	—	—	2,250
Intangible assets	260	(9)	—	—	—	—	251
Investments in equity accounted investees	692	17	—	—	—	—	709
Taxable limited partnership income deferral	(2)	48	—	—	—	—	46
Total net deferred tax liabilities[1]	**2,603**	**137**	**11**	**—**	**—**	**3**	**2,754**

(1) Comprised of deferred tax liabilities of $2.5 billion (2021: $3.0 billion) net of deferred tax assets of $261 million (2021: $257 million).

Reconciliation of Effective Tax Rate

For the years ended December 31		
($ millions, except as noted)	**2022**	2021
Earnings before income tax	**3,219**	1,665
Canadian statutory tax rate *(percent)*	**23.6**	23.3
Income tax at statutory rate	**760**	388
Tax rate changes and foreign rate differential	**(27)**	(19)
Changes in estimate and other	**(40)**	21
Permanent items	**19**	12
Unrecognized tax attribute	**6**	21
Income in equity accounted investee	**(10)**	—
Non-taxable gain on PGI Transaction	**(260)**	—
Deferred tax transferred due to PGI Transaction	**(200)**	—
Income tax expense	**248**	423

The decrease in the effective tax rate from 25.4 percent to 7.7 percent is primarily due to the gain on the PGI Transaction which is not subject to tax and the transfer of the tax liability to PGI which is an equity accounted investee.

Income Tax Expense

For the years ended December 31 *($ millions)*	**2022**	2021
Current tax expense	**227**	286
Deferred tax expense		
Origination and reversal of temporary differences	**57**	235
Tax rate changes on deferred tax balances	**1**	14
Increase in tax loss carry forward	**(37)**	(112)
Total deferred tax expense	**21**	137
Total income tax expense	**248**	423

Deferred Tax Items Recovered Directly in Equity

For the years ended December 31 *($ millions)*	**2022**	2021
Other comprehensive loss *(Note 23)*:		
Change in fair value of net investment hedges	**3**	—
Remeasurements of defined benefit asset or liability	**(5)**	(11)
Deferred tax items recovered directly in equity	**(2)**	(11)

Pembina has temporary differences associated with its investments in subsidiaries. At December 31, 2022, Pembina has not recorded a deferred tax asset or liability for these temporary differences (2021: nil) as Pembina controls the timing of the reversal and it is not probable that the temporary differences will reverse in the foreseeable future.

At December 31, 2022, Pembina had U.S. $1.2 billion (2021: U.S. $1.1 billion) of U.S. tax losses that do not expire and $42 million (2021: $42 million) of Canadian tax losses that will expire after 2036. Pembina has determined that it is probable that future taxable profits will be sufficient to utilize these losses. The amount of unrecognized deferred tax asset as at December 31, 2022 was $27 million (2021: $21 million).

12. TRADE PAYABLES AND OTHER

As at December 31 *($ millions)*	2022	2021
Trade payables	**571**	625
Other payables & accrued liabilities	**533**	411
Related party payables	**150**	27
Total trade payables and other	**1,254**	1,063

13. LEASES

Lessee Leases

Pembina enters into arrangements to secure access to assets necessary for operating the business. Leased (right-of-use) assets include terminals, rail, buildings, land and other assets. Total cash outflows related to leases were $117 million for the year ended December 31, 2022 (2021: $127 million).

Right-of-Use Assets

($ millions)	Terminals	Rail	Buildings	Land & Other	Total
Balance at January 1, 2021	213	221	121	96	651
Additions and adjustments	2	1	40	18	61
Disposals and other	—	(4)	—	(9)	(13)
Depreciation	(20)	(41)	(18)	(12)	(91)
Impairment	(27)	—	—	—	(27)
Balance at December 31, 2021	168	177	143	93	581
Additions and adjustments	26	—	1	(10)	17
Disposals and other	—	2	—	—	2
Depreciation	(18)	(37)	(17)	(10)	(82)
Balance at December 31, 2022	**176**	**142**	**127**	**73**	**518**

Lessor Leases

Pembina has entered into contracts for the use of its assets that have resulted in lease treatment for accounting purposes. Assets under operating leases include pipelines, terminals and storage assets. See Note 7 for carrying value of property, plant and equipment under operating leases. Assets under finance leases include pipelines, terminals, storage assets and office sub-leases.

Maturity of Lease Receivables

As at December 31	2022		2021	
($ millions)	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Less than one year	213	40	146	31
One to two years	193	42	140	31
Two to three years	170	32	121	31
Three to four years	168	32	109	32
Four to five years	162	31	108	31
More than five years	834	294	725	319
Total undiscounted lease receipts	1,740	471	1,349	475
Unearned finance income on lease receipts		(256)		(270)
Discounted unguaranteed residual value		16		15
Finance lease receivable		231		220
Less current portion(1)		(12)		(9)
Total non-current		219		211

(1) Included in trade receivables and other on the Consolidated Statement of Financial Position.

14. LONG-TERM DEBT

This note provides information about the contractual terms of Pembina's interest-bearing long-term debt, which is measured at amortized cost.

Carrying Value, Terms and Conditions, and Debt Maturity Schedule

				Carrying Value	
($ millions)	**Authorized at December 31, 2022**	**Nominal Interest Rate**	**Year of Maturity**	**December 31, 2022**	December 31, 2021
Loans and borrowings					
Senior unsecured credit facilities(1)(3)(4)	2,858	5.78(2)	Various(1)	**768**	907
Senior unsecured medium-term notes series 2	—	3.77	2022	**—**	450
Senior unsecured medium-term notes series 3	450	4.75	2043	**447**	447
Senior unsecured medium-term notes series 4	600	4.81	2044	**597**	597
Senior unsecured medium-term notes series 5	450	3.54	2025	**449**	449
Senior unsecured medium-term notes series 6	500	4.24	2027	**499**	499
Senior unsecured medium-term notes series 7	600	3.71	2026	**602**	602
Senior unsecured medium-term notes series 8	650	2.99	2024	**649**	648
Senior unsecured medium-term notes series 9	550	4.74	2047	**543**	542
Senior unsecured medium-term notes series 10	650	4.02	2028	**658**	660
Senior unsecured medium-term notes series 11	800	4.75	2048	**839**	841
Senior unsecured medium-term notes series 12	650	3.62	2029	**653**	654
Senior unsecured medium-term notes series 13	700	4.54	2049	**712**	712
Senior unsecured medium-term notes series 14	600	2.56	2023	**600**	599
Senior unsecured medium-term notes series 15	600	3.31	2030	**598**	597
Senior unsecured medium-term notes series 16	400	4.67	2050	**397**	397
Senior unsecured medium-term notes series 17	500	3.53	2031	**497**	497
Senior unsecured medium-term notes series 18	500	4.49	2051	**497**	497
Senior unsecured medium-term notes series 3A	—	5.05	2022	**—**	50
Total loans and borrowings				**10,005**	10,645
Less current portion loans and borrowings				**(600)**	(1,000)
Total non-current loans and borrowings				**9,405**	9,645
Subordinated hybrid notes					
Subordinated notes, series 1	600	4.80	2081	**595**	594

(1) Pembina's unsecured credit facilities include a $1.5 billion revolving facility that matures in June 2027, a $1.0 billion sustainability linked revolving facility that matures in June 2026, a U.S. $250 million non-revolving term loan that matures in May 2025 and a $20 million operating facility that matures in May 2023, which is typically renewed on an annual basis.

(2) The nominal interest rate is the weighted average of all drawn credit facilities based on Pembina's credit rating at December 31, 2022. Borrowings under the credit facilities bear interest at prime, Bankers' Acceptance, or LIBOR rates, plus applicable margins. The impact of interest rate hedges described in the footnote below are not reflected in this figure.

(3) Includes U.S. $250 million variable rate debt outstanding at December 31, 2022 (2021: U.S. $250 million) and fully hedged at 1.45 percent.

(4) The U.S. dollar denominated non-revolving term loan is designated as a hedge of the Company's net investment in selected foreign operations with a U.S. dollar functional currency. Refer to Note 24 for foreign exchange risk management.

On March 14, 2022, Pembina's $50 million senior unsecured medium term notes, series 3A, matured and were fully repaid.

On July 27, 2022, Pembina replaced its $2.5 billion revolving credit facility with two credit facilities: an unsecured $1.0 billion sustainability linked revolving credit facility (the "SLL Credit Facility") that has a term of four years, maturing June 2026 and an amendment and restatement of the revolving facility into an unsecured $1.5 billion revolving credit facility, which includes a $750 million accordion feature and matures in June 2027 (the "Revolving Facility"). The SLL Credit Facility contains pricing adjustments that reduce or increase borrowing costs based on Pembina's performance relative to a greenhouse gas ("GHG") emissions intensity reduction performance target. Previously, Pembina announced its commitment to reduce its GHG emissions intensity by 30 percent by 2030, relative to baseline 2019 levels. The specific terms of the SLL Credit Facility include annual intermediate targets that align with Pembina's trajectory towards its 2030 target.

With the exception of the sustainability linked adjustments to borrowing costs, the terms and conditions of the SLL Credit Facility and the Revolving Facility, including financial covenants, are substantially similar to each other.

In 2022, Pembina fully repaid and cancelled its non-revolving term loan for a total repayment of $500 million.

On October 24, 2022, Pembina's $450 million senior unsecured medium term notes, series 2, matured and were fully repaid.

For more information about Pembina's exposure to interest rate, foreign currency and liquidity risk, see Note 24 *Financial Instruments & Risk Management*.

15. DECOMMISSIONING PROVISION

The decommissioning provision reflects the discounted cash flows expected to be incurred to decommission Pembina's pipeline systems, gas processing and fractionation plants, storage and terminalling hubs, including estimated environmental reclamation and remediation costs.

The undiscounted cash flows at the time of decommissioning are calculated using an estimated timing of economic outflows ranging from one to 83 years, with the majority estimated at 50 years. The estimated economic lives of the underlying assets form the basis for determining the timing of economic outflows. Pembina applied credit-adjusted risk-free rates of 5.7 percent to 6.4 percent (2021: 3.3 percent to 4.7 percent) and an inflation rate of 2.1 percent (2021: 1.8 percent).

($ millions)	**2022**	2021
Balance at January 1	**412**	348
Unwinding of discount rate	**15**	16
Change in rates	**(158)**	—
Disposition *(Note 9)*	**(20)**	—
Additions	**1**	29
Change in cost estimates and other	**9**	19
Balance at December 31	**259**	412

As at December 31, 2022, Pembina had $13 million related to long-term restricted cash included in other assets which is subject to contractual restrictions in connection with use in future Jet Fuel Pipeline abandonment activities.

16. SHARE CAPITAL

Pembina is authorized to issue an unlimited number of common shares, without par value, 254,850,850 Class A preferred shares, issuable in series and an unlimited number of Class B preferred shares. The holders of the common shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of Pembina, receive dividends declared and share in the remaining property of Pembina upon distribution of the assets of Pembina among its shareholders for the purpose of winding-up its affairs.

Common Share Capital

($ millions, except as noted)	**Number of Common Shares** *(millions)*	**Common Share Capital**
Balance at December 31, 2020	550	15,644
Share-based payment transactions	—	47
Repurchased	—	(13)
Balance at December 31, 2021	550	15,678
Share-based payment transactions(1)	7	319
Repurchased	(7)	(204)
Balance at December 31, 2022	**550**	**15,793**

(1) Beginning in the fourth quarter of 2022, exercised options were settled by issuing the net number of common shares equivalent to the gain upon exercise.

Share Repurchase Program

On March 8, 2022, the Toronto Stock Exchange ("TSX") accepted the renewal of Pembina's normal course issuer bid (the "NCIB") that allows the Company to repurchase, at its discretion, up to five percent of the Company's outstanding common shares (representing approximately 27.5 million common shares) through the facilities of the TSX, the New York Stock Exchange and/or alternative Canadian trading systems or as otherwise permitted by applicable securities law, subject to certain restrictions on the number of common shares that may be purchased on a single day. Common shares purchased by the Company under the NCIB are cancelled. The NCIB expires on March 9, 2023 and Pembina expects to file a notice of intention with the TSX to renew the NCIB to purchase up to five percent of its outstanding common shares, subject to approval of the TSX.

The following table summarizes Pembina's share repurchases under its NCIB:

For the years ended December 31 *(millions, except as noted)*	**2022**	**2021**
Number of common shares repurchased for cancellation *(thousands)*	7,154	450
Average price per share	$46.55	$37.77
Total cost[1]	333	17

[1] Total cost includes $204 million (2021: $13 million) charged to share capital and $129 million (2021: $4 million) charged to deficit.

Preferred Share Capital

($ millions, except as noted)	**Number of Preferred Shares** *(millions)*	**Preferred Share Capital**
Balance at December 31, 2020	122	2,946
Class A, Series 11 Preferred shares redeemed, net of issue costs	(7)	(170)
Class A, Series 13 Preferred shares redeemed, net of issue costs	(10)	(250)
Part VI.1 tax	—	(9)
Balance at December 31, 2021	105	2,517
Class A, Series 23 Preferred shares redeemed, net of issue costs	(12)	(300)
Part VI.1 tax	—	(9)
Balance at December 31, 2022	**93**	**2,208**

On January 25, 2021, in connection with the offering of the Series 1 Subordinated Notes, Pembina issued 600,000 Series 2021-A Class A Preferred Shares, to Computershare Trust Company of Canada, to be held in trust as treasury shares to satisfy Pembina's obligations under the indenture governing the Series 1 Subordinated Notes.

On March 1, 2021, Pembina redeemed all of the 6.8 million issued and outstanding Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 11 (the "Series 11 Class A Preferred Shares") for a redemption price equal to $25.00 per Series 11 Class A Preferred Share.

On June 1, 2021, Pembina redeemed all of the 10 million issued and outstanding Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 13 (the "Series 13 Class A Preferred Shares") for a redemption price equal to $25.00 per Series 13 Class A Preferred Shares, less taxes required to be deducted or withheld by the Company.

On October 3, 2022, none of the eight million issued and outstanding Cumulative Redeemable Rate Reset Class A Preferred Series 15 Shares were converted into Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 16.

On November 15, 2022, Pembina redeemed all of the 12 million issued and outstanding Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 23 (the "Series 23 Class A Preferred Shares") for a redemption price equal to $25.00 per Series 23 Class A Preferred Share. The total redemption price for the Series 23 Class A Preferred Shares was $300 million.

Subsequent to the end of the year, on February 14, 2023, holders of an aggregate of 1,028,130 of the 16 million issued and outstanding Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 21 (the "Series 21 Class A Preferred Shares") elected to convert, on a one-for-one basis, their Series 21 Class A Preferred Shares into Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 22 ("Series 22 Class A Preferred Shares"). As a result of the exercise of such conversion rights, on March 1, 2023, Pembina will have 14,971,870 Series 21 Class A Preferred Shares and 1,028,130 Series 22 Class A Preferred Shares issued and outstanding. The annual dividend rate applicable to the Series 22 Class A Preferred Shares for the three-month floating rate period from and including March 1, 2023, to, but excluding, June 1, 2023, will be 7.706 percent.

Subsequent to the end of the year, on February 15, 2023, none of the Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 25 outstanding were converted into Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 26. The annual dividend rate for the Series 25 Class A Preferred Shares for the five-year period from and including February 15, 2023 to, but excluding, February 15, 2028 is 6.481 percent.

Dividends

The following dividends were declared by Pembina:

For the years ended December 31 *($ millions)*	**2022**	2021
Common shares		
$2.55 per common share (2021: $2.52)	**1,409**	1,386
Class A preferred shares		
$1.23 per Series 1 Class A Preferred Share (2021: $1.23)	**12**	12
$1.12 per Series 3 Class A Preferred Share (2021: $1.12)	**7**	7
$1.14 per Series 5 Class A Preferred Share (2021: $1.14)	**11**	11
$1.10 per Series 7 Class A Preferred Share (2021: $1.10)	**11**	11
$1.08 per Series 9 Class A Preferred Share (2021: $1.08)	**10**	10
nil per Series 11 Class A Preferred Share (2021: $0.36)	**—**	2
nil per Series 13 Class A Preferred Share (2021: $0.72)	**—**	7
$1.22 per Series 15 Class A Preferred Share (2021: $1.12)	**10**	9
$1.21 per Series 17 Class A Preferred Share (2021: $1.21)	**7**	7
$1.17 per Series 19 Class A Preferred Share (2021: $1.17)	**9**	10
$1.23 per Series 21 Class A Preferred Share (2021: $1.23)	**20**	20
$1.15 per Series 23 Class A Preferred Share (2021: $1.31)	**16**	16
$1.30 per Series 25 Class A Preferred Share (2021: $1.30)	**13**	13
	126	135

In connection with the closing of the PGI Transaction on August 15, 2022, Pembina's Board of Directors approved a $0.0075 per common share increase to its monthly common share dividend rate from $0.21 to $0.2175 per common share per month, commencing with the dividend paid on October 14, 2022.

On December 5, 2022, Pembina announced that it was moving from its current practice of paying monthly dividends to a quarterly common share dividend payment, following the monthly December 2022 dividend. Quarterly dividend payments are expected to be made on the last business day of March, June, September and December to shareholders of record on the 15th day of the corresponding month, if, as and when declared by the Board of Directors.

Subsequent to the end of the year, on February 23, 2023, Pembina announced that its Board of Directors had declared a common share cash dividend for the first quarter of 2023 of $0.6525 per share to be paid, on March 31, 2023, to shareholders of record on March 15, 2023.

Pembina's Board of Directors also declared quarterly dividends for Pembina's Class A preferred shares on January 16, 2023 as outlined in the following table:

Series	Record Date	Payable Date	Per Share Amount	Dividend Amount *($ millions)*
Series 1	February 1, 2023	March 1, 2023	$0.306625	3
Series 3	February 1, 2023	March 1, 2023	$0.279875	2
Series 5	February 1, 2023	March 1, 2023	$0.285813	3
Series 7	February 1, 2023	March 1, 2023	$0.273750	3
Series 9	February 1, 2023	March 1, 2023	$0.268875	2
Series 15	March 15, 2022	March 31, 2023	$0.385250	3
Series 17	March 15, 2022	March 31, 2023	$0.301313	2
Series 19	March 15, 2022	March 31, 2023	$0.292750	2
Series 21	February 1, 2023	March 1, 2023	$0.306250	5
Series 25	January 31, 2023	February 15, 2023	$0.325000	3

17. REVENUE

Revenue has been disaggregated into categories to reflect how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors.

a. Revenue Disaggregation

For the years ended December 31 *($ millions)*	**2022**				2021			
	Pipelines	**Facilities**	**Marketing & New Ventures**	**Total**	Pipelines	Facilities	Marketing & New Ventures	Total
Take-or-pay[1]	**1,741**	**622**	**—**	**2,363**	1,642	754	—	2,396
Fee-for-service[1]	**458**	**137**	**—**	**595**	348	138	—	486
Product sales[2]	**—**	**—**	**8,471**	**8,471**	—	—	5,577	5,577
Revenue from contracts with customers	**2,199**	**759**	**8,471**	**11,429**	1,990	892	5,577	8,459
Operational finance lease income	**26**	**3**	**—**	**29**	17	2	—	19
Fixed operating lease income	**117**	**36**	**—**	**153**	116	33	—	149
Total external revenue	**2,342**	**798**	**8,471**	**11,611**	2,123	927	5,577	8,627

(1) Revenue recognized over time.
(2) Revenue recognized at a point in time.

b. Contract Liabilities

Significant changes in the contract liabilities balances during the period are as follows:

For the years ended December 31 *($ millions)*	**2022**			2021		
	Take-or-Pay	**Other Contract Liabilities**	**Total Contract Liabilities**	Take-or-Pay	Other Contract Liabilities	Total Contract Liabilities
Opening balance	**3**	**288**	**291**	3	289	292
Additions (net in the period)	**2**	**57**	**59**	—	64	64
Disposition *(Note 9)*	**(2)**	**(90)**	**(92)**	—	—	—
Revenue recognized from contract liabilities[1]	**—**	**(64)**	**(64)**	—	(65)	(65)
Closing balance	**3**	**191**	**194**	3	288	291
Less current portion[2]	**(3)**	**(53)**	**(56)**	(3)	(68)	(71)
Ending balance	**—**	**138**	**138**	—	220	220

(1) Recognition of revenue related to performance obligations satisfied in the current period that were included in the opening balance of contract liabilities.
(2) As at December 31, 2022, the balance includes $3 million of cash collected under take-or-pay contracts which will be recognized within one year as the customer chooses to ship, process, or otherwise forego the associated service.

Contract liabilities depict Pembina's obligation to perform services in the future for cash and non-cash consideration which have been received from customers. Contract liabilities include up-front payments or non-cash consideration received from customers for future transportation, processing, terminalling and storage services. Contract liabilities also include consideration received from customers for take-or-pay commitments where the customer has a make-up right to ship or process future volumes under a firm contract. These amounts are non-refundable should the customer not use its make-up rights.

In all instances where goods or services have been transferred to a customer in advance of the receipt of customer consideration, Pembina's right to consideration is unconditional and has therefore been presented as a receivable.

c. Revenue Allocated to Remaining Performance Obligations

Pembina expects to recognize revenue in future periods that includes current unsatisfied remaining performance obligations totaling $11.1 billion (2021: $14.5 billion). Over the next five years, these remaining performance obligations will be recognized annually ranging from $1.8 billion (2021: $2.0 billion) declining to $1.0 billion (2021: $1.3 billion). Subsequently, up to 2046 (2021: 2047), Pembina will recognize $765 million (2021: $1.1 billion) declining to $7 million (2021: $7 million) per year.

As a result of the disposition of Pembina's field-based gas processing assets on August 15, 2022 (see Note 9 for further details), Pembina's unsatisfied remaining performance obligations and expected revenue recognition from these obligations as at December 31, 2022 decreased by $2.6 billion compared to December 31, 2021.

In preparing the above figures, Pembina has taken the practical expedient to exclude contracts that have original expected durations of one year or less. Variable consideration relating to flow through costs are not included in the amounts presented. These flow through costs do not impact net income or cash flow, and due to the long-term nature of the contracts there is significant uncertainty in estimating these amounts. In addition, Pembina excludes contracted revenue amounts for assets not yet in-service unless both Board of Directors approval and regulatory approval for the asset has been obtained.

18. NET FINANCE COSTS

For the years ended December 31 *($ millions)*	**2022**	2021
Interest expense on financial liabilities measured at amortized cost:		
Loans and borrowings	**385**	362
Subordinated hybrid notes	**29**	27
Leases	**32**	35
Unwinding of discount rate	**16**	16
Loss in fair value of non-commodity-related derivative financial instruments	**12**	19
Foreign exchange losses (gains) and other	**12**	(9)
Net finance costs	**486**	450

Net interest paid of $468 million (2021: $443 million) includes interest paid during construction and capitalized of $21 million (2021: $25 million).

19. OPERATING SEGMENTS

Pembina determines its reportable segments based on the nature of operations and includes three operating segments: Pipelines, Facilities and Marketing & New Ventures.

The Pipelines segment includes conventional, oil sands and transmission pipeline systems, crude oil storage and terminalling business and related infrastructure serving various markets and basins across North America.

The Facilities segment includes processing and fractionation facilities and related infrastructure, and a liquefied propane export facility on Canada's West Coast, which provide Pembina's customers with natural gas and NGL services that are highly integrated with Pembina's other businesses. In addition, the Facilities segment includes a bulk marine terminal in the Port of Vancouver, Canada.

The Marketing & New Ventures segment undertakes value-added commodity marketing activities including buying and selling products and optimizing storage opportunities, by contracting capacity on Pembina's and various third-party pipelines and utilizing Pembina's rail fleet and rail logistics capabilities. Marketing activities also include identifying commercial opportunities to further develop other Pembina assets. Pembina's Marketing business also includes results from Aux Sable's NGL extraction facility near Chicago, Illinois and other natural gas and NGL processing facilities, logistics and distribution assets in the United States and Canada.

The financial results of the operating segments are included below. Performance is measured based on results from operating activities, net of depreciation and amortization, as included in the internal management reports that are reviewed by Pembina's CEO, CFO and other Senior Vice Presidents. These results are used to measure performance as management believes that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within these industries. Inter-segment transactions are recorded at market value and eliminated under corporate and inter-segment eliminations.

For the year ended December 31, 2022 *($ millions)*	**Pipelines**[(1)]	**Facilities**	**Marketing & New Ventures**[(2)]	**Corporate & Inter-segment Eliminations**	**Total**
Revenue from external customers	2,342	798	8,471	—	11,611
Inter-segment revenue	166	470	—	(636)	—
Total revenue[(3)]	2,508	1,268	8,471	(636)	11,611
Operating expenses	677	511	—	(319)	869
Cost of goods sold, including product purchases	—	6	7,682	(324)	7,364
Depreciation and amortization included in operations	396	196	44	8	644
Cost of sales	1,073	713	7,726	(635)	8,877
Realized (gain) loss on commodity-related derivative financial instruments	—	(20)	125	—	105
Unrealized gain on commodity-related derivative financial instruments	—	(50)	(83)	—	(133)
Share of profit from equity accounted investees	171	108	82	—	361
Gross profit (loss)	1,606	733	785	(1)	3,123
Depreciation included in general and administrative	—	—	—	39	39
Other general and administrative[(4)]	57	15	42	246	360
Other expense	106	11	8	4	129
Gain on Pembina Gas Infrastructure Transaction *(Note 9)*	—	(1,110)	—	—	(1,110)
Reportable segment results from operating activities	1,443	1,817	735	(290)	3,705
Net finance costs	28	13	27	418	486
Reportable segment earnings (loss) before tax	1,415	1,804	708	(708)	3,219
Capital expenditures	342	153	59	51	605
Contributions to equity accounted investees	4	62	29	—	95

For the year ended December 31, 2021 *($ millions)*	**Pipelines[1]**	**Facilities**	**Marketing & New Ventures[2]**	**Corporate & Inter-segment Eliminations**	**Total**
Revenue from external customers	2,123	927	5,577	—	8,627
Inter-segment revenue	156	436	—	(592)	—
Total revenue[3]	2,279	1,363	5,577	(592)	8,627
Operating expenses	556	471	—	(266)	761
Cost of goods sold, including product purchases	—	6	5,017	(334)	4,689
Depreciation and amortization included in operations	413	214	50	7	684
Cost of sales	969	691	5,067	(593)	6,134
Realized (gain) loss on commodity-related derivative financial instruments	—	(10)	210	—	200
Unrealized gain on commodity-related derivative financial instruments	—	(38)	(35)	—	(73)
Share of profit from equity accounted investees	124	80	77	—	281
Gross profit	1,434	800	412	1	2,647
Depreciation included in general and administrative	—	—	—	39	39
Other general and administrative[4]	30	14	29	194	267
Other expense (income)	11	14	(5)	(268)	(248)
Impairment expense	447	22	5	—	474
Reportable segment results from operating activities	946	750	383	36	2,115
Net finance costs	29	18	9	394	450
Reportable segment earnings (loss) before tax	917	732	374	(358)	1,665
Capital expenditures	475	136	21	26	658
Contributions to equity accounted investees	299	29	7	—	335

(1) Pipelines transportation revenue includes $247 million (2021: $207 million) associated with U.S. pipeline revenue.
(2) Marketing & New Ventures includes revenue of $407 million (2021: $265 million) associated with U.S. midstream sales.
(3) During 2022 and 2021, no one customer accounted for 10 percent or more of total revenues reported throughout all segments.
(4) Pembina incurred $479 million (2021: $440 million) of employee costs, of which $261 million (2021: $265 million) was recorded in operating expenses and $218 million (2021: $175 million) in general and administrative expenses. Employee costs include salaries, benefits and share-based compensation.

Geographical Information

Non-Current Assets

For the years ended December 31 *($ millions)*	**2022**	2021
Canada	**25,902**	26,128
United States	**3,900**	3,826
Total non-current assets[1]	**29,802**	29,954

(1) Excludes deferred income tax assets, derivative financial instruments, and post-employment benefit assets.

20. EARNINGS PER COMMON SHARE

Basic Earnings Per Common Share

The calculation of basic earnings per common share at December 31, 2022 was based on the earnings attributable to common shareholders of $2.8 billion (2021: $1.1 billion) and a weighted average number of common shares outstanding of 553 million (2021: 550 million).

Diluted Earnings Per Common Share

The calculation of diluted earnings per common share at December 31, 2022 was based on earnings attributable to common shareholders of $2.8 billion(1) (2021: $1.1 billion), and a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 554 million (2021: 551 million).

Earnings Attributable to Common Shareholders

For the years ended December 31 *($ millions)*	**2022**	2021
Earnings	**2,971**	1,242
Dividends on preferred shares	**(121)**	(135)
Cumulative dividends on preferred shares, not yet declared	**(8)**	(9)
Basic and diluted earnings attributable to common shareholders	**2,842**	1,098

Weighted Average Number of Common Shares

(In millions of shares, except as noted)	**2022**	2021
Issued common shares at January 1	**550**	550
Effect of shares repurchased	**(2)**	—
Effect of shares issued on exercise of options	**5**	—
Basic weighted average number of common shares at December 31	**553**	550
Dilutive effect of share options on issue(1)	**1**	1
Diluted weighted average number of common shares at December 31	**554**	551
Basic earnings per common share (dollars)	**5.14**	2.00
Diluted earnings per common share (dollars)	**5.12**	1.99

(1) The average market value of Pembina's shares for purposes of calculating the dilutive effect of share options for the year ended December 31, 2022 was based on quoted market prices for the period during which the options were outstanding.

21. PENSION PLAN

As at December 31 *($ millions)*	2022	2021
Registered defined benefit net asset	**(17)**	(11)
Supplemental defined benefit net obligation	**11**	17
Net employee benefit (assets) obligations	**(6)**	6

Pembina maintains defined contribution plans and non-contributory defined benefit pension plans covering its employees. Pembina contributes five to 10 percent of an employee's earnings to the defined contribution plan, until the employee's age plus years of service equals 50, at which time they become eligible for the defined benefit plans. Pembina has ended eligibility for new entrants to the defined benefit plan for those whose age and years of service did not equal 40 as at January 1, 2021. Pembina recognized $12 million in expense for the defined contribution plan during the year (2021: $11 million). The defined benefit plans include a funded registered plan for all eligible employees and an unfunded supplemental retirement plan for those employees affected by the Canada Revenue Agency maximum pension limits. The defined benefit plans are administered by separate pension funds that are legally separated from Pembina. Benefits under the plans are based on the length of service and the annual average best three years of earnings during the last 10 years of service of the employee. Benefits paid out of the plans are not indexed. Pembina measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial funding valuation was at December 31, 2021. The defined benefit plans expose Pembina to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

Defined Benefit Obligations

	2022		2021	
As at December 31 *($ millions)*	**Registered Plans**	**Supplemental Plan**	Registered Plan	Supplemental Plan
Present value of unfunded obligations	**—**	**11**	—	17
Present value of funded obligations	**207**	**—**	257	—
Total present value of obligations	**207**	**11**	257	17
Fair value of plan assets	**224**	**—**	268	—
Recognized defined benefit assets (obligations)	**17**	**(11)**	11	(17)

Pembina funds the defined benefit obligation plans in accordance with government regulations by contributing to trust funds administered by an independent trustee. The funds are invested primarily in equities and bonds. Defined benefit plan contributions totaled $15 million for the year ended December 31, 2022 (2021: $23 million).

Pembina has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements of the plans, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit asset is necessary at December 31, 2022 (2021: nil).

Registered Defined Benefit Pension Plan Assets Comprise

As at December 31 *(Percent)*	2022	2021
Equity securities	**59**	61
Debt	**34**	39
Other	**7**	—
	100	100

Movement in the Present Value of the Defined Benefit Pension Obligation

	2022		2021	
($ millions)	**Registered Plans**	**Supplemental Plan**	Registered Plan	Supplemental Plan
Defined benefits obligations at January 1	**257**	**17**	278	18
Benefits paid by the plan	**(19)**	**(1)**	(28)	(1)
Current service costs	**23**	**1**	27	1
Interest expense	**8**	**—**	7	1
Actuarial gains in other comprehensive income	**(62)**	**(6)**	(27)	(2)
Defined benefit obligations at December 31	**207**	**11**	257	17

Movement in the Present Value of Registered Defined Benefit Pension Plan Assets

($ millions)	**2022**	2021
Fair value of plan assets at January 1	**268**	252
Contributions paid into the plan	**15**	23
Benefits paid by the plan	**(19)**	(28)
Return on plan assets	**(49)**	15
Interest income	**9**	6
Fair value of registered plan assets at December 31	**224**	268

Expense Recognition in Earnings

For the years ended December 31 *($ millions)*	**2022**	2021
Registered Plan		
Current service costs	**24**	28
Interest on obligation	**8**	8
Interest on plan assets	**(9)**	(6)
	23	30

The expense is recognized in the following line items in the consolidated statement of comprehensive income:

For the years ended December 31 *($ millions)*	**2022**	2021
Registered Plan		
Operating expenses	**11**	16
General and administrative expense	**12**	14
	23	30

Expense recognized for the Supplemental Plan was less than $2 million for each of the years ended December 31, 2022 and 2021.

Actuarial Gains and Losses Recognized in Other Comprehensive Income

	2022			2021		
($ millions)	**Registered Plans**	**Supplemental Plan**	**Total**	Registered Plan	Supplemental Plan	Total
Balance at January 1	**(9)**	**(2)**	**(11)**	(41)	(4)	(45)
Remeasurements:						
Financial assumptions	**54**	**3**	**57**	19	2	21
Experience adjustments	**(7)**	**2**	**(5)**	2	—	2
Return on plan assets excluding interest income	**(37)**	**—**	**(37)**	11	—	11
Recognized gain during the period after tax	**10**	**5**	**15**	32	2	34
Balance at December 31	**1**	**3**	**4**	(9)	(2)	(11)

Principal actuarial assumptions used:

As at December 31 *(weighted average percent)*	**2022**	2021
Discount rate	**5.3**	3.2
Future pension earning increases	**4.0**	4.0

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the liabilities in the defined plans are as follows:

As at December 31 *(years)*	**2022**	2021
Longevity at age 65 for current pensioners		
Males	**22.0**	22.0
Females	**24.4**	24.3
Longevity at age 65 for current member aged 45		
Males	**23.0**	23.0
Females	**25.3**	25.3

The calculation of the defined benefit obligation is sensitive to the discount rate, compensation increases, retirements and termination rates as set out above. A change in the estimated discount rate of 5.3 percent by 100 basis points at December 31, 2022 is considered reasonably possible in the next financial year. An increase by 100 basis points would result in a $24 million reduction to the obligation whereas, a decrease would lead to a $30 million increase to the obligation.

Pembina expects to contribute $22 million to the defined benefit plans in 2023.

22. SHARE-BASED PAYMENTS

At December 31, 2022, Pembina has the following share-based payment arrangements:

Share Option Plan (Equity-Settled)

Pembina has a share option plan under which employees are eligible to receive options to purchase shares in Pembina.

Long-Term Share Unit Award Incentive Plan (Cash-Settled)

Pembina has a long-term share unit award incentive plan. Under the share-based compensation plan, awards of restricted ("RSU") and performance ("PSU") share units are made to officers and employees. The plan results in participants receiving cash compensation based on the value of the underlying notional shares granted under the plan. Payments are based on a trading value of Pembina's common shares plus notional dividends and performance of Pembina.

Pembina also has a deferred share unit ("DSU") plan. Under the DSU plan, directors are required to take at least 50 percent of total director compensation as DSUs, until such time that they have met certain share ownership guidelines. A DSU is a notional share that has the same value as one Pembina common share. Its value changes with Pembina's share price. DSUs do not have voting rights but they accrue dividends as additional DSU units, at the same rate as dividends paid on Pembina's common shares. DSUs are paid out when a director retires from the board and are redeemed for cash using the weighted average trading price of common shares on the Toronto Stock Exchange ("TSX") for the last five trading days before the redemption date, multiplied by the number of DSUs the director holds.

Terms and Conditions of Share Option Plan and Share Unit Award Incentive Plan

Share Option Plan

Share options vest one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date and have a contractual life of seven years. In 2021, Pembina granted select executive officers and non-officers stock options that vest after a four-year period and expire seven years after issuance.

Long-Term Share Unit Award Incentive Plan[1]

Grant date RSUs, PSUs and DSUs to Officers, Employees and Directors *(thousands of units, except as noted)*	**PSUs** [2]	**RSUs** [2]	**DSUs**	**Total**
2021	704	1,429	44	2,177
2022	623	1,202	39	1,864

(1) Distribution units are granted in addition to RSU and PSU grants based on notional accrued dividends.
(2) Contractual life of 3 years.

PSUs vest on the third anniversary of the grant date. RSUs vest one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date. In 2021, Pembina granted additional RSUs that vest on the third anniversary of the grant date. Actual units awarded are based on the trading value of the shares and performance of Pembina.

Disclosure of Share Option Plan

The number and weighted average exercise prices of share options is as follows:

(thousands of options, except as noted)	**Number of Options**	**Weighted Average Exercise Price** *(dollars)*
Outstanding at December 31, 2020	21,776	$42.68
Granted	2,695	$36.36
Exercised	(464)	$34.41
Forfeited	(835)	$39.23
Expired	(3,201)	$47.87
Outstanding at December 31, 2021	19,971	$41.33
Granted	599	$45.61
Exercised[1]	(7,722)	$41.42
Forfeited	(332)	$38.60
Expired	(431)	$41.31
Outstanding at December 31, 2022	**12,085**	**$41.56**

(1) Exercise represents the gross number of options exercised by the employee. Beginning in the fourth quarter of 2022, Pembina issued the net number of common shares equivalent to the employee's gain upon exercise.

As of December 31, 2022, the following options are outstanding:

(thousands of options, except as noted) **Exercise Price** *(dollars)*	**Number Outstanding at December 31, 2022**	**Options Exercisable**	**Weighted Average Remaining Life**
$26.83 – $35.25	2,115	809	5
$35.26 – $41.08	2,464	739	5
$41.09 – $43.76	2,546	1,654	3
$43.77 – $47.27	2,593	2,076	4
$47.28 – $49.78	2,367	2,309	3
Total	12,085	7,587	4

Options are exercised regularly throughout the year. Therefore, the weighted average share price during the year of $48.62 (2021: $40.17) is representative of the weighted average share price at the date of exercise.

Expected volatility is estimated by considering historic average share price volatility. The weighted average inputs used in the measurement of the fair values at grant date of share options are the following:

Share Options Granted

For the years ended December 31 *(dollars, except as noted)*	2022 Graded Vesting	2021 Graded Vesting	2021 Cliff Vesting
Weighted average			
Fair value at grant date	**11.43**	7.78	6.59
Expected volatility *(percent)*	**46.64**	49.06	40.01
Expected option life *(years)*	**3.67**	3.67	5.00
Expected annual dividends per option	**2.55**	2.52	2.52
Expected forfeitures *(percent)*	**7.3**	7.1	7.1
Risk-free interest rate (based on government bonds) *(percent)*	**1.7**	0.6	1.0

Disclosure of Long-Term Share Unit Award Incentive Plan

The long-term share unit award incentive plans were valued using the volume weighted average price for the 20 days ending December 31, 2022 of $46.26 (2021: $37.99). Actual payment may differ from the amount valued based on market price and company performance.

Employee Expenses

For the years ended December 31 *($ millions)*	2022	2021
Share option plan, equity settled	**10**	31
Long-term share unit award incentive plan	**116**	69
Share-based compensation expense	**126**	100
Total carrying amount of liabilities for cash settled arrangements	**161**	88
Total intrinsic value of liability for vested benefits	**97**	56

23. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

($ millions)	Currency Translation Reserve	Cash Flow Hedge Reserve	Pension and other Post-Retirement Benefit Plan Adjustments[2]	Total
Balance at December 31, 2020	48	—	(46)	2
Other comprehensive (loss) gain before hedging activities	(18)	—	34	16
Other comprehensive gain resulting from hedging activities[1]	2	8	—	10
Balance at December 31, 2021	32	8	(12)	28
Other comprehensive gain before hedging activities	295	—	15	310
Other comprehensive (loss) gain resulting from hedging activities[1]	(20)	23	—	3
Balance at December 31, 2022	307	31	3	341

(1) Amounts relate to hedges of the Company's net investment in foreign operations (reported in Currency Translation Reserve) and interest rate derivatives designated as cash flow hedges (reported in Cash Flow Hedge Reserve) (Note 24).

(2) Pension and other Post-Retirement Benefit Plan Adjustments will not be reclassified into earnings.

24. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

Risk Management Overview

Pembina has exposure to counterparty credit risk, liquidity risk and market risk. Pembina recognizes that effective management of these risks is a critical success factor in managing organization and shareholder value.

Risk management strategies, policies and limits ensure risks and exposures are aligned to Pembina's business strategy and risk tolerance. Pembina's Board of Directors is responsible for providing risk management oversight at Pembina and oversees how management monitors compliance with Pembina's risk management policies and procedures and reviews the adequacy of this risk framework in relation to the risks faced by Pembina. Internal audit personnel assist the Board of Directors in its oversight role by monitoring and evaluating the effectiveness of the organization's risk management system.

Counterparty Credit Risk

Counterparty credit risk represents the financial loss Pembina may experience if a counterparty to a financial instrument or commercial agreement failed to meet its contractual obligations to Pembina in accordance with the terms and conditions of the financial instruments or agreements with Pembina. Counterparty credit risk arises primarily from Pembina's cash and cash equivalents, trade and other receivables, finance lease receivables, and from counterparties to its derivative financial instruments. The carrying amount of Pembina's cash and cash equivalents, trade and other receivables, finance lease receivables, derivative financial instruments and certain financial guarantees represents the maximum counterparty credit exposure, without taking into account security held.

Pembina manages counterparty credit risk through established credit management techniques, including conducting comprehensive financial and other assessments for all high exposure new counterparties and regular reviews of existing counterparties to establish and monitor a counterparty's creditworthiness, setting exposure limits, monitoring exposures against these limits, entering into master netting arrangements and obtaining financial assurances where warranted. Pembina utilizes various sources of financial, credit and business information in assessing the creditworthiness of a counterparty including external credit ratings, where available, and in other cases, detailed financial statement analysis in order to generate an internal credit rating based on quantitative and qualitative factors. The Board of Directors has approved a counterparty exposure limit matrix which establishes the maximum exposure that can be approved for a counterparty based on debt rating. Pembina continues to closely monitor and reassess the creditworthiness of its counterparties, which has resulted in Pembina reducing or mitigating its exposure to certain counterparties where it was deemed warranted and permitted under contractual terms.

Financial assurances from counterparties may include guarantees, letters of credit and cash. At December 31, 2022 letters of credit totaling $168 million (2021: $100 million) were held primarily in respect of customer trade receivables.

Pembina typically has collected its trade receivables in full and at December 31, 2022, 98 percent were current (2021: 98 percent). Management defines current as outstanding accounts receivable under 30 days past due. Pembina has a general lien and a continuing and first priority security interest in, and a secured charge on, all of a shipper's petroleum products in its custody.

At December 31, the aging of past due trade and other receivables was as follows:

($ millions)	**2022**	2021
31-60 days past due	**3**	2
Greater than 61 days past due	**—**	2
	3	4

Pembina uses a loss allowance matrix to measure lifetime expected credit losses at initial recognition and throughout the life of the receivable. The loss allowance matrix is determined based on Pembina's historical default rates over the expected life of trade receivables, adjusted for forward-looking estimates. Management believes the unimpaired amounts that are past due by greater than 30 days are fully collectible based on historical default rates of customers and management's assessment of counterparty credit risk through established credit management techniques as discussed above.

Expected credit losses on lease receivables are determined using a probability-weighted estimate of credit losses, measured as the present value of all expected cash shortfalls, discounted at the interest rates implicit in the leases, using reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Pembina considers the risk of default relating to lease receivables low based on Pembina's assessment of individual counterparty credit risk through established credit management techniques as discussed above.

Pembina monitors and manages its concentration of counterparty credit risk on an ongoing basis. Pembina believes these measures minimize its counterparty credit risk but there is no certainty that they will protect it against all material losses. As part of its ongoing operations, Pembina must balance its market and counterparty credit risks when making business decisions.

Liquidity Risk

Liquidity risk is the risk Pembina will not be able to meet its financial obligations as they come due. The following are the contractual maturities of financial liabilities, including estimated interest payments.

			Outstanding Balances Due by Period			
As at December 31, 2022 *($ millions)*	**Carrying Amount**	**Expected Cash Flows**	**Less Than 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**More Than 5 Years**
Trade payables and other	1,254	1,254	1,254	—	—	—
Loans and borrowings	10,005	15,420	960	2,093	2,126	10,241
Subordinated hybrid notes	595	832	29	57	58	688
Derivative financial liabilities	64	64	57	—	—	7
Lease liabilities	675	906	104	175	143	484

Pembina manages its liquidity risk by forecasting cash flows over a 12 month rolling time period to identify financing requirements. These financing requirements are then addressed through a combination of credit facilities and through access to capital markets, if required.

Market Risk

Pembina's results are subject to movements in commodity prices, foreign exchange and interest rates. A formal Risk Management Program including policies and procedures has been designed to mitigate these risks.

a. Commodity Price Risk

Certain of the transportation contracts or tolling arrangements with respect to Pembina's pipeline assets do not include take-or-pay commitments from crude oil and gas producers and, as a result, Pembina is exposed to throughput risk with respect to those assets. A decrease in volumes transported can directly and adversely affect Pembina's revenues and earnings. The demand for, and utilization of, Pembina's pipeline assets may be impacted by factors such as changing market fundamentals, capacity bottlenecks, operational incidents, regulatory restrictions, system maintenance, weather and increased competition. Market fundamentals, such as commodity prices and price differentials, natural gas and gasoline consumption, alternative energy sources and global market access outside of Pembina's control can impact both the supply of and demand for the commodities transported on Pembina's pipelines.

Pembina's Marketing business includes activities related to product storage, terminalling, and hub services. These activities expose Pembina to certain risks relating to fluctuations in commodity prices and, as a result, Pembina may experience volatility in revenue and impairments related to the book value of stored product with respect to these activities. Primarily, Pembina enters into contracts to purchase and sell crude oil, condensate, NGL, power and natural gas at floating market prices; as a result, the prices of products that are marketed by Pembina are subject to volatility as a result of factors such as seasonal demand changes, extreme weather conditions, market inventory levels, general economic conditions, changes in global markets and other factors. Pembina manages its risk exposure by balancing purchases and sales to secure less volatile margins. Notwithstanding Pembina's management of price and quality risk, marketing margins for commodities can vary and have varied significantly from period to period in the past. This variability could have an adverse effect on the results of Pembina's Marketing business and its overall results of operations. To mitigate this inherent variability in its Marketing business, Pembina has invested, and will continue to invest, in assets that have a fee-based revenue component.

Pembina is also exposed to potential price declines and decreasing frac spreads between the time Pembina purchases NGL feedstock and sells NGL products. Frac spread is the difference between the sale prices of NGL products and the cost of NGL sourced from natural gas and acquired at prices related to natural gas prices. Frac spreads can change significantly from period to period depending on the relationship between NGL and natural gas prices (the "frac spread ratio"), absolute commodity prices and changes in the Canadian to U.S. dollar exchange rate. In addition to the frac spread ratio changes, there is also a differential between NGL product prices and crude oil prices which can change margins realized for those products. These exposures could result in variability of cash flow generated by the Marketing business, which could affect Pembina and the cash dividends that Pembina is able to distribute.

Pembina utilizes financial derivative instruments as part of its overall risk management strategy to assist in managing the exposure to commodity price, interest rate, cost of power and foreign exchange risk. As an example of commodity price mitigation, Pembina actively fixes a portion of its exposure to frac spread margins through the use of derivative financial instruments. Pembina has also entered into power purchase agreements to secure cost-competitive renewable energy, fix the price for a portion of the power Pembina consumes, and reduce its emissions. Pembina's Marketing business is exposed to variability in quality, time and location differentials for various products, and financial instruments may be used to offset Pembina's exposures to these differentials. Pembina does not use financial instruments for speculative purposes.

The following table shows the impact on earnings if the underlying forward commodity prices of the derivative financial instruments increased or decreased by 15 percent, with other variables held constant.

As at December 31, 2022 *($ millions)*	**15 Percent Price Increase**	**15 Percent Price Decrease**
Crude oil[1]	(39)	39
Natural gas	11	(11)
NGL[2]	(34)	34

(1) Includes condensate.
(2) Includes propane and butane.

b. Foreign Exchange Risk

Certain of Pembina's cash flows, namely a portion of its commodity-related cash flows, certain cash flows from U.S.-based infrastructure assets and distributions from U.S.-based investments in equity accounted investees, are subject to currency risk, arising from the denomination of specific cash flows in U.S. dollars. Additionally, a portion of Pembina's capital expenditures and contributions or loans to Pembina's U.S.-based investments in equity accounted investees, may be denominated in U.S. dollars. Furthermore, the value of the investment in U.S. dollar denominated subsidiaries will fluctuate with changes in exchange rates when translated into Pembina's functional currency.

Pembina monitors, assesses and responds to these foreign currency risks using an active risk management program, which may include the issuance of U.S. dollar debt, and exchange of foreign currency for domestic currency at a fixed rate.

The following table shows the impact on earnings[1] if the underlying foreign exchange risk rate of the derivative financial instruments increased or decreased by $0.10, with other variables held constant.

As at December 31, 2022 *($ millions)*	**$0.10** **Rate Increase**	**$0.10** **Rate Decrease**
U.S. to Canadian dollars	(30)	30

(1) Based on the U.S. to Canadian dollar exchange rate.

c. Interest Rate Risk

Interest bearing financial liabilities include Pembina's debt and lease liabilities. Pembina has floating interest rate debt in the form of its Credit Facilities, which subjects Pembina to interest rate risk. Pembina monitors and assesses variable interest rate risk and responds to this risk by issuing long-term debt with fixed interest rates or by entering into interest rate swaps.

Pembina's U.S. drawings on its Credit Facilities and Pembina's interest rate swaps have variable rate components that reference the USD London Interbank Offered Rate ("LIBOR"). 1-Week and 2-Month USD LIBOR rates have been phased out on December 31, 2021 and other USD LIBOR rates will cease to be published at the end of June 2023. LIBOR will be replaced by a secured overnight financing rate ("SOFR"). Pembina will continue to monitor developments and the potential impact on the business.

Pembina's Canadian dollar drawings on its Credit Facilities have variable rate components that reference the Canadian Dollar Offered Rate ("CDOR"). CDOR rates will cease to be published at the end of June 2024. CDOR is expected to be replaced by the Canadian Overnight Repo Rate Average. Pembina will continue to monitor developments and the potential impact on the business.

At the reporting date, the interest rate profile of Pembina's interest-bearing financial instruments was:

As at December 31 *($ millions)*	**2022**	2021
Carrying amounts of financial liability		
Fixed rate instruments[1]	**10,507**	11,055
Variable rate instruments[2]	**768**	907
	11,275	11,962

(1) Includes lease liabilities and subordinated hybrid notes.
(2) At December 31, 2022, Pembina held positions in financial derivative contracts designated as cash flow hedging instruments, fixing the interest rates on U.S. $250 million of variable rate debt (2021: U.S. $250 million).

Cash Flow Sensitivity Analysis for Variable Rate Instruments

The following table shows the impact on earnings if interest rates at the reporting date would have increased or decreased by 100 basis points, with other variables held constant.

As at December 31, 2022 *($ millions)*	**100 Basis Point** **Increase**	**100 Basis Point** **Decrease**
Variable rate instruments	(4)	4

Fair Values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statements of financial position, are shown in the table below. Certain non-derivative financial instruments measured at amortized cost including cash and cash equivalents, trade receivables and other, finance lease receivables, trade payables and other, and other liabilities have been excluded because they have carrying amounts that approximate their fair value due to the nature of the item or the short time to maturity. These instruments would be classified in Level 2 of the fair value hierarchy.

As at December 31 ($ millions)	2022				2021			
	Carrying Value	Fair Value[1]			Carrying Value	Fair Value[1]		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets carried at fair value								
Derivative financial instruments[2]	**129**	**—**	**92**	**37**	95	—	84	11
Financial liabilities carried at fair value								
Derivative financial instruments[2]	**64**	**—**	**57**	**7**	59	—	59	—
Contingent consideration[3]	**49**	**—**	**12**	**37**	70	—	35	35
Financial liabilities carried at amortized cost								
Long-term debt[4]	**10,600**	**—**	**9,590**	**—**	11,239	—	11,814	—

(1) The basis for determining fair value is disclosed in Note 4.
(2) At December 31, 2022 all derivative financial instruments are carried at fair value through earnings, except for $31 million in interest rate derivative financial assets that have been designated as cash flow hedges.
(3) Included in trade payables and other. Under the terms of the agreements on Pembina's investment in the Cedar LNG Project, Pembina has commitments to make additional payments on a positive final investment decision as well as contributions to fund development costs and annual operating budgets.
(4) Carrying value of current and non-current balances. Includes loans and borrowings and subordinated hybrid notes.

Level 2

Pembina's Level 2 financial instruments carried at fair value are valued using inputs that include quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Instruments in this category include non-exchange traded derivatives such as over-the-counter physical forwards and options, including those that have prices similar to quoted market prices. Pembina obtains quoted market prices for its inputs from information sources including banks, Bloomberg Terminals and Natural Gas Exchange.

Level 3

Pembina has entered into long-term power purchase agreements that resulted in the recognition of embedded derivatives which Pembina has classified in Level 3 of the fair value hierarchy. The embedded derivatives are accounted for at fair value with realized and unrealized gains and losses recognized in earnings. The fair value is measured using a forward pricing model based on the fixed off take price and forward power price differentials at each reporting date. The fair value is determined using the contracted wind price at the reporting date compared to the quoted forward Alberta Electric System Operator ("AESO") wind power prices at the reporting date from a third-party information source, adjusted for various factors including inflation and credit spread.

The significant unobservable inputs that impact the fair value of the Level 3 derivative instruments are wind discounts and forward power prices. Wind discounts are calculated as the decrease in realized power price for wind generators relative to average power pool prices as a result of wind generation, and are adjusted by management's projections of the wind escalation rate over time. Forward power prices are determined using a long-term price forecast. As at December 31, 2022, a ten percent increase or decrease in wind discounts and forward power prices would increase or decrease earnings by $75 million (2021: $20 million) due to the resulting unrealized mark-to-market adjustment.

Changes in fair value of the derivative net assets classified as Level 3 in the fair value hierarchy were as follows:

For the year ended December 31 *($ millions)*	**2022**	2021
Level 3 derivative net asset at January 1	11	—
Included in (gain) loss on commodity-related derivative financial instruments in earnings	19	11
Level 3 derivative net asset at December 31	30	11

There were no transfers into or out of Level 3 during the year ended December 31, 2022.

Interest Rates Used for Determining Fair Value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

As at December 31 *(percent)*	**2022**	2021
Derivatives	**3.3 - 7.7**	0.4 - 1.8
Loans and borrowings	**5.0 - 8.1**	1.1 - 1.8

Derivative instruments

Pembina enters into derivative instruments to hedge future cash flows associated with interest rate, commodity, and foreign exchange exposures. Derivatives are considered effective hedges to the extent that they offset the changes in value of the hedged item or transaction resulting from a specified risk factor. In some cases, even though the derivatives are considered to be effective economic hedges, they do not meet the specific criteria for hedge accounting treatment and are classified as held at fair value through profit or loss ("FVTPL").

The following table is a summary of the net derivative financial instruments:

	2022					2021				
As at December 31 *($ millions)*	**Current Asset**[1]	**Non-Current Asset**	**Current Liability**[1]	**Non-Current Liability**	**Total**	Current Asset[1]	Non-Current Asset	Current Liability[1]	Non-Current Liability	Total
Commodity financial instruments	**70**	**27**	**(39)**	**(7)**	**51**	13	73	(48)	(6)	32
Interest rate	**16**	**15**	**—**	**—**	**31**	1	8	—	—	9
Foreign exchange	**1**	**—**	**(18)**	**—**	**(17)**	—	—	(5)	—	(5)
Net derivative financial instruments	**87**	**42**	**(57)**	**(7)**	**65**	14	81	(53)	(6)	36

(1) At December 31, 2022 the derivative financial instruments were offset by $7 million (2021: $11 million) when determining the net amounts presented on the consolidated statement of financial position.

Notional and Maturity Summary

The maturity and notional amount or quantity outstanding related to Pembina's derivative instruments are as follows:

($ millions)	**Liquids** *(bpd)*	**Natural Gas** *(GJ/d)*	**Power** *(GWh)*	**Foreign Exchange**	**Interest Rate**
As at December 31, 2022					
Purchases[1]	**1,710**	**63,500**	**8,552**	**—**	**—**
Sales[1]	**19,344**	**—**	**—**	**—**	**—**
Millions of U.S. dollars	**—**	**—**	**—**	**304**	**250**
Maturity dates	**2023**	**2023**	**2040**	**2023**	**2025**
As at December 31, 2021					
Purchases[1]	—	62,615	6,166	—	—
Sales[1]	16,550	—	—	—	—
Millions of U.S. dollars	—	—	—	272	250
Maturity dates	2022	2022	2040	2022	2025

(1) Barrels per day ("bpd"), gigajoules per day ("GJ/d") and gigawatt hours ("GWh").

Gains and Losses on Derivative Instruments

Realized and unrealized losses (gains) on derivative instruments are as follows:

For the years ended December 31 *($ millions)*	**2022**	2021
Derivative instruments held at FVTPL[1]		
Realized loss (gain)		
Commodity-related	**105**	200
Foreign exchange	**14**	(12)
Unrealized (gain) loss		
Commodity-related	**(133)**	(73)
Foreign exchange	**12**	19
Derivative instruments in hedging relationships[2]		
Unrealized gain		
Interest rate	**(23)**	(8)

(1) Realized and unrealized losses (gains) on commodity derivative instruments held at FVTPL are included in loss (gain) on commodity-related derivative financial instruments in the Consolidated Financial Statements. Realized and unrealized losses (gains) on foreign exchange derivative instruments held at FVTPL are included in net finance costs in the Consolidated Financial Statements.

(2) Unrealized gains on derivatives in designated cash flow hedging relationships are recognized in the cash flow hedge reserve in accumulated other comprehensive income, with realized (gains) losses being reclassified to net finance costs. Refer to Note 23 for amounts reclassified. No (gains) losses have been recognized in net income relating to discontinued cash flow hedges.

Non-Derivative Instruments Designated as Net Investment Hedges

Pembina has designated certain U.S. dollar denominated debt as a hedge of the Company's net investment in U.S. dollar denominated subsidiaries and investments in equity accounted investees. The designated debt has been assessed as having no ineffectiveness as the U.S. dollar debt has an equal and opposite exposure to U.S. dollar fluctuations. As a result, all foreign exchange gains or losses on the debt are reported directly in other comprehensive income.

The following balances of U.S. dollar debt have been designated as hedges:

For the years ended December 31 *($ millions)*	**2022**	2021
Notional amount of U.S. debt designated *(in U.S. dollars)*	**250**	250
Carrying value of U.S. debt designated	**337**	316
Maturity date	**2025**	2025

25. CAPITAL MANAGEMENT

Pembina's objective when managing capital is to ensure a stable stream of dividends to shareholders that is sustainable over the long-term. Pembina manages its capital structure based on requirements arising from significant capital development activities, the risk characteristics of its underlying asset base and changes in economic conditions. Pembina manages its capital structure and short-term financing requirements using non-GAAP measures, including the ratios of debt to adjusted EBITDA, debt to total enterprise value, adjusted cash flow to debt and debt to equity. The metrics are used to measure Pembina's financial leverage and measure the strength of Pembina's balance sheet. Pembina remains satisfied that the leverage currently employed in its capital structure is sufficient and appropriate given the characteristics and operations of the underlying asset base. Pembina, upon approval from its Board of Directors, will balance its overall capital structure through new equity or debt issuances, as required.

Pembina maintains a conservative capital structure that allows it to finance its day-to-day cash requirements through its operations, without requiring external sources of capital. Pembina funds its operating commitments, short-term capital spending as well as its dividends to shareholders through this cash flow, while new borrowing and equity issuances are primarily reserved for the support of specific significant development activities. The capital structure of Pembina consists of shareholder's equity, comprised of common and preferred equity, plus long-term debt. Long-term debt is comprised of bank credit facilities and unsecured notes.

Pembina is subject to certain financial covenants under its note indentures and credit agreements and is in compliance with all financial covenants as of December 31, 2022.

Note 16 of these financial statements shows the change in share capital for the year ended December 31, 2022.

26. GROUP ENTITIES

Significant Subsidiaries

As at December 31		Ownership Interest	
(percentages)	Jurisdiction	**2022**	2021
Pembina Cochin LLC	Delaware U.S.	**100**	100
Pembina Empress NGL Partnership	Alberta	**100**	100
Pembina Gas Services Limited Partnership	Alberta	**—**	100
Pembina Holding Canada L.P.	Alberta	**100**	100
Pembina Infrastructure and Logistics L.P.	Alberta	**100**	100
Pembina Midstream Limited Partnership	Alberta	**100**	100
Pembina Oil Sands Pipeline L.P.	Alberta	**100**	100
Pembina Pipeline	Alberta	**100**	100

27. RELATED PARTIES

Pembina enters into transactions with related parties in the normal course of business and all transactions are measured at their exchange amount, unless otherwise noted. Pembina contracts capacity from certain of its equity accounted investees, advances funds to support operations, provides letters of credit, including financial guarantees, and provides services, on a cost recovery basis, to certain equity accounted investees. A summary of the significant related party transactions are as follows:

Equity Accounted Investees

($ millions)	**2022**	2021
For the years ended December 31:		
Services provided[(1)]	**269**	162
Services received	**26**	31
Interest income	**—**	15
As at December 31:		
Advances to related parties[(2)]	**22**	8
Trade receivables and other	**42**	7
Trade payables and other[(3)]	**150**	27

(1) Services provided by Pembina include payments made by Pembina on behalf of related parties.
(2) During the year ended December 31, 2022, Fort Corp. repaid advances of $5 million (2021: $5 million). During the year ended December 31, 2022, Pembina reversed U.S. $14 million of previous impairments on its advances to Ruby (see Note 10 for further information). During the year ended December 31, 2021, Pembina advanced U.S. $10 million and recognized an impairment of U.S. $10 million on its advances to Ruby.
(3) As at December 31, 2022, trade payables and other includes U.S. $102 million related to the Ruby Settlement Agreement with Ruby. See Note 10 for further information.

Key Management Personnel and Director Compensation

Key management consists of Pembina's directors and certain key officers.

Compensation

In addition to short-term employee benefits, including salaries, director fees and short-term incentives, Pembina also provides key management personnel with share-based compensation, contributes to post employment pension plans and provides car allowances, parking and business club memberships.

Key management personnel compensation comprised:

For the years ended December 31 *($ millions)*	**2022**	2021
Short-term employee benefits	**12**	9
Share-based compensation and other[(1)]	**34**	53
Total compensation of key management	**46**	62

(1) Includes termination benefits.

Transactions

Key management personnel and directors of Pembina control less than one percent of the voting common shares of Pembina (consistent with the prior year). Certain directors and key management personnel also hold Pembina preferred shares. Dividend payments received for the common and preferred shares held are commensurate with other non-related holders of those instruments.

Certain officers are subject to employment agreements in the event of termination without just cause or change of control.

Post-Employment Benefit Plans

Pembina has significant influence over the pension plans for the benefit of their respective employees. No balance payable is outstanding at December 31, 2022 (2021: nil).

($ millions)		Transaction Value Years Ended December 31	
Post-employment benefit plan	**Transaction**	**2022**	2021
Defined benefit plan	Funding	**15**	23

28. COMMITMENTS AND CONTINGENCIES

Commitments

Pembina was committed for the following amounts under its contracts and arrangements as at December 31, 2022:

Contractual Obligations[1]	Payments Due by Period				
($ millions)	**Total**	**Less than 1 Year**	**1 – 3 Years**	**3 – 5 Years**	**After 5 Years**
Construction commitments[2]	710	423	53	28	206
Other commitments related to lease contracts[3]	496	45	83	78	290
Transportation and processing[4]	129	59	42	9	19
Funding commitments[5]	26	26	—	—	—
Software, cloud computing and other	39	14	17	6	2
Total contractual obligations	1,400	567	195	121	517

(1) Pembina enters into product purchase agreements and power purchase agreements to secure supply for future operations. Purchase prices of both NGL and power are dependent on current market prices. Volumes and prices for NGL and power contracts cannot be reasonably determined, and therefore, an amount has not been included in the contractual obligations schedule. Product purchase agreements range from one to 9 years and involve the purchase of NGL products from producers. Assuming product is available, Pembina has secured between 45 and 194 mbpd of NGL each year up to and including 2031. Power purchase agreements range from one to 24 years and involve the purchase of power from electrical service providers. Pembina has secured up to 76 megawatts per day each year up to and including 2046.

(2) Includes required capital maintenance and/or turnarounds and required regulatory inspections for the life of the facilities even if not currently committed. Amounts above exclude significant projects that are awaiting regulatory approval, projects which Pembina is not committed to construct, and projects that are executed by equity accounted investees.

(3) Relates to expected variable lease payments excluded from the measurements of the lease liability and payments related to non-lease components in lessee lease contracts.

(4) Take-or-pay payments for minimum volumes to be transported or processed, including $22 million of contract transportation on the Alliance Pipeline.

(5) Pembina has committed to fund the construction of an asset that will connect Pembina's assets into a third-party pipeline.

As a result of the disposition of Pembina's field-based gas processing assets on August 15, 2022, Pembina's construction commitments were reduced by $264 million. Refer to Note 9 for further details on the disposition.

Commitments to Equity Accounted Investees

Pembina has commitments to provide contributions to certain equity accounted investees based on annual budgets approved by the joint venture partners and contractual agreements.

Contingencies

Pembina, including its subsidiaries and its investments in equity accounted investees, are subject to various legal and regulatory and tax proceedings, actions and audits arising in the normal course of business. We represent our interests vigorously in all proceedings in which we are involved. Legal and administrative proceedings involving possible losses are inherently complex, and we apply significant judgment in estimating probable outcomes. Of significance is a claim filed against Aux Sable by a counterparty to an NGL supply agreement. Aux Sable has filed Statements of Defense responding to the claim. While the final outcome of such actions and proceedings cannot be predicted with certainty, at this time management believes that the resolutions of such actions and proceedings will not have a material impact on Pembina's financial position or results of operations.

Following the commencement of the Ruby Subsidiary Bankruptcy, Pembina and certain of its subsidiaries entered into the Ruby Settlement Agreement with the Ruby Subsidiary on November 18, 2022 which provides for the release of Pembina from any causes of action arising in connection with, among other things, the prepetition distributions and the Ruby Subsidiary Bankruptcy in exchange for a U.S. $102 million payment by Pembina to the Ruby Subsidiary. Refer to Note 10 for further information on the Ruby Subsidiary Bankruptcy.

Letters of Credit

Pembina has provided letters of credit to various third parties in the normal course of conducting business. The letters of credit include financial guarantees to counterparties for product purchases and sales, transportation services, utilities, engineering and construction services. The letters of credit have not had and are not expected to have a material impact on Pembina's financial position, earnings, liquidity or capital resources. As at December 31, 2022, Pembina had $198 million (2021: $135 million) in letters of credit issued.

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STOCK EXCHANGE

Pembina Pipeline Corporation

Toronto Stock Exchange listing symbols for:

COMMON SHARES PPL

PREFERRED SHARES PPL.PR.A, PPL.PR.C, PPL.PR.E, PPL.PR.G, PPL.PR.I, PPL.PR.O, PPL.PR.Q, PPL.PR.S, PPL.PF.A and PPL.PF.E

New York Stock Exchange listing symbol for:

COMMON SHARES PBA

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PEMBINA PIPELINE CORPORATION

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2022

February 23, 2023

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GLOSSARY OF TERMS

Terms used in this Annual Information Form and not otherwise defined have the meanings set forth below:

"**2019 MTN Prospectus**" means the final short form base shelf prospectus filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada on August 30, 2019 allowing Pembina to offer and issue, from time to time, Medium Term Notes of up to $5,000,000,000 aggregate principal amount or, if offered at an original issue discount, aggregate offering price, of Medium Term Notes (or the equivalent thereof in one or more foreign currencies or composite currencies, including U.S. dollars) during the 25 month period that the 2019 MTN Prospectus is valid, which Medium Term Notes may be offered at rates of interest, prices and on terms to be determined based on market conditions at the time of the sale and set forth in one or more shelf prospectus supplement or pricing supplements;

"**2020 Base Shelf Prospectus**" means the final short form base shelf prospectus filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada on December 30, 2020 allowing Pembina to offer and issue, from time to time: (i) Class A Preferred Shares, (ii) bonds, debentures, notes or other evidence of indebtedness of any kind, nature or description of the Corporation, and (iii) any combination of the foregoing (together with the foregoing, collectively, the "**2020 Securities**") of up to an aggregate initial offering price of $2,000,000,000 (or the equivalent thereof in one or more foreign currencies or composite currencies, including U.S. dollars) during the 25 month period that the 2020 Base Shelf Prospectus is valid, which 2020 Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of the sale and set forth in one or more shelf prospectus supplements;

"**2020 Meeting**" has the meaning ascribed thereto under "*Corporate Structure – Amended By-laws*";

"**2021 Base Shelf Prospectus**" means the final short form base shelf prospectus filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada on November 29, 2021 allowing Pembina to offer and issue, from time to time: (i) Common Shares; (ii) Class A Preferred Shares; (iii) warrants to purchase Common Shares; (iv) debt securities; (v) subscription receipts of Pembina; and (vi) units comprising any combination of the foregoing (together with the foregoing, collectively, the "**2021 Securities**") of up to $5,000,000,000 aggregate initial offering price of 2021 Securities (or the equivalent thereof in one or more foreign currencies or composite currencies, including U.S. dollars) during the 25 month period that the 2021 Base Shelf Prospectus is valid, which 2021 Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of the sale and set forth in one or more shelf prospectus supplements;

"**2021 MTN Prospectus**" means the final short form base shelf prospectus filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada on November 29, 2021 allowing Pembina to offer and issue, from time to time, Medium Term Notes of up to $5,000,000,000 aggregate principal amount or, if offered at an original issue discount, aggregate offering price, of Medium Term Notes (or the equivalent thereof in one or more foreign currencies or composite currencies, including U.S. dollars) during the 25 month period that the 2021 MTN Prospectus is valid, which Medium Term Notes may be offered at rates of interest, prices and on terms to be determined based on market conditions at the time of the sale and set forth in one or more shelf prospectus supplement or pricing supplements;

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended from time to time, including the regulations promulgated thereunder;

"**AEGS**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets"*;

"**AEPA**" means Alberta Environment and Protected Areas, a ministry of the Government of Alberta;

"**AER**" means Alberta Energy Regulator;

"**Alberta Carbon Grid**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2021*";

"**Alliance Canada**" means Alliance Pipeline Limited Partnership;

"**Alliance Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**Alliance U.S.**" means Alliance Pipeline L.P.;

"**Anti-Corruption Laws**" means Canada's *Criminal Code* and *Corruption of Foreign Public Officials Act*, the United States *Foreign Corrupt Practices Act*, various state laws in the United States that criminalize bribery and corruption of United States Government Officials, the *U.K. Bribery Act, 2010*, the principles described in the Organisation for Economic Co-operation and Development's C*onvention on Combating Bribery of Foreign Public Officials in International Business Transactions* and its Commentaries, and any local anti-bribery or anti-corruption laws applicable to Pembina;

"**AUC**" means the Alberta Utilities Commission;

"**Aux Sable**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Aux Sable Canada**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Aux Sable U.S.**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Aux Sable U.S. LP**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Base Line Terminal**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**BCEAO**" means the British Columbia Environmental Assessment Office;

"**BCER**" means the British Columbia Energy Regulator;

"**BCUC**" means the British Columbia Utilities Commission;

"**Board**" or "**Board of Directors**" means the board of directors of Pembina from time to time;

"**Brazeau Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**BRFN**" has the meaning ascribed thereto under "*Risk Factors – General Risk Factors – Indigenous Land Claims and Consultation Obligations*";

"**Burstall**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Canadian Diluent Hub**" or "**CDH**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**Capstone**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2022*";

"**CEAA**" has the meaning ascribed thereto under "*Risk Factors – Risks Inherent in Pembina's Business – Regulation and Legislation*";

"**CEDA Plans**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Social, Community and Indigenous Engagement – Community Relations*";

"**Cedar LNG**" means Pembina's partnership with the Haisla First Nation to develop the Cedar LNG Project;

"**Cedar LNG Project**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2021*";

"**CER**" means the Canada Energy Regulator;

"**CER Act**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Industry Regulation – CER*";

"**Channahon Facility**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Cheecham Lateral**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**Chinook Pathways**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2021*";

"**CKPC**" means Canada Kuwait Petrochemical Limited Partnership, the joint venture between Pembina and Petrochemical Industries Company K.S.C.;

"**Class A Preferred Shares**" means class A preferred shares of Pembina, issuable in series, and, where the context requires, includes the Series 1 Class A Preferred Shares, the Series 2 Class A Preferred Shares, the Series 3 Class A Preferred Shares, the Series 4 Class A Preferred Shares, the Series 5 Class A Preferred Shares, the Series 6 Class A Preferred Shares, the Series 7 Class A Preferred Shares, the Series 8 Class A Preferred Shares, the Series 9 Class A Preferred Shares, the Series 10 Class A Preferred Shares, the Series 15 Class A Preferred Shares, the Series 16 Class A Preferred Shares, the Series 17 Class A Preferred Shares, the Series 18 Class A Preferred Shares, the Series 19 Class A Preferred Shares, the Series 20 Class A Preferred Shares, the Series 21 Class A Preferred Shares, the Series 22 Class A Preferred Shares, the Series 25 Class A Preferred Shares, the Series 26 Class A Preferred Shares and the Series 2021-A Class A Preferred Shares;

"**Class B Preferred Shares**" means class B preferred shares of Pembina;

"**Cochin Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**Common Shares**" means the common shares of Pembina;

"**Company**" or "**Pembina**" means Pembina Pipeline Corporation, an ABCA corporation, and, unless the context otherwise requires, includes its subsidiaries;

"**condensate**" means a hydrocarbon mixture consisting primarily of pentanes and heavier hydrocarbon liquids;

"**COVID-19**" means the novel coronavirus, the global outbreak of which was declared a pandemic by the World Health Organization in March 2020;

"**Crown**" has the meaning ascribed thereto under "*Risk Factors – General Risk Factors – Indigenous Land Claims and Consultation Obligations*";

"**CRP**" means Cutbank Ridge Partnership, a partnership between Ovintiv and Cutbank Dawson Gas Resources Ltd., a subsidiary of Mitsubishi Corporation;

"**Cutbank Complex**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Cutbank Gas Plant**" means PGI's shallow cut sweet gas processing facility located near Grande Prairie, Alberta;

"**Dawson Assets**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**DBRS**" means DBRS Morningstar;

"**deep cut**" means ethane-plus extraction gas processing capabilities;

"**Directive 088**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Industry Regulation – AER and AUC*";

"**Drayton Valley Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**DRIPA**" has the meaning ascribed thereto under "*Risk Factors – General Risk Factors – Indigenous Land Claims and Consultation Obligations*";

"**Duvernay Complex**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Duvernay Field Hub**" means PGI's 30 MMcf/d gas, 10 mbpd condensate and 5 mbpd water handling and condensate stabilization facility located near Fox Creek, Alberta;

"**Duvernay I**" means PGI's 92 percent interest in the Duvernay I 100 MMcf/d shallow cut gas processing facility located near Fox Creek, Alberta;

"**Duvernay II**" means PGI's 92 percent interest in the Duvernay II 100 MMcf/d shallow cut gas processing facility located near Fox Creek, Alberta;

"**Duvernay III**" means PGI's 92 percent interest in the Duvernay III 100 MMcf/d shallow cut gas processing facility located near Fox Creek, Alberta;

"**Duvernay Sour Gas Treating Facilities**" means PGI's sour gas sweetening system, amine regeneration and acid incineration facility located near Fox Creek, Alberta;

"**EA Act**" has the meaning ascribed thereto under "*Risk Factors – General Risk Factors – Indigenous Land Claims and Consultation Obligations*";

"**East NGL System**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*";

"**ECCC**" means Environment and Climate Change Canada, a department of the Government of Canada;

"**EDI**" means equity, diversity and inclusion;

"**EDGAR**" means the Electronic Data Gathering, Analysis and Retrieval system;

"**Edmonton South Rail Terminal**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**Edmonton South Terminal**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**Edmonton Terminals**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**EEA**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Equity, Diversity and Inclusion*";

"**EMP**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Emergency Management Program*";

"**Empress**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Empress Co-generation Facility**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Empress Pipeline**" is an approximately 25 km pipeline of buried HVP ethane pipeline and associated riser facilities that connect the Alberta ethane market serviced by the AEGS to the Burstall ethane cavern storage facilities in Southern Saskatchewan;

"**ENT**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**equity accounted investees**" means Pembina's working interest in Alliance Pipeline, Aux Sable, Ruby Pipeline, PGI (following completion of the PGI Transaction), Veresen Midstream (prior to the completion of the PGI Transaction), Grand Valley I Limited Partnership, Fort Corp, CKPC and Cedar LNG;

"**ESG**" means environmental, social and governance, the three central factors in measuring the sustainability and societal impact of a company;

"**ESSC**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Security Management Program*";

"**Federal Methane Regulations**" has the meaning ascribed thereto under "*Risk Factors – Risks Inherent in Pembina's Business – Environmental Costs and Liabilities*";

"**FERC**" means the United States Federal Energy Regulatory Commission;

"**Financial Statements**" means Pembina's audited consolidated financial statements for the period ended December 31, 2022;

"**Five Year Government of Canada Yield**" has the meaning ascribed thereto under "*Description of the Capital Structure of Pembina – Subordinated Notes, Series 1 – Interest and Maturity*";

"**Form 40-F**" means Pembina's annual report on Form 40-F for the fiscal year ended December 31, 2022 filed with the SEC;

"**Fort Corp**" means, collectively, Fort Saskatchewan Ethylene Storage Corporation and Fort Saskatchewan Ethylene Storage Limited Partnership;

"**Fox Creek**" refers to the Peace Pipeline pump station and terminal located near Fox Creek, Alberta;

"**frac spread ratio**" has the meaning ascribed thereto under "*Risk Factors – Risks Inherent in Pembina's Business – Commodity Price Risk*";

"**Fund**" has the meaning ascribed thereto under "*Corporate Structure – Name, Address and Formation*";

"**GAAP**" means Canadian generally accepted accounting principles, which are within the framework of IFRS;

"**GGPPA**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Industry Regulation – ECCC*";

"**GHG**" means greenhouse gas;

"**Gordondale**" refers to the Peace Pipeline pump station and terminal located near Gordondale, Alberta;

"**Government Officials**" (foreign or domestic) include: Government ministers and their staff; members of legislative bodies or other elected officials; judges and ambassadors; officials or employees of government departments and agencies, regardless of rank or position; any employee of any branch of government at any level: federal, state, or local; customs, immigration, tax, and police personnel; an officer or employee of any state-owned or state-controlled company, including Crown corporations; persons employed by a board, commission, or other body or authority that is established to perform a duty or function on behalf of a foreign state; Indigenous government officials; political parties, party officials, and candidates for political office; and employees of public international organizations, such as the United Nations or World Bank;

"**Grand Valley**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**HOP**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Horizon Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**Horizon Project**" means the Horizon Oil Sands Project located approximately 70 km north of Fort McMurray, Alberta;

"**HSE**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Corporate Governance*";

"**HVP**" means high vapour pressure;

"**Hythe Developments**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2021*";

"**Hythe Gas Plant**" means PGI's sweet and sour gas processing facility located near Grande Prairie, Alberta;

"**IAAC**" means the Impact Assessment Agency of Canada;

"**IAA**" has the meaning ascribed thereto under "*Risk Factors – Risks Inherent in Pembina's Business – Regulation and Legislation*";

"**ICA**" means the *Interstate Commerce Act of 1887* (United States);

"**IFRS**" means the International Financial Reporting Standards, as issued by the International Accounting Standards Board;

"**Imperial**" means Imperial Oil Limited;

"**Inter Pipeline**" means Inter Pipeline Ltd.;

"**Jet Fuel Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**Jordan Cove**" means the previously proposed development, construction and operation of an LNG production and export facility and related infrastructure on the west coast of the U.S. Pembina notified FERC of its decision to not proceed with the project on December 1, 2021;

"**K3 Plant**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**KA Plant**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Kakwa**" refers to the Peace Pipeline pump station and terminal located west of the Kakwa River Deep Cut Plant;

"**Kakwa 1-35 Gas Plant**" means PGI's 100 percent interest in the shallow cut sweet gas processing facility located near Grande Prairie, Alberta;

"**Kakwa River Deep Cut Plant**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Kakwa River Shallow Cut Plant**" means PGI's shallow cut sweet gas processing facility located near Grande Prairie, Alberta;

"**KAPS**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2022*";

"**Keyera**" means Keyera Corporation;

"**Kinder Acquisition**" means, collectively, the Kinder Morgan Canada Acquisition and Pembina's acquisition of the Cochin Pipeline system from Kinder Morgan, Inc. for a total purchase price of approximately $4.3 billion, which closed on December 16, 2019;

"**Kinder Morgan Canada Acquisition**" means Pembina's acquisition of KML, which closed on December 16, 2019;

"**KKR**" means KKR & Co, Inc.;

"**KML**" means PKM Canada Limited, formerly Kinder Morgan Canada Limited;

"**KML Series 1 Preferred Shares**" means the cumulative redeemable minimum rate reset preferred shares, series 1 in the capital of KML;

"**KML Series 2 Preferred Shares**" means the cumulative redeemable floating rate preferred shares, series 2 in the capital of KML, which were issuable on conversion of the KML Series 1 Preferred Shares;

"**KML Series 3 Preferred Shares**" means the cumulative redeemable minimum rate reset preferred shares, series 3 in the capital of KML;

"**KML Series 4 Preferred Shares**" means the cumulative redeemable floating rate preferred shares, series 4 in the capital of KML, which were issuable on conversion of the KML Series 3 Preferred Shares;

"**KUFPEC**" means Kuwait Foreign Petroleum Exploration Company;

"**La Glace**" refers to the Peace Pipeline pump station and terminal located near La Glace, Alberta;

"**LGS**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**MD&A**" means the management's discussion and analysis of the financial and operating results of Pembina dated February 23, 2023, for the year ended December 31, 2022, an electronic copy of which is available on Pembina's profile on the SEDAR website at www.sedar.com, in Pembina's annual report on Form 40-F filed on the EDGAR website at www.sec.gov, or at www.pembina.com;

"**Medium Term Notes**" means, collectively, the Medium Term Notes, Series 3, the Medium Term Notes, Series 4, the Medium Term Notes, Series 5, the Medium Term Notes, Series 6, the Medium Term Notes, Series 7, the Medium Term Notes, Series 8, the Medium Term Notes, Series 9, the Medium Term Notes, Series 10, the Medium Term Notes, Series 11, the Medium Term Notes, Series 12, the Medium Term Notes, Series 13, the Medium Term Notes, Series 14, the Medium Term Notes, Series 15, the Medium Term Notes, Series 16, the Medium Term Notes, Series 17 and the Medium Term Notes, Series 18;

"**Medium Term Notes, Series 3**" means, collectively, the $200 million, $150 million and $100 million aggregate principal amount of medium term notes of Pembina issued April 30, 2013, February 2, 2015 and June 16, 2015, respectively. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 4**" means the $600 million aggregate principal amount of medium term notes of Pembina issued April 4, 2014. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 5**" means the $450 million aggregate principal amount of medium term notes of Pembina issued February 2, 2015. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 6**" means the $500 million aggregate principal amount of medium term notes of Pembina issued June 16, 2015. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 7**" means, collectively, the $500 million and $100 million aggregate principal amount of medium term notes of Pembina issued August 11, 2016 and May 28, 2020, respectively. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 8**" means, collectively, the $300 million and $350 million aggregate principal amount of medium term notes of Pembina issued January 20, 2017 and August 16, 2017, respectively. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 9**" means, collectively, the $300 million and $250 million aggregate principal amount of medium term notes of Pembina issued January 20, 2017 and August 16, 2017, respectively. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 10**" means, collectively, the $400 million and $250 million aggregate principal amount of medium term notes of Pembina issued March 26, 2018 and January 10, 2020, respectively. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 11**" means, collectively, the $300 million and $500 million aggregate principal amount of medium term notes of Pembina issued March 26, 2018 and January 10, 2020, respectively. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 12**" means, collectively, the $400 million and $250 million aggregate principal amount of medium term notes of Pembina issued April 3, 2019 and January 10, 2020, respectively. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 13**" means, collectively, the $400 million and $300 million aggregate principal amount of medium term notes of Pembina issued April 3, 2019 and September 12, 2019, respectively. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 14**" means the $600 million aggregate principal amount of medium term notes of Pembina issued September 12, 2019. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 15**" means the $600 million aggregate principal amount of medium term notes of Pembina issued September 12, 2019. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 16**" means the $400 million aggregate principal amount of medium term notes of Pembina issued May 28, 2020. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 17**" means the $500 million aggregate principal amount of medium term notes of Pembina issued on December 10, 2021. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Medium Term Notes, Series 18**" means the $500 million aggregate principal amount of medium term notes of Pembina issued on December 10, 2021. See "*Description of the Capital Structure of Pembina – Medium Term Notes*";

"**Musreau I**" means the Musreau A, Musreau C and Musreau D trains, shallow cut sweet gas processing facility, owned 100 percent by PGI, and PGI's 50 percent interest in the Musreau B train, located near Grande Prairie, Alberta;

"**Musreau II**" means PGI's 100 MMcf/d shallow cut sweet gas processing plant and associated NGL and gas gathering pipelines near Musreau I;

"**Musreau III**" means PGI's 100 MMcf/d shallow cut sweet gas processing facility near Musreau I and II;

"**Musreau Deep Cut**" means the 205 MMcf/d NGL extraction facility and related approximately 10 km NGL sales pipeline connected to the Peace Pipeline and located at the Musreau I facility;

"**Namao**" refers to the Peace Pipeline interconnect junction located near Namao, Alberta;

"**NCIB**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2021*";

"**NEBC Montney Infrastructure**" includes an area production connection to Pembina's Birch terminal as well as upgrades to the terminal including additional storage and pump stations and minor site modifications to support additional volumes on the NEBC Pipeline and Pembina's downstream pipelines;

"**NEBC Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**Net-Zero Act**" has the meaning ascribed thereto under "*Risk Factors – Risks Inherent in Pembina's Business – Environmental Costs and Liabilities*";

"**New Revolving Credit Facility**" has the meaning ascribed thereto under "*Description of the Capital Structure of Pembina – Credit Facilities*";

"**NGA**" means the *Natural Gas Act of 1938* (United States);

"**NGL**" means natural gas liquids, including ethane, propane, butane and condensate;

"**Nipisi Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**North 40 Terminal**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**Northern Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**Northwest Pipeline**" means the pipeline system and related facilities delivering crude oil from northeastern British Columbia to Boundary Lake, Alberta;

"**NYSE**" means the New York Stock Exchange;

"**OMS**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Operating Management System*";

"**Option Plan**" means the stock option plan of Pembina approved by the Shareholders on May 26, 2011, as amended effective November 30, 2016, February 26, 2020 and August 4, 2022;

"**Ovintiv**" means Ovintiv Inc., formerly Encana Corporation;

"**Palermo Conditioning Plant**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Parallel**" has the meaning ascribed thereto under "*Directors and Officers – Directors of Pembina*";

"**Patterson Creek**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**PDH**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2020*";

"**PDH/PP Facility**" means CKPC's previously proposed PDH and PP upgrading facility;

"**PDH EPC**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2020*";

"**Peace Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**PG&E**" has the meaning ascribed thereto under "*Directors and Officers – Executive Officers of Pembina*";

"**PGI**" means Pembina Gas Infrastructure Inc.;

"**PGI Transaction**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2022*";

"**Phase VII Expansion**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2020*";

"**Phase VIII Expansion**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*";

"**Phase IX Expansion**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2020*";

"**PHMSA**" means the U.S. Pipeline and Hazardous Materials Safety Administration;

"**PIC**" means Petrochemical Industries Company K.S.C., a subsidiary of the Kuwait Petroleum Corporation, a company owned by the State of Kuwait;

"**Plains**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2022*";

"**Plan**" has the meaning ascribed thereto under "*Description of the Capital Structure of Pembina – Common Shares*";

"**PMM**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Operating Management System – Operations and Maintenance Program*";

"**Pouce Coupé Pipeline**" means the pipeline system and related facilities delivering sweet crude oil and HVP hydrocarbon products from Dawson Creek, British Columbia to Pouce Coupé, Alberta;

"**PP**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2020*";

"**Prairie Rose Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Prince Rupert Terminal**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*";

"**rate base**" means the amount of investment on which a return is authorized to be earned, which typically includes net plant in service plus an allowance for working capital;

"**Redemption Amount**" has the meaning ascribed thereto under "*Description of the Capital Structure of Pembina – Class B Preferred Shares*";

"**Redwater Complex**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*";

"**Resthaven Facility**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Revolving Credit Facility**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2022*";

"**RFS I**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*";

"**RFS II**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*";

"**RFS III**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*";

"RFS IV" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*";

"**rich gas**" means natural gas with relatively high NGL content including ethane, propane, butane and condensate;

"**Ruby Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**Ruby Settlement Agreement**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2022*";

"**Ruby Subsidiary**" has the meaning ascribed thereto under "*General Developments of Pembina – Developments in 2022*";

"**Ruby Subsidiary Bankruptcy**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**Ruby Subsidiary Notes**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**Ruby Subsidiary Plan**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**SACC**" has the meaning ascribed thereto under "*Risk Factors – Risk Inherent to Pembina's Business – Regulation and Legislation*";

"**S&P**" means S&P Global Ratings, a division of The McGraw-Hill Companies;

"**Saik'uz**" has the meaning ascribed thereto under "*Risk Factors – General Risk Factors – Indigenous Land Claims and Consultation Obligations*";

"**Saturn I**" means PGI's deep cut NGL extraction facility located in the Berland area of Alberta with 220 MMcf/d of extraction capacity;

"**Saturn II**" means PGI's second deep cut NGL extraction facility in the Berland area, a twin of Saturn I;

"**Saturn Complex**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Saturn Gas Plant**" means PGI's sweet gas processing facility located near Dawson Creek, British Columbia;

"**SCADA**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Operating Management System – Operations and Maintenance Program*";

"**SEC**" means the United States Securities and Exchange Commission;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**SEEP**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**Senior Note Indenture**" means the indenture dated March 29, 2011 between Pembina and Computershare Trust Company of Canada, as further supplemented by the second supplemental note indenture dated October 24, 2014, and as further supplemented by the third supplemental indenture dated April 4, 2018 providing for the issuance of the Medium Term Notes. Certain subsidiaries of Pembina are also party to the Senior Note Indenture as former guarantors thereunder;

"**Septimus Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Marketing & New Ventures Division – Marketing Activities*";

"**Series 1 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 1 of Pembina, issued July 26, 2013. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 2 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 2 of Pembina, issuable on conversion of the Series 1 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 3 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 3 of Pembina, issued October 2, 2013. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 4 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 4 of Pembina, issuable on conversion of the Series 3 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 5 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 5 of Pembina, issued January 16, 2014. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 6 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 6 of Pembina, issuable on conversion of the Series 5 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 7 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 7 of Pembina, issued September 11, 2014. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 8 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 8 of Pembina, issuable on conversion of the Series 7 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 9 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 9 of Pembina, issued April 10, 2015. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 10 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 10 of Pembina, issuable on conversion of the Series 9 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 11 Class A Preferred Shares**" means the cumulative redeemable minimum rate reset Class A Preferred Shares, series 11 of Pembina, issued January 15, 2016 and redeemed on March 1, 2021. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 13 Class A Preferred Shares**" means the cumulative redeemable minimum rate reset Class A Preferred Shares, series 13 of Pembina, issued April 27, 2016 and redeemed on June 1, 2021. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 15 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 15 of Pembina, issued in exchange for the Veresen Series A Preferred Shares on October 2, 2017. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 16 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 16 of Pembina, issuable on conversion of the Series 15 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 17 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 17 of Pembina, issued in exchange for the Veresen Series C Preferred Shares on October 2, 2017. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 18 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 18 of Pembina, issuable on conversion of the Series 17 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 19 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 19 of Pembina, issued in exchange for the Veresen Series E Preferred Shares on October 2, 2017. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 20 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 20 of Pembina, issuable on conversion of the Series 19 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 21 Class A Preferred Shares**" means the cumulative redeemable minimum rate reset Class A Preferred Shares, series 21 of Pembina, issued December 7, 2017 and to be issuable on conversion of the Series 22 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 22 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 22 of Pembina, to be issued on March 1, 2023 and issuable on conversion of the Series 21 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 23 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 23 of Pembina, issued in exchange for the KML Series 1 Preferred Shares on December 16, 2019 and redeemed on November 15, 2022. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 24 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 24 of Pembina, which were issuable on conversion of the Series 23 Class A Preferred Shares prior to their redemption on November 15, 2022. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 25 Class A Preferred Shares**" means the cumulative redeemable rate reset Class A Preferred Shares, series 25 of Pembina, issued in exchange for the KML Series 3 Preferred Shares on December 16, 2019. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 26 Class A Preferred Shares**" means the cumulative redeemable floating rate Class A Preferred Shares, series 26 of Pembina, issuable on conversion of the Series 25 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**Series 2021-A Class A Preferred Shares**" means the cumulative redeemable fixed-to-fixed rate Class A Preferred Shares, Series 2021-A. See "*Description of the Capital Structure of Pembina – Class A Preferred Shares*";

"**shallow cut**" means sweet gas processing with propane and/or condensate-plus extraction capabilities;

"**Shareholders**" means the holders of Common Shares;

"**SLL Credit Facility**" has the meaning ascribed thereto under "*Description of the Capital Structure of Pembina – Credit Facilities*";

"**SMP**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Security Management Program*";

"**Steeprock Gas Plant**" means PGI's sour gas processing facility located near Grande Prairie, Alberta;

"**Sturgeon Refinery**" means the crude oil upgrader, built and operated by North West Redwater Partnership in Sturgeon County, Alberta;

"**Subordinated Note Indenture**" means the indenture dated January 25, 2021 between Pembina and Computershare Trust Company of Canada;

"**Subordinated Notes, Series 1**" has the meaning ascribed thereto under *"General Developments of Pembina – Developments in 2021*";

"**Sunrise Gas Plant**" means PGI's sweet gas processing facility located near Dawson Creek, British Columbia;

"**Swan Hills Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**Syncrude Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Oil Sands and Heavy Oil Assets*";

"**Syncrude Project**" means the joint venture that was formed for the recovery of oil sands, crude bitumen or products derived from the Athabasca oil sands, located near Fort McMurray, Alberta;

"**take-or-pay**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets – Firm Contracts*";

"**Taylor to Belloy Pipeline**" means the pipeline and related facilities delivering NGL from Taylor, British Columbia to Belloy, Alberta;

"**Taylor to Boundary Lake Pipeline**" means the pipeline and related facilities delivering HVP hydrocarbon products from Taylor, British Columbia to Boundary Lake, Alberta;

"**TC Energy**" means TC Energy Corporation;

"**throughput**" means volume of product delivered through a pipeline or terminal;

"**TIER**" has the meaning ascribed thereto under "*Risk Factors – Risks Inherent in Pembina's Business – Environmental Costs and Liabilities*";

"**TMQ**" has the meaning ascribed thereto under "*Other Information Relating to Pembina's Business – Operating Management System – Operations and Maintenance Program*";

"**Tower Gas Plant**" means PGI's sweet gas processing facility located near Dawson Creek, British Columbia;

"**TSX**" means the Toronto Stock Exchange;

"**UNDRIP**" has the meaning ascribed thereto under "*Risk Factors – General Risk Factors – Indigenous Land Claims and Consultation Obligations*";

"**Valleyview**" refers to the Peace Pipeline pump station and terminal located near Valleyview, Alberta;

"**Vancouver Wharves**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*";

"**Vantage Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*";

"**Veresen**" means Veresen Inc.;

"**Veresen Acquisition**" means the acquisition of Veresen, pursuant to which Pembina acquired all of the issued and outstanding common shares of Veresen and Veresen Preferred Shares, by way of a plan of arrangement under the ABCA, in accordance with the terms and conditions of an arrangement agreement dated May 1, 2017 between Pembina and Veresen;

"**Veresen Midstream**" means, collectively, Veresen Midstream Limited Partnership and Veresen Midstream General Partner Inc. and their subsidiaries;

"**Veresen Preferred Shares**" means the Veresen Series A Preferred Shares, the Veresen Series B Preferred Shares, the Veresen Series C Preferred Shares, the Veresen Series D Preferred Shares, the Veresen Series E Preferred Shares and the Veresen Series F Preferred Shares;

"**Veresen Series A Preferred Shares**" means the cumulative redeemable preferred shares, series A of Veresen, issued February 14, 2012;

"**Veresen Series B Preferred Shares**" means the cumulative redeemable preferred shares, series B of Veresen, which were issuable on conversion of the Veresen Series A Preferred Shares;

"**Veresen Series C Preferred Shares**" means the cumulative redeemable preferred shares, series C of Veresen, issued October 21, 2013;

"**Veresen Series D Preferred Shares**" means the cumulative redeemable preferred shares, series D of Veresen, which were issuable on conversion of the Veresen Series C Preferred Shares;

"**Veresen Series E Preferred Shares**" means the cumulative redeemable preferred shares, series E of Veresen, issued April 1, 2015;

"**Veresen Series F Preferred Shares**" means the cumulative redeemable preferred shares, series F of Veresen, which were issuable on conversion of the Veresen Series E Preferred Shares;

"**Wapiti**" refers to the Peace Pipeline pump station and terminal located south of Wembley, Alberta;

"**Wapiti Condensate Lateral**" means a 12-inch, approximately 30 km pipeline which connects condensate volumes from a third-party owned facility in the Pipestone Montney region into the Peace Pipeline;

"**Wapiti Plant**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*";

"**WCSB**" means the Western Canadian Sedimentary Basin;

"**Western Pipeline**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Pipelines Division – Conventional Assets*"; and

"**Younger**" has the meaning ascribed thereto under "*Description of Pembina's Business and Operations – Facilities Division – Gas Services*".

All dollar amounts set forth in this Annual Information Form are in Canadian dollars unless otherwise indicated. References to "$" or "C$" are to Canadian dollars and references to "US$" are to U.S. dollars. On February 22, 2023, the daily exchange rate reported by the Bank of Canada, was C$1.00 equals US$0.7384.

Except where otherwise indicated, all information in this Annual Information Form is presented as at the end of Pembina's most recently completed financial year, being December 31, 2022.

A reference made in this Annual Information Form to other documents or to information or documents available on a website does not constitute the incorporation by reference into this Annual Information Form of such other documents or such other information or documents available on such website, unless otherwise stated.

ABBREVIATIONS AND CONVERSIONS

In this Annual Information Form, the following abbreviations have the indicated meanings:

mbbls	thousands of barrels, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons
mmbbls	millions of barrels
mbpd	thousands of barrels per day
mmbpd	millions of barrels per day
MMcf/d	million cubic feet per day
mboe/d	thousands of barrels of oil equivalent per day
mmboe/d	millions of barrels of oil equivalent per day
bcf/d	billion cubic feet per day
km	kilometres
CO_2^e	carbon dioxide equivalent
MW	megawatt

Barrels of oil equivalent ("**boe**") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf of natural gas: 1 bbl of crude oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To convert from	To	Multiply by
bbls	cubic metres	0.159
cubic metres	bbls	6.293
miles	kilometres	1.609
kilometres	miles	0.621

NON–GAAP FINANCIAL MEASURES

Throughout this Annual Information Form, Pembina has disclosed certain financial measures and ratios that are not specified, defined or determined in accordance with GAAP and which are not disclosed in the Financial Statements. Non-GAAP financial measures either exclude an amount that is included in, or include an amount that is excluded from, the composition of the most directly comparable financial measure specified, defined and determined in accordance with GAAP. These non-GAAP financial measures and ratios, together with financial measures and ratios specified, defined and determined in accordance with GAAP, are used by management to evaluate the performance and cash flows of Pembina and its businesses and to provide additional useful information respecting Pembina's financial performance and cash flows to investors and analysts.

In this Annual Information Form, Pembina has disclosed the following non-GAAP financial measures and non-GAAP ratios: net revenue, adjusted earnings before interest, taxes, depreciation and amortization ("**adjusted EBITDA**"), and adjusted EBITDA per common share.

Non-GAAP financial measures and ratios disclosed in this Annual Information Form do not have any standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The financial measures and ratios should not, therefore, be considered in isolation or as a substitute for, or superior to, measures and ratios of Pembina's financial performance, or cash flows specified, defined or determined in accordance with GAAP, including revenue, earnings before income tax, share of profit from equity accounted investees and cash flow from operating activities.

Except as otherwise described herein, these non-GAAP financial measures and non-GAAP ratios are calculated on a consistent basis from period to period. Specific reconciling items may only be relevant in certain periods.

Additional information relating to each non-GAAP financial measure and non-GAAP ratio disclosed in this Annual Information Form, including: (i) an explanation of the composition of each non-GAAP financial measure and non-GAAP ratio; (ii) an explanation of how each non-GAAP financial measure and non-GAAP ratio provides useful information to investors and the additional purposes, if any, for which management uses each non-GAAP financial measure and non-GAAP ratio; (iii) a quantitative reconciliation of each non-GAAP financial measure to the most directly comparable financial measure that is specified, defined and determined in accordance with GAAP; and (iv) an explanation of the reason for any change in the label or composition of each non-GAAP financial measure and non-GAAP ratio from what was previously disclosed, is contained in the "*Non-GAAP & Other Financial Measures*" section of the MD&A, which section is incorporated by reference in this Annual Information Form. The MD&A is available on SEDAR at www.sedar.com, EDGAR at www.sec.gov and Pembina's website at www.pembina.com.

FORWARD-LOOKING STATEMENTS AND INFORMATION

Certain statements contained in this Annual Information Form constitute "forward-looking statements" within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "**forward-looking statements**"). All forward-looking statements are based on Pembina's current expectations, estimates, projections, beliefs, judgments and assumptions based on information available at the time the applicable forward-looking statement was made and in light of Pembina's experience and its perception of historical trends. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "could", "would", "believe", "plan", "intend", "design", "target", "undertake", "view", "indicate", "maintain", "explore", "entail", "schedule", "objective", "strategy", "likely", "potential", "outlook", "aim", "propose", "goal", and similar expressions suggesting future events or future performance.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Pembina believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. The forward-looking statements included herein speak only as of the date of the Annual Information Form.

In particular, this Annual Information Form contains forward-looking statements pertaining to, among other things, the following:

- the future levels and sustainability of cash dividends that Pembina intends to pay to its Shareholders, including expected dividend payment dates;
- planning, construction, capital expenditure estimates, schedules, regulatory and environmental applications and anticipated approvals, expected capacity, incremental volumes, in-service dates, rights, activities, benefits and operations with respect to new construction of, or expansions on existing pipelines, gas services facilities, fractionation facilities, terminalling, storage and hub facilities and other facilities or energy infrastructure, as well as the impact of Pembina's new projects on its future financial performance;
- pipeline, processing, fractionation and storage facility and system operations and throughput levels;
- treatment under existing and proposed governmental regulatory regimes, including taxes, environmental, project assessment and GHG regulations and related abandonment and reclamation obligations, and Indigenous, landowner and other stakeholder consultation requirements;
- Pembina's estimates of and strategy for payment of future abandonment costs and decommissioning obligations;
- Pembina's strategy and the development and expected timing of new business initiatives, growth opportunities and the impact thereof;
- increased throughput potential, processing capacity and fractionation capacity due to increased oil and gas industry activity and new connections and other initiatives on Pembina's pipelines and at Pembina's facilities;
- expected future cash flows and the sufficiency thereof, financial strength, sources of and access to funds at acceptable rates, future contractual obligations, future financing options, future renewal of its credit facilities, availability of capital to fund growth plans, investments operating obligations and dividends and the use of proceeds from financings;
- future demand for Pembina's infrastructure and services;
- statement regarding Pembina's investment relating to managing its environmental liability and the benefits thereof;
- tolls and tariffs, and processing, transportation, fractionation, storage and services commitments and contracts;
- operating risks (including the amount of future liabilities related to pipeline spills and other environmental incidents) and related insurance coverage and inspection and integrity programs;

- inventory and pricing of commodities;

- the future success, growth, expansions, contributions, capacity expectations, results of operations, financial strength of certain of Pembina's equity accounted investees;

- the sale by PGI of its 50 percent non-operated interest in KAPS, including the expected proceeds and timing thereof;

- the development and anticipated benefits of Pembina's new projects and developments, including the reactivation of the Nipisi Pipeline, the Empress Co-generation Facility, the Phase VII Expansion, the Cedar LNG Project and the Alberta Carbon Grid, as well as the timing thereof;

- the conversion of a portion of the issued and outstanding Series 21 Class A Preferred Shares into Series 22 Class A Preferred Shares on March 1, 2023, including the listing and trading of the Series 22 Class A Preferred Shares on the TSX thereafter;

- compliance by the Company with integrity regulatory compliance requirements, including the effectiveness of related programs and systems;

- Pembina's commitment to, and the effectiveness and impact of its OMS and other operations and governance policies and ESG-related practices and targets;

- the ongoing impacts of the COVID-19 pandemic on Pembina and Pembina's response thereto;

- the impact of the current commodity price environment on Pembina; and

- competitive conditions and Pembina's ability to position itself competitively in the industry.

Various factors or assumptions are typically applied by Pembina in drawing conclusions or making the forecasts, projections, predictions or estimations set out in forward-looking statements based on information currently available to Pembina. These factors and assumptions include, but are not limited to:

- oil and gas industry exploration and development activity levels and the geographic region of such activity;

- the success of Pembina's operations;

- prevailing commodity prices, interest rates, carbon prices, tax rates, exchange rates and inflation rates;

- the ability of Pembina to maintain current credit ratings;

- the availability and cost of capital to fund future capital requirements relating to existing assets, projects and the repayment or refinancing of existing debt as it becomes due;

- expectations regarding participation in Pembina's pension plan;

- future operating costs, including geotechnical and integrity costs, being consistent with historical costs;

- oil and gas industry compensation levels remaining consistent with historical levels;

- in respect of current developments, expansions, planned capital expenditures, completion dates and capacity expectations: that third parties will provide any necessary support; that any third-party projects relating to Pembina's growth projects will be sanctioned and completed as expected; that any required commercial agreements can be reached; that all required regulatory and environmental approvals can be obtained on the necessary terms in a timely manner; that counterparties will comply with contracts in a timely manner; that there are no supply chain disruptions impacting Pembina's ability to obtain required equipment, materials or labour; that there are no unforeseen events preventing the performance of contracts or the completion of the relevant facilities; and that there are no unforeseen material costs relating to the facilities which are not recoverable from customers;

- in respect of the stability of Pembina's dividends: prevailing commodity prices, margins and exchange rates; that Pembina's future results of operations will be consistent with past performance and management expectations in relation thereto; the continued availability of capital at attractive prices to fund future capital requirements relating to existing assets and projects, including, but not limited to, future capital expenditures relating to expansion, upgrades and maintenance shutdowns; the success of growth projects; future operating costs; that counterparties to agreements will continue to perform their obligations in a timely manner; that there are no unforeseen events preventing the performance of contracts; and that there are no unforeseen material construction or other costs related to current growth projects, current operations or the repayment or refinancing of existing debt as it becomes due;

- prevailing regulatory, tax and environmental laws and regulations and tax pool utilization; and

- the amount of future liabilities relating to lawsuits and environmental incidents and the availability of coverage under Pembina's insurance policies (including in respect of Pembina's business interruption insurance policy).

The actual results of Pembina could differ materially from those anticipated in the forward-looking statements included in this Annual Information Form as a result of the material risk factors set forth below:

- the regulatory environment and decisions, and Indigenous and landowner consultation requirements;

- the impact of competitive entities and pricing;

- reliance on third parties to successfully operate and maintain certain assets;

- labour and material shortages;

- reliance on key relationships and agreements and the outcome of stakeholder engagement;

- the strength and operations of the oil and natural gas production industry and related commodity prices;

- non-performance or default by counterparties to agreements which Pembina or one or more of its subsidiaries has entered into in respect of its business;

- actions by joint venture partners or other partners which hold interests in certain of Pembina's assets;

- actions by governmental or regulatory authorities, including changes in tax laws and treatment, changes in royalty rates, changes in regulatory processes or increased environmental regulation;

- fluctuations in operating results;

- adverse general economic and market conditions, including potential recessions, in Canada, North America and worldwide, resulting in changes, or prolonged weaknesses, as applicable, in interest rates, foreign currency exchange rates, inflation rates, commodity prices, supply/demand trends and overall industry activity levels;

- risks related to the potential impacts of the COVID-19 pandemic;

- constraints on, or the unavailability of, adequate infrastructure;

- the political environment in North America and elsewhere, and public opinion;

- ability to access various sources of debt and equity capital;

- changes in credit ratings;

- counterparty credit risk;

- technology and security risks including cyber-security risks;

- natural catastrophes; and
- other risk factors as set out in this Annual Information Form under "*Risk Factors*".

These factors should not be construed as exhaustive. Unless required by law, Pembina does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements contained herein are expressly qualified by this cautionary statement.

CORPORATE STRUCTURE

Name, Address and Formation

Pembina Pipeline Corporation is a corporation amalgamated under the ABCA. It is the successor to Pembina Pipeline Income Fund (the "**Fund**") following the completion of the reorganization of the Fund from an income trust structure to a corporate structure by way of plan of arrangement involving the Fund, Pembina and the holders of the Fund's trust units, pursuant to which the trust was reorganized into Pembina on October 1, 2010. Pembina is also the successor to Veresen following the completion of the Veresen Acquisition on October 2, 2017, whereby, among other things, Pembina amalgamated with Veresen and the resulting entity continued as "Pembina Pipeline Corporation". Pembina's principal and registered office is located at Suite 4000, 585 - 8th Avenue S.W., Calgary, Alberta, T2P 1G1.

Pembina's Subsidiaries

The following chart indicates Pembina's material subsidiaries, including their jurisdictions of incorporation, formation or organization and the percentage of voting securities owned, or controlled or directed, directly or indirectly, by Pembina or its subsidiaries.

Principal Subsidiaries[1]	Jurisdiction of Incorporation/ Formation/ Organization	Ownership
Pembina Empress NGL Partnership	Alberta	100%
Pembina Holding Canada L.P.	Alberta	100%
Pembina Infrastructure and Logistics L.P.	Alberta	100%
Pembina Midstream Limited Partnership	Alberta	100%
Pembina Oil Sands Pipeline L.P.	Alberta	100%
Pembina Pipeline	Alberta	100%
Pembina Cochin LLC	Delaware U.S.	100%

(1) Subsidiaries are omitted where, at Pembina's most recent financial year-end: (i) the total assets of the subsidiary do not exceed 10 percent of Pembina's consolidated assets; (ii) the revenue of the subsidiary does not exceed 10 percent of Pembina's consolidated revenue; and (iii) the conditions in (i) and (ii) would be satisfied if the omitted subsidiaries were aggregated, and the reference in (i) and (ii) changed from 10 percent to 20 percent.

Amended Articles

On May 13, 2013, Pembina filed articles of amendment under the ABCA to create a new class of shares, the Class A Preferred Shares, to change the designation and terms of the Class B Preferred Shares, and to increase the maximum number of directors of Pembina from eleven to thirteen, after receiving Shareholder approval for such amendments.

On October 2, 2017, Pembina filed articles of amendment under the ABCA to create the Series 15, Series 16, Series 17, Series 18, Series 19 and Series 20 Class A Preferred Shares.

On October 2, 2017, Pembina filed articles of amalgamation under the ABCA to effect the amalgamation of Pembina and Veresen pursuant to the Veresen Acquisition. Pursuant to the Veresen Acquisition, all of the outstanding Veresen Series A, C and E Preferred Shares were exchanged for Series 15, 17 and 19 Class A Preferred Shares, respectively. The Series 15, 17 and 19 Class A Preferred Shares have substantially the same terms and conditions as the previously outstanding Veresen Series A, C and E Preferred Shares. The Series 16, 18 and 20 Class A Preferred Shares have substantially the same terms and conditions as the Veresen Series B, D and F Preferred Shares.

On December 1, 2017, Pembina filed articles of amendment under the ABCA to create the Series 21 and Series 22 Class A Preferred Shares.

On June 25, 2019, Pembina filed articles of amendment under the ABCA to increase the limit on the number of Class A Preferred Shares Pembina is authorized to issue from 20 percent of the number of Common Shares issued and outstanding at the time of issuance to a maximum of 254,850,850 Class A Preferred Shares, after receiving approval from the Shareholders and the holders of the Class A Preferred Shares for such amendment.

On December 16, 2019, Pembina filed articles of amendment under the ABCA to create the Series 23, Series 24, Series 25 and Series 26 Class A Preferred Shares. Pursuant to the Kinder Morgan Canada Acquisition, all of the outstanding KML Series 1 and

3 Preferred Shares were exchanged for Series 23 and 25 Class A Preferred Shares, respectively. The Series 23 and 25 Class A Preferred Shares have substantially the same terms and conditions as the previously outstanding KML Series 1 and 3 Preferred Shares. The Series 24 and 26 Class A Preferred Shares have substantially the same terms and conditions as the KML Series 2 and 4 Preferred Shares. The issued and outstanding Series 23 Preferred Shares were redeemed and subsequently cancelled by Pembina on November 15, 2022.

On January 22, 2021, Pembina filed articles of amendment under the ABCA to create the Series 2021-A Class A Preferred Shares in connection with the issuance of the Subordinated Notes, Series 1. On January 25, 2021, prior to the issuance of such Series 2021-A Preferred Shares, Pembina filed articles of amendment amending and restating the terms of the Series 2021-A Class A Preferred Shares.

See "*Description of the Capital Structure of Pembina*".

Amended By-laws

On May 8, 2020, at the annual and special meeting of Shareholders (the "**2020 Meeting**"), Shareholders confirmed Pembina's amended and restated By-law No. 1 to, among other things: (i) permit only one officer or director, rather than two officers or directors, to execute certain documents on behalf of the Company, and (ii) provide that the Chair of the Board of Directors does not receive a second or casting vote when there is a voting deadlock at a meeting of the Board of Directors, bringing Pembina's by-laws in line with its peers and best corporate governance practices. At the 2020 Meeting, Shareholders also confirmed By-law No. 2, a by-law relating to the advance notice for the nomination of directors, which provides a framework for nominating directors for election to the Board of Directors.

GENERAL DEVELOPMENTS OF PEMBINA

During the three-year period ending on December 31, 2022 and 2023 year-to-date, Pembina continued to execute its business plan and advance its growth strategy as discussed below.

Developments in 2020

Jan 7	Pembina announced the execution of a lump sum engineering, procurement and construction contract (the "**PDH EPC**") related to the construction of the CKPC propane dehydrogenation ("**PDH**") facility within its integrated PDH and polypropylene ("**PP**") upgrading facility. In connection with the execution of the PDH EPC, CKPC fixed approximately 60 percent of the cost of the PDH/PP Facility and Pembina revised its proportionate share of the capital cost of the PDH/PP Facility, including the 100 percent directly-owned supporting facilities, from $2.5 billion to $2.7 billion.
Jan 10	Pembina issued and sold $250 million aggregate principal amount of Medium Term Notes, Series 10, $500 million aggregate principal amount of Medium Term Notes, Series 11 and $250 million aggregate principal amount of Medium Term Notes, Series 12, through a re-opening of each series, pursuant to its 2019 MTN Prospectus dated August 30, 2019, as supplemented by related pricing supplements dated January 8, 2020. Pembina used the net proceeds from the sale of the Medium Term Notes, Series 10, Series 11 and Series 12 to repay short-term indebtedness under its Revolving Credit Facility, as well as to fund Pembina's capital program and for other general corporate purposes. See "*Description of the Capital Structure of Pembina – Medium Term Notes".*
Feb 3	CKPC entered into a reimbursable engineering and procurement services contract with TR Canada E&C Inc. for the PP upgrading facility.
Feb 27	CKPC closed a syndicated senior secured credit agreement consisting of a US$1.7 billion amortizing term facility, and a US$150 million revolving facility, which has been guaranteed equally by the owners, Pembina and PIC, through the completion of construction on a several basis. The final maturity date of the term facility and revolving facility is February 27, 2027.
Feb	The NEBC Montney Infrastructure was placed into service. The NEBC Montney Infrastructure is supported by long-term fee-for-service and cost-of-service arrangements. In conjunction with the NEBC Montney Infrastructure, a customer also entered into long-term, firm service agreements containing take-or-pay commitments on downstream pipelines.
Mar 18	In response to the COVID-19 pandemic and the significant decline in global energy prices, Pembina announced a $900 million to $1.1 billion reduction in its 2020 capital spending plans, an approximately 40 to 50 percent reduction from the Company's previously announced capital budget of $2.3 billion. In connection therewith, Pembina also announced that the following previously disclosed expansion projects would be deferred: (i) the Phase VII Peace Pipeline expansion (the "**Phase VII Expansion**"), the Phase VIII Expansion and the Phase IX Peace Pipeline expansion (the "**Phase IX Expansion**"), representing $1.55 billion of total capital; (ii) Empress Co-generation Facility, representing $120 million of total capital; (iii) Prince Rupert Terminal Expansion, representing $175 million of capital; and (iv) Pembina's investment in the PDH/PP Facility, representing $2.7 billion of capital, net to Pembina. Additional discretionary capital spending was also removed from Pembina's 2020 capital budget.
Mar 19	Pembina announced that it received a certificate of approval from FERC for Jordan Cove.
Mar	The Wapiti Condensate Lateral and Duvernay Sour Gas Treating Facilities were placed into service.
Apr 6	Pembina announced that it entered into an $800 million unsecured revolving credit facility with certain existing key lenders. The credit facility is available to Pembina for general corporate purposes, providing the Company with additional liquidity and flexibility as required and has an initial term of two years. The terms and conditions of such revolving credit facility, including financial covenants, are substantially similar to Pembina's Revolving Credit Facility.
May 7	Pembina announced that it entered into an unsecured US$250 million non-revolving term loan with a global bank, providing further additional liquidity and flexibility in Pembina's capital structure. The USD non-revolving term loan has an initial term of five years. The terms and conditions of such non-revolving term loan, including financial covenants, are substantially similar to Pembina's existing Revolving Credit Facility.
May 8	Mr. Bob Michaleski and Mr. Jeff Smith retired from the Board after not standing for re-election. Mr. Robert G. Gwin joined the Board of Directors after Shareholders approved his appointment to the Board of Directors at the 2020 Meeting and subsequent to the 2020 Meeting, Ms. Cynthia Carroll was appointed to the Board of Directors by the Board.

May 28	Pembina issued and sold $100 million aggregate principal amount through a re-opening of its Medium Term Notes, Series 7 and $400 million aggregate principal amount of Medium Term Notes, Series 16 pursuant to its 2019 MTN Prospectus dated August 30, 2019, as supplemented by related pricing supplements dated May 26, 2020. Pembina used the net proceeds from the sale of the Medium Term Notes, Series 7 and Series 16, to repay indebtedness under its Revolving Credit Facility, as well as to fund Pembina's capital program and for general corporate purposes. See "*Description of the Capital Structure of Pembina – Medium Term Notes*".
June	The Phase VI Peace Pipeline expansion was placed into service.
Oct	The fractionation and terminalling facilities at Empress were placed into service.
Dec 3	Pembina released its 2020 Sustainability Report, which outlines the Company's approach, recent performance and future initiatives for ESG factors that are material to Pembina's stakeholders and business.
Dec 14	Pembina provided its financial guidance for 2021, including capital expenditures in the aggregate amount of $785 million. Pembina announced plans to re-activate the Phase VII Expansion under a revised scope. The capital cost estimate for the Phase VII Expansion was revised lower, by approximately $175 million to $775 million. The in-service date of the Phase VII Expansion was revised to the first half of 2023. As a result of revisions to the scope of the Phase VII Expansion, its estimated capacity was reduced from 240 mbpd to 160 mbpd. Pembina also announced that it was proceeding with the restart of the Empress Co-generation Facility at its natural gas liquids and processing and terminalling facilities in Empress, Alberta. The capital cost estimate for the Empress Co-generation Facility is expected to be $120 million. The expected in-service date for the Empress Co-generation Facility is the first quarter of 2023, subject to regulatory and environmental approvals. Additionally, Pembina announced that it was suspending the execution of the PDH/PP Facility indefinitely due to the significant risks arising from the COVID-19 pandemic, most notably with respect to costs under the PDH EPC which is under force majeure condition. As a result of such uncertainty, Pembina announced that it expected to recognize a material impairment on the project in the fourth quarter of 2020. There are no amounts drawn on the CKPC credit facility. Further, Pembina announced that it expected to recognize a material impairment on its 50 percent convertible, cumulative preferred interest in the Ruby Pipeline as a result of: (i) firm contract expiries and related prevailing interruptible tariff rates; (ii) Rockies basin fundamentals; and (iii) ongoing uncertainty on the timing of the approvals surrounding Jordan Cove.
Dec 30	Pembina filed its 2020 Base Shelf Prospectus.

Developments in 2021

Jan 19	The FERC denied a petition on Jordan Cove for a declaratory order that the Oregon Department of Environmental Quality waived its authority to issue a water quality certification pursuant to Section 401 of the *Clean Water Act* for failure to act within the statutorily-mandated period.
Jan 25	Pembina issued and sold \$600 million aggregate principal amount of 4.80 percent Fixed-to-Fixed Rate Subordinated Notes, Series 1 due January 25, 2081 (the "**Subordinated Notes, Series 1**") pursuant to its 2020 Base Shelf Prospectus, as supplemented by a prospectus supplement dated January 12, 2021. In connection with the issuance of the Subordinated Notes, Series 1, Pembina also issued 600,000 Series 2021-A Class A Preferred Shares to be held in trust by Computershare Trust Company of Canada to satisfy Pembina's obligations under the Subordinated Note Indenture for the Subordinated Notes, Series 1. Pembina expects to use the net proceeds from the sale of the Subordinated Notes, Series 1 to redeem or repurchase Pembina's Series 11 Class A Preferred Shares and its Series 13 Class A Preferred Shares, to repay outstanding indebtedness, as well as for general corporate purposes. See "*Description of the Capital Structure of Pembina – Subordinated Notes*" and "*Description of the Capital Structure of Pembina – Class A Preferred Shares*".
Feb 8	The United States Secretary of Commerce for Oceans and Atmosphere upheld the Oregon Department of Land Conservation and Development's objection to the Jordan Cove certification of consistency under the *Coastal Zone Management Act*, denying Pembina's appeal on the matter.
Feb 25	Pembina announced the acceptance by the TSX of Pembina's notice to commence a normal course issuer bid (the "**NCIB**") to purchase up to five percent of its outstanding Common Shares. The NCIB commenced on March 2, 2021 and expires on the earlier of March 1, 2022 and the date on which Pembina has acquired the maximum number of Common Shares allowable under the NCIB or the date on which Pembina otherwise decides not to make any further repurchases under the NCIB.
Mar 1	Pembina redeemed all of its 6.8 million issued and outstanding Series 11 Class A Preferred Shares for a redemption price equal to \$25.00 per Series 11 Class A Preferred Share, less any tax required to be deducted or withheld by Pembina. The total redemption price to Pembina was \$170 million. The Series 11 Class A Preferred Shares were subsequently cancelled by Pembina.
Mar 19	Pembina's Prince Rupert Terminal entered service.
Mar 15	Pembina and its 45 percent owned joint venture, Veresen Midstream, safely completed the start-up of an expansion of 125 MMcf/d (56 MMcf/d net to Pembina) of sour gas processing at Veresen Midstream's existing Hythe Gas Plant, approximately 60 km of 12-inch sour gas pipeline, a compressor station and various Pembina-owned laterals (the "**Hythe Developments**").
Mar 25	Pembina cancelled its \$800 million revolving credit facility that was entered into on April 6, 2020 to provide additional liquidity and flexibility in Pembina's capital structure and to ensure access to adequate financial resources in response to the market conditions caused by the COVID-19 pandemic.
Mar 31	Two of Pembina's executive officers, Paul Murphy, Senior Vice President and Corporate Services Officer, and Jason Wiun, Senior Vice President and Chief Operating Officer, Pipelines, retired.
Apr 1	As a result of the retirements of Messrs. Murphy and Wiun, Janet Loduca was promoted to Senior Vice President, External Affairs and Chief Legal and Sustainability Officer and Harry Andersen was appointed Senior Vice President and Chief Operating Officer, Pipelines.
Apr 28	DBRS upgraded its rating to 'BBB (high)' in respect of Pembina's Medium Term Notes, 'BBB (low)' to the Series 1 Subordinated Notes and 'Pfd-3 (high)' to each issued series of Pembina's Class A Preferred Shares, other than the Series 2021-A Class A Preferred Shares, which are deliverable to the holders of the Series 1 Subordinated Notes following the occurrence of certain bankruptcy or insolvency events in respect of Pembina.
Apr 30	Pembina extended its Revolving Credit Facility and unsecured operating facility thereunder to June 1, 2026 and May 31 2022, respectively.
May 6	Pembina announced that it entered into a one-year agreement with a subsidiary of Mitsui & Co. for the purchase of substantially all of the post-commissioning cargos shipped from Pembina's Prince Rupert Terminal. Further, Pembina announced that it signed a long-term, 100 MW power purchase agreement with a subsidiary of TransAlta Corporation, that supports development of the 130 MW Garden Plain Wind Project in Alberta, with an expected start-up in the second half of 2022. The power purchase agreement provides cost-competitive renewable energy and is expected to generate approximately 135,000 tonnes of CO_2^e offsets annually, or an estimated total of 1.8 million tonnes of CO_2^e emissions offsets.

June 1	Pembina and Inter Pipeline announced that they entered into an arrangement agreement pursuant to which Pembina would acquire all of the issued and outstanding shares of Inter Pipeline by way of a plan of arrangement under the ABCA for consideration of 0.5 of a Common Share for each Inter Pipeline common share.
	In addition, Pembina redeemed all of its 10.0 million issued and outstanding Series 13 Class A Preferred Shares for a redemption price equal to \$25.00 per Series 13 Class A Preferred Share, less any tax required to be deducted or withheld by Pembina. The total redemption price to Pembina was \$250 million. The Series 13 Class A Preferred Shares were subsequently cancelled by Pembina.
	Pembina also placed the expansion of the Vancouver Wharves terminal into service, adding 200,000 barrels of additional refined product storage and enhancements to the railcar unloading capabilities.
June 8	Pembina announced that it had entered into a partnership agreement with the Haisla Nation whereby Pembina became the Haisla Nation's partner in the development of the proposed Cedar LNG Project, an approximately \$1.5 billion (net to Pembina) floating LNG facility in Kitimat, British Columbia, Canada, within the traditional territory of the Haisla Nation (the "**Cedar LNG Project**").
June 14	Pembina announced that it was chosen by Western Indigenous Pipeline Group to be the industry partner in the formation of Chinook Pathways Partnership ("**Chinook Pathways**"), an Indigenous-led partnership working to organize a number of First Nation communities to pursue ownership of the Trans Mountain Pipeline following completion of the construction of the Trans Mountain Expansion.
	Pembina also announced plans to reactivate the Phase IX Expansion, which will add capacity in the northwest Alberta-to-Gordondale, Alberta corridor to accommodate increased activity in the northeast British Columbia Montney play. The project has a revised estimated cost of approximately \$120 million, which reflects the addition of a Wapiti-to-Kakwa corridor pump station offset by cost savings identified though value engineering. The Phase IX Expansion has an expected in-service date in the second half of 2022.
June 17	Pembina and TC Energy announced their plan to jointly develop a carbon transportation and sequestration system (the "**Alberta Carbon Grid**") which, when fully constructed, is expected to be capable of transporting more than 20 million tonnes of CO_2 annually. Designed to be an open-access system, the Alberta Carbon Grid is intended to serve as a key component of Alberta's emerging carbon capture utilization and storage industry.
July 26	Pembina announced that it terminated the arrangement agreement with Inter Pipeline providing for the proposed acquisition by Pembina of Inter Pipeline. In connection with the termination, Inter Pipeline paid Pembina the \$350 million termination fee provided for in the agreement.
Oct 20	Pembina announced its commitment to reduce the Company's GHG emissions intensity by 30 percent by 2030, relative to baseline 2019 emissions.
Nov 19	Pembina announced that Michael Dilger stepped down as President and Chief Executive Officer of Pembina. As a result, the Board of Directors named Scott Burrows as interim President and Chief Executive Officer and appointed Cameron Goldade interim Chief Financial Officer.
Nov 29	Pembina filed its 2021 Base Shelf Prospectus and 2021 MTN Prospectus.
Dec 1	Pembina notified FERC of its decision to not proceed with the proposed Jordan Cove project and requested that the FERC vacate the authorizations issued for the project.
Dec 8	Pembina provided its financial guidance for 2021, including capital expenditures in the aggregate amount of \$655 million.
	Pembina also announced the capital cost estimate for the Phase VII Expansion was revised lower, by approximately \$110 million to \$665 million and that the in-service date for the Phase VII Expansion was now anticipated to be mid-2022.
	Pembina also announced additional ESG targets relating to employee EDI, with a focus on advancing representation of women and other underrepresented groups at all levels of the organization. See "*Other Information Relating to Pembina's Business – Equity, Diversity and Inclusion*".
Dec 10	Pembina issued and sold \$500 million aggregate principal amount of Medium Term Notes, Series 17 and \$500 million aggregate principal amount of Medium Term Notes, Series 18 pursuant to its 2021 MTN Prospectus, as supplemented by related pricing supplements dated December 8, 2021. Pembina used the net proceeds from the sale of the Medium Term Notes, Series 17 and Series 18 to repay short-term indebtedness under its Revolving Credit Facility as well as for other general corporate purposes. See "*Description of the Capital Structure of Pembina – Medium Term Notes*".

Developments in 2022

Feb 1	In response to the Government of Alberta's request for a full project proposal, Pembina and TC Energy submitted a proposal to jointly develop the Alberta Carbon Grid, detailing Pembina and TC Energy's interest in developing and operating a carbon sequestration hub to serve emissions sources in the Alberta industrial heartland region.
Feb 8	Pembina announced that Cedar LNG's application for an Environmental Assessment Certificate was recently submitted to the BCEAO, moving the project into the 180-day application review phase. Cedar LNG also announced an agreement for the front-end engineering and design (FEED) of the Cedar LNG Project's proposed floating liquefaction, storage and offloading unit.
Feb 23	Pembina announced that Scott Burrows was appointed as President and Chief Executive Officer of Pembina. Mr. Burrows was also appointed to the Board of Directors.
	Pembina also announced that Jaret Sprott was appointed as Senior Vice President and Chief Operating Officer, Pipelines and Facilities following the departure of Harry Andersen, formerly Senior Vice President and Chief Operating Officer, Pipelines.
	Further, Pembina announced that Eva Bishop was appointed as Senior Vice President and Corporate Services Officer, with her appointment to be effective April 2022.
Mar 1	Pembina announced that it had entered into agreements with KKR to combine their respective western Canadian natural gas processing assets into PGI, a single, new joint venture entity, to be owned 60% by Pembina and 40% by KKR's global infrastructure funds (the "**PGI Transaction**").
Mar 8	Pembina announced that the TSX approved the renewal of Pembina's NCIB to purchase up to five percent of its outstanding Common Shares. The renewed NCIB commenced on March 10, 2022 and expires on the earlier of March 9, 2023 and the date on which Pembina has acquired the maximum number of Common Shares allowable under the renewed NCIB or the date on which Pembina otherwise decides not to make any further repurchases under the renewed NCIB.
May 8	Pembina entered into a power purchase agreement for 105 MW of renewable energy and associated renewable attributes, with Wild Rose 2 Wind LP, a wholly owned subsidiary of Capstone Infrastructure Corporation ("**Capstone**"), over 15-years from Capstone's 192 MW Wild Rose 2 Wind Farm, currently in development.
June 1	The Phase VII Expansion was placed into service.
Jul 27	Pembina replaced its $2.5 billion revolving credit facility (the "**Revolving Credit Facility**") with two credit facilities: the $1 billion SLL Credit Facility and an amendment and restatement of the $2.5 billion Revolving Credit Facility into the $1.5 billion New Revolving Credit Facility, which includes a $750 million accordion feature.
Aug 4	Pembina announced that the previously deferred Phase VIII Expansion was reactivated.
Aug 15	Pembina announced the closing of the PGI Transaction.
	Pembina also announced that its Board of Directors approved a 3.6 percent increase in its monthly Common Share dividend rate from $0.21 per Common Share to $0.2175 per Common Share.
Aug 25	Pembina announced that Cameron Goldade was appointed as Senior Vice President and Chief Financial Officer of Pembina.
	Pembina also announced the appointment of Henry Sykes as Chair of the Board of Directors, effective January 1, 2023, replacing Randall Findlay who intends to retire prior to the 2023 annual meeting of Shareholders.
Oct 1	Pembina closed a transaction with Plains Midstream Canada ULC ("**Plains**") to sell Pembina's interest in certain assets currently part of Empress, namely, the Empress I Plant, Empress I Expansion Plant, and the Empress VI Plant in consideration for a long-term processing agreement that provides Pembina the right to first priority for extraction capacity at all Plains-operated assets at Empress.
Nov 8	The Empress Co-generation Facility was placed into service.
Nov 15	Pembina redeemed all of its 12 million issued and outstanding Series 23 Class Preferred Shares for a redemption price equal to $25.00 per Series 23 Class A Preferred Share, less any tax required to be deducted or withheld by Pembina. The total redemption price to Pembina was $300 million. The Series 23 Class A Preferred Shares were subsequently cancelled by Pembina.

Nov 18	Pembina announced that it had entered into a settlement agreement (the "**Ruby Settlement Agreement**") with Ruby Pipeline, L.L.C. (the "**Ruby Subsidiary**"), a wholly-owned subsidiary of Ruby Pipeline Holding Company, L.L.C., in connection with the Ruby Subsidiary Bankruptcy. The Ruby Settlement Agreement provides for the release of Pembina from any causes of action arising in connection with the Ruby Subsidiary Bankruptcy in exchange for a U.S.$102 million payment by Pembina to the Ruby Subsidiary, subject to certain conditions. See "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*".
Dec 12	Pembina announced that it intended to reactivate the Nipisi Pipeline to transport heavy crude oil from the Clearwater formation to Edmonton, Alberta in the third quarter of 2023 with an anticipated capacity of 100 mbpd. Additionally, Pembina announced that PGI had entered into an agreement to sell PGI's 50 percent non-operated interest in the Key Access Pipeline system ("**KAPS**") for cash proceeds of $662.5 million. Closing of the transaction is expected to occur in the second quarter of 2023, subject to the satisfaction of conditions to closing, including the approval of the Canadian Competition Bureau. Under the terms of the sale agreement, PGI will continue to fund its share of the project costs for KAPS until the end of 2023.
Dec 22	The Phase IX Expansion was placed into service.

Developments to date in 2023

Jan 1	Henry Sykes was appointed as Chair of the Board of Directors.
Jan 13	The United States Bankruptcy Court of the District of Delaware approved the Ruby Subsidiary Plan and the Ruby Settlement Agreement. Pursuant to the Ruby Subsidiary Plan, the sale of the Ruby Subsidiary's reorganized equity was completed, and Pembina ceased to have any ownership interest in the Ruby Pipeline. See "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*".
Feb 14	Pembina announced that holders of an aggregate of 1,028,130 Series 21 Class A Preferred Shares elected to convert, on a one-for-one basis, their shares into Series 22 Class A Preferred Shares in accordance with the terms of the Series 21 Class A Preferred Shares. See "*Description of the Capital Structure of Pembina*".
Feb 23	Pembina sanctioned construction of RFS IV at the Redwater Complex, which is expected to cost approximately \$460 million. See "*Description of Pembina's Business and Operations – Facilities Division – NGL Services*".
	Pembina announced that it extended its contract to supply ethane on a long-term basis to a key customer. See "*Description of Pembina's Business and Operations – Pipelines Division – Transmission Assets*".
	Pembina announced that Andy J. Mah would be appointed to the Board of Directors, with his appointment effective February 24, 2023.

DESCRIPTION OF PEMBINA'S BUSINESS AND OPERATIONS

Pembina's Purpose, Values, and Strategy

Following a recent period of succession and re-organization, Pembina’s executive and Board viewed 2022 as an opportune time to revisit the Company's strategy to ensure it would be resilient into the future. Accordingly, through a year-long, detailed undertaking, Pembina's business was reviewed and analyzed on a commodity-by-commodity basis, incorporating a scenario-based planning exercise grounded in the two key themes that could most impact the energy industry: decarbonization and globalization. Using a differentiated pace of decarbonization grounded in scenarios published by the International Energy Agency and layering in varying degrees of Canadian integration into global markets, allowed a thorough assessment of our business resiliency against four potential future outcomes resulting in a refined strategy that can meet performance aspirations in a broad range of scenarios. This strategy was approved by the Board in December 2022 and will enable the Company to continue to deliver value to its stakeholders well into the future.

Through the strategy work, Pembina's Purpose was modified to reflect the breadth and diversity of Pembina's existing operations and future aspirations. ***'To deliver extraordinary energy solutions so the world can thrive'*** will build on Pembina's strengths by continuing to invest in and grow the core businesses that provide critical transportation and midstream services to help ensure reliable and secure energy supply. At the same time, Pembina will capitalize on exciting opportunities to leverage its assets and expertise into new service offerings that proactively respond to the transition to a lower-carbon economy.

In continuing to meet global energy demand and its customers' needs, while ensuring Pembina's long-term success and resilience the Company has established 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 the energy transition to improve the basins in which we operate.** We will 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:

    a. *Employees* say we are the 'employer of choice' and value our safe, respectful, collaborative, and inclusive work culture.

    b. *Communities* welcome us and recognize the net positive impact of our social and environmental commitment.

    c. *Customers* choose us first for reliable and value-added services.

    d. *Investors* receive sustainable industry-leading total returns.

These four strategic priorities will ensure Pembina is stewarding to achieve financial excellence. We remain committed to maintaining our strong financial position and delivering industry-leading returns through adherence to our financial guardrails, prudent capital allocation, and a focus on return on invested capital.

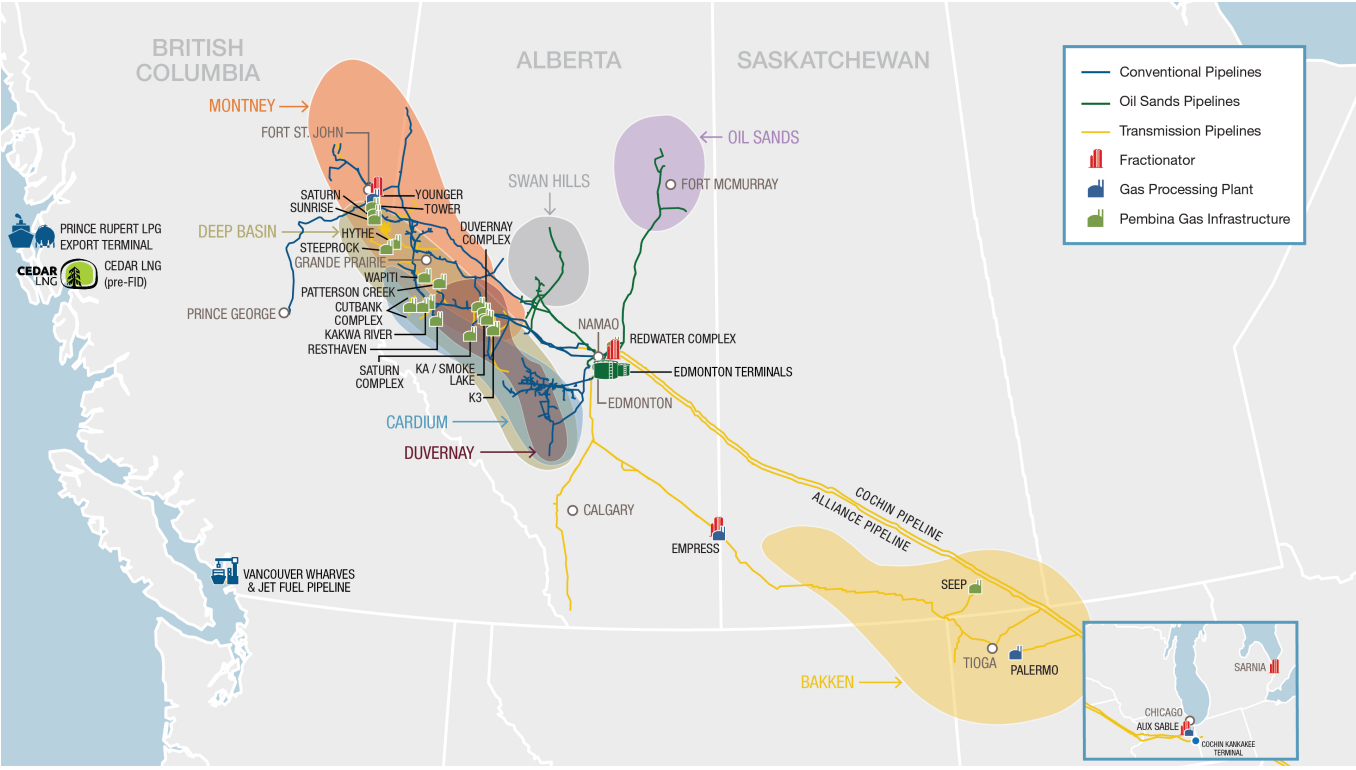
Overview of Pembina's Business

There are three general sectors in the oil and gas industry: upstream, midstream and downstream. The upstream sector encompasses exploration for, and production of, hydrocarbon gas and liquids in their raw forms. In the midstream sector, hydrocarbon products are gathered, processed, transported and marketed to the downstream sector. The downstream sector consists of refineries, petrochemical facilities, end-use customers, local distributors and wholesalers.

Pembina Pipeline Corporation is a leading energy transportation and midstream service provider that has served North America's energy industry for more than 65 years. Pembina owns an integrated network of hydrocarbon liquids and natural gas pipelines, gas gathering and processing facilities, oil and natural gas liquids infrastructure and logistics services, and an export terminals business. Through our integrated value chain, we seek to provide safe and reliable energy solutions that connect producers and consumers across the world, support a more sustainable future and benefit our customers, investors, employees and communities. For more information, please visit www.pembina.com.

Pembina is structured into three divisions: Pipelines Division, Facilities Division and Marketing & New Ventures Division, which are described in their respective sections of this Annual Information Form.

The following map illustrates Pembina's primary assets:



The following table sets forth certain financial highlights for 2022 and 2021.

Financial Highlights
(in $ millions unless otherwise noted)

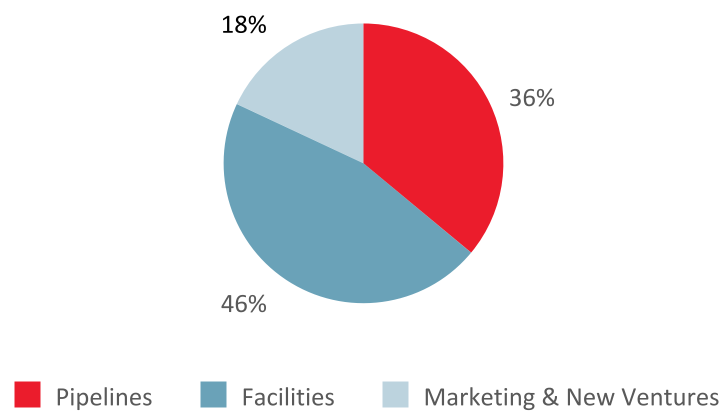
	Pipelines		Facilities		Marketing & New Ventures		Corporate & Inter-segment Eliminations		Total	
($ millions)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Volumes[(1)]	**2,524**	2,586	**859**	870	**—**	—	**—**	—	**3,383**	3,456
Revenue	**2,508**	2,279	**1,268**	1,363	**8,471**	5,577	**(636)**	(592)	**11,611**	8,627
Cost of goods sold, including product purchases	**—**	—	**6**	6	**7,682**	5,017	**(324)**	(334)	**7,364**	4,689
Net revenue[(2)]	**2,508**	2,279	**1,262**	1,357	**789**	560	**(312)**	(258)	**4,247**	3,938
Earnings (loss) before income tax	**1,415**	917	**1,804**	732	**708**	374	**(708)**	(358)	**3,219**	1,665
Earnings									**2,971**	1,242
Earnings per common share – basic (dollars)									**5.14**	2.00
Earnings per common share – diluted (dollars)									**5.12**	1.99
Adjusted EBITDA[(2)]	**2,127**	2,102	**1,137**	1,097	**721**	420	**(239)**	(186)	**3,746**	3,433
Adjusted EBITDA per common share – basic *(dollars)*[(2)]									**6.78**	6.24

(1) Volumes for Pipelines and Facilities are revenue volumes, defined as physical volumes plus volumes recognized from take-or-pay commitments. Volumes for Marketing & New Ventures are marketed NGL volumes. Volumes are stated in mboe/d, with natural gas volumes converted to mboe/d from MMcf/d at a 6:1 ratio. Marketed NGL volumes are excluded from volumes to avoid double counting.

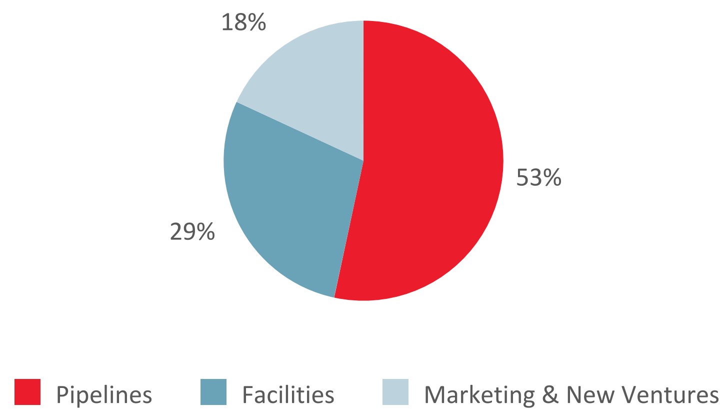
(2) See the "*Non–GAAP Financial Measures*" section.

The proportional break down of earnings before income tax and adjusted EBITDA[(1)] in 2022 for each of Pembina's three divisions[(2)] was as follows:

2022 earnings before income tax by division



2022 adjusted EBITDA by division



(1) See "*Non-GAAP Financial Measures*".

(2) Excluding corporate division and inter-segment eliminations.

See "*Segment Results*" in the MD&A for a further discussion of financial and operational results and new developments for Pembina's business segments for the years ended December 31, 2022 and 2021.

Pipelines Division

Overview

The Pipelines Division provides customers with pipeline transportation, terminalling, storage and rail services in key market hubs in Canada and the United States for crude oil, condensate, natural gas liquids and natural gas. Through Pembina's wholly-owned and joint venture assets, the Pipelines Division manages pipeline transportation capacity of 2.8 mmboe/d[(1)], above ground storage capacity of 11 mmbls[(1)] and rail terminalling capacity of approximately 105 mboe/d[(1)] within its conventional, oil sands and heavy oil, and transmission assets. The conventional assets include strategically located pipelines and terminalling hubs that gather and transport light and medium crude oils, condensate and natural gas liquids from western Alberta and northeast British Columbia to the Edmonton, Alberta area for further processing or transportation on downstream pipelines. The oil sands and heavy oil assets transport heavy and synthetic crude oil produced within Alberta to the Edmonton, Alberta area and offer associated storage, terminalling and rail services. The transmission assets transport natural gas, ethane and condensate throughout Canada and the United States on long haul pipelines linking various key market hubs. In addition, the Pipelines Division assets provide linkages between Pembina's upstream and downstream assets across North America, enabling integrated customer service offerings. Together, these assets supply products from hydrocarbon producing regions to refineries, fractionators and market hubs in Alberta, British Columbia, and Illinois, as well as other regions throughout North America.

(1) Net capacity; excludes projects under development.

Conventional Assets

Pembina's primary conventional assets include the following:

- The Peace Pipeline system ("**Peace Pipeline**"), which includes approximately 4,000 km of pipelines, including gathering laterals, that transport ethane mix (C_2+), propane mix (C_3+), crude oil and condensate from northwestern Alberta to Edmonton, Alberta and to Fort Saskatchewan, Alberta.

- The Northern Pipeline system ("**Northern Pipeline**"), which includes approximately 700 km of pipelines, including gathering laterals, that transport NGL from Belloy, Alberta to Fort Saskatchewan, Alberta.

Pembina continues to experience growing customer demand for transportation services to support development of the Montney, Duvernay and other resource plays and is currently undertaking an additional intra-Alberta expansion of the Peace Pipeline system. The Phase VIII Peace Pipeline expansion ("**Phase VIII Expansion**"), which includes 10-inch and 16-inch pipelines in the Gordondale to La Glace corridor, as well as six new pump stations or terminal upgrades located between Gordondale and Fox Creek, will add approximately 235,000 bpd of incremental capacity between Gordondale, Alberta and La Glace, Alberta, as well as approximately 65,000 bpd of capacity between La Glace, Alberta and the Namao hub near Edmonton, Alberta. The project has an estimated cost of approximately $530 million, with an expected in-service date in the first half of 2024. Once the Phase VIII Expansion is complete, Pembina will have largely completed its objective to achieve segregated liquids transportation service for ethane-plus, propane-plus, crude and condensate across multiple pipeline systems between Gordondale, Alberta and the Edmonton, Alberta area. As well, Pembina continues to have the ability to add approximately 200,000 bpd of capacity to its market delivery pipelines from Fox Creek, Alberta to Namao, Alberta through the relatively low-cost addition of pump stations on these mainlines, to bring the total capacity of the Peace Pipeline and Northern Pipeline to 1.3 mmbpd.

- The Drayton Valley Pipeline system ("**Drayton Valley Pipeline**"), which includes approximately 1,100 km of pipelines, including gathering laterals, that transport crude oil and condensate from the area southwest of Edmonton, Alberta to Edmonton, Alberta.

- The NEBC Pipeline system ("**NEBC Pipeline**"), which includes approximately 395 km of pipelines, including gathering laterals, that transport NGL, crude oil and condensate from northeastern British Columbia to Taylor, British Columbia.

- The Western Pipeline system ("**Western Pipeline**"), which includes approximately 400 km of pipelines that transport crude oil from Taylor, British Columbia to Prince George, British Columbia.

- The Liquids Gathering Pipeline system ("**LGS**"), which includes approximately 400 km of pipelines, including gathering laterals, that transport NGL from northeastern British Columbia to Gordondale, Alberta.

- The Brazeau NGL Pipeline system ("**Brazeau Pipeline**"), which includes approximately 500 km of pipelines, including gathering laterals, that transport NGL from natural gas processing plants southwest of Edmonton, Alberta to Fort Saskatchewan, Alberta.

- The Canadian Diluent Hub ("**Canadian Diluent Hub**" or "**CDH**"), which includes approximately 500 mbbls of above ground storage and provides direct connectivity for domestic and U.S. condensate volumes to the oil sands via downstream third-party pipelines.

- The Edmonton North Terminal ("**ENT**"), which includes approximately 900 mbbls of above ground storage with access to crude oil and condensate supply transported on Pembina's operated pipelines and products from various third-party operated pipelines.

- 13 truck terminals, which provide pipeline and market access for crude oil and condensate production that is not pipeline connected.

There are approximately 65 shippers on the conventional pipeline systems owned and operated by Pembina, including independent producers and multinational oil and gas companies. The primary delivery points for hydrocarbon products from Pembina include: the Enbridge pipeline systems for multiple products; Pembina's North 40 Terminal and the Trans Mountain pipeline system near Edmonton, Alberta; the Strathcona refinery in the Edmonton, Alberta area; Pembina's CDH near Fort Saskatchewan, Alberta; connected oil sands diluent pipelines; a refinery located in Prince George, British Columbia; the AEGS and all major NGL fractionators near Fort Saskatchewan, Alberta.

Pembina's conventional terminals are configured to access and provide services for the common grades of Canadian crude oil, as well as access domestic and imported condensate streams. The terminals provide essential services for Pembina's customers with outbound delivery flexibility and above ground storage.

At Pembina's truck terminals, the customer base generally comprises the same producers who seek to transport various products, including condensate, on Pembina's conventional and oil sands and heavy oil systems. Truck terminals are particularly attractive to producers who are unable to justify pipeline/oil battery connections due to relatively low daily production or are producing in advance of being pipeline connected.

The contracts related to conventional assets are fee-for-service in nature, but vary in their structure as follows:

- <u>Firm contracts:</u> Pembina focuses on securing base volumes on its Peace Pipeline and Northern Pipeline systems under a firm contract structure, where a fee-for-service toll, which includes flow-through operating costs for power and extraordinary events, is set under the contract and customers receive a firm amount of pipeline capacity for the transportation of their product. Under firm contracts, customers also agree to a minimum revenue or volume commitment ("**take-or-pay**").

- <u>Cost-of-service contracts:</u> Pembina's conventional pipelines in British Columbia are primarily operated under a cost-of-service methodology whereby Pembina flows through the actual operating costs of the systems to shippers while recovering a negotiated return on invested capital. Under cost-of-service contracts, Pembina is obligated to hold a fixed capacity for the shippers and the shippers have an obligation to pay their share of the rate base and operating costs of the system whether they use all of the fixed capacity or not.

- <u>Non-firm or interruptible contracts:</u> Capacity on conventional assets that has not been secured under the firm contracts or cost-of-service contracts structures described above is contracted under fee-for-service, month-to-month contracts on an interruptible basis that allow Pembina to adjust tolls for actual volumes, operating expenses and capital expenditures on a periodic basis. These contracts do not require Pembina to guarantee a specified amount of dedicated capacity for a customer. Rather, under a non-firm or interruptible contract structure, customers nominate volumes on a monthly basis and tariffs are set periodically by receipt point.

The majority of crude oil, condensate and NGL product transported on the Peace Pipeline and Northern Pipeline systems are contracted under long-term, firm, take-or-pay contracts. As of December 31, 2022, the weighted average remaining term on Peace Pipeline and Northern Pipeline firm contracts was approximately eight years.

Services provided on other conventional assets and systems such as the Drayton Valley Pipeline, LGS, Brazeau Pipeline, CDH, and ENT are generally under interruptible contracts.

Competition among existing crude oil, condensate and NGL pipelines is based primarily on the cost of transportation, access to supply, the quality and reliability of service, contract carrier alternatives, proximity and access to markets and additional service offerings.

Pembina's conventional pipelines are feeder pipelines that move products in the field from oil batteries, processing facilities and storage tanks to facilities, markets and export pipelines primarily in the Edmonton, Alberta and Fort Saskatchewan, Alberta areas as outlined above. The majority of Pembina's conventional pipelines are connected to existing oil batteries and other facilities. Existing volumes generally remain connected to the applicable pipeline system until it is uneconomic to continue providing pipeline transportation services. This can occur for numerous reasons, including low volumes or increased integrity maintenance costs, in which case the connection may be discontinued and the producer may truck volumes to an alternate delivery point. With Pembina's track record of safe, reliable and cost-effective operations, service tenure, the complex and integrated nature of its systems and high levels of customer service, it is difficult for a competitor to fully replicate Pembina's service offering.

Unlike connected facilities, unconnected volumes of product are typically trucked to the most cost-effective truck unloading facility and there is direct competition from numerous service providers serving the same area. Typically, a producer's selection of a truck terminal is only partially based on tolls. It may also be based on whether the volumes need some form of treatment to meet pipeline specifications, or location based-arbitrage opportunities associated with the applicable product. Pembina owns truck terminals to assist in aggregating unconnected volumes onto its systems. There are several other pipelines and terminal operators which compete for trucked volumes in Pembina's operating areas. Competition for these volumes include local market fractionators for NGL, as well as rail and numerous pipelines connected to terminal operations for crude oil and condensate.

Producer activity focused on NGL development continues in the Deep Basin Cretaceous, Montney and Duvernay resource areas served by Pembina's Peace Pipeline and Northern Pipeline systems. Pembina has successfully been able to leverage its existing assets to provide incremental capacity in these areas, as evidenced by Pembina's numerous pipeline expansion projects.

Oil Sands and Heavy Oil Assets

Pembina's primary oil sands and heavy oil assets include the following:

- The Syncrude Pipeline system ("**Syncrude Pipeline**"), which includes approximately 450 km of pipelines, which have a capacity of 389 mbpd. Pembina is the sole transporter of synthetic crude oil for the Syncrude Project to delivery points near Edmonton, Alberta.

- The Horizon Pipeline system ("**Horizon Pipeline**"), which includes approximately 525 km of pipelines, which have a capacity of 335 mbpd. Pembina transports synthetic crude oil for the Horizon Project to delivery points near Edmonton, Alberta.

- The Cheecham Lateral system ("**Cheecham Lateral**"), which includes approximately 50 km of pipelines, which have a capacity of 230 mbpd and transports synthetic crude oil from a common pump station on the Syncrude Pipeline and Horizon Pipeline to a terminalling facility located near Cheecham, Alberta, where it is then used as diluent for oil sands producers operating southeast of Fort McMurray, Alberta.

- The Nipisi Pipeline system ("**Nipisi Pipeline**"), which includes approximately 375 km of pipelines, was temporarily taken out of service in the fourth quarter of 2021 following contract expirations, but is expected to be reactivated to transport crude oil from the Clearwater formation to Edmonton, Alberta in the third quarter of 2023, with an anticipated capacity of approximately 100 mbpd.

- The Swan Hills Pipeline ("**Swan Hills Pipeline**"), which includes an approximately 425 km pipeline, which has a capacity of 48 mbpd and provides transportation of light sweet crude oil from the Swan Hills region of Alberta to delivery points near Edmonton, Alberta.

- The terminals at Edmonton, Alberta (the "**Edmonton Terminals**"), which consist of 36 merchant tanks with a capacity of approximately 12.1 mmbbls (9.6 mmbbls net to Pembina) of storage and a crude-by-rail capacity of 210 mbpd (105 mbpd net to Pembina). The terminals are connected to a highly diverse suite of inbound pipelines and outbound connections including both pipeline and rail, resulting in the most robust connectivity in the Edmonton, Alberta area. The Edmonton Terminals include various joint venture assets with two different counterparties and are discussed below:

- The Edmonton South Terminal ("**Edmonton South Terminal**") is a merchant tank terminal located in Sherwood Park, Alberta. The assets in this facility consist of 15 storage tanks with a total storage capacity of approximately 5.1 mmbbls. The 15 tanks are currently leased from Trans Mountain Corporation under a long-term arrangement and are subleased to third parties.

- The North 40 Terminal ("**North 40 Terminal**") is a merchant tank terminal located in Sherwood Park, Alberta, immediately adjacent to the Edmonton South Terminal. The assets in this facility consist of nine storage tanks with a total storage capacity of approximately 2.15 mmbbls.

- The Base Line Terminal ("**Base Line Terminal**") is a joint venture asset owned by Pembina (50 percent) and Keyera (50 percent) and is operated by Pembina. It is a merchant crude oil storage terminal located on leased land at the Keyera, Alberta EnviroFuels facility in Sherwood Park, Alberta. The assets in this facility consist of 12 storage tanks with a total storage capacity of 4.8 mmbbls (2.4 mmbbl net to Pembina).

- The Edmonton South Rail Terminal ("**Edmonton South Rail Terminal**") is a joint venture asset owned by Pembina (50 percent) and Imperial (50 percent). The Edmonton South Rail Terminal is located on land leased from Imperial with a total throughput capacity of approximately 210 mbpd (105 mbpd net) and is unit train capable. The facility is served by both the Canadian National Railway and Canadian Pacific Railway networks.

The Edmonton Terminals assets provide excellent inbound and outbound connectivity, both in terms of the facilities to which they are connected and the diversity of products that may be stored and transported by them. In addition to the considerable market access offered to customers via pipeline, through their proximity and connectivity to crude-by-rail loading facilities, the Edmonton Terminals are able to offer customers the flexibility to move crude oil to markets without pipeline access, store or blend product, supplement deliveries to markets with constrained pipeline capacity, provide security of egress to manage product disruptions, and supply different or unique crude types to refineries looking to maintain set crude specifications.

The major shippers on Pembina's oil sands and heavy oil pipelines are primarily large upstream exploration and production companies.

Pembina's oil sands and heavy oil pipeline assets provide services predominantly under long-term, extendible contracts, which allow Pembina to pass along eligible operating expenses to customers. As a result, financial results of these assets are primarily driven by the amount of capital invested and they are not significantly impacted by fluctuations in certain operating expenses, physical throughput or commodity prices.

Pembina's Syncrude Pipeline is fully contracted under a cost-of-service, extendible, long-term agreement that expires no earlier than the end of 2035.

The Horizon Pipeline is fully contracted to a single customer and is operated under the terms of a 25-year fixed return, extendible contract, which expires in 2034.

Pembina's Cheecham Lateral is fully contracted to shippers under the terms of 25-year fixed-return extendible agreements that expire in 2032.

The Swan Hills Pipeline is utilized by various shippers who transport mainly on an interruptible basis.

As a result of the contract expirations on the Nipisi Pipeline in the fourth quarter of 2021, the asset was taken out of service; however, Pembina is in the process of reactivating the Nipisi Pipeline to serve customers operating in the rapidly growing Clearwater formation. During the fourth quarter of 2022, Pembina executed agreements for a significant long-term commitment with an anchor customer, which includes the construction of a newly connected truck-in facility approximately 40 km north of Slave Lake, Alberta. Discussions continue with several Clearwater area producers regarding potential additional long-term contractual commitments.

The Edmonton Terminals service customers consisting of a diverse mix of production, refining, marketing and integrated companies. The Edmonton Terminals are primarily contracted under long-term, take-or-pay agreements. A significant majority of total revenue from the Edmonton Terminals is take-or-pay in nature, while the remaining revenue is derived from variable fees for incremental services provided.

While regional infrastructure capacity for delivery to the Edmonton, Alberta area is sufficient for current production levels, the primary focus of infrastructure development is expected to be on providing access to markets outside of Alberta for the majority of bitumen and heavy oil produced in Alberta, including through potential incremental merchant storage capacity opportunities at Pembina's terminals. In the long-term, expansions of existing condensate and synthetic crude diluent supply infrastructure, as well as blended bitumen and heavy oil pipeline delivery systems, may be required depending on future development of oil sands assets and production of heavy oil. See *"Risk Factors – Risks Inherent in Pembina's Business – Reserve Replacement, Throughput and Product Demand".*

Given the long-term nature of oil sands and heavy oil investments, most pipelines serving existing production are underpinned by long-term transportation agreements. Competition primarily arises with respect to incremental supply that requires additional pipeline capacity. In some cases, existing pipeline companies have under-utilized assets which can be re-purposed to suit a prospective customer's needs, giving them a competitive advantage when competing for new projects. In other cases, where construction of significant new infrastructure is required, pipeline companies compete for these opportunities based primarily on their operating expertise, cost of capital and commercial flexibility.

While the limited availability of land for development in the area around the Edmonton Terminals and the significant capital investment required to enter the terminalling business are significant barriers to entry, the Edmonton Terminals are subject to competition from other rail terminals and storage facilities which are either in the general vicinity of the terminals or which have gathering systems that are, or could potentially extend into, areas served by the Edmonton Terminals.

Transmission Assets

Pembina's primary transmission assets include the following:

<u>Vantage Pipeline</u>

The Vantage Pipeline system ("**Vantage Pipeline**") includes a 786 km, 69 mbpd pipeline and gathering laterals that link ethane supply from the Bakken resource play in North Dakota to the petrochemical market in Alberta. Volumes originate from two gas plants in Tioga, North Dakota extending northwest through Saskatchewan and terminating near Empress, Alberta, where it is connected to the AEGS.

Transportation service on the Vantage Pipeline is underpinned by long-term, fee-for-service contracts with take-or-pay provisions. Currently, the Vantage Pipeline contracts are with one customer with petrochemical infrastructure in Alberta, with multiple receipt points along the Vantage Pipeline. Approximately 50 percent of the Vantage Pipeline's capacity is contracted on a take-or-pay basis with additional volumes flowing on a fee-for-service basis, with current contracts expiring between 2029 and 2035.

<u>Alberta Ethane Gathering System</u>

The Alberta Ethane Gathering System ("**AEGS**") transports ethane within Alberta from various ethane extraction plants to major petrochemical complexes located near Joffre, Alberta and Fort Saskatchewan, Alberta. At 1,336 km in total length, and an aggregate design capacity of approximately 330 mbpd, the AEGS is comprised of an east leg, west leg and a bi-directional north leg, which together form an integrated system, that includes interconnections with underground storage sites in Fort Saskatchewan, Alberta and Burstall, Saskatchewan.

The AEGS shipper community is currently comprised of either major ethane producers or consumers that have significant energy infrastructure and/or petrochemical investments in Alberta. The AEGS is fully contracted with nearly 100 percent of its capacity contracted under 20-year take-or-pay agreements expiring in 2038.

<u>Alliance Pipeline</u>

The Alliance Pipeline system ("**Alliance Pipeline**") is held through Alliance Canada and Alliance U.S., both of which are jointly owned by Pembina (50 percent) and by Enbridge Inc. (50 percent).

The Alliance Pipeline consists of a 3,849 km integrated Canadian and U.S. natural gas transmission pipeline, delivering rich gas from the WCSB and the Williston Basin in North Dakota to natural gas markets in the Chicago, Illinois area and currently delivers an average of 1.7 bcf/d of rich gas. The Alliance Pipeline connects to Aux Sable's Channahon Facility in Channahon, Illinois, which extracts NGL from the natural gas transported before delivery to downstream pipelines.

Several open seasons were successfully completed in 2022, resulting in capacity on the Alliance Pipeline being nearly fully contracted for the two gas years, beginning November 1, 2022 and November 1, 2023, respectively. As a result of the open seasons and contract renewal efforts, approximately 70 percent of the Alliance Pipeline capacity is currently contracted for the following two gas years, beginning November 1, 2024 and November 1, 2025.

The Canadian portion of the Alliance Pipeline consists of a 1,561 km natural gas mainline pipeline and 732 km of related lateral pipelines connected to natural gas receipt locations, primarily at gas processing facilities in northwestern Alberta and northeastern British Columbia, and related infrastructure. Alliance Canada owns the Canadian portion of the Alliance Pipeline. The U.S. portion of the Alliance Pipeline consists of 1,556 km of infrastructure including the 129 km Tioga lateral in North Dakota. Alliance U.S., an affiliate of Alliance Canada, owns the U.S. portion of the Alliance Pipeline system.

As at December 31, 2022, Alliance Canada had 29 long-term firm shippers and Alliance U.S. had 26 long-term firm shippers. Firm transportation contracts are take-or-pay and shippers are obligated to pay demand charges on contracted capacity in Canada and reservation charges on contracted capacity in the U.S. In addition, Alliance Canada sells seasonal firm and interruptible transportation service on a price-biddable basis. Long-term firm receipt and full path shippers in Canada are also able to nominate priority interruptible transportation service for up to 25 percent of their contracted capacity, if available, at premiums to their long-term firm tolls.

The Alliance Pipeline faces competition for pipeline transportation services to its Chicago, Illinois area delivery points and interconnected pipeline delivery points downstream of its Chicago terminus from both existing pipelines and proposed projects. The Alliance Pipeline system is also exposed to competition from new sources of natural gas, such as the Appalachian Basin which runs from upstate New York to Virginia. The continued development of the Appalachian Basin may provide an alternative source of gas to the Chicago, Illinois area and decrease natural gas imports from Canada into the region.

Cochin Pipeline

The Cochin Pipeline system ("**Cochin Pipeline**") consists of a 12-inch diameter pipeline totaling 2,452 km, which spans from Kankakee County, Illinois to Fort Saskatchewan, Alberta. The Cochin Pipeline, transports light condensate primarily to be used as diluent to facilitate bitumen transportation. The Cochin Pipeline traverses two provinces in Canada and four states in the U.S. and is capable of transporting approximately 110 mbpd of light condensate.

The Cochin Pipeline has two primary customers who, among them, have total contractual take-or-pay commitments of 85 mbpd. These contractual commitments expire in 2024. An open season was completed in January 2023 with 9,000 bbls/d of capacity contracted for 12 to 17 months commencing March 1, 2023.

Condensate used in Canada is primarily supplied by local production and imports from the U.S. While the Cochin Pipeline is exposed to competition from other pipeline systems that are capable of transporting significant volumes of diluent, the Cochin Pipeline's delivery point in Fort Saskatchewan, Alberta has a low gravity diluent pool and a high level of connectivity, thereby making the Cochin Pipeline an attractive mode of shipping condensate.

Ruby Pipeline

The Ruby Pipeline system ("**Ruby Pipeline**") is a natural gas transmission system delivering natural gas production from the Rockies Basin. The Ruby Pipeline is 1,094 km in length with a 42-inch diameter and has a current capacity of 1.5 bcf/d.

The Ruby Subsidiary had U.S. $475 million principal amount of unsecured notes that matured on April 1, 2022 (the "**Ruby Subsidiary Notes**"). On March 31, 2022, the Ruby Subsidiary filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "**Ruby Subsidiary Bankruptcy**"). On November 18, 2022, Pembina and certain of its subsidiaries entered into the Ruby Settlement Agreement with the Ruby Subsidiary which provides for the release of Pembina from any causes of action arising in connection with, among other things, the prepetition distributions and the Ruby Subsidiary Bankruptcy in exchange for a U.S.$102 million payment by Pembina to the Ruby Subsidiary. In January 2023, the United States Bankruptcy Court for the District of Delaware approved the Ruby Subsidiary's Chapter 11 plan of reorganization (the "**Ruby Subsidiary Plan**") and the Ruby Settlement Agreement. The Ruby Subsidiary Plan provides for the sale of the Ruby Subsidiary's reorganized equity to a third-party, which sale was completed on January 13, 2023, and the distribution of the sales proceeds and cash on hand of the Ruby Subsidiary to the creditors of the Ruby Subsidiary, including a certain affiliate of Pembina in respect of the subordinated notes issued by the Ruby Subsidiary to that Pembina affiliate.

Following the completion of the sale of the Ruby Subsidiary's reorganized equity, Pembina ceased to have any ownership interest in the Ruby Pipeline.

Jet Fuel Pipeline

The Jet Fuel Pipeline ("**Jet Fuel Pipeline**") is an approximately 40 km pipeline that transports jet fuel from a Burnaby, British Columbia refinery and the Westridge Marine Terminal to the Vancouver International Airport and includes operational storage tanks at the Vancouver International Airport. On April 30, 2021, the Jet Fuel Pipeline was shutdown in order to address certain integrity issues. The work required to address these integrity issues was completed in accordance with a return to service plan agreed to with the applicable regulatory agencies and the Jet Fuel Pipeline returned to service on June 30, 2022 with an operational capacity of 15 mbpd.

Grand Valley

Grand Valley ("**Grand Valley**") includes Pembina's 75 percent jointly controlled interest in Grand Valley 1 Limited Partnership wind farm.

Facilities Division

Overview[1]

The Facilities Division includes infrastructure that provides Pembina's customers with natural gas, condensate and NGL services. Through its wholly-owned assets and its interest in PGI, Pembina's natural gas gathering and processing facilities are strategically positioned in active, liquids-rich areas of the WCSB and Williston Basin and are integrated with the Company's other businesses. Pembina provides sweet and sour gas gathering, compression, condensate stabilization, and both shallow cut and deep cut gas processing services with a total capacity of approximately 5.4 bcf/d for its customers. Condensate and NGL extracted at virtually all Canadian-based facilities have access to transportation on Pembina's pipelines. In addition, all NGL transported along the Alliance Pipeline are extracted through the Pembina operated Channahon Facility at the terminus. The Facilities Division includes approximately 354 mbpd of NGL fractionation capacity, 21 mmbbls of cavern storage capacity and associated pipeline and rail terminalling facilities and a liquefied propane export facility on Canada's West Coast. These facilities are fully integrated with the Company's other divisions, providing customers with the ability to access a comprehensive suite of services to enhance the value of their hydrocarbons. In addition, Pembina owns a bulk marine import/ export terminal in Vancouver, British Columbia.

(1) References to capacity in this paragraph are to net capacity, which includes Aux Sable capacity. The financial and operational results for Aux Sable are included in the Marketing & New Ventures Division; excludes projects under development.

Gas Services

Pembina's primary gas services assets include the following:

- Pembina's 60 percent operating interest in PGI, which has ownership interests in the following assets as noted below:

    - The Saturn Gas Plant (100 percent), Sunrise Gas Plant (100 percent) and Tower Gas Plant (100 percent) (collectively, the "**Dawson Assets**"), which have combined gross processing capacity of 1,100 MMcf/d (660 MMcf/d net to Pembina). These assets also include approximately 800 km of gas gathering lines and three liquids hubs.

    - The Cutbank Complex (the "**Cutbank Complex**") located near Grande Prairie, Alberta, which includes four shallow cut sweet gas processing plants (the Cutbank Gas Plant (100 percent), Musreau I (89 percent) comprised of three trains, Musreau II/III (100 percent) comprised of two trains, and the Kakwa 1-35 Gas Plant (50 percent)), and one deep cut sweet gas processing plant (the Musreau Deep Cut (100 percent)). In total, the Cutbank Complex has 805 MMcf/d (449 MMcf/d net to Pembina) of sweet gas processing capacity including 205 MMcf/d (123 MMcf/d net to Pembina) of sweet deep cut extraction capacity. The Cutbank Complex also includes approximately 450 km of gathering pipelines, nine field compression stations, and centralized condensate stabilization.

    - The Hythe Gas Plant (100 percent) and Steeprock Gas Plant (100 percent), which are located Northwest of Grande Prairie, Alberta with sweet and sour gas processing capacity of 641 MMcf/d (385 MMcf/d net to Pembina). The plants have approximately 480 km of associated gathering lines.

    - The Saturn Complex (the "**Saturn Complex**"), which is located near Hinton, Alberta and includes the Saturn I (100 percent) and Saturn II (100 percent) facilities for a total of 435 MMcf/d (261 MMcf/d net to Pembina) of deep cut gas processing capacity, as well as approximately 25 km of gathering pipelines.

    - The Patterson Creek Plant (98 percent) ("**Patterson Creek**"), which is a sweet gas processing facility located southeast of Grande Prairie, Alberta with shallow cut NGL recovery. Patterson Creek has an operational capacity of 390 MMcf/d (230 MMcf/d net to Pembina), as well as 482 km of gathering pipelines.

    - The Kaybob South 3 Processing Plant (97 percent) (the "**K3 Plant**"), which is located south of Fox Creek, Alberta, is a sour gas processing facility with shallow cut NGL recovery. The K3 Plant has an operational capacity of 375 MMcf/d (218 MMcf/d net to Pembina), as well as 751 km of gathering pipelines.

    - The Duvernay Complex (the "**Duvernay Complex**") located near Fox Creek, Alberta, which currently includes three shallow cut sweet gas processing trains (Duvernay I (92 percent), Duvernay II (92 percent) and Duvernay III (92 percent)), the Duvernay Sour Treating Facilities and the Duvernay Field Hub. In total, the Duvernay Complex has 330 MMcf/d (182 MMcf/d net to Pembina) shallow cut sweet gas processing trains, 330 MMcf/d of inlet gas handling capability, 60 mbpd of raw inlet condensate stabilization facilities, 15 mbpd of water handling facilities, a 150 MMcf/d sour gas sweetening system with 300 MMcf/d of amine regeneration capability and up to one tonne of sulphur per day of acid incineration. Supporting infrastructure includes a 12 km sales gas pipeline and 35 km of gas gathering and fuel gas pipelines.

  - The Resthaven Facility (78 percent) (the "**Resthaven Facility**"), which is located near Grande Cache, Alberta and includes 300 MMcf/d (141 MMcf/d net to Pembina) of raw-to-deep cut sweet gas processing capacity, as well as approximately 30 km of gathering pipelines.

  - The Kakwa River facility (100 percent), which has 200 MMcf/d (120 mmcf/d net to Pembina) of raw-to-deep cut sour gas processing capacity (the "**Kakwa River Deep Cut Plant**") and 50 mmcf/d (30 mmcf/d net to Pembina) of shallow cut capacity (the "**Kakwa River Shallow Cut Plant**").

  - The Kaybob South Amalgamated Plant (90 percent) (the "**KA Plant**"), which is a sour gas processing facility located southwest of Fox Creek, Alberta with shallow cut NGL recovery. The KA Plant has an operational capacity of 220 MMcf/d (119 MMcf/d net to Pembina) and includes 239 km of gathering pipelines.

  - The Wapiti Plant (100 percent) (the "**Wapiti Plant**"), which is a sour gas processing facility located southwest of Grande Prairie, Alberta with shallow cut NGL recovery. The Wapiti Plant has an operational capacity of 200 MMcf/d (120 MMcf/d net to Pembina) and includes 420 km of gathering pipelines.

  - The Smoke Lake Plant (100 percent), which is a gas processing facility located near Fox Creek, Alberta with a capacity of 60 MMcf/d (36 MMcf/d net to Pembina).

  - The Saskatchewan Ethane Extraction Plant (100 percent) ("**SEEP**"), which is located near Viewfield, Saskatchewan and services producers in the Bakken formation in southeast Saskatchewan, with deep cut sweet gas processing capacity of 54 MMcf/d (32 MMcf/d net to Pembina), ethane, propane and butane fractionation capabilities of up to 4.5 mbpd and a 104 km ethane delivery pipeline.

- The Younger NGL Extraction Facility ("**Younger**"), which is a 640 MMcf/d (459 MMcf/d net to Pembina) extraction facility and approximately 10 mbpd, net to Pembina, fractionation facility in British Columbia that supplies specification NGL products to local markets, as well as NGL mix supply transported on the Company's pipeline systems to the Fort Saskatchewan, Alberta area for fractionation and sale, and condensate to Pembina's CDH.

- The Empress NGL Extraction Facility ("**Empress**"), which is comprised of 1,200 MMcf/d (1,065 MMcf/d net to Pembina) of extraction capacity and 67 mbpd, net to Pembina, of ethane-plus fractionation across various joint-venture assets and is located at Empress, Alberta. At Empress, NGL mix is extracted from natural gas at straddle plants and all of the extracted NGL is fractionated and ethane and condensate are sold into western Canadian markets. The remaining propane and butane, at Pembina's option is either distributed for sale into western Canadian and mid-western U.S. markets or Pembina recombines the propane and butane and transports the mix to Sarnia, Ontario for further re-fractionation, distribution and sale into markets in eastern Canada and the eastern U.S. The Empress Co-generation Facility (the "**Empress Co-generation Facility"**) was placed into service on November 8, 2022 and uses natural gas to generate up to 45 megawatts of electrical power, thereby reducing overall operating costs at Empress and contributes to GHG emission reductions through the utilization of the co-generation waste heat and the low-emission power generated.

- Burstall Ethane Storage ("**Burstall**"), which is comprised of an ethane storage facility, with capacity of 1.1 mmbbls, located near Burstall, Saskatchewan.

Pembina's gas services business has approximately 65 customers, including independent producers as well as multinational oil and gas companies. Pembina processes customers' natural gas at PGI's Cutbank Complex, Saturn Complex, Resthaven Facility, Duvernay Complex, Dawson Assets, Hythe Gas Plant, Steeprock Gas Plant, K3 Plant, KA Plant, Patterson Creek, and the Wapiti Plant. The processed natural gas is delivered to Enbridge Inc.'s T-North system in British Columbia, NOVA Gas Transmission Ltd.'s pipeline system and the Alliance Pipeline system. The processed NGL are delivered to Pembina's Peace Pipeline and Northern Pipeline systems. Customers' natural gas processed at SEEP is delivered to the TransGas system in Saskatchewan and the ethane is delivered to Pembina's Vantage Pipeline system.

Under the contractual arrangements with producers, Pembina is largely protected from the impact of market fluctuations in the price of natural gas and NGL. The liquids handling, gathering and processing business is based on charging fees to customers on the volume of raw or processed gas that is gathered and/or processed through its facilities and the fees are largely based on a fixed-fee-for-service methodology and, in some instances, based on fixed return on invested capital. The fee-for-service contracts associated with certain PGI assets comprise a mixture of firm, take-or-pay and interruptible service contracts of varying durations. The contractual fee structure incorporates a capital fee based on functional unit usage, as well as provisions for the recovery of operating and overhead costs. PGI's business is primarily supported by long-term contractual arrangements. In particular:

- Duvernay I and the associated Duvernay Field Hub connecting the Tony Creek and Fox Creek areas in Alberta are subject to agreements with large and diversified investment grade oil and gas producers and are supported by a combination of fee-for-service, fixed return and take-or-pay arrangements. The Duvernay II, Duvernay III and Duvernay Sour Gas Treating Facilities are supported by 20-year contracts with a combination of fee-for-service, fixed-return and take-or-pay arrangements. Contract expirations for the Duvernay Complex range from 2024 to 2040, with the majority of contracted capacity expiring in 2039 and 2040.

- The Dawson Assets are supported by fee-for-service agreements with the CRP and Ovintiv, whereby the CRP has committed to use the Dawson Assets on an exclusive basis for a 30-year term within an area of mutual interest. The contract expires in 2045.

- The Hythe Gas Plant and Steeprock Gas Plant are supported by a cost of service-agreement and take-or-pay arrangements with Ovintiv for the majority of the available capacity of these facilities. The majority of contracted capacity expires in 2031.

Pembina's net share of capacity at Younger and Empress are not under any third-party contracts and are used exclusively by Pembina's marketing business for proprietary volumes.

Gas producers continued to focus their exploration and development of rich and lean gas areas during 2022. Pembina's gas services expansions and new development plans continue to be focused in condensate and rich gas geographical areas, including the Montney and Duvernay areas.

Gas processing infrastructure requirements are largely driven by area profitability, which is impacted by commodity prices, and producers' ability to access capital. In times where gas prices are relatively low and NGL prices are relatively high, producers are incentivized to extract as much NGL out of the raw gas stream as possible. During times when NGL prices are lower, producers may opt to leave more liquids entrenched within their raw gas. Pembina has the flexibility to offer facilities with varying degrees of liquids extraction capability to support customers in a variety of market conditions.

With its existing assets, Pembina is able to separate crude oil and condensate, process sweet and sour gas, extract NGL from the gas, transport the gas to the Chicago, Illinois area and transport the liquids through its conventional pipelines to its CDH, ENT, Edmonton Terminals and fractionation complexes, where Pembina is able to market the products to end users. With its extensive operating experience and an integrated service offering along the crude, condensate, NGL and natural gas value chain, Pembina believes it is strongly positioned compared to other service providers to capture new business.

Pembina's gas services business is subject to competition from other gas processors, producer owned infrastructure and to a lesser degree, the Alliance Pipeline which is a high heat content gas egress option. These alternative options are either in the general vicinity of Pembina's facilities, or have gathering systems that extend, or could potentially extend, into areas served by these facilities. Going forward, the demand for additional processing infrastructure will be determined primarily by the rate at which the WCSB gas production grows. Pembina's competitive advantage stems from its integrated value chain, which allows gathering and processing facilities to become part of a well-head to market infrastructure solution, benefiting from seamless operational and commercial alignment.

NGL Services

Pembina's primary NGL services assets include the following:

- The fractionation and storage facilities ("**Redwater Complex**"), which includes: two 73 mbpd ethane-plus fractionators (being "**RFS I**" and "**RFS II**", respectively); a 55 mbpd propane-plus fractionator ("**RFS III**"); and 12.1 mmbbls of cavern storage located in Redwater, Alberta. The Redwater Complex purchases NGL mix from various natural gas and NGL producers and fractionates it into finished products for further distribution and sale. Also located at the Redwater Complex are Pembina's truck and rail terminals with unit train capability, which service Pembina's proprietary and customer needs for importing and exporting NGL products. Pembina sanctioned construction of a new 55 mbpd propane-plus fractionator ("**RFS IV**") at the Redwater Complex. The project includes additional rail loading capacity at the Redwater Complex. RFS IV is expected to cost approximately $460 million and will leverage the design, engineering and operating best practices of its existing facilities. Subject to regulatory and environmental approvals, RFS IV is expected to be in-service in the first half of 2026. With the addition of RFS IV, the fractionation capacity at the Redwater Complex will total 256 mbpd.

- The East NGL System ("**East NGL System**"), which includes:
    - Up to 20 mbpd of fractionation capacity and 1.2 mmbbls of cavern storage in Sarnia, Ontario;
    - Storage and terminalling assets/capacity at Kerrobert, Saskatchewan, and Superior, Wisconsin; and
    - 6 mmbbls of hydrocarbon storage, truck and rail loading facilities at Corunna, Ontario.
- The Prince Rupert Terminal (the "**Prince Rupert Terminal**"), a propane export terminal located on Watson Island, British Columbia on lands leased from a wholly-owned subsidiary of the City of Prince Rupert. The Prince Rupert Terminal is a small-scale rail terminal, moving propane from rail cars to pressurized storage spheres, and ultimately to 'handysize' vessels destined for international markets. The Prince Rupert Terminal was placed into service at the end of the first quarter of 2021 and has a capacity of approximately 20 mbpd.
- The Vancouver Wharves ("**Vancouver Wharves**"), located in North Vancouver, B.C., is a 125-acre bulk marine terminal facility that in 2022 transferred over 4 million tons of bulk cargo and 5.3 mmbbl of liquids predominantly to offshore export markets. The Vancouver Wharves are operated under an operating lease and asset ownership agreement with the B.C. Railway Company and a corresponding water lot lease with Port Metro Vancouver. The terminal includes one million tons of bulk storage capacity, 450,000 barrels of distillate storage capacity, four berths, facilities that can house up to 325 rail cars and connectivity to three Class 1 rail companies.
- A 50 percent interest in Fort Corp, which has 27,500 metric tonnes of ethylene storage and 33,400 metric tonnes of ethane-plus NGL mix storage near Fort Saskatchewan, Alberta.

Pembina's NGL service business provides a multitude of services for its customers. It is common practice for customers to sign up for more than one service with Pembina, including fractionation, storage, loading and off-loading.

At the Redwater Complex, Pembina provides NGL fractionation, storage and terminalling (loading and off-loading) services. NGL fractionation services at the Redwater Complex are provided under single or multi-year, predominately take-or-pay contracts. Pembina also provides third party terminalling services at the Redwater Complex for the Sturgeon Refinery, which is operated by the Northwest Redwater Limited Partnership under a long-term fixed-return agreement.

Through its East NGL System, Pembina provides NGL fractionation, storage and terminalling (loading and off-loading) services in Superior, Wisconsin and Sarnia, Ontario primarily on an interruptible, fee-for-service basis to Pembina's Marketing & New Ventures Division. Pembina also provides storage and terminalling services in Corunna, Ontario on both fee-for-service and fixed-return agreements, on an annual and multi-year basis, to third party customers and Pembina's Marketing & New Ventures Division.

The Prince Rupert Terminal provides export of propane produced in Western Canada for delivery into international propane markets. The terminal primarily provides service on a fee-for-service basis to Pembina's Marketing & New Ventures Division and their customers.

Vancouver Wharves capacity is contracted under long-term, take-or-pay terminal service agreements. Some of Pembina's major long-term contracts at the Vancouver Wharves are extendible.

Pembina's NGL services business is subject to competition from other fractionators, truck terminals, storage facilities, and export terminals, which are either in the general vicinity of Pembina's facilities or have gathering systems that extend, or could potentially extend, into areas served by Pembina's facilities. Going forward, it is expected that demand for additional infrastructure will be determined primarily by the rate at which the WCSB hydrocarbon production grows. Vancouver Wharves is subject to competition from significantly smaller distillates facilities in the area. There are various new competitive grain terminals that could increase competitive pressures on Vancouver Wharves' grain business. For mineral concentrates, Vancouver Wharves enjoys a distinct advantage as it is one of only four facilities on the west coast of North America that is currently permitted to handle these commodities.

Marketing & New Ventures Division

Overview

The Marketing & New Ventures Division strives to maximize the value of hydrocarbon liquids and natural gas originating in the basins where the Company operates. Pembina pursues this goal through the creation of new markets, and further enhances existing markets, to support both the Company's and its customers' overall business interests. In particular, Pembina seeks to identify opportunities to connect hydrocarbon production to new demand locations through the development of infrastructure. Pembina strives to increase producer netbacks and product demand to improve the overall competitiveness of the basins where the Company operates. This includes developing new business platforms and undertaking initiatives that seek to reduce the GHG emissions intensity of Pembina's and its customers' operations.

Marketing Activities

Within the Marketing & New Ventures Division, Pembina undertakes value-added commodity marketing activities including buying and selling products (natural gas, ethane, propane, butane, condensate, crude oil and electricity), commodity arbitrage, and optimizing storage opportunities. The marketing business enters into contracts for capacity on both Pembina's and third-party infrastructure, handles proprietary and customer volumes and aggregates production for onward sale. Through this infrastructure capacity, as well as utilizing the Company's expansive rail fleet and logistics capabilities, Pembina's marketing business adds incremental value to the commodities by accessing high value markets across North America and globally.

The value potential associated with Pembina's marketing business is dependent upon, among other things, Pembina's ability to: access connections to both downstream pipelines and end-use markets; understand the value of the commodities transported, stored and terminalled; provide flexibility and a variety of storage options; and adjust to a liquid, responsive, forward commodity market. Pembina actively monitors market conditions and commodity stream values and qualities to target revenue opportunities and service offerings. Pembina is also proactively working with upstream and downstream customers to develop value-added terminalling solutions and increase available optionality.

Financial and operational results in the marketing business are subject to commodity price fluctuations, product price differentials, location basis differentials, foreign exchange rates and volumes. The prices of products that are marketed by Pembina are subject to volatility as a result of these factors and other considerations including seasonal demand changes, weather conditions, general economic conditions, changes in crude oil, NGL, natural gas and electricity markets and other factors. See "*Risk Factors – Risks Inherent in Pembina's Business – Commodity Price Risk*".

Customers within Pembina's marketing business are generally those who produce, consume and/or market crude oil, NGL, natural gas and electricity, are downstream markets for those products, or are interested in ancillary services related to those products. Pembina's marketing business leverages the Company's integrated value chain, focusing on activities that complement the existing network of facilities and energy infrastructure across Pembina's asset base.

The contractual arrangements associated with Pembina's marketing business vary by service offering.

Aux Sable

Pembina's ownership interest in Aux Sable ("**Aux Sable**"), which includes Aux Sable Canada and Aux Sable U.S., is included in the Marketing & New Ventures Division, since the majority of cash flow from this asset is derived from commodity sales. Pembina is the operator of the Aux Sable assets.

Aux Sable U.S. ("**Aux Sable U.S."**) is comprised of Aux Sable Liquids Products Inc., Aux Sable Liquid Products LP ("**Aux Sable U.S. LP**") and Aux Sable Midstream LLC. Collectively Aux Sable U.S. is owned by Pembina (42.7 percent), indirectly by Enbridge Inc. (42.7 percent) and indirectly by Williams Partners (14.6 percent). The primary assets of Aux Sable U.S. include:

- The Channahon Facility ("**Channahon Facility**"), located in Channahon, Illinois, about 80 km southwest of Chicago near the eastern terminus of the Alliance Pipeline. The Channahon Facility is capable of processing 2.1 bcf/d of natural gas and can produce approximately 131 mbpd of specification NGL products. All of the natural gas delivered via the Alliance Pipeline is processed at the Channahon Facility.

  The Channahon Facility includes storage and rail facilities as well as NGL pipelines that connect the facility to various third-party terminals, refineries and petrochemical plants. The scale and geographic location of the Channahon Facility provides producers located in Western Canada and North Dakota with economic options for liquids rich gas takeaway and access to U.S. NGL markets, avoiding costly investments in field processing and transportation infrastructure.

- The Palermo Conditioning Plant ("**Palermo Conditioning Plant**"), located near Palermo, North Dakota, a 80 MMcf/d plant, which receives gas from gathering systems servicing nearby Bakken shale oil and gas production areas and removes the heavier hydrocarbon compounds while leaving the majority of the natural gas liquids in the rich gas prior to shipping on the Alliance Pipeline via delivery on the Prairie Rose Pipeline.

- The Prairie Rose Pipeline ("**Prairie Rose Pipeline**"), a 120 MMcf/d pipeline connecting the Palermo Conditioning Plant to the Alliance Pipeline.

- Under transportation agreements with natural gas shippers on the Alliance Pipeline, Aux Sable U.S. LP has the right to extract NGL from all of the natural gas transported for the durations of the applicable agreements. Aux Sable has signed NGL value-sharing agreements with certain gas producers in Alberta, British Columbia and North Dakota.

- Aux Sable U.S. LP entered into an exclusive NGL sale agreement with an NGL marketer on December 31, 2005, pursuant to which Aux Sable U.S. LP sells a portion of its NGL production from the Channahon Facility to such counterparty. In return, Aux Sable U.S. LP receives a fixed annual fee and percentage share of any net margin generated from the business in excess of specified thresholds. The NGL sales agreement has an initial term expiring March 31, 2026 and may be extended for subsequent 10-year terms.

Aux Sable Canada ("**Aux Sable Canada"**) is comprised of Aux Sable Canada LP and Aux Sable Canada Ltd. Aux Sable Canada is owned by Pembina (50 percent) and indirectly by Enbridge Inc. (50 percent). The primary assets of Aux Sable Canada include:

- The Heartland Offgas Plant ("**HOP**"), a 20 MMcf/d extraction plant located in Fort Saskatchewan, Alberta. HOP produces valuable products including hydrogen, ethane, and other natural gas liquids from a refinery offgas stream supplied from Shell's Scotford Complex. The products are returned to Shell via pipeline.

- The Septimus Pipeline ("**Septimus Pipeline**"), which is located in northeastern British Columbia and transports sweet, liquids rich gas from the Septimus and Wilder gas plants to the Alliance Pipeline, for downstream processing at Aux Sable U.S.'s Channahon Facility. The Septimus Pipeline is 100 percent owned by Aux Sable Canada and operated by a third-party and has a capacity of approximately 350 MMcf/d.

New Ventures

The Marketing & New Ventures Division is also responsible for the development of new large-scale, or value chain extending projects, including those that provide enhanced access to global markets and support a transition to a lower-carbon economy. Currently, Pembina is pursuing opportunities associated with LNG, low-carbon commodities, and large-scale GHG emissions reductions.

<u>Cedar LNG</u>

Pembina has formed a partnership with the Haisla First Nation to develop the proposed Cedar LNG Project, a three million tonne per annum floating LNG facility strategically positioned to leverage Canada's abundant natural gas supply and British Columbia's growing LNG infrastructure to produce industry-leading low-carbon, cost-competitive Canadian LNG for overseas markets. Cedar LNG will provide a valuable outlet for WCSB natural gas to access global markets, achieving higher prices for Canadian producers, contributing to lower overall emissions, and enhancing global energy security. Given Cedar LNG will be a floating facility, manufactured in the controlled conditions of a shipyard, it is expected that the project will have lower construction and execution risk. Further, powered by BC Hydro, Cedar LNG is expected to be one of the greenest LNG facilities in the world. The Environmental Assessment ("**EA**") was referred to the B.C. Ministers of Environment and Energy and Mines on November 16, 2022, and the decisions of the B.C. Ministers as well as the federal Minister of Environment and Climate Change are expected to be received in the first quarter of 2023.

As with most of Pembina's assets, Cedar LNG is expected to be structured as a tolling business providing a low risk, long-term cash flow stream, and strengthening Pembina's financial guardrails. Cedar LNG is in active commercial discussions with potential counterparties, all of which are investment grade, for long-term commitments, and is working towards the signing of definitive agreements prior to a final investment decision. Work with EPC contractors in the development of the floating LNG

Facility continues. The four current work streams – engineering, regulatory, commercial discussions, and financing – are expected to converge for a final investment decision to be made by the third quarter of 2023.

Alberta Carbon Grid

Pembina and TC Energy continue to develop the Alberta Carbon Grid, a carbon transportation and sequestration platform that will enable Alberta-based industries to effectively manage their greenhouse gas emissions, contribute positively to Alberta's lower-carbon economy, and create sustainable long-term value for Pembina and TC Energy stakeholders. In 2022, the Government of Alberta announced that the Alberta Carbon Grid was successfully chosen to move to the next stage of the province's carbon capture utilization and storage process in the Industrial Heartland. Throughout the year, Pembina and TC Energy progressed surface and sub-surface engineering and planning, continued with ongoing engagement with customers and stakeholders, and recently signed an evaluation agreement with the Government of Alberta. The first phase of the system is the Industrial Heartland project, which will have the potential of transporting and storing up to 10 million tonnes of carbon dioxide ("**CO_2**") annually. Pembina and TC Energy are also exploring options to create several hubs throughout Alberta. The long-term vision is to annually transport and store up to 20 million tonnes of CO_2 through several hubs across Alberta.

Chinook Pathways Partnership

Pembina has been chosen by the Western Indigenous Pipeline Group to be the industry partner in the formation of Chinook Pathways, an Indigenous-led partnership working to organize a significant number of First Nation communities to pursue ownership of the Trans Mountain Pipeline following completion of the construction of the Trans Mountain Expansion.

Seasonality

Pembina's businesses are affected by seasonality in the following ways:

- Construction and operational maintenance activities may vary seasonally. Site access and ground conditions can be impacted by spring melting and, as a result, Pembina typically experiences higher pipeline maintenance and integrity spending in the first and fourth quarters of the year. Labour productivity may be negatively impacted by seasonal weather conditions including extreme temperatures in the winter.

- Conventional feeder pipelines and gathering systems generally experience lower volumes during the spring months as a result of reduced drilling primarily due to weight restrictions on roads, producers conducting maintenance on their batteries and gas plant turnarounds. The magnitude and duration of road weight restrictions are dependent upon spring weather conditions. Many battery operators also perform maintenance work on production facilities during the spring months. Road restrictions and battery maintenance can also impact gathering pipeline receipts during the fall months, although the impact on throughput is generally less pronounced than during the spring months. Similar seasonality impacts are experienced upstream of the pipelines at Pembina's gas processing facilities.

- Volumes transported on the Alliance Pipeline or volumes processed at gas processing facilities are generally higher during winter months as gas compression is more efficient in cold weather and there is, therefore, increased availability to flow interruptible volumes in the winter months, subject to customer demand for the service.

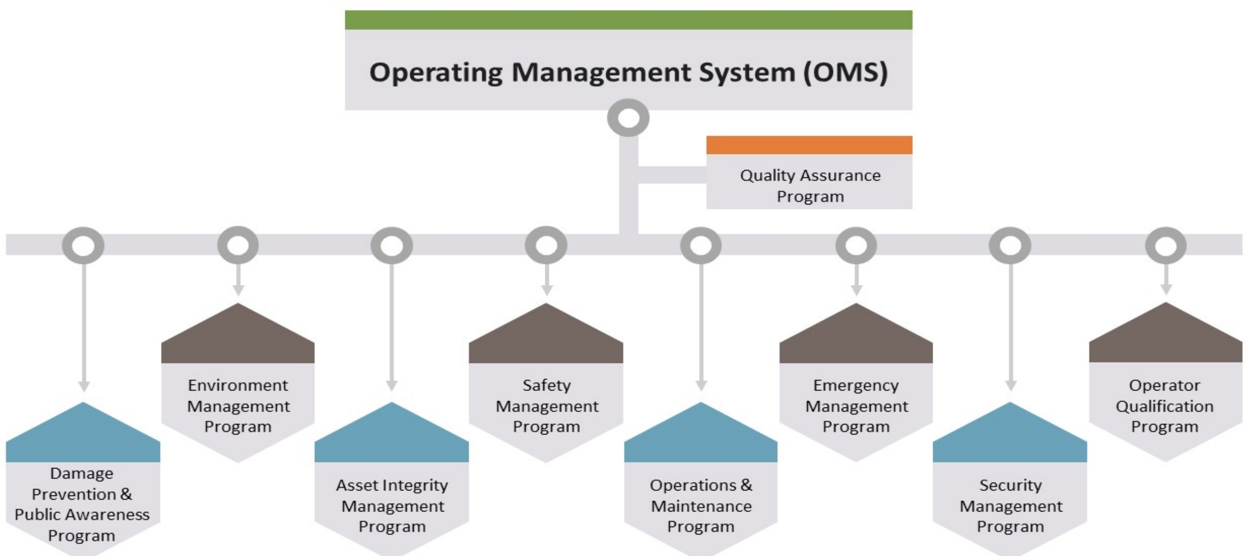
- The financial performance of Pembina's marketing business can be affected by seasonal demands for products and other market factors. Propane inventory generally builds over the second and third quarters of the year and is sold in the fourth quarter and the first quarter of the following year during the winter heating season. Condensate, butane and ethane are generally sold ratably throughout the year. See "*Risk Factors – Risks Inherent in Pembina's Business – Commodity Price Risk*".

OTHER INFORMATION RELATING TO PEMBINA'S BUSINESS

Operating Management System

Pembina is committed to operational excellence and one of the ways in which the Company delivers this is through its Operating Management System ("**OMS**"). Pembina's OMS provides a consistent framework for the design, development, and implementation of a comprehensive suite of policies, programs, procedures, standards and tools that guide, govern and drive operating activities. The Pembina OMS also supports cyclical planning, implementation, review, and adjustment of operational activities. Pembina's OMS is designed to anticipate, prevent, manage and mitigate conditions that may adversely affect the safety and security of Pembina's employees, the public, the environment, and the Company's infrastructure assets while complying with government regulations. The Company's OMS aligns Pembina with industry best practices and standards.

As outlined below, Pembina's OMS is comprised of a number of individual programs intended to drive safety, reliability, efficiency, cost-effectiveness and the continuous improvement of the Company's operational performance. Pembina's Quality Assurance Program includes certain processes to systematically and independently verify that these individual programs are established and are working effectively, while also promoting continuous improvement through the identification of opportunities to implement and communicate lessons learned throughout all levels of the organization.



Operational improvements, findings and industry changes are assessed, risked and prioritized, with corrective and preventative actions identified and implemented. These actions are underpinned by goals and objectives with delivery monitored against targets through assurance and management reviews. OMS is maturing over time through regularly scheduled OMS working group activities and oversight by the OMS Steering Committee. By implementing OMS in support of a strong safety culture, Pembina's projects are designed, constructed, operated and decommissioned or abandoned in a manner that considers the safety and security of the public, Pembina personnel and physical assets, and the protection of property and the environment. Each of the OMS programs is described more fully in the sections below.

Asset Integrity Management Program

Pembina employs comprehensive asset integrity management programs and dedicates a significant portion of its annual operating budget directly to integrity management activities. Pembina's integrity management programs include the systems, processes, analysis and documentation designed to ensure proactive and transparent management of its pipeline systems and facilities, in compliance with applicable standards and regulations.

Pembina's asset integrity management programs incorporate industry best practices and are designed to meet or exceed regulatory requirements with the goal of achieving enhanced safety, reliability and longevity of the Company's assets.

Integrity management begins at the engineering and design phase. Pembina has a robust set of engineering and design specifications to ensure learnings and best practices are captured and consistently applied to future projects. At the early stages of building a new pipeline, Pembina ensures that pipeline routes are chosen to avoid geologically unstable or high consequence areas and to minimize environmental impact. To further mitigate the risk and impact of an incident, Pembina designs its pipelines so they can be safely shut down and segments can be isolated by installing block valves at strategic intervals along the system. Where appropriate, Pembina takes extra safety precautions, such as increasing pipe wall thickness or depth-of-cover, to help mitigate risks. In addition, when it comes to choosing materials for new construction, Pembina uses steel pipe and other products that have been manufactured to meet the highest quality standards and specifications. As part of the design of facilities, impacts to existing infrastructure are identified and mitigation measures established as part of the Process Hazard Assessment process. The outcome is that lifecycle costs are minimized, while assuring safe, reliable and compliant operation.

Proactive pipeline integrity management activities extend into operations through programs, including right-of-way patrols and public awareness to reduce the likelihood of third-party damage, system-specific hazard evaluations and risk assessments, geotechnical programs to manage slope instability and river crossings, the use of specific chemicals to reduce the likelihood of internal corrosion from impurities and bacteria in the oil, cathodic protection to mitigate the possible growth of external corrosion, training and competency management programs for staff and contractors, and enhanced emergency response procedures and training exercises.

Pembina plans and executes scheduled turnarounds and outages at its gas processing, fractionation and pipeline facilities to complete required maintenance and inspection of pressure equipment, tanks, piping and pressure relieving devices. By using data collected through Pembina's facility integrity program, the Company can provide safe, reliable and cost-effective operation of its facilities – to the benefit of Pembina's customers and Shareholders.

Emergency Management Program

Pembina's Emergency Management Program ("**EMP**") enables Pembina to conduct its activities and operations in a manner consistent with Pembina's commitment to protecting the health and safety of workers and the public and safeguarding the environment affected by its activities.

The EMP aims to reduce conditions that could adversely affect the safety of workers or the public, the environment, or property during an emergency through the development of standards and processes specific to emergency management activities, including prevention, preparedness, response and recovery. Furthermore, the EMP addresses regulatory expectations, industry standards and best practices for:

- conducting hazard assessments;
- developing emergency management plans;
- facilitating emergency response exercises;
- delivering emergency management training to personnel;
- conducting community awareness activities;
- facilitating first responder engagement sessions; and
- participating in mutual aid associations or industry groups.

Pembina's EMP is made up of the following four core components:

1. **Prevention and Mitigation.** Defines actions taken by Pembina to identify and reduce the risks of hazards before an emergency occurs.

2. **Preparedness.** Ensures that Pembina has the capacity to respond effectively and rapidly when people, the environment, or property will be, or are, affected by hazards. Preparedness ensures that the necessary plans and resources are in place and practiced.

3. **Response.** Defines the actions to be taken to minimize the impact on people, the environment or property, and the impacts to customers, with an emphasis on prevention of injury and loss of life.

4. **Recovery.** Ensures actions taken following an emergency restore and repair infrastructure and services to the level of pre-emergency function. Recovery programs and activities should ensure that resources (personnel and assets) are replaced/replenished/debriefed and that the response is reviewed as part of a continuous improvement process.

Security Management Program

Pembina's Security Management Program ("**SMP**") enables Pembina to conduct its activities and operations in a manner consistent with Pembina's commitment to: protecting people, the environment, information, and assets; complying with legal and regulatory requirements; and meeting or exceeding industry standards and best practices. Pembina's SMP ensures security threats and associated risks are identified and managed with appropriate mitigation and response procedures to minimize the impact of security incidents adversely affecting Pembina's stakeholders, information, logical/physical infrastructure while ensuring compliance with applicable Company policies, security regulations and standards.

The SMP is a risk-based management system approach to managing security risk consisting of five concurrent and continuous functions—Identify, Protect, Detect, Respond, and Recover as set forth below.

1. **Identify.** The Identify function is foundational to understanding the business context, the resources that support critical functions, and the related security risks to Pembina to focus and prioritize its efforts, consistent with its risk management strategy and business needs.

2. **Protect.** The Protect function supports the ability to limit or contain the impact of a potential security event.

3. **Detect.** The Detect function enables timely discovery of security events.

4. **Respond.** The Respond function supports the ability to contain the impact of potential security events.

5. **Recover.** The Recover function supports timely recovery to normal operations to reduce the impact from security events.

Pembina has established an Enterprise Security Steering Committee ("**ESSC**") which meets quarterly. The purpose of the ESSC is to: ensure senior leadership oversight of security throughout Pembina's operations and business activities; identify and mitigate security threats and risks against Pembina's people, assets, information, systems, facilities and business interests; and full implementation and continuous improvement of Pembina's Corporate Security Plan and Enterprise Cyber Security Plan.

Safety Management Program

Pembina's Safety Management Program is aligned with its HSE Policy and other programs that form Pembina's OMS. It employs a systematic approach comprised of principles, standards, procedures, guidelines, and other supporting documents. To support the Safety Management Program, Pembina has established Life Saving Rules and Safety Culture Expectations applicable to all personnel and Pembina activities to ensure critical safety risks are managed effectively. The Company's corporate safety culture of "Zero by Choice" seeks to minimize incidents, and Pembina believes its employees and contractors can achieve this by recognizing that "Safety Starts with Me".

The Safety Management Program is designed to drive continuous improvement and enhance safety performance through measurement and risk management. Pembina uses leading and lagging metrics, incident reporting, audits and other assurance tools as inputs from the Safety Management Program to identify continuous improvement opportunities. Pembina has built a strong reporting culture, enabling it to investigate and learn from incidents and near misses.

In addition, Pembina has a comprehensive approach to process safety and a management of change system is in place to confirm that changes to existing and future facilities are properly recognized, evaluated and managed to confirm that health, safety, security, operational and environmental risks arising from these changes remain at acceptable levels. Pembina uses process hazard analysis, which is a formal risk assessment method that identifies potential hazards and assesses the adequacy of existing or proposed safeguards to manage the risks of its operations.

To promote and measure safety performance, Pembina uses a comprehensive, balanced scorecard that includes both leading and lagging metrics. Leading metrics on this scorecard include leadership visibility in the field, positive safety recognitions, contractor inspections and recognizing when personnel stop work due to unsafe conditions. These metrics drive proactive cultural behaviours by leaders, employees and contractors to sustain and improve the Company's safety performance. The scorecard also includes traditional lagging metrics such as total recordable injury frequency, vehicle incidents and product releases classified as Tier 1 process safety events. These leading and lagging safety performance metrics are also one of the factors used to determine executive and other employee short-term incentive plan payments.

To support a learning culture, an Incident Review Panel meets every other month to review selected incidents to identify and share investigation root causes, lessons learned and track corrective actions. Participants in the Incident Review Panel include the executive team, operations and project leaders and safety specialists. In addition, an Executive Safety Committee meets on a quarterly basis to set and evaluate strategies, priorities, performance targets and HSE key metrics.

Environment Management Program

Pembina's assets are subject to environmental regulation. The Company must comply with applicable federal, provincial, state and local laws and regulations in Canada and the U.S. Such laws and regulations govern, among other things, construction, operating and maintenance standards, management and control of emissions and waste discharge and protection of aquatic and terrestrial wildlife and habitat. Management expects that Pembina's facilities and operations meet or exceed those requirements. Pembina participates in the following applicable regulated emissions reporting programs: Canadian Greenhouse Gas Reporting Program, Canadian National Pollutant Release Inventory Reporting, Alberta Specified Gas Reporting Regulation, Alberta Technology, Innovation and Emission Reduction Regulation, British Columbia Greenhouse Gas Emission Reporting Regulation, Saskatchewan Management and Reduction of Greenhouse Gases (Reporting) Regulation, and U.S. Environmental Protection Agency Greenhouse Gas Report, as well as other provincial and state air quality reporting requirements under asset-specific approval conditions.

Pembina has implemented an Environment Management Program, which provides guidance on regulatory requirements and Pembina's commitment to environmental protection for all phases in the lifecycle of an asset: project planning construction, operation, decommissioning and reclamation.

Pembina's focus on integrity management and safe operations continues to result in low incident frequency and minimal environmental impact. Each year, to manage environmental liability, Pembina invests in the remediation and reclamation of pre-existing spill sites, thereby reducing Pembina's environmental liabilities. In addition to the environmental expenses associated with its operations, Pembina also invests in environmental assessment, planning, permitting and post-construction monitoring associated with the Company's capital projects.

Pembina is committed to reducing the GHG emission intensity of its businesses. Pembina's 2021 Sustainability Report details Pembina's environmental performance and commitment to continuous improvement, transparency and engagement as it continues to further integrate sustainable business practices throughout the Company. The 2021 Sustainability Report is available at www.pembina.com/sustainability.

In 2021, Pembina developed a GHG emissions intensity reduction target of reducing its GHG emissions intensity by 30 percent by 2030, relative to 2019 baseline emissions, incorporated ESG metrics into short-term incentive compensation metrics, and developed strategies to address the transition to lower carbon energy resources. The GHG reduction target will help guide business decisions and improve overall emissions intensity performance while increasing Pembina's long-term value and ensuring Canadian energy is developed and delivered responsibly. To meet the target, Pembina will focus on operational opportunities, greater use of renewable and lower emission energy sources and CO_2^e emission offsets, and investments in a lower carbon economy.

Damage Prevention and Public Awareness Programs

Working safely around pipelines and preventing damage to Pembina owned and operated pipelines, facilities and associated infrastructure is in the best interest of all of Pembina's stakeholders. Pipeline infrastructure is often buried underground and, as a result, preventing pipeline damage depends on operators, the public and stakeholders working together to be aware of the dangers and taking appropriate actions to prevent the risk of damage. Pembina's Damage Prevention and Public Awareness Programs are dedicated to worker safety, public safety, protection of the environment and the preservation of the integrity of the Company's infrastructure. These programs have been developed to meet or exceed the regulatory requirements for Damage Prevention and Awareness Programs in the areas Pembina operates.

Pembina is committed to establishing meaningful and open communications with those who live and work around the Company's underground infrastructure to increase the awareness of the presence of Pembina's underground infrastructure and their requirements for how to work safely in the vicinity of the Company's pipelines.

Operations and Maintenance Program

As part of Pembina's commitment to safe and reliable operations that ensure the protection of our people and the environment, Pembina personnel must adhere to the day-to-day operations and maintenance requirements as set out in the Operations and Maintenance Program. The Operations and Maintenance Program includes our operator qualification program, maintenance expectations, and how assets, such as pipelines, are operated.

Operator Qualification Program

Pembina's Operator Qualification Programs for the United States operation of the Vantage Pipeline, West Spur Lateral, Cochin Pipeline and Aux Sable assets are in place to ensure that Pembina's operations and maintenance staff are trained and qualified to perform their duties safely and effectively. These programs are in place in accordance with the PHMSA Operator Qualification Rule.

Training, Mentorship and Qualification

In Canada, Pembina's training, mentorship and qualification ("**TMQ**") initiative includes maintenance expectations, and the appropriate standards, procedures, and training to ensure employees are competent to operate our assets, such as pipelines. TMQ further defines the competencies required for an individual's specific role, and develops and assures competency against risk-ranked tasks/skills through training, mentoring and formal evaluation.

Preventative Maintenance Management Tool

Pembina's SAP-based preventative maintenance management tool ("**PMM**") was implemented for all of Pembina's legacy assets in 2018. In 2021, Pembina completed the implementation of PMM on the assets acquired in connection with the Kinder Acquisition. The objective of PMM is to ensure safe, consistent and efficient asset management. PMM is a key component of Pembina's OMS and a driver of safe and efficient asset management and operation.

Pipeline Control Management Program

Pembina has a Pipeline Control Management Program in place to ensure that the Company's pipeline systems are operated safely and reliably. As part of the Pipeline Control Management Program, Pembina employs modern supervisory control and data acquisition ("**SCADA**") technology on the majority of its pipeline systems. The SCADA systems allow for continuous electronic monitoring and control of the pipeline systems from dedicated computer consoles located in Pembina's control centre in Sherwood Park, Alberta. Operators monitor the computer consoles 24 hours per day, 365 days per year. The SCADA systems and associated leak detection software continually monitor pipeline flow and operating conditions. Line balance calculations are performed automatically by the system and alarms are triggered when imbalances are detected. When imbalance alarms are triggered, trained control centre operators investigate the alarm or shut down the pipeline in accordance with Pembina's Segment Imbalance Response Protocol.

Industry Regulation

Pembina's assets are subject to oversight by various regulatory bodies, including, but not limited to, the AER, AUC, AEPA, BCUC, BCER, B.C. Ministry of the Environment and Climate Change Strategy, B.C. Ministry of Finance, Saskatchewan Ministry of Energy and Resources, the Ontario Energy Board, the Ontario Ministry of the Environment, Conservation and Parks, the Ontario Ministry of Natural Resources and Forestry, CER, ECCC, the North Dakota Department of Environmental Quality, the North Dakota Public Service Commission, the Illinois Environmental Protection Agency, the Illinois Commerce Commission, the U.S. Environmental Protection Agency, PHMSA and the FERC.

AER and AUC

The AER regulates the construction, operation, discontinuation and abandonment of non-utility pipelines and associated installations in Alberta pursuant to the *Pipeline Act* (Alberta) and the *Responsible Energy Development Act* (Alberta). A licence from the AER is necessary to construct and operate a pipeline and associated installations within Alberta. The AER may impose conditions on such a licence. When making decisions on these kinds of regulatory matters, the AER must consider the social and economic effects of the proposed activities, effects on the environment, and potential impacts on landowners. Indigenous consultation, environmental, and water protection regulations are also administered or considered by the AER.

With respect to toll-regulation in Alberta, once a licence to construct a pipeline is issued by the AER, subject to regulatory intervention, the pipeline is free to establish tolls in a competitive market environment. Tolls are established under contracts of varying terms and conditions and are also posted by location for non-firm (interruptible) service. Posted tolls which are applied to non-firm volumes can generally be adjusted to respond to changing volumes, costs and market circumstances. Contracted tolls on firm contracts can also be adjusted, where permitted by the terms of the contract, for such things as changes in the consumer price index, changes in power costs, extraordinary natural events that impact pipeline integrity and changes to regulations associated with pipelines. On application, an AER regulated pipeline may be declared a common carrier. Common carriers must provide access and may not discriminate between shippers. Where a pipeline has been declared a common carrier, customers also have recourse to the AUC with respect to tariff matters.

Pembina is subject to regulation by the AER under the AER's liability management framework, including the Licensee Management Program, the Inventory Reduction Program, the Licensee Liability Rating Program and the Large Facility Liability Management Program. As of December 1, 2021, AER Directive 088: Licensee Life-cycle Management ("**Directive 088**") came into force and will replace the AER's current Licensee Liability Rating Program over time. Directive 088 institutes a wholistic assessment regime with several different regulatory tools not limited to the current use of security deposits. This wholistic regime currently applies to licence transfers and has implemented the Inventory Reduction Program. Under the Inventory Reduction Program, which became effective on January 1, 2022, all licensees that have liability associated with inactive infrastructure are required to spend a specified amount each year on reclamation activities, or post equivalent security with the AER.

The AER also regulates, in conjunction with AEPA, airborne emissions from energy resource activities including oil and gas pipelines. The AER's authority includes regulation of methane emissions in the upstream oil and gas sector, pursuant to the *Methane Emission Reduction Regulation* and Directives 060 and 017.

AEPA

Comprehensive GHG emissions regulations for industrial facilities in Alberta, including oil and gas facilities, are administered by AEPA, under the *Technology Innovation and Emissions Reduction Regulation*.

BCER

Pursuant to the *Energy Statutes Amendment Act, 2022* (British Columbia), the body formerly known as the British Columbia Oil and Gas Commission has been renamed as the BCER, effective February 17, 2023.

The construction, operation and abandonment of non-utility oil and gas pipelines and associated installations and facilities in B.C. is regulated by the BCER pursuant to the *Oil and Gas Activities Act* (British Columbia). A permit from the BCER is required to construct or operate a pipeline or associated installations or facilities. The BCER may impose any conditions it considers necessary on such a permit. Decisions by the BCER must, among other things, provide for the sound development of the oil and gas sector by fostering a healthy environment, a sound economy and social well-being; and ensure safe and efficient practices. The BCER also has a mandate to encourage the participation of Indigenous peoples in regulatory processes affecting them.

The BCER administers methane emissions regulations in B.C., under the *Drilling and Production Regulation* and the *Oil and Gas Activities Act* (British Columbia), which address methane emissions in the upstream oil and gas sector. The BCER is also responsible for ensuring the proper cleanup, reclamation and restoration of oil and gas infrastructure sites, and the management of liability associated with such sites pursuant to the Permittee Capability Assessment program discussed under "*Environmental Costs and Liabilities*" below. As discussed below, as a result of the *Energy Statutes Amendment Act, 2022* (British Columbia) the BCER will have additional powers and tools with respect to liability management. However, these changes are set to come into force by future regulation, the timing of which is uncertain.

BCUC

The tolls on certain B.C. pipelines are rate-regulated by the BCUC. The BCUC approves tolls that may be charged by common carriers and regulates other tolls on a complaint basis.

B.C. Ministry of Environment and Climate Change Strategy

The B.C. Ministry of the Environment administers regulations pertaining to ongoing monitoring and management of air contaminants and water discharge under the *Environmental Management Act.* Within Metro Vancouver, the B.C. Ministry of the Environment has delegated its authority for the issuance of permits relative to air contaminants and the ongoing monitoring and management of air contaminants to the Metro Vancouver Regional District.

B.C. Ministry of Finance

The Consumer Tax Branch of the B.C. Ministry of Finance administers the B.C. carbon tax, under the *Carbon Tax Act* (British Columbia), which is the province's primary form of regulation of GHG emissions.

Saskatchewan Ministry of Energy and Resources

The Saskatchewan Ministry of Energy and Resources regulates airborne emissions from oil and gas facilities in Saskatchewan, including administering the province's methane emissions regulations under the *Oil and Gas Emissions Management Regulations*.

CER

Pursuant to the *Canadian Energy Regulator Act* (the "**CER Act**"), the CER administers authorizations for the export of oil and regulates interprovincial and international pipelines including: their construction and operation; traffic, tolls and tariffs; liabilities for unintended or uncontrolled releases; and the pipeline company's financial requirements. A certificate or order issued under the CER Act is required for the construction and operation of such interprovincial or international pipelines. When considering an application for a certificate or order, the CER has a broad "public interest" mandate and must facilitate and consider Indigenous participation in the regulatory process prior to making a recommendation to the Minister of Natural Resources. CER Act certificates may be subject to any conditions which are necessary or in the "public interest". Interprovincial and international pipelines may also be subject to impact assessment under the *Impact Assessment Act* (Canada) as part of the certificate process.

Under the CER Act and regulations, companies that own and/or operate CER-regulated pipelines are divided into two groups for regulation of tolls and tariffs. Group 1 consists of the major pipeline companies which are subject to enhanced regulatory oversight by the CER. The other pipeline companies under the jurisdiction of the CER, not included in Group 1, have been classified as Group 2. The Canadian segments of the Alliance Pipeline and the Cochin Pipeline are classified as Group 1, though the tolls on the Cochin Pipeline have been regulated on a complaint basis since 1986. Pembina's other CER-regulated pipelines are classified as Group 2 by the CER. For these Group 2 pipeline systems, if no complaint is filed, the CER may presume that the filed tariffs are just and reasonable. The Northwest Pipeline, the Taylor to Belloy Pipeline, the Pouce Coupé Pipeline and the Pouce Coupé Lateral, all licensed by Pembina's wholly-owned subsidiary Pouce Coupé Pipe Line Ltd., are regulated by the CER. Pembina's Taylor to Boundary Lake Pipeline, which is owned by Pembina Energy Services Inc., Pembina's Vantage Pipeline, which is owned by Pembina Prairie Facilities Ltd., and Pembina's Empress Pipeline, which is owned by Veresen NGL Pipeline Inc., all wholly-owned subsidiaries of Pembina, are also regulated by the CER. The four pipelines collectively referred to as the "Tupper Pipelines", licensed by Veresen Energy Pipeline Inc., and 60 percent owned by Pembina, are also regulated by the CER. The Kerrobert pipeline is regulated by the CER but is not operated by Pembina.

Pembina maintains a minimum of $970 million in financial resources to meet the absolute liability limit requirements in the CER Act and *Pipeline Financial Requirements Regulations*. The CER requires the Company to maintain these financial resources and readily accessible funds in specific types of financial instruments.

ECCC

ECCC is responsible for administering the federal GHG pricing regulations under the *Greenhouse Gas Pollution Pricing Act* (Canada) ("**GGPPA**") and other federal GHG emissions reduction regulations, including methane emissions regulations applicable outside British Columbia, Alberta and Saskatchewan under the *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector).* ECCC is also responsible for international agreements on airborne emissions.

FERC

The FERC is an independent U.S. agency that regulates, as relevant to Pembina, interstate natural gas pipelines, and the transportation in interstate commerce of liquid hydrocarbons (crude oil, refined products, and NGL).

The U.S. segments of the Alliance Pipeline are interstate natural gas pipelines subject to FERC jurisdiction under the NGA. FERC jurisdiction under the NGA extends to virtually all commercial aspects of an interstate natural gas pipeline's business, including rates and charges, construction of new facilities, extension or abandonment of service and facilities, accounts and records, depreciation and amortization policies, the acquisition and disposition of facilities, the initiation and discontinuation of services, affiliate relationships and certain other matters. A certificate of public convenience and necessity from the FERC is necessary to construct and operate an interstate natural gas pipeline. A key regulatory principle underlying the FERC's jurisdiction is non-discrimination, such that interstate natural gas pipeline companies are prohibited from granting any undue preference to any person, or unduly discriminating against or in favor of any person, with respect to rates or terms and conditions of service.

In general, the NGA requires that rates charged by interstate natural gas pipeline companies must be "just and reasonable" and are subject to FERC approval. Under the FERC's current policies, a pipeline may obtain approval to charge negotiated rates, but such pipelines must also post in applicable tariff(s) cost-based "recourse" rates that are available for shippers that do not opt to negotiate rates. The FERC approved Alliance U.S.'s proposal to offer shippers both negotiated and "recourse" rate options. Accordingly, Alliance U.S.'s existing tariff contains both negotiated and "recourse" rates.

The U.S. segments of the Vantage Pipeline and Cochin Pipeline are subject to the FERC's jurisdiction under the ICA. Unlike FERC's NGA jurisdiction, FERC's jurisdiction over liquids pipelines pursuant to the ICA is more limited. FERC does not have jurisdiction over the construction, extension or abandonment of pipelines transporting liquids in interstate commerce. FERC's jurisdiction over pipelines transporting crude oil, NGL or refined products in interstate commerce is generally limited to the rates, terms and conditions of service provided. Like the NGA, the ICA also requires that the rates of liquids pipelines be "just and reasonable", and a carrier may be subject to a complaint or protest from shippers challenging those rates. Liquids pipelines, however, may not negotiate rates with individual customers; instead, liquids pipelines must justify new rates and rate changes using specific FERC-prescribed methodologies, such as cost of service, the consent of an unaffiliated shipper, or by applying the FERC's annual index adjustment. Liquids pipeline companies may enter into contracts with individual shippers, but such contracts typically must be made available to all similarly situated shippers. As with interstate natural gas pipeline regulation, a key regulatory principle underlying FERC's ICA jurisdiction is that of non-discrimination, such that pipelines providing transportation of oil, natural gas liquids or refined products in interstate commerce are prohibited from granting any undue preference to any person, unduly discriminating against or in favor of any person, or maintaining any unreasonable difference in rates or terms and conditions of service.

PHMSA

The PHMSA oversees the safe operation and maintenance of interstate oil and gas pipelines under 49 CFR Part 190 – *Pipeline Safety Enforcement and Regulatory Procedures*. The PHMSA's regulation and enforcement programs are designed to ensure that such pipelines are operated safely, reliably, and in an environmentally sound manner. These programs are inspection and investigation based and not permit based.

See "*Risk Factors – Risks Inherent in Pembina's Business – Abandonment Costs*", "*Risk Factors – Risks Inherent to Pembina's Business – Environmental Costs and Liabilities*" and "*Risk Factors – Risks Inherent to Pembina's Business – Regulation and Legislation*".

Corporate Governance

Pembina maintains corporate governance and ethical practices, both within the corporate boardroom and throughout its operations, in line with its commitment to being a responsible corporate citizen. Pembina's corporate governance practices aim to:

- operate in a safe, reliable and environmentally responsible way in the communities in which it operates;
- emphasize employee engagement, inclusion and well-being in a safe, respectful, collaborative and fair work environment;

- ensure Pembina meets its obligations to all regulatory bodies, business partners, customers, stakeholders, employees and Shareholders;
- enhance and preserve value; and
- protect dividends.

(See "*Description of Pembina's Business and Operations – Pembina's Purpose, Values, and Strategy*")

As a public company listed on the TSX and the NYSE, Pembina takes into account rules and regulations applicable to listed issuers in both Canada and the U.S. Pembina's corporate governance practices comply with the Canadian governance guidelines, which include the governance rules of the TSX and the Canadian Securities Administrators, including:

- National Instrument 52-110 – *Audit Committees*;
- National Policy 58-201 – *Corporate Governance Guidelines*; and
- National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

As a non-U.S. company, Pembina is not required to comply with most of the governance listing standards of the NYSE, but it must disclose how its governance practices differ from those followed by U.S. companies that are subject to the NYSE standards. Pembina's governance practices comply with the NYSE standards for U.S. companies in all significant respects, except as summarized in the Statement of Significant Differences found on Pembina's website at www.pembina.com/about/governance.

Pembina also complies with the governance listing standards of the NYSE and the governance rules of the SEC that apply to foreign private issuers.

Some of Pembina's best governance practices are derived from the NYSE rules and comply with applicable rules adopted by the SEC to meet the requirements of the *Sarbanes-Oxley Act of 2002* and the *Dodd-Frank Wall Street Reform and Consumer Protection Act,* such as having an audit committee and a compensation committee that meet the enhanced independence standards applicable to those committees as required by the *Sarbanes-Oxley Act of 2022* and the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, respectively.

The Board of Directors oversees Pembina's corporate stewardship. The Board recognizes the importance of ESG issues and fulfills its mandated duties directly and by delegating the following ESG related responsibilities to its four standing committees.

Committee	**ESG Related Responsibilities**
Audit Committee	• Maintains oversight of the integrity of Pembina's financial statements, the reporting process, and the internal audit function.
Human Resources, Health and Compensation Committee	• Provides oversight over Pembina's approach to director compensation, employee health and wellness, employee compensation, executive performance and compensation, executive succession planning and corporate equity, diversity and inclusion. • Focuses on sustainability by including ESG metrics in incentive plan design and compensation decisions for executives.
Governance, Nominating and Corporate Social Responsibility Committee	• Responsible for Pembina's corporate governance practices. • Oversees Pembina's ESG strategy and makes recommendations to the Board on the integration of ESG considerations into long-term business planning, organizational structure and corporate policies and practices. • Oversees the development of Pembina's Sustainability Report and facilitates and provides education of the Board, including on ESG matters.
Safety, Environment and Operational Excellence Committee	• Oversees the development, implementation and monitoring of risks and policies related to safety, environment, operational excellence and responsible asset management programs, such as integrity management and cyber security.

Further information about Pembina's corporate governance practices will be included in Pembina's management information circular for its 2023 annual meeting of Shareholders. In addition, copies of Pembina's Code of Ethics Policy, Whistleblower Policy and other corporate governance policies can be found on Pembina's website at www.pembina.com.

Corporate Governance Policies

Pembina's governance framework includes corporate policies that align with Pembina's strategy and purpose, comply with the laws and regulations applicable to Pembina's business and adhere to best practices in the industry. Pembina's corporate policies reflect Pembina's core values and beliefs, which in turn influence the OMS and associated programs.

Certain of Pembina's policies are aimed at preserving a positive relationship with the physical and social environment in which Pembina operates. These policies are outlined below.

Board Diversity Policy

The Board recognizes that diversity among its directors supports balance and debate which, in turn, enhances decision making by the Board and fosters Pembina's commitment to delivering benefits to its four key stakeholder groups – customers, investors, employees and communities – by utilizing the difference in perspective of the members of the Board. Under the policy, the Board considers candidates to the Board based on merit with regard to the benefits of diversity on the Board, and with a view to the following specific diversity targets: (i) a Board composition in which each of the female and male genders comprises at least 30 percent of the independent directors on the Board; and (ii) a Board composition in which at least 40 percent of the independent directors be individuals that are women, persons with disabilities, Indigenous peoples, or members of other racial, ethnic and/or visible minorities.

Health, Safety and Environment ("**HSE**") Policy

Health, safety and the environment are top priorities in all of Pembina's operations and business activities. Pembina is committed to being an industry leader that meets or exceeds all applicable laws and regulations designed to protect the health and safety of workers and the public, and safeguard the environment affected by its activities. Pembina is also committed to continuously improving its HSE performance. These areas are of paramount importance to management, employees and contractors at the Company. Pembina believes that excellence in HSE practices is essential to the well-being of the Company.

The Safety, Environment and Operational Excellence Committee of the Board of Directors monitors compliance with the HSE Policy through regular reporting.

Enterprise Risk Management Policy

This policy sets out the Company's enterprise risk management principles and specifies expectations associated with Pembina's risk management activities and governance. Enterprise risk management consists of practices and procedures applied across the Company to identify, measure, assess, respond to, monitor and report on principal risks that may affect the achievement of business objectives.

Code of Ethics Policy

Pembina's reputation is one of its most important assets. The purpose of the Code of Ethics Policy is to establish a high standard of integrity and ethical behaviour to support Pembina's reputation and its relationships with its internal and external stakeholders. All personnel are expected to comply with the Code of Ethics Policy at all times. The Code of Ethics Policy sets out principles for ethical conduct in the following areas: conflicts of interest; human rights; business relationships and fair dealing; compliance with the law; government relations; health, safety and environmental matters; integrity of financial information; disclosure and insider trading; stakeholder and public relations; privacy and confidentiality; protecting the Company's assets and records; entertainment, gifts, meals, hospitality, travel or other benefits; respectful workplace environment and relationships; and reporting responsibilities and procedures.

Anti-Bribery Policy

Corruption and bribery pose legal, commercial and reputational risks to Pembina and can also result in erosion of internal trust and confidence. The purpose of the Anti-Bribery Policy is to formalize and record Pembina's procedures to ensure that Pembina and its personnel conduct business in an honest and ethical manner when dealing with Government Officials and all other parties, and comply with Anti-Corruption Laws. The Anti-Bribery Policy reflects the standards to which Pembina expects its contractors, agents and other third party representatives to adhere when acting on Pembina's behalf.

Alcohol and Drug Policy

As part of Pembina's commitment to its employees, contractors and the public, Pembina has comprehensive alcohol and drug policies in place which require that all personnel remain fit for work while on duty or on call. These policies form a part of Pembina's approach to risk mitigation and safety and supports the HSE Policy. Pembina has also implemented an alcohol and drug policy for Department of Transportation workers as required under applicable United States' laws.

Indigenous & Tribal Relations Policy

As part of Pembina's approach to Indigenous relations, Pembina seeks to enter into lasting and mutually-beneficial relationships with all Indigenous peoples affected by its operations. By striving for positive and mutually-beneficial relationships with Indigenous leadership and communities, Pembina employees, consultants and contractors will help build continued success for Pembina's existing and expanding systems and other businesses.

Community Relations Policy

As part of Pembina's approach to community relations, Pembina seeks to develop enduring relationships based on mutual trust with stakeholders that could potentially be affected by Pembina's current or future operations. By committing to being recognized as a leader in its relationships with communities, where Pembina is welcomed as a safe and responsible partner whose positive social impact carries significant value for all of its stakeholders, Pembina employees, consultants, contractors and directors will recognize and respond to the needs of its community, while addressing broader social issues by: understanding what communities value and what is important to them; making measurable commitments and delivering on them; minimizing potential impacts of Pembina's projects and operations by conducting early, meaningful and ongoing engagement; and identifying partnership opportunities in support of community and economic development for mutual benefit.

Whistleblower Policy

Pembina is committed to high standards of professional and ethical conduct in all activities. Pembina's reputation for honesty and integrity among its stakeholders is key to the success of its business. The transparency, honesty, integrity and accountability of Pembina's financial, administrative and management practices are vital. These high standards guide the decisions of the Board of Directors and are relied upon by Pembina's stakeholders and the financial markets.

For these reasons, it is critical to maintain a workplace where concerns regarding questionable business practices can be raised without fear of discrimination, retaliation or harassment. Pembina also believes that encouraging a culture of openness and ethical leadership from management supports this process. As such, Pembina's Whistleblower Policy encourages directors, officers, employees, consultants, contractors, agents and external stakeholders to act responsibly, raise concerns and report any potential instances of unethical practices within Pembina, rather than overlooking a problem or seeking a resolution of the problem outside Pembina. In addition to raising concerns directly with Pembina management, individuals may report concerns anonymously and on a confidential basis to the chair of the Audit Committee of the Board of Directors or through Pembina's whistleblower line, which is available 24 hours a day, seven days a week both online and through a toll-free number. Complaints received by Pembina under its Whistleblower Policy are thoroughly investigated.

Security Policy

Pembina is committed to protecting people, the environment, information and assets, complying with legal and regulatory requirements and meeting or exceeding industry standards and best practices. These areas are of paramount importance to management, employees and contractors at the Company. Pembina believes that excellence in security management is essential to the well-being of the Company. As such, Pembina is committed to ensuring security threats and associated risks are identified and managed with appropriate mitigation and response procedures to minimize the impact of security incidents adversely affecting Pembina's stakeholders, information, logistical/physical infrastructure and property, and to ensure compliance with all applicable company policies, security regulations and standards.

Privacy Policy

Pembina is committed to maintaining the accuracy, confidentiality and security of personal information in accordance with applicable privacy laws. Protection of personal information is of paramount importance to management, employees and contractors at the Company. As such, Pembina is committed to setting out the manner in which Pembina collects, uses, discloses, protects and otherwise manages personal information.

Respectful Workplace Policy (Canada)/Policy Prohibiting Harassment and Discrimination (United States)

Pembina is committed to providing a respectful workplace in which all people are treated with respect and dignity. The safety and well-being of everyone working for or in connection with Pembina is a priority. Harassment, discrimination and violence in the workplace will not be tolerated in any form. These policies establish clear standards and expectations for all staff to prevent and protect individuals from workplace harassment, discrimination and violence.

Supplier Code of Conduct

Pembina prides itself on working with suppliers who place safety as a top priority, uphold the highest standards of ethics and integrity, and are economically, environmentally, and socially responsible. The purpose of the Supplier Code of Conduct is to help ensure Pembina works with suppliers who share our commitment to the following principles, which help shape Pembina's business philosophy on a day-to-day basis: creating a safe workplace; environmental stewardship; diversity, inclusion and equity; protection of human rights; ethics, integrity and compliance; anti-corruption and anti-bribery; and privacy, confidentiality, and information security.

Social, Community and Indigenous Engagement

Community Relations

Pembina is committed to building long-term relationships based on mutual trust with communities as a top priority and to further this goal, Pembina strives to understand regional issues in order to help anticipate and manage the social and economic impacts of the Company's operations on local communities.

Pembina's guiding principles on its approach to community relations are set out in Pembina's Community Relations Policy. See "*Other Information Relating to Pembina's Business – Corporate Governance – Corporate Governance Policies*".

Pembina has developed community engagement district area plans (the "**CEDA Plans**") for Pembina's operating areas. The purpose of these plans is to support both operational engagement needs, as well as commitments made as part of regulatory programs and objectives, such as Pembina's Emergency Management Program and Damage Prevention and Public Awareness Program. See "*Other Information Relating to Pembina's Business – Damage Prevention and Public Awareness Programs*" and "*Other Information Relating to Pembina's Business – Emergency Management Program*".

The purpose and goals of the CEDA Plans are to:

- foster a strategic, consistent and coordinated approach to long-term stakeholder and Indigenous operational engagement;
- provide a governance structure that outlines roles, responsibilities and accountabilities;
- identify and map stakeholders and Indigenous peoples where Pembina operates and that may influence Pembina's business;
- identify potential risks and opportunities that help inform engagement strategies; and
- increase trust and performance with local and regional stakeholders and Indigenous communities.

The feedback and input Pembina receives from communities influences where the Company installs its assets, what steps Pembina takes to minimize disruptions to the environment, what local labour and businesses the Company may use, and how Pembina can make a positive impact through Pembina's community investment program.

Indigenous Relations

Pembina recognizes that in order to achieve its business goals, the Company needs to work closely with communities across its operations, including Indigenous communities.

Pembina's guiding principles on its engagement with Indigenous communities are set out in Pembina's Indigenous & Tribal Relations Policy. See "*Other Information Relating to Pembina's Business – Corporate Governance – Corporate Governance Policies*".

Pembina's projects may take place on lands where Indigenous communities may have rights and title. Pembina strives to engage in meaningful consultation to understand potential impacts, seek mitigations, discuss possible benefits associated with the Company's proposed developments, and ensure better planned, executed and remediated projects. Pembina's engagement and consultation often exceed regulatory requirements and can take a variety of forms, such as personal meetings, desktop reviews, and site visits. Indigenous communities also have a unique understanding of the environment; Pembina works with Indigenous communities to understand their perspectives and, where possible, incorporates these perspectives into the Company's day-to-day business. Pembina is actively working to create awareness amongst Indigenous communities regarding environmental requirements and programs associated with its projects.

Pembina's five-year Indigenous Engagement Strategy and Path to Reconciliation underscores a strong commitment to reconciliation, long-term relationship building with Indigenous communities in its operating areas and expanding Pembina's social and economic benefits to communities. The Indigenous Engagement Strategy and Path to Reconciliation outlines Pembina's path to reconciliation, focuses on four directions and is aligned with the Truth and Reconciliation Commission of Canada's Call to Action Number 92.

The four directions under Pembina's Indigenous Engagement Strategy and Path to Reconciliation are:

- **Lifecycle Alignment** – Building, maintaining and formalizing long-term relationships with Indigenous and Tribal communities near our projects and operations, and embedding Indigenous inclusion and engagement in governance, internal policies, standards and processes for decision making.

- **Economic Reconciliation** – Supporting equitable access to jobs, training and education opportunities, and working with Indigenous communities to gain long-term sustainable benefits from economic development projects. This also includes ensuring procurement opportunities are available to Indigenous contractors within Pembina's asset areas.

- **Community Development** – Creating long-term community relationships and collaboratively identifying sustainable partnerships based on community needs and opportunities in alignment with Pembina's Community Investment focus areas.

- **Cultural Appreciation** – Providing Indigenous cultural awareness training and educational opportunities for Pembina senior leadership and employees, while recognizing there are many distinct Indigenous communities and Tribes with unique languages, cultures, traditions, rights, priorities and protocols.

Pembina seeks to develop sustainable business relationships with Indigenous communities that deliver safety, performance, cost competitiveness and quality. By developing business relationships and increasing economic opportunities for Indigenous suppliers, Pembina's goal is to increase and sustain the capability and capacity of Indigenous suppliers and through these opportunities, provide a net positive benefit to Indigenous community members. Pembina's Standard for Local, Indigenous and Tribal Contracting ensures the inclusion of capable Indigenous suppliers in Pembina's work. As part of this standard, and through Pembina's competitive processes, suppliers are required to demonstrate (and are evaluated on) their commitment to Indigenous economic development, inclusion partnerships and strategic alliances. Further, this standard helps to support Pembina's commitment to Indigenous economic reconciliation as part of Call to Action 92 of the Truth and Reconciliation Commission of Canada: Calls to Action.

Pembina believes that the future of Canada's energy sector development is inextricably linked to meaningful partnerships and commercial relationships with Indigenous communities. In 2022, Pembina continued to advance two Indigenous-led partnerships on two significant projects:

- Pembina has partnered with the Haisla nation to develop the proposed Cedar LNG Project, which is expected to be the largest First Nations-owned infrastructure project in Canada with one of the cleanest environmental profiles in the world; and

- Pembina formed Chinook Pathways with Western Indigenous Pipeline Group to pursue ownership of the Trans Mountain Pipeline, following completion of the construction of the Trans Mountain Expansion project.

See "*Description of Pembina's Business and Operations – Marketing and New Ventures Division*".

Finally, Pembina is focused on giving back to communities where we live and work through Pembina's Community Investment Program, which provides funding to Indigenous and Indigenous-connected organizations with a broad impact.

Indemnification and Insurance

Pembina maintains insurance to provide coverage in relation to the ownership of its assets and also maintains standard director and officer insurance consistent with industry practice.

Pembina believes that it has procured such insurance coverage as would be maintained by a prudent owner and operator of the type of assets owned and operated by Pembina. This insurance coverage is subject to limits and exclusions or limitations on coverage that Pembina considers reasonable given the cost of procuring such insurance and current operating conditions. However, there can be no assurance that insurance coverage will be adequate in any particular situation or that insurers will be able to fulfill their obligations should a claim be made. Further, there can be no assurance that such insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates.

Employees

As at December 31, 2022, Pembina employed 2,669 personnel, of which 1,674 were engaged in the performance of field operations and superintendence activities, and 995 were engaged in the performance of facilities engineering, systems, management, finance, accounting, administration, human resources, information services, drafting, business development, safety and environmental service and other activities. Of the above field operations employees, 137 are unionized. Pembina's workforce is relatively stable with limited turnover. To ensure Pembina attracts and retains an engaged workforce, employees are provided a comprehensive total rewards package, including benefits, savings, a retirement plan and incentive compensation programs.

In addition to Pembina's employees, the Company also uses independent contractors throughout the organization to supply a range of services on an as needed basis.

Equity, Diversity and Inclusion

EDI Strategy

As outlined below, Pembina made significant progress toward its EDI strategy in 2022 and continues to demonstrate its commitment to the Company's EDI stand: "We are committed to diversity, equal opportunity and ensuring our employees can thrive in an inclusive environment." The EDI strategy includes EDI goals for employees, communities, investors and customers to support Pembina's corporate strategy.

EDI Targets

As part of its approved EDI strategy, in December 2021, Pembina announced employee EDI targets:

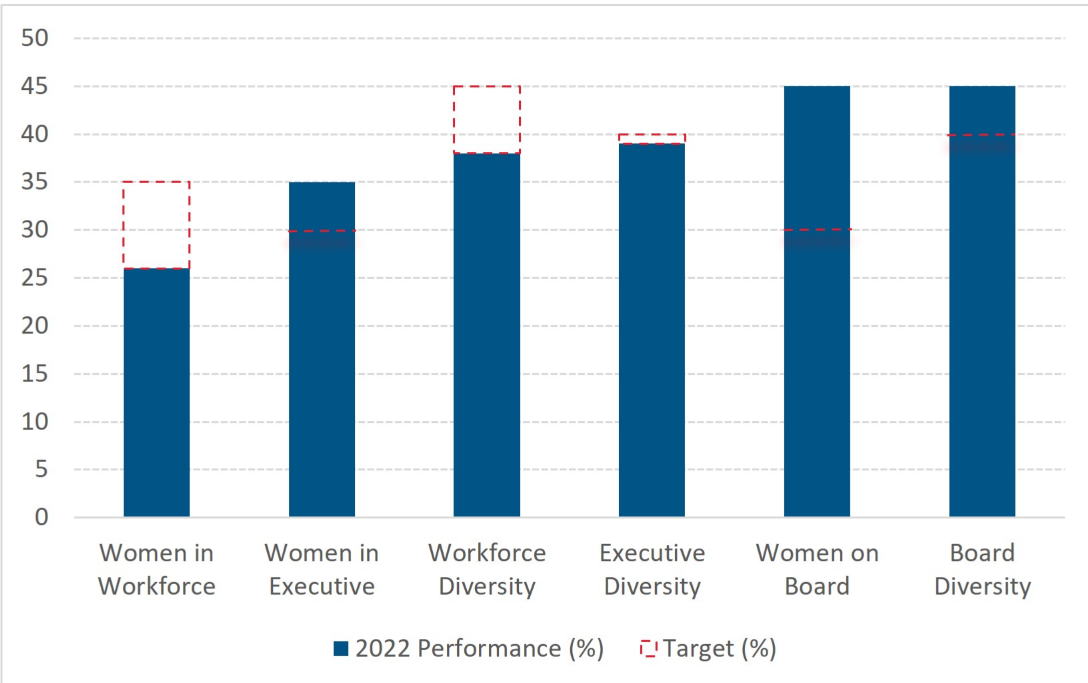
- 35 percent women in the overall workforce by 2025;
- 30 percent women in executive leadership by 2022;
- 45 percent overall diversity in the workforce by 2025; and
- 40 percent overall diversity in executive leadership by 2025.

Although the targets are a critical measure of our progress in EDI, they are also the outcome of an intentional investment in an inclusive and equitable culture and workplace. These targets inform collaborative efforts across the organization to advance EDI priorities, including increasing representation of individuals who belong to one of the four designated groups in the *Employee Equity Act* (Canada) (the "**EEA**"): Indigenous persons, people with disabilities, people who are visible minorities and women.

Pembina also has Board diversity targets including:

- to maintain gender diversity of independent directors on the Board of at least 30 percent; and
- that at least 40 percent of the independent directors of the Board be individuals who belong to one of the four designated groups in the EEA, as described above.

In 2022, Pembina made meaningful progress towards achieving its employee EDI targets and has exceeded its Board diversity targets. In particular, in the areas of women in executive roles and diversity within executive roles, there have been significant increases towards the targets. Reaching all of the targets is a long-term commitment and will not always be a linear path. As the EDI work continues, the metrics may fluctuate, and it is important to understand that this is not an indicator of a lack of progress, but rather is indicative of the resilience needed to achieve and exceed the targets. The graph below outlines Pembina's results against targets as at December 31, 2022:(1)(2)(3)



(1) Women in Workforce and Workforce Diversity metrics are in respect of Pembina's Canadian workforce.

(2) Executive Diversity metric is in respect of Pembina's Canadian and U.S. workforce.

(3) Women on Board and Board Diversity metrics are in respect of independent directors of the Board.

Education and Inclusion

The EDI strategic approach in 2022 was focused on building awareness, knowledge and understanding of EDI to create a foundation for behaviours that support EDI. Multiple approaches and strategies were implemented in 2022 to progress a culture of inclusion. EDI programs, such as the *Conversations for Change* panels and the dynamic Acknowledgement Month events were attended by 2,500 participants in total. Topics explored through the events and panels included: Women and Gender, Black History Month; Pride and the LGBTQ2S+ Community; National Indigenous Peoples Day and National Day for Truth and Reconciliation; Disability Awareness Month; and Understanding the Impact of Male Norms and Mental Health. Three employee-led Inclusion Networks were formed in 2022: Pride (LGBTQ2S+), Women's Inclusion Network, and the Multicultural Resource Network. More Inclusion Networks are expected to be formed in 2023 and the Networks are instrumental to creating a sense of belonging and inclusion for under-represented employees and allies.

All leaders at Pembina participated in an internally developed and facilitated *EDI Foundations Series*, comprised of five customized EDI learning sessions to advance understanding of fundamental EDI concepts. As a result of participating in the *EDI Foundations Series*, leaders increased their understandings of the core concepts of EDI, gained new understanding of practices that foster inclusion and how to address exclusion, and acquired skills for creating a culture of allyship. In 2022, over 130 sessions were offered to all leaders in the organization.

CANADIAN OIL AND GAS INDUSTRY

General

The discussion below provides a high-level overview of the crude oil industry, the NGL and natural gas industry and the midstream infrastructure industry within those commodities, with a focus on western Canada, given that a significant portion of Pembina's operations are situated in Alberta. Pembina also has operations in eastern Canada and the U.S. Volumes which feed into those assets predominantly originate in western Canada before being transported to eastern markets via Pembina and third-party pipelines.

Western Canada is the major source of conventional crude oil, synthetic crude oil, natural gas, bitumen and related products, including NGL and condensate, in Canada. Production comes primarily from Alberta with lesser amounts from British Columbia, Saskatchewan, Manitoba and the Northwest Territories. Synthetic crude oil and bitumen come from the oil sands developments near Fort McMurray, Alberta.

Efficient, low cost, and safe transportation by pipeline, rail and truck from producing fields and facilities to refineries, processing plants and domestic and export markets is essential to the Canadian oil and gas industry.

Canadian Crude and Heavy Oil

Western Canada has one of the world's largest crude oil reserves, and over the past decade, the crude oil industry in western Canada has implemented improved drilling technologies, which have enabled increased recoveries and have enhanced economics. Technologies such as multi-stage hydraulic fracturing have allowed producers to access tighter areas of conventional reserves as well as shales and siltstones, which were previously considered to be uneconomical. Through this development, crude oil produced from the WCSB has significantly increased.

Alberta is also abundant in oil sands – a natural mixture of sand, water, clay and a type of natural heavy oil called bitumen. Once the bitumen is recovered and processed to separate it from the sand and water, it is then upgraded to produce synthetic crude oil. Oil sands may be extracted by surface mining where it is moved by trucks to a processing facility or by in situ processes which use steam, solvents and/or thermal energy to allow the bitumen to be pumped to the surface. Because bitumen is so viscous, it often requires dilution with lighter hydrocarbons, such as condensate, to make it transportable by pipeline.

Crude oil production is generally consumed in refineries. Refineries are widely distributed geographically and can be located anywhere along the transportation chain, from the production basin hub locations to mid-point junctions on transmission networks to tidewater where foreign production is able to access North American markets via marine transport.

Pipelines continue to be the safest, most economical and predominant mode of transporting large amounts of crude oil, however, given the extensive rail infrastructure network across North America and the lack of sufficient export pipeline capacity, transporting hydrocarbon products by rail has gained momentum.

Product Transportation

Feeder pipeline systems gather petroleum products from producing fields and facilities for transport to regional centres for storage, refining and connection to larger pipelines. From these centres, petroleum products are further transported by export pipeline or rail systems either to domestic markets in western or eastern Canada or to markets in the northern U.S., mid-west U.S. and U.S. gulf coast for end-use or used as feedstock in refineries or the petrochemical industry. The major operational centre for the Canadian oil and natural gas industry is the Edmonton/Fort Saskatchewan area of Alberta, which is the largest crude oil refining centre in western Canada and a major fractionation and market hub for NGL and related products. In addition, the Edmonton/Fort Saskatchewan area is the hub of the Alberta feeder pipeline network and the starting point of many large Canadian export pipelines.

Truck terminals are a means for oil, condensate and NGL production, which is not pipeline connected, to secure transportation access to market.

The export liquids pipelines originating in the Edmonton area are the Trans Mountain Pipeline and the Enbridge Pipeline. Crude oil and refined products delivered to domestic and export markets on the west coast are transported through the Trans Mountain Pipeline. Crude oil and refined products delivered to eastern Canada, the northern U.S. and U.S. gulf coast are transported through the Enbridge Pipeline. NGL delivered to eastern Canadian and export markets are transported through the Enbridge Pipeline. The existing Keystone Pipeline and Express Pipeline also export crude oil from Hardisty, Alberta to the U.S.

Natural Gas Liquids

The NGL industry involves the production, storage, fractionation and transportation of products that are extracted from natural gas prior to its sale to end-use customers. Natural gas is a mixture of various hydrocarbon components, the most abundant of which is methane. The higher value hydrocarbons, which include ethane (C2), propane (C3), butane (C4) and condensate (C5+), are generally in gaseous form at the pressures and temperatures under which natural gas is gathered and transported. NGL extraction facilities recover NGL mix from natural gas in a liquid form. The majority of NGL supply in western Canada is derived from natural gas processing, with the remainder derived from the refining of crude oil. The profitability of the industry is based on the products extracted being of greater economic value as separate commodities (net of the costs of extraction and transportation) than as components of natural gas.

The NGL value chain begins with the gathering of gas produced from the wellhead and moving it to a gas plant. The gas is then processed through field processing plants and mainline extraction facilities, as well as treated for removal of water, sulphur and other impurities. The value chain culminates with the transportation of NGL mix from the gas plant via pipeline to fractionation facilities where the NGL mix will be separated into saleable products and marketed to the final NGL customers.

Condensate is produced naturally at the wellhead when natural gas is brought to the surface at a gas well. It is then either trucked to a connection point on a pipeline or the natural gas plant may be connected directly into a gathering pipeline system for onward delivery to market. Condensate is used primarily as a diluent to blend with heavy crude oil and bitumen to decrease viscosity and density, allowing transport in pipelines. In addition, condensate is used as a refinery feedstock in the production of gasoline, kerosene and jet fuel. With the growth in demand for diluents for heavy oil transportation, there is a requirement to manage diluents prior to injection into the various diluent delivery pipelines. This demand includes accessing the greatest variety of diluents, meeting diluent quality specifications and storage.

The North American markets for NGL are largely continental in nature, though exports are rapidly increasing, with end uses varying substantially by product, from heating and transportation fuels to petrochemical and crude oil refining feed stocks. Ethane is used as feedstock for the petrochemical industry. Propane is the most versatile of the NGL products with uses such as home and commercial heating, crop drying, cooking, motor fuel and petrochemical feedstock. Butane is used primarily in gasoline blending, either directly or in the production of iso-octane and as a diluent for heavy oil.

NGL Extraction

NGL is recovered at three distinct types of facilities: natural gas field plants, natural gas mainline straddle plants and oil refineries. Field plants process raw natural gas, which is produced from wells in the immediate vicinity, to remove impurities such as water, sulphur and carbon dioxide prior to the delivery of natural gas to the major natural gas pipeline systems. Field plants also remove almost all condensate and as much as 65 percent of propane and 80 percent of butane to meet pipeline specifications, leaving ethane and unrecovered NGL in the natural gas. Most western Canadian field plants do not extract ethane but leave it in the natural gas. Once processed, the natural gas is then compressed and delivered to one of the major gas transmission systems in the region. In Alberta, any residual NGL and ethane in the natural gas is extracted at mainline straddle plants prior to export.

NGL extraction produces a mixed hydrocarbon product (either ethane-plus (C2+) or propane-plus (C3+)), which must be further processed in subsequent steps to separate out the individual products. At most field facilities, only sufficient NGL to make the natural gas marketable is extracted; however, with the addition of deep cut processing facilities and mainline straddle plants, further NGL extraction is possible to ensure the maximum amount of NGL is recovered. NGL products have historically been priced relative to oil, so this additional level of recovery is dependent on the relative value between oil and natural gas. As the relative price of oil versus natural gas increases, the economic impetus for this activity is also increased.

NGL Fractionation

NGL mix extracted at field plants and straddle plants is transported via pipelines, truck or rail to fractionation facilities, which separate the mix into its components: ethane, propane, butane and condensate. Due to size, storage and transportation limitations, fractionation generally does not occur at field plants, but rather at larger, well-connected, centralized locations. Once fractionated, the products are stored and transported to end markets by pipeline, truck or rail.

NGL Transportation

The efficient movement of NGL products requires significant infrastructure, including transportation assets (pipelines, trucks and rail cars), storage facilities, and terminals (rail and truck). The safest, most efficient and lowest-cost means for moving NGL products to markets is by pipeline. The Canadian energy sector has an extensive pipeline network for the transportation of NGL to fractionation facilities, petrochemical complexes, underground storage facilities and the end-user. Pipelines serve as the main mode of NGL transportation (pre- and post-fractionation). Additionally, NGL are transported by truck and rail.

NGL Storage

Storage assets offer a number of key strategic advantages, which include: (i) providing the necessary operational buffer between production of NGL (which varies daily depending on gas flows and composition) and their consumption (which can vary from day-to-day and season-to-season depending on market needs); (ii) allowing for storage of NGL products for future utilization; and (iii) exploiting seasonal price differentials that may develop over the course of a year (particularly for propane and butane).

Natural Gas Transportation

The natural gas transportation industry from western Canada to eastern markets has historically been dominated by companies affiliated with TransCanada PipeLines Limited. Natural gas supply and pipeline infrastructure has grown over the past several years creating increased competition throughout North America.

The efficient movement of natural gas requires significant infrastructure, including pipelines and storage facilities. The safest, most efficient and the lowest-cost means for moving natural gas to markets is by pipeline. The Canadian energy sector has an extensive pipeline network for the transportation of natural gas to field plants and extraction facilities. Pipelines serve as the main mode of natural gas transportation.

DESCRIPTION OF THE CAPITAL STRUCTURE OF PEMBINA

The authorized capital of Pembina consists of an unlimited number of Common Shares, a number of Class A Preferred Shares, issuable in series, not to exceed 254,850,850 Class A Preferred Shares, and an unlimited number of Class B Preferred Shares. As of December 31, 2022, there were approximately 550 million Common Shares outstanding, and approximately 12 million Common Shares issuable pursuant to outstanding options under the Option Plan. In addition, 10 million Series 1 Class A Preferred Shares, 6 million Series 3 Class A Preferred Shares, 10 million Series 5 Class A Preferred Shares, 10 million Series 7 Class A Preferred Shares, 9 million Series 9 Class A Preferred Shares, 8 million Series 15 Class A Preferred Shares, 6 million Series 17 Class A Preferred Shares, 8 million Series 19 Class A Preferred Shares, 16 million Series 21 Class A Preferred Shares, 10 million Series 25 Class A Preferred Shares and 600,000 Series 2021-A Class A Preferred Shares were issued and outstanding as of December 31, 2022. On November 15, 2022, Pembina redeemed all of its 12 million issued and outstanding Series 23 Class A Preferred Shares for a redemption price equal to $25.00 per Series 23 Class A Preferred Share. The Series 23 Class A Preferred Shares were subsequently cancelled by Pembina.

On February 14, 2023, Pembina announced that holders of an aggregate of 1,028,130 Series 21 Class A Preferred Shares elected to convert, on a one-for-one basis, their shares into Series 22 Class A Preferred Shares in accordance with the terms of the Series 21 Class A Preferred Shares. Accordingly, on March 1, 2023, Pembina will have 14,971,870 Series 21 Class A Preferred Shares and 1,028,130 Series 22 Class A Preferred Shares issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares, the Class A Preferred Shares and the Class B Preferred Shares.

Common Shares

Holders of Common Shares are entitled to receive notice of and to attend all meetings of Shareholders and to one vote at such meetings for each Common Share held. The holders of the Common Shares are, at the discretion of the Board of Directors and subject to applicable legal restrictions, entitled to receive any dividends declared by the Board of Directors on the Common Shares, and are entitled to share in the remaining property of Pembina upon liquidation, dissolution or winding-up, subject to the rights of the holders of the Class A Preferred Shares and Class B Preferred Shares.

Pembina has a shareholder rights plan (the "**Plan**") that was adopted to ensure, to the extent possible, that all Shareholders are treated fairly in connection with any takeover bid for Pembina and to ensure that the Board is provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize Shareholder value. The Plan creates a right that attaches to each present and subsequently issued Common Share. Until the Separation Time (as defined in the Plan), which typically occurs at the time of an unsolicited takeover bid, whereby a person acquires or attempts to acquire 20 percent or more of the Common Shares, the rights are not separable from the Common Shares, are not exercisable and no separate rights certificates are issued. Each right entitles the holder, other than the 20 percent acquirer, from and after the Separation Time and before certain expiration times, to acquire one Common Share at a substantial discount to the market price at the time of exercise. The Board of Directors may waive the application of the Plan in certain circumstances. The Plan was reconfirmed by Shareholders at Pembina's 2022 annual meeting of Shareholders and must be reconfirmed at every third annual meeting of Shareholders thereafter. Accordingly, the Plan, with such amendments as the Board of Directors determines to be necessary or advisable, and as may otherwise be required by law, is expected to be placed before Shareholders for approval at Pembina's 2025 meeting of Shareholders. A copy of the agreement relating to the current Plan has been filed on Pembina's SEDAR and EDGAR profiles on May 13, 2016 and May 31, 2016, respectively.

Class A Preferred Shares

The Class A Preferred Shares were not intended to and will not be used by the Company for anti-takeover purposes without Shareholder approval. Subject to certain limitations, the Board may, from time to time, issue Class A Preferred Shares in one or more series and determine for any such series, its designation, number of shares and respective rights, privileges, restrictions and conditions. The Class A Preferred Shares as a class have, among others, the provisions described below.

Each series of Class A Preferred Shares shall rank on parity with every other series of Class A Preferred Shares, and shall have priority over the Common Shares, the Class B Preferred Shares and any other class of shares ranking junior to the Class A Preferred Shares with respect to redemption, the payment of dividends, the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of Pembina. The Class A Preferred Shares of any series may also be given such preferences, not inconsistent with the provisions thereof, over the Common Shares, the Class B Preferred Shares and over any other class of shares ranking junior to the Class A Preferred Shares, as may be determined by the Board.

In the event of the liquidation, dissolution or winding-up of Pembina, if any cumulative dividends or amounts payable on a return of capital in respect of a series of Class A Preferred Shares are not paid in full, the Class A Preferred Shares of all series shall participate rateably in: (a) the amounts that would be payable on such shares if all such dividends were declared at or prior to such time and paid in full; and (b) the amounts that would be payable in respect of the return of capital as if all such amounts were paid in full; provided that if there are insufficient assets to satisfy all such claims, the claims of the holders of the Class A Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining shall be applied towards the payment and satisfaction of claims in respect of dividends. After payment to the holders of any series of Class A Preferred Shares of the amount so payable, the holders of such series of Class A Preferred Shares shall not be entitled to share in any further distribution of the property or assets of Pembina in the event of the liquidation, dissolution or winding-up of Pembina.

Holders of any series of Class A Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of Class A Preferred Shares or a series thereof) to receive notice of, attend at, or vote at any meeting of Shareholders of Pembina, unless the Board shall determine otherwise in the terms of a particular series of Class A Preferred Shares, in which case voting rights shall only be provided in circumstances where Pembina shall have failed to pay a certain number of dividends on such series of Class A Preferred Shares, which determination and number of dividends and any other terms in respect of such voting rights, shall be determined by the Board and set out in the designations, rights, privileges, restrictions and conditions of such series of Class A Preferred Shares. Other than as set out below, the material characteristics of each series of Class A Preferred Shares are substantially the same.

The table below outlines the number of outstanding, and the material provisions of, each of the issued series of Class A Preferred Shares.

Series	Issue Date	Issued and Outstanding	Amount (C$)	Annual Dividend Rate	Redemption and Conversion Option Date[(2)(3)]	Reset Spread	Per Share Base Redemption/ Liquidation Value	Right to Convert on a one-for-one basis[(4)]
1	July 26, 2013	10,000,000	$250,000,000	$1.22650[(1)]	December 1, 2023	2.47%[(3)]	$25.00	Series 2
3	October 2, 2013	6,000,000	$150,000,000	$1.11950[(1)]	March 1, 2024	2.60%[(3)]	$25.00	Series 4
5	January 16, 2014	10,000,000	$250,000,000	$1.14325[(1)]	June 1, 2024	3.00%[(3)]	$25.00	Series 6
7	September 11, 2014	10,000,000	$250,000,000	$1.09500[(1)]	December 1, 2024	2.94%[(3)]	$25.00	Series 8
9	April 10, 2015	9,000,000	$225,000,000	$1.07550[(1)]	December 1, 2025	3.91%[(3)]	$25.00	Series 10
15	October 2, 2017[(5)]	8,000,000	$200,000,000	$1.54100[(6)]	September 30, 2027	2.92%[(3)]	$25.00	Series 16
17	October 2, 2017[(5)]	6,000,000	$150,000,000	$1.20525[(6)]	March 31, 2024	3.01%[(3)]	$25.00	Series 18
19	October 2, 2017[(5)]	8,000,000	$200,000,000	$1.17100[(6)]	June 30, 2025	4.27%[(3)]	$25.00	Series 20
21[(7)]	December 7, 2017	16,000,000	$400,000,000	$1.22500[(1)]	March 1, 2023	3.26%[(8)]	$25.00	Series 22
25	December 16, 2019[(9)]	10,000,000	$250,000,000	$1.62025[(10)]	February 15, 2028	3.51%[(11)]	$25.00	Series 26
2021-A[(12)]	January 25, 2021	600,000	$600,000,000	N/A[(12)]	N/A[(12)]	N/A	$1,000.00	N/A

Notes:

(1) The holder is entitled to receive a fixed, cumulative preferential dividend per year payable quarterly on the first day of March, June, September and December, as declared by the Board of Directors.

(2) The Company may, at its option, redeem all or a portion of an outstanding series of Class A Preferred Shares on the Redemption Option Date and every fifth year thereafter for the Base Redemption Value per share plus all accrued and unpaid dividends.

(3) The dividend rate will reset on the Redemption and Conversion Option Date and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus the applicable Reset Spread noted above.

(4) A holder has the right, subject to certain conditions, to convert their Class A Preferred Shares into cumulative redeemable Class A Preferred Shares of a specified series on the Conversion Option Date and every fifth anniversary thereafter. The even numbered series of Class A Preferred Shares carry the right to receive floating, cumulative preferential dividends at a rate, reset quarterly, equal to the sum of the then 90 day Government of Canada treasury bill rate plus the applicable reset spread.

(5) Effective October 2, 2017 and pursuant to the Veresen Acquisition, all of the outstanding Veresen Series A, C and E Preferred Shares were exchanged for Series 15, 17 and 19 Class A Preferred Shares, respectively.

(6) The holder is entitled to receive a fixed, cumulative preferential dividend per year payable quarterly on the last day of March, June, September and December, as declared by the Board of Directors.

(7) On March 1, 2023, Pembina will have 14,971,870 Series 21 Class A Preferred Shares and 1,028,130 Series 22 Class A Preferred Shares issued and outstanding. Holders of Series 22 Class A Preferred Shares will be entitled to receive a quarterly floating rate, cumulative preferential dividend payable on the first day of March, June, September and December, as declared by the Board of Directors. The Series 22 Class A Preferred Shares will have an annual dividend rate of $1.9265 for the three-month period from, and including, March 1, 2023 to, but excluding, June 1, 2023. The annual dividend rate on the Series 22 Class A Preferred Shares will reset quarterly on the first day of March, June, September and December in each year and will be equal to the sum of the then 90 day Government of Canada treasury bill rate plus 3.26%.

(8) The dividend rate will reset on the Redemption and Conversion Option Date and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus the applicable Reset Spread noted above, provided that in any event, the rate for the Series 21 Class A Preferred Shares shall not be less than 4.90 percent. The Series 21 Class A Preferred Shares will have an annual dividend rate of $1.57550 for the five-year period from, and including, March 1, 2023 to, but excluding, March 1, 2028.

(9) Effective December 16, 2019 and pursuant to the Kinder Morgan Canada Acquisition, all of the outstanding KML Series 1 and 3 Preferred Shares were exchanged for Series 23 and 25 Class A Preferred Shares, respectively.

(10) The holder is entitled to receive a fixed, cumulative preferential dividend per year payable quarterly on the 15th day of February, May, August and November, as declared by the Board of Directors.

(11) The dividend rate will reset on the Redemption and Conversion Option Date and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus the applicable Reset Spread noted above, provided that in any event, the rate for the Series 25 Class A Preferred Shares shall not be less than 5.20 percent.

(12) The Series 2021-A Class A Preferred Shares were issued to the Computershare Trust Company of Canada, to be held in trust to satisfy Pembina's obligations under the Subordinated Note Indenture, in connection with the issuance of the Subordinated Notes, Series 1. Holders of the Series 2021-A Class A Preferred Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2021-A Class A Preferred Shares prior to delivery to the holders of the Subordinated Notes, Series 1 following the occurrence of certain bankruptcy or insolvency events in respect of Pembina. See "*Description of the Capital Structure of Pembina - Subordinated Notes, Series 1*". If at any time, Pembina redeems, purchases for cancellation or repays the Subordinated Notes, Series 1 such number of Series 2021-A Class A Preferred Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 1 redeemed, purchased for cancellation or repaid by Pembina will be redeemed in accordance with the terms of the Series 2021-A Class A Preferred Shares.

Class B Preferred Shares

The Class B Preferred Shares were not intended to and will not be used by the Company for anti-takeover purposes without Shareholder approval. If at any time a holder of Class B Preferred Shares ceases to be, or is not, a direct or indirect wholly-owned subsidiary of Pembina, Pembina, with or without knowledge of such event, shall be deemed, without further action or notice, to have automatically redeemed all of the Class B Preferred Shares held by such holder in exchange for the redemption amount per Class B Preferred Share as set out in Pembina's articles together with all declared but unpaid dividends thereon (the "**Redemption Amount**").

Holders of Class B Preferred Shares are not entitled to receive notice of, to attend or to vote at any meeting of the Shareholders, except as required by law. The Class B Preferred Shares are retractable and redeemable at the option of the holder thereof and Pembina, respectively.

The holders of Class B Preferred Shares shall be entitled to receive, if and when declared by the Board of Directors, preferential non-cumulative dividends and upon the liquidation, dissolution or winding-up of Pembina, the holders of Class B Preferred Shares shall be entitled to receive for each such share, in priority to the holders of Common Shares, the Redemption Amount.

There are currently no Class B Preferred Shares outstanding.

Credit Facilities

Pembina's credit facilities as at December 31, 2022 consisted of an unsecured $1.0 billion sustainability-linked revolving credit facility due June 2026 (the "**SLL Credit Facility**"), an unsecured $1.5 billion revolving credit facility due June 2027 (the "**New Revolving Credit Facility**"), which includes a $750 million accordion feature, and an unsecured $20 million operating facility due May 2023 and which is typically renewed on an annual basis. Pembina also has an unsecured U.S. $250 million non-revolving term loan due May 2025. The terms and conditions of the U.S. $250 million non-revolving term loan including financial covenants, are substantially similar to the New Revolving Credit Facility. There are no repayments due over the term of any of Pembina's credit facilities. As at December 31, 2022, Pembina had $771 million drawn on revolving and non-revolving bank debt and $94 million in cash, leaving $2.2 billion of cash and unutilized debt facilities.

Medium Term Notes

Subject to certain conditions, as noted below, Pembina may redeem each series of Medium Term Notes, either in whole, or in part, upon not less than 30 (except, in the case of the Medium Term Notes, Series 16, Medium Term Notes, Series 17 and the Medium Term Notes, Series 18, not less than 10) and not more than 60 days prior notice, at a price equal to the greater of (i) par and (ii) the Canada Yield Price (as defined below), plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption. In addition, certain Medium Term Notes can be redeemed at par within three or six months of the maturity date thereof. In respect of the Medium Term Notes, "**Canada Yield Price**" means, in effect, a price equal to the price of a specific series of Medium Term Notes, as applicable, calculated in accordance with generally accepted financial practice in Canada to provide a yield to maturity equal to the Government of Canada Yield (as defined below) plus the Redemption Premium set forth in the table below. In respect of the Medium Term Notes, "**Government of Canada Yield**" means, on any date, in effect, the yield to maturity on such date compounded semi-annually which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100 percent of its principal amount on such date with a term to maturity equal to the remaining term to maturity of the specified series of Medium Term Notes, as applicable. The Government of Canada Yield will be the average of the yields determined by two major Canadian investment dealers selected by Pembina. In certain circumstances following a Change of Control (as such term is defined in the Senior Note Indenture) and a resulting downgrade in the ratings of the Medium Term Notes to below an investment grade, Pembina will be required to make an offer to repurchase all or, at the option of any holder of Medium Term Notes, any part, at a purchase price payable in cash equal to 101 percent of the aggregate outstanding principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. After certain dates (as set forth below), the Medium Term Notes, Series 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 may be redeemed at a price equal to par, plus accrued but unpaid interest, if any, to but excluding the date of redemption.

The table below outlines the aggregate principal amount outstanding, and the material provisions of, each of Pembina's issued series of Medium Term Notes as at December 31, 2022.

Series	Issue Date	Maturity Date	Principal and Outstanding Amount (C$)	Annual Coupon Rate	Redemption Premium (per annum)
	April 30, 2013		$200,000,000		
3[(1)]	February 2, 2015[(2)]	April 30, 2043	$150,000,000	4.75%	0.585%
	June 16, 2015[(2)]		$100,000,000		
4[(3)]	April 4, 2014	March 25, 2044	$600,000,000	4.81%	0.450%
5[(4)]	February 2, 2015	February 3, 2025	$450,000,000	3.54%	0.540%
6[(5)]	June 16, 2015	June 15, 2027	$500,000,000	4.24%	0.560%
7[(6)]	August 11, 2016	August 11, 2026	$500,000,000	3.71%	0.655%
	May 28, 2020[(7)]		$100,000,000		
8[(8)]	January 20, 2017	January 22, 2024	$300,000,000	2.99%	0.385%
	August 16, 2017[(9)]		$350,000,000		
9[(10)]	January 20, 2017	January 21, 2047	$300,000,000	4.74%	0.610%
	August 16, 2017[(11)]		$250,000,000		
10[(12)]	March 26, 2018	March 27, 2028	$400,000,000	4.02%	0.450%
	January 10, 2020[(13)]		$250,000,000		
11[(14)]	March 26, 2018	March 26, 2048	$300,000,000	4.75%	0.605%
	January 10, 2020[(15)]		$500,000,000		
12[(16)]	April 3, 2019	April 3, 2029	$400,000,000	3.62%	0.475%
	January 10, 2020 [(17)]		$250,000,000		
13[(18)]	April 3, 2019	April 3, 2049	$400,000,000	4.54%	0.640%
	September 12, 2019[(19)]		$300,000,000		
14[(20)]	September 12, 2019	June 1, 2023	$600,000,000	2.56%	0.280%
15[(21)]	September 12, 2019	February 1, 2030	$600,000,000	3.31%	0.485%
16[(22)]	May 28, 2020	May 28, 2050	$400,000,000	4.67%	0.895%

Series	Issue Date	Maturity Date	Principal and Outstanding Amount (C$)	Annual Coupon Rate	Redemption Premium (per annum)
17[23]	December 10, 2021	December 10, 2031	$500,000,000	3.53%	0.475%
18[24]	December 10, 2021	December 10, 2051	$500,000,000	4.49%	0.650%

Notes:

(1) Pembina may redeem the Medium Term Notes, Series 3, (a) at any time prior to October 30, 2042 at a price equal to the greater of (i) par and (ii) the Canada Yield Price, and (b) at any time on or after October 30, 2042 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(2) On February 2, 2015 and June 16, 2015, Pembina re-opened its Medium Term Notes, Series 3 for $150 million and $100 million aggregate principal amounts, respectively.

(3) Pembina may redeem the Medium Term Notes, Series 4, (a) at any time prior to September 25, 2043 at a price equal to the greater of (i) par and (ii) the Canada Yield Price, and (b) at any time on or after September 25, 2043 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(4) Pembina may redeem the Medium Term Notes, Series 5, (a) at any time prior to November 3, 2024 at a price equal to the greater of (i) par and (ii) the Canada Yield Price, and (b) at any time on or after November 3, 2024 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(5) Pembina may redeem the Medium Term Notes, Series 6, (a) at any time prior to March 15, 2027 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after March 15, 2027 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(6) Pembina may redeem the Medium Term Notes, Series 7, (a) at any time prior to May 11, 2026 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after May 11, 2026 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(7) On May 28, 2020, Pembina re-opened its Medium Term Notes, Series 7 for $100 million aggregate principal.

(8) Pembina may redeem the Medium Term Notes, Series 8, (a) at any time prior to November 22, 2023 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after November 22, 2023 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(9) On August 16, 2017, Pembina re-opened its Medium Term Notes, Series 8 for $350 million aggregate principal.

(10) Pembina may redeem the Medium Term Notes, Series 9, (a) at any time prior to July 21, 2046 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after July 21, 2046 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(11) On August 16, 2017, Pembina re-opened its Medium Term Notes, Series 9 for $250 million aggregate principal.

(12) Pembina may redeem the Medium Term Notes, Series 10, (a) at any time prior to December 27, 2027 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after December 27, 2027 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(13) On January 10, 2020, Pembina re-opened its Medium Term Notes, Series 10 for $250 million aggregate principal.

(14) Pembina may redeem the Medium Term Notes, Series 11, (a) at any time prior to September 26, 2047 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after September 26, 2047 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(15) On January 10, 2020, Pembina re-opened its Medium Term Notes, Series 11 for $500 million aggregate principal.

(16) Pembina may redeem the Medium Term Notes, Series 12, (a) at any time prior to January 3, 2029 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after January 3, 2029 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(17) On January 10, 2020, Pembina re-opened its Medium Term Notes, Series 12 for $250 million aggregate principal.

(18) Pembina may redeem the Medium Term Notes, Series 13, (a) at any time prior to October 3, 2048 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after October 3, 2048 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(19) On September 12, 2019, Pembina re-opened its Medium Term Notes, Series 13 for $300 million aggregate principal.

(20) Pembina may redeem the Medium Term Notes, Series 14, (a) at any time prior to June 1, 2023 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after June 1, 2023 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(21) Pembina may redeem the Medium Term Notes, Series 15, (a) at any time prior to November 1, 2029 at a price equal to the greater of (i) par and (ii) the Canada Yield Price and (b) at any time on or after November 1, 2029 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(22) Pembina may redeem the Medium Term Notes, Series 16, (a) at any time prior to November 28, 2049 at a price equal to the greater of (i) par) and (ii) the Canada Yield Price and (b) at any time on or after November 28, 2049 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(23) Pembina may redeem the Medium Term Notes, Series 17, (a) at any time prior to September 10, 2031 at a price equal to the greater of (i) par) and (ii) the Canada Yield Price and (b) at any time on or after September 10, 2031 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(24) Pembina may redeem the Medium Term Notes, Series 18, (a) at any time prior to June 10, 2051 at a price equal to the greater of (i) par) and (ii) the Canada Yield Price and (b) at any time on or after June 10, 2051 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

Subordinated Notes, Series 1

Interest and Maturity

Pembina will pay interest on the Subordinated Notes, Series 1 semi-annually, in arrears, on January 25 and July 25 of each year. From January 25, 2021 to January 25, 2031, the Subordinated Notes, Series 1 will bear interest at 4.80 percent per annum. From January 25, 2031, and on every fifth anniversary of such date, the interest rate on the Subordinated Notes, Series 1 will reset for the subsequent five-year period at a rate per annum equal to the Five Year Government of Canada Yield, plus (i) for the period from January 25, 2031 to January 25, 2051, 4.167 percent; and (ii) for the period from January 25, 2051 to January 25, 2081, 4.917 percent. In respect of the Subordinated Notes, Series 1, "**Five Year Government of Canada Yield**" means the bid yield to maturity (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years, provided that, if such rate is not publicly available, "**Five Year Government of Canada Yield**" means the average of the yields determined by two registered Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada), selected by Pembina, as being the yield to maturity (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100 percent of its principal amount on such date with a term to maturity of five years.

The Subordinated Notes, Series 1 mature on January 25, 2081.

Deferral Right

So long as no event of default under the Subordinated Note Indenture has occurred and is continuing, Pembina may elect, on any date other than an interest payment date, to defer the interest payable on the Subordinated Notes, Series 1 on one or more occasions for up to five consecutive years. There is no limit on the number of on the interest deferrals on the Subordinated Notes, Series 1 that may occur.

Redemption

Subject to certain conditions from October 25, 2030 to January 25, 2031 and on any interest payment date or any interest reset date, as applicable, Pembina may redeem the Subordinated Notes, Series 1, at a redemption price equal to par, plus accrued and unpaid (including deferred, as applicable) interest to the date fixed for redemption. Pembina may also redeem the Subordinated Notes, Series 1 in certain other limited circumstances.

Automatic Delivery of the Series 2021-Preferred Shares

Following the occurrence of certain bankruptcy or insolvency events in respect of Pembina, holders of the Subordinated Notes, Series 1, will, subject to certain exceptions, be entitled to receive the Series 2021-A Class A Preferred Shares and any other assets held in trust to satisfy Pembina's obligations under the Subordinated Note Indenture for the Subordinated Notes, Series 1. Upon delivery of the Series 2021-A Class A Preferred Shares, the Subordinated Notes, Series 1 will be immediately and automatically surrendered and cancelled and all rights of any holders of the Subordinated Notes, Series 1 as debtholders of Pembina shall automatically cease.

Credit Ratings

The following information with respect to Pembina's credit ratings is provided as it relates to Pembina's financing costs and liquidity. Specifically, credit ratings affect Pembina's ability to obtain short-term and long-term financing and impact the cost of such financing. A reduction in the current ratings on Pembina's debt by its rating agencies, particularly a downgrade below investment grade ratings, could adversely affect Pembina's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings may affect Pembina's ability to enter into, and the associated costs of entering into, normal course derivative or hedging transactions. Credit ratings are intended to provide investors with an independent measure of credit quality of any issues of debt securities.

Pembina has paid each of S&P and DBRS their customary fees in connection with the provision of the below ratings. Pembina has not made any payments to S&P or DBRS over the past two years for services unrelated to the provision of such ratings.

DBRS Limited

DBRS has assigned a debt rating of 'BBB (high)' to each issued senior unsecured note of Pembina and assigned a debt rating of 'BBB (low)' to the Subordinated Notes, Series 1.

The BBB rating is the fourth highest of DBRS's ten rating categories for long-term debt, which range from AAA to D. The BBB rating indicates that, in DBRS's view, the rated securities are of adequate investment grade credit quality. The capacity for the payment of financial obligations is considered acceptable; however, the issuer may be vulnerable to future events. DBRS uses "high" and "low" designations on ratings from AA to C to indicate the relative standing of securities being rated within a particular rating category. The absence of a "high" or "low" designation indicates that a rating is in the middle of the category.

Each issued series of Class A Preferred Shares, other than the Series 2021-A Preferred Shares, has been rated 'Pfd-3 (high)' by DBRS. The Pfd-3 rating is the third highest of six rating categories for preferred shares, which range from a high of Pfd-1 to a low of D. "High" or "low" grades are used to indicate the relative standing within a rating category. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. According to the DBRS rating system, preferred shares rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

When a significant event occurs that directly impacts the credit quality of a particular entity or group of entities, DBRS will attempt to provide an immediate rating opinion. However, if there is uncertainty regarding the outcome of the event, and DBRS is unable to provide an objective, forward-looking opinion in a timely fashion, then the ratings of the issuer will be placed "Under Review".

S&P

S&P has assigned a long-term corporate credit rating on Pembina of 'BBB'. S&P has assigned a rating of 'BBB' to each issued senior unsecured note and a rating of 'BB+' to the Subordinated Notes, Series 1.

The BBB rating is the fourth highest rating, of S&P's ten rating categories for issuances of long-term debt which range from 'AAA' to 'D'. Issues of debt securities rated BBB are judged by S&P to exhibit adequate protection parameters; however, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitment on the obligation. The BB rating is the fifth highest rating of S&P's ten rating categories for issues of long-term debt. Issues of debt securities rated BB are, according to the S&P rating system, regarded as having significant speculative characteristics. While such securities will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. An obligation rated BB is less vulnerable to non-payment than other speculative issues; however, S&P regards the obligor as facing major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (–) sign to show relative standing within the major rating categories.

Each issued series of Class A Preferred Shares, other than the Series 2021-A Preferred Shares, has been rated 'P-3 (High)' by S&P. S&P's ratings for preferred shares range from a high of 'P-1' to a low of 'D'. "High" or "low" grades are used to indicate the relative standing within a rating category. According to the S&P rating system, securities rated P-3 are regarded as having significant speculative characteristics. While such securities will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. An obligation rated P-3 (High) is less vulnerable to non-payment than other speculative issues; however, it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

These securities ratings are not recommendations to purchase, hold or sell the securities in as much as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

See "*Risk Factors – General Risk Factors – Credit Ratings*".

Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer

Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer	Percentage of Class
Series 2021-A Class A Preferred Shares[(1)]	600,000	0.64%

Note:

(1) See "*Description of the Capital Structure of Pembina – Class A Preferred Shares"* for additional information relating to the Series 2021-A Class A Preferred Shares, including the name of the trustee of the Series 2021-A Class A Preferred Shares and the date of and conditions governing the automatic delivery of the Series 2021-A Class A Preferred Shares to the holders of the Subordinated Notes, Series 1.

DIVIDENDS AND DISTRIBUTIONS

Cash Dividends

The declaration and payment of any dividend by Pembina is at the discretion of the Board of Directors and will depend on numerous factors, including compliance with applicable laws and the financial performance, debt obligations, working capital requirements and future capital requirements of Pembina and its subsidiaries. See "*Risk Factors*". The agreements governing Pembina's credit facilities provide that if an event of default has occurred under the credit facilities, the indebtedness may be accelerated by the lenders, and the ability to pay dividends thereupon ceases. Pembina is restricted from making distributions (including the declaration of dividends) if it is in default under its credit facilities (or a default would be expected to occur as a result of such distribution) or if its borrowings exceed its borrowing base threshold.

Common Shares

In 2020, 2021 and 2022 Pembina paid cash dividends on its Common Shares on a monthly basis to Shareholders of record on the 25th calendar day of each month (except for the December record date, which was December 31st in 2020 and 2021 and December 15th in 2022), if, as and when determined by the Board of Directors. If the record date fell on a weekend or a statutory holiday, the effective record date would be the previous business day. The dividend payment date was the 15th calendar day of the month following the record date (except for the December 2022 dividend, which was paid on December 30th). If a payment date fell on a weekend or on a statutory holiday, the business day prior to the weekend or statutory holiday became the payment date.

Subject to approval of future dividends on the Common Shares by the Board of Directors, Pembina moved from its practice of paying monthly dividends to a quarterly Common Share dividend payment, following the monthly December 2022 dividend. Quarterly dividend payments are expected to be made on the last business day of March, June, September and December to shareholders of record on the 15th day of the corresponding month, if, as and when declared by the Board of Directors. Should the record date fall on a weekend or on a statutory holiday, the record date will be the next succeeding business day following the weekend or statutory holiday. Subject to approval by the Board of Directors, the first quarterly dividend is expected to be paid in March 2023.

The following table sets forth the amount of monthly cash dividends paid by Pembina on its Common Shares in 2020, 2021 and 2022.

Cash Dividends Per Common Share

Month of Payment Date	2020	2021	2022
January	$0.20	$0.21	$0.21
February	$0.21(1)	$0.21	$0.21
March	$0.21	$0.21	$0.21
April	$0.21	$0.21	$0.21
May	$0.21	$0.21	$0.21
June	$0.21	$0.21	$0.21
July	$0.21	$0.21	$0.21
August	$0.21	$0.21	$0.21
September	$0.21	$0.21	$0.21
October	$0.21	$0.21	$0.2175(2)
November	$0.21	$0.21	$0.2175
December	$0.21	$0.21	$0.435(3)
Total	$2.51	$2.52	$2.76

Notes:

(1) On December 16, 2019, Pembina announced an increase to its monthly dividend from $0.20 to $0.21.

(2) On August 15, 2022, Pembina announced an increase to its monthly dividend from $0.21 to $0.2175.

(3) On November 3, 2022, Pembina announced that the November 2022 and the December 2022 dividend payments would be paid on December 15, 2022 and on December 30, 2022, respectively, in anticipation of the transition from a monthly to a quarterly dividend payment starting in 2023.

Class A Preferred Shares

Dividends on each issued series of Class A Preferred Shares (excluding the Series 15, 17, 19 and 25 Class A Preferred Shares) are payable on the first calendar day of March, June, September and December of each year, if, as and when declared by the Board. Dividends on the Series 15, 17 and 19 Class A Preferred Shares are payable on the last calendar day of March, June, September and December of each year, if, as and when declared by the Board. Dividends on the Series 25 Class A Preferred Shares are payable on the 15th calendar day of February, May, August and November of each year, if, as and when declared by the Board. Dividends on the Series 2021-A Preferred Shares are only payable, if, as and when declared by the Board, following the delivery to the holders of the Subordinated Notes, Series 1. Additional information regarding dividends payable on the Class A Preferred Shares can be found under the heading "*Description of the Capital Structure of Pembina – Class A Preferred Shares*" herein.

The following table sets forth the amount of monthly cash dividends paid by Pembina on its Class A Preferred Shares in 2020, 2021, 2022 and to date in 2023.

Cash Dividends Per Class A Preferred Share

Quarterly Payment Date[(1)]	Series 1	Series 3	Series 5	Series 7	Series 9	Series 11[(2)]	Series 13[(3)]	Series 15	Series 17	Series 19	Series 21	Total
2020												
Mar	$0.306625	$0.279875	$0.285813	$0.273750	$0.296875	$0.359375	$0.359375	$0.279000	$0.301313	$0.312500	$0.306250	$3.360751
June	$0.306625	$0.279875	$0.285813	$0.273750	$0.296875	$0.359375	$0.359375	$0.279000	$0.301313	$0.312500	$0.306250	$3.360751
Sept	$0.306625	$0.279875	$0.285813	$0.273750	$0.296875	$0.359375	$0.359375	$0.279000	$0.301313	$0.292750	$0.306250	$3.341001
Dec	$0.306625	$0.279875	$0.285813	$0.273750	$0.296875	$0.359375	$0.359375	$0.279000	$0.301313	$0.292750	$0.306250	$3.341001
2021												
Mar	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	$0.359375	$0.359375	$0.279000	$0.301313	$0.292750	$0.306250	$3.313001
June	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	N/A	$0.359375	$0.279000	$0.301313	$0.292750	$0.306250	$2.953626
Sept	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	N/A	N/A	$0.279000	$0.301313	$0.292750	$0.306250	$2.594251
Dec	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	N/A	N/A	$0.279000	$0.301313	$0.292750	$0.306250	$2.594251
2022												
Mar	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	N/A	N/A	$0.279000	$0.301313	$0.292750	$0.306250	$2.594251
June	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	N/A	N/A	$0.279000	$0.301313	$0.292750	$0.306250	$2.594251
Sept	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	N/A	N/A	$0.279000	$0.301313	$0.292750	$0.306250	$2.594251
Dec	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	N/A	N/A	$0.385250	$0.301313	$0.292750	$0.306250	$2.700551
2023												
Mar[(5)]	$0.306625	$0.279875	$0.285813	$0.273750	$0.268875	N/A	N/A	$0.385250	$0.301313	$0.292750	$0.306250	$2.700551

Quarterly Payment Date[(1)]	Series 23[(4)(6)]	Series 25[(7)]	Total
2020			
Feb	$0.328125	$0.325000	$0.653125
May	$0.328125	$0.325000	$0.653125
Aug	$0.328125	$0.325000	$0.653125
Nov	$0.328125	$0.325000	$0.653125
2021			
Feb	$0.328125	$0.325000	$0.653125
May	$0.328125	$0.325000	$0.653125
Aug	$0.328125	$0.325000	$0.653125
Nov	$0.328125	$0.325000	$0.653125
2022			
Feb	$0.328125	$0.325000	$0.653125
May	$0.328125	$0.325000	$0.653125

Aug	$0.328125	$0.325000	$0.653125
Nov	$0.328125	$0.325000	$0.653125
2023			
Feb	N/A	$0.325000	$0.325000

Notes:

(1) A holder of Series 1, 3, 5, 7, 9 and 21 Class A Preferred Shares is entitled to receive a fixed, cumulative preferential dividend payable quarterly on the first calendar day of March, June, September and December, as declared by the Board of Directors. Prior to the redemption of the Series 11 and 13 Class A Preferred Shares in March and June 2021, respectively, a holder of Series 11 and 13 Class A Preferred Shares was entitled to receive a fixed, cumulative preferential dividend payable quarterly on the first calendar day of March, June, September and December, as declared by the Board of Directors. A holder of Series 15, 17 and 19 Class A Preferred Shares is entitled to receive a fixed, cumulative preferential dividend payable quarterly on the last calendar day of March, June, September and December, as declared by the Board of Directors. A holder of Series 25 Class A Preferred Shares is entitled to receive a fixed, cumulative preferential dividend payable quarterly on the 15th calendar day of February, May, August and November, as declared by the Board of Directors. Prior to the redemption of the Series 23 Class A Preferred Shares in November 2022, a holder of Series 23 Class A Preferred Shares was entitled to receive a fixed, cumulative preferential dividend payable quarterly on the 15th calendar day of February, May, August and November, as declared by the Board of Directors. A holder of the Series 2021-A Class A Preferred Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2021-A Class A Preferred Shares prior to delivery to the holders of the Subordinated Notes, Series 1 following the occurrence of certain bankruptcy or insolvency events in respect of Pembina. Thereafter, holders of the Series 2021-A Class A Preferred Shares will be entitled to receive a fixed, cumulative preferential dividend payable semi-annually on the 25th calendar day of January and July, as declared by the Board of Directors.

(2) On March 1, 2021, Pembina redeemed all of its 6.8 million issued and outstanding Series 11 Class A Preferred Shares for a redemption price equal to $25.00 per Series 11 Class A Preferred Share.

(3) On June 1, 2021, Pembina redeemed all of its 10.0 million issued and outstanding Series 13 Class A Preferred Shares for a redemption price equal to $25.00 per Series 13 Class A Preferred Share.

(4) On November 15, 2022 Pembina redeemed all of its 12.0 million issued and outstanding Series 23 Class A Preferred Shares for a redemption price equal to $25.00 per Series 23 Class A Preferred Share.

(5) On January 16, 2023, Pembina announced that the Board of Directors had declared a quarterly dividend of $0.306625 per Series 1 Class A Preferred Share, $0.279875 per Series 3 Class A Preferred Share, $0.285813 per Series 5 Class A Preferred Share, $0.273750 per Series 7 Class A Preferred Share, $0.268875 per Series 9 Class A Preferred Share and $0.306250 per Series 21 Class A Preferred Share to be paid, subject to applicable law, on March 1, 2023 to holders of record on February 1, 2023. On January 16, 2023, Pembina announced that the Board of Directors had declared a quarterly dividend of $0.385250 per Series 15 Class A Preferred Share, $0.301313 per Series 17 Class A Preferred Share and $0.292750 per Series 19 Class A Preferred Share to be paid, subject to applicable law, on March 31, 2023 to holders of record on March 15, 2023.

(6) The initial dividend on the Series 23 Class A Preferred Shares of $0.328125 for each share held was paid on February 18, 2020 for a full quarterly period up to but excluding February 15, 2020. Prior to the completion of the Kinder Morgan Canada Acquisition, the holders of KML Series 1 Preferred Shares were paid a quarterly dividend of $0.328125 by KML for each KML Series 1 Preferred Share held, with the final dividend being paid on November 15, 2019.

(7) The initial dividend on the Series 25 Class A Preferred Shares of $0.325000 for each share held was paid on February 18, 2020 for a full quarterly period up to but excluding February 15, 2020. Prior to the completion of the Kinder Morgan Canada Acquisition, the holders of KML Series 3 Preferred Shares were paid a quarterly dividend of $0.325000 by KML for each KML Series 3 Preferred Share held, with the final dividend being paid on November 15, 2019.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and traded on the TSX under the symbol "PPL". The Common Shares are also listed on the NYSE under the trading symbol "PBA". The following table sets forth the price ranges for and trading volumes of the Common Shares on the TSX and on the NYSE for 2022.

	TSX (PPL)(1)				NYSE (PBA)(2)			
Month	**High ($)**	**Low ($)**	**Close ($)**	**Volume**	**High (US$)**	**Low (US$)**	**Close (US$)**	**Volume**
January	41.12	37.51	40.36	68,088,595	32.86	29.54	31.75	21,306,839
February	43.10	40.23	43.10	66,447,226	33.99	31.66	33.96	26,875,051
March	48.04	43.14	46.97	100,575,160	38.19	34.18	37.60	33,184,445
April	51.47	46.84	48.61	83,535,050	41.21	36.66	37.85	19,450,520
May	51.50	47.71	51.00	89,288,605	40.72	36.57	40.24	24,385,530
June	53.59	42.71	45.50	77,642,308	42.74	32.86	35.35	25,455,365
July	49.06	43.17	48.89	51,041,643	38.29	33.02	38.18	17,715,563
August	49.48	45.48	46.38	51,988,343	38.15	35.03	35.32	16,839,399
September	48.23	41.56	41.96	65,435,992	36.84	30.23	30.37	19,945,616
October	45.05	41.37	44.98	50,225,590	33.26	29.64	33.01	15,709,156
November	49.23	44.27	49.11	57,574,741	36.61	32.20	36.48	13,539,532
December	49.62	44.19	45.96	48,128,041	36.93	32.28	33.95	13,054,099

Notes:

(1) As reported by all Canadian marketplaces. Source: Bloomberg.

(2) As reported by all U.S. marketplaces. Source: Bloomberg.

The Series 1 Class A Preferred Shares, Series 3 Class A Preferred Shares, Series 5 Class A Preferred Shares, Series 7 Class A Preferred Shares, Series 9 Class A Preferred Shares, Series 15 Class A Preferred Shares, Series 17 Class A Preferred Shares, Series 19 Class A Preferred Shares, Series 21 Class A Preferred Shares and Series 25 Class A Preferred Shares are listed and traded on the TSX under the symbols "PPL.PR.A", "PPL.PR.C", "PPL.PR.E", "PPL.PR.G", "PPL.PR.I", "PPL.PR.O", "PPL.PR.Q", "PPL.PR.S", "PPL.PF.A" and "PPL.PF.E", respectively. On March 1, 2023, the Series 22 Class A Preferred Shares will be listed and traded on the TSX under the symbol "PPL.PF.B". The following tables set forth the price range for and trading volume of the Series 1, Series 3, Series 5, Series 7, Series 9, Series 15, Series 17, Series 19, Series 21 and Series 25 Class A Preferred Shares on the TSX for 2022.

	Series 1 (PPL.PR.A)(1)				Series 3 (PPL.PR.C)(1)				Series 5 (PPL.PR.E)(1)			
Month	**High ($)**	**Low ($)**	**Close ($)**	**Volume**	**High ($)**	**Low ($)**	**Close ($)**	**Volume**	**High ($)**	**Low ($)**	**Close ($)**	**Volume**
January	23.09	21.40	22.18	276,500	22.36	21.13	22.13	62,400	24.00	22.89	23.51	107,685
February	22.32	20.45	20.89	186,110	22.14	20.61	20.61	42,287	24.00	21.90	22.78	127,709
March	21.61	20.40	21.19	249,191	21.13	19.97	21.04	111,962	23.38	22.25	23.38	303,251
April	21.17	19.55	19.99	141,575	21.03	18.94	20.09	65,332	23.31	20.21	20.97	105,024
May	20.70	19.02	20.70	55,291	20.79	19.08	20.79	36,978	22.33	20.08	22.33	98,130
June	20.88	18.87	20.01	402,050	21.10	19.08	20.00	72,796	22.45	19.65	20.63	106,584
July	20.00	18.06	18.73	72,426	20.00	18.03	18.94	33,326	20.73	18.42	19.54	147,801
August	19.87	18.49	19.00	59,395	19.98	18.50	18.87	137,930	20.05	18.80	19.90	162,045
September	19.45	17.64	17.94	77,392	19.15	17.72	18.63	77,827	20.05	18.78	19.01	107,972
October	17.94	16.60	17.33	114,570	18.02	16.79	17.30	39,487	19.65	17.55	18.07	124,618
November	17.71	16.80	17.08	150,976	17.30	16.55	17.22	60,969	18.18	17.29	17.59	275,414
December	17.21	16.25	16.93	118,919	17.25	15.95	16.40	106,762	17.97	16.60	17.25	175,357

	Series 7 (PPL.PR.G)(1)				Series 9 (PPL.PR.I)(1)				Series 15 (PPL.PR.O)(1)			
Month	**High ($)**	**Low ($)**	**Close ($)**	**Volume**	**High ($)**	**Low ($)**	**Close ($)**	**Volume**	**High ($)**	**Low ($)**	**Close ($)**	**Volume**
January	23.79	22.37	23.23	69,708	25.29	24.70	24.91	84,071	23.55	21.97	23.10	76,755
February	23.25	21.51	22.29	78,731	25.04	24.19	24.32	73,564	23.30	21.92	21.93	277,147
March	23.14	21.91	22.74	140,041	24.49	23.75	24.35	124,041	23.58	21.72	23.42	161,867
April	22.74	19.86	20.55	213,000	24.34	21.97	22.63	260,336	23.72	21.15	21.71	141,063
May	21.82	19.16	21.82	117,114	23.68	22.05	23.68	32,562	23.00	21.35	22.93	72,229
June	21.97	19.52	20.24	54,945	23.67	21.06	21.55	209,957	23.56	22.30	22.88	123,763
July	20.51	18.60	19.19	68,688	21.55	20.21	21.07	49,855	22.80	20.89	22.06	76,964
August	20.52	18.96	19.26	73,618	22.50	20.43	22.25	56,943	23.01	21.36	22.20	135,850
September	19.62	18.40	18.55	56,686	22.39	19.92	19.92	42,698	22.78	20.79	21.00	97,720
October	19.01	17.35	17.83	84,602	19.92	18.31	19.10	379,885	21.41	19.75	21.20	139,488
November	17.85	16.95	17.25	149,638	19.32	18.85	19.21	121,095	21.30	20.41	20.59	175,408
December	17.53	16.10	16.95	99,244	19.58	18.86	19.38	106,932	20.83	19.20	19.73	193,319

	Series 17 (PPL.PR.Q)(1)				Series 19 (PPL.PR.S)(1)				Series 21 (PPL.PF.A)(1)			
Month	**High ($)**	**Low ($)**	**Close ($)**	**Volume**	**High ($)**	**Low ($)**	**Close ($)**	**Volume**	**High ($)**	**Low ($)**	**Close ($)**	**Volume**
January	24.50	23.00	24.09	74,968	25.74	25.29	25.63	57,755	25.81	25.34	25.34	107,835
February	24.15	22.76	22.94	87,367	25.84	24.68	24.73	104,861	25.62	24.42	24.84	189,484
March	23.75	22.63	23.29	66,818	25.10	24.62	25.00	106,199	25.69	24.86	25.20	122,279
April	23.29	20.91	21.64	141,717	25.00	22.98	23.93	76,025	25.40	22.90	23.92	170,354
May	23.25	20.91	23.25	81,325	24.58	23.01	24.58	185,439	24.70	23.44	24.68	267,435
June	23.49	20.76	21.27	101,053	24.93	22.44	23.32	104,680	25.32	23.61	24.17	75,071
July	22.10	19.56	20.37	53,863	23.32	22.37	23.14	34,018	24.52	23.10	24.52	126,438
August	20.81	19.89	20.65	54,158	24.25	22.45	24.00	33,899	24.70	23.53	24.55	131,932
September	21.18	19.00	19.60	66,519	24.35	21.79	22.14	71,941	24.56	22.51	22.85	80,534
October	19.26	17.90	18.45	72,480	22.99	20.69	22.45	61,975	24.50	21.72	23.95	102,570

	Series 17 (PPL.PR.Q)[1]				Series 19 (PPL.PR.S)[1]				Series 21 (PPL.PF.A)[1]			
November	18.72	17.71	17.85	55,613	22.51	21.69	22.23	89,697	24.03	23.09	23.80	166,383
December	18.13	16.67	17.17	105,699	23.40	21.16	21.84	109,408	23.97	23.03	23.11	133,495

	Series 25 (PPL.PF.E)[1]			
Month	High ($)	Low ($)	Close ($)	Volume
January	26.05	25.25	25.37	83,937
February	25.70	25.05	25.05	92,472
March	25.63	24.80	25.30	174,691
April	25.28	24.28	24.87	190,335
May	25.15	24.26	24.80	104,306
June	25.30	24.25	24.30	172,581
July	24.86	23.40	24.61	126,629
August	24.70	23.95	24.51	124,780
September	24.61	23.48	23.48	90,846
October	24.90	23.09	24.40	144,753
November	24.40	23.90	24.25	113,881
December	24.61	23.88	24.39	169,768

Note:

(1) As reported by Canadian marketplaces. Source: Bloomberg.

Prior Sales

In 2022, options to purchase Common Shares were issued to employees pursuant to Pembina's Option Plan. For a discussion of options issued and the terms thereof, refer to Note 22 to Pembina's Financial Statements, the portions of which are found under the headings "*Disclosure of share option plan*" and "*Share options granted*" are incorporated by reference herein.

DIRECTORS AND OFFICERS

Directors of Pembina

The following table sets out the name and residence for each director of Pembina as of the date of this Annual Information Form, the date on which they were appointed as a director of Pembina and their principal occupations during the past five years.

Name and Residence[1]	Date Appointed	Principal Occupation During the Past Five Years
Henry W. Sykes[2][7][10][11] Calgary, Alberta, Canada	October 2, 2017	Independent businessman since 2014; prior thereto, the President and director of MGM Energy Corp. from January 2007 to June 2014; President of ConocoPhillips Canada Limited from 2001 to 2006; prior thereto, Executive Vice-President, Business Development of Gulf Canada Resources Ltd.
Anne-Marie N. Ainsworth[4][5] Houston, Texas, U.S.	October 7, 2014	Independent businesswoman since March 2014; prior thereto, President and Chief Executive Officer and a member of the board of directors of the general partner of Oiltanking Partners, L.P. and President and Chief Executive Officer of Oiltanking Holding Americas, Inc. from November 2012 to March 2014; prior thereto, Senior Vice President of Refining of Sunoco Inc. from November 2009 to March 2012. Currently a member of the board of directors of Archrock, Inc., Kirby Corporation and HF Sinclair Corporation.
J. Scott Burrows Calgary, Alberta, Canada	February 22, 2022	President and Chief Executive Officer of Pembina since February 22, 2022; prior thereto, interim President and Chief Executive Officer of Pembina from November 19, 2021 until February 21, 2022; prior thereto, Senior Vice President and Chief Financial Officer of Pembina since August 1, 2017.

Name and Residence[1]	Date Appointed	Principal Occupation During the Past Five Years
Cynthia Carroll[4][5][7] Naples, Florida, U.S.	May 8, 2020	Independent businesswoman since 2013; prior thereto, Chief Executive Officer of Anglo American plc from 2007 to 2013, and prior thereto, held various executive roles at Alcan Aluminum Corporation, including President of Bauxite, Alumina and Specialty Chemicals and Chief Executive Officer of the Primary Metal Group, Alcan's core business. Currently a member of the board of directors of Hitachi Ltd., Baker Hughes Company and Glencore plc.
Ana Dutra[3][6] Chicago, Illinois, U.S.	May 6, 2022	Independent businesswoman since 2019; prior thereto, President and Chief Executive Officer of The Executives' Club of Chicago from 2014 to 2018. Currently a member of the board of directors of CME Group Inc., Amyris, Inc., and Carparts.com, Inc.
Randall J. Findlay[2][7][8][12] Calgary, Alberta, Canada	March 8, 2007	Corporate director since 2006; prior thereto, President of Provident Energy Trust from 2001 to 2006. Chair of the board of directors of Pembina from April 2014 to December 2022.
Robert G. Gwin[4][7] Houston, Texas, U.S.	May 8, 2020	Independent businessman since 2019; prior thereto, President of Anadarko Petroleum Corporation, one of the world's largest independent oil and natural gas exploration and production companies, until its acquisition by Occidental Petroleum Corporation in 2019; prior thereto, Executive Vice President, Finance and Chief Financial Officer of Anadarko from 2009 to 2018. Currently a member of the board of directors of Crescent Energy Company and Technip FMC plc.
Maureen E. Howe[3][6][10] Vancouver, British Columbia, Canada	October 2, 2017	Independent businesswoman since 2008; prior thereto, a Research Analyst and Managing Director at RBC Capital Markets from 1996 to 2008. Currently a member of the board of directors of Methanex Corporation and Freehold Royalties Ltd.
Gordon J. Kerr[3][6][9] Calgary, Alberta, Canada	January 15, 2015	Independent businessman since 2013; prior thereto, President and Chief Executive Officer and director of Enerplus Corporation from May 2001 until July 2013.
David M.B. LeGresley[4][6] Toronto, Ontario, Canada	August 16, 2010	Corporate director since 2010; prior thereto, Vice Chairman of National Bank Financial from 2006 to 2008 and Executive Vice President, Corporate and Investment Banking from 1999 to 2006. Currently a member and Chair of the board of directors of EQB Inc. (formerly Equitable Group Inc.).
Leslie A. O'Donoghue[3][5][7] Calgary, Alberta, Canada	December 17, 2008	Independent businesswoman since 2020; prior thereto, Executive Advisor to the Chief Executive Officer in 2019 and Executive Vice President and Chief Strategy & Corporate Development Officer of Nutrien Ltd., a crop inputs and services provider, from 2018 to 2019; prior thereto, Executive Vice President, Corporate Development and Strategy and Chief Risk Officer of Agrium Inc., which merged with Potash Corporation of Saskatchewan to form Nutrien Ltd., from 2012 to 2018. Currently a member of the board of directors of Methanex Corporation and Dye & Durham Limited.
Bruce D. Rubin[4][5] Swarthmore, Pennsylvania, U.S.	May 5, 2017	Independent businessman since 2014; Chief Executive Officer of Braskem America, Inc. and an executive with Braskem America, Inc. from 2010 until 2013; prior thereto, Chief Executive Officer of Sunoco Chemicals Inc. and Senior Vice President of Sunoco Inc. from 2008 until 2010.

Notes:

(1) On February 23, 2023, Pembina announced that Andy J. Mah will be joining the Board, with his appointment effective February 24, 2023. Mr. Mah was most recently the Chief Executive Officer of Advantage Energy Ltd. ("**Advantage**"), a Canadian oil and gas exploration & production company, from January 2009 to December 2021; prior thereto, Mr. Mah was the President of Advantage from June 2006 to January 2009. Mr. Mah is currently a member of the board of directors of Advantage.

(2) Mr. Sykes was appointed Chair of the Board effective January 1, 2023, replacing Mr. Findlay.

(3) Member of Audit Committee.

(4) Member of Human Resources, Health and Compensation Committee.

(5) Member of the Safety, Environment and Operational Excellence Committee.

(6) Member of the Governance, Nominating and Social Responsibility Committee.

(7) Previously a member of the CEO Succession Committee, which fulfilled its mandate on February 22, 2022 with the appointment of Mr. Burrows as President and Chief Executive Officer of Pembina.

(8) Mr. Findlay was a director of Spyglass Resources Corp. (a TSX listed company) from March 2013 until May 13, 2015. Spyglass Resources Corp., an intermediate oil and gas exploration and production company, was placed into receivership by a syndicate of its lenders on November 26, 2015.

(9) Mr. Kerr was a director of Laricina Energy Ltd., a private company, until February 5, 2016. Laricina Energy Ltd. was subject to proceedings under the *Companies' Creditors Arrangement Act* (Canada) in 2015. On February 1, 2016, the proceedings were conditionally discharged.

(10) Following closing of the Veresen Acquisition, Ms. Howe and Mr. Sykes were appointed to Pembina's Board of Directors effective October 2, 2017.

(11) Mr. Sykes was a director of Parallel Energy Trust ("**Parallel**") from March 2011 until February 2016. On or about November 9, 2015, Parallel filed an application in the Alberta Court of Queen's Bench for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) and filed voluntary petitions for relief under Chapter 11 of the *United States Bankruptcy Code*. In the Chapter 11 proceedings, the Bankruptcy Court approved the sale of the assets of Parallel and the sale closed on January 28, 2016. Further, on March 3, 2016, the Canadian entities of Parallel filed for bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) and a notice to creditors was sent by the trustee on March 4, 2016.

(12) Mr. Findlay intends to retire prior to the 2023 meeting of Shareholders and will not stand for re-election.

Shareholders elect the directors of Pembina at each annual meeting of the Shareholders. The directors of Pembina serve until the next annual meeting of the Shareholders or until their successors are duly elected or appointed. All of Pembina's directors are "independent" within the meaning of National Instrument 58–101 – *Disclosure of Corporate Governance Practices*, adopted by the Canadian Securities Administrators, with the exception of Mr. Burrows, who is President and Chief Executive Officer of Pembina. In addition, Pembina has adopted Standards for Director Independence which meet or exceed the requirements set out in National Policy 58–201 – *Corporate Governance Guidelines*, National Instrument 52–110 – *Audit Committees*, the SEC rules and regulations, the *Sarbanes-Oxley Act of 2002* and the NYSE rules.

The Board of Directors has four standing committees, the Audit Committee, the Safety, Environment and Operational Excellence Committee, the Human Resources, Health and Compensation Committee, and the Governance, Nominating and Corporate Social Responsibility Committee. Additional information regarding the responsibilities of these committees will be contained in Pembina's management information circular for its 2023 annual meeting of Shareholders.

Executive Officers of Pembina

The following table sets out the name, residence and office held with Pembina for each executive officer of the Company as at the date of this Annual Information Form, as well as their principal occupations during at least the past five years.

Name and Residence	Office with Pembina	Principal Occupation During the Past Five Years
J. Scott Burrows Calgary, Alberta, Canada	President and Chief Executive Officer	President and Chief Executive Officer since February 2022; prior thereto, interim President and Chief Executive Officer since November 2021; prior thereto, Senior Vice President and Chief Financial Officer since August 2017; prior thereto, Vice President, Finance and Chief Financial Officer of Pembina since January 2015.
Eva M. Bishop Calgary, Alberta, Canada	Senior Vice President and Corporate Services Officer	Senior Vice President and Corporate Services Officer since April 2022; prior thereto, non-executive director of BP Europa SE, BP Group's European public utility company from April 2016 to December 2021; prior thereto, Partner and CEO Designate at 53° Capital, a private equity investment company from August 2019 to February 2020.
Cameron J. Goldade Calgary, Alberta, Canada	Senior Vice President and Chief Financial Officer	Senior Vice President and Chief Financial Officer since August 2022; prior thereto, interim Chief Financial Officer since November 2021; prior thereto, Vice President, Capital Markets since June 2017; prior thereto, Senior Manager of Capital Markets of Pembina since January 2015.
Janet C. Loduca(1) Calgary, Alberta, Canada	Senior Vice President, External Affairs and Chief Legal and Sustainability Officer	Senior Vice President, External Affairs and Chief Legal and Sustainability Officer since April 2021; prior thereto, General Counsel and Vice President, Legal and Sustainability since November 2020; prior thereto, Senior Vice President and General Counsel of Pacific Gas and Electric Company ("**PG&E**"), a regulated gas and utility company, from January 2019 until August 2020; prior thereto Vice President and Deputy General Counsel of PG&E since March 2017; prior thereto, Vice President, Investor Relations of PG&E since January 2015.

Name and Residence	Office with Pembina	Principal Occupation During the Past Five Years
Jaret A. Sprott Calgary, Alberta, Canada	Senior Vice President and Chief Operating Officer	Senior Vice President and Chief Operating Officer since February 2022; prior thereto, Senior Vice President and Chief Operating Officer, Facilities since January 2018; prior thereto, Vice President, Gas Services of Pembina since January 2015.
Stuart V. Taylor Calgary, Alberta, Canada	Senior Vice President, Marketing and New Ventures and Corporate Development Officer	Senior Vice President, Marketing and New Ventures and Corporate Development Officer since January 2018; prior thereto, Senior Vice President, NGL and Natural Gas Facilities of Pembina since September 2013.

Notes:

(1) Ms. Loduca was an executive officer of PG&E from January 2019 until August 2020, acting as Senior Vice President and General Counsel from January 2019 until August 2020. On or about January 29, 2019, PG&E filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. In the Chapter 11 proceedings, PG&E successfully completed its restructuring process and the implementation of its plan of reorganization, as approved by the Bankruptcy Court. PG&E emerged from Chapter 11 on June 20, 2020.

As at February 22, 2023, the directors and executive officers of Pembina beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 423,881 Common Shares, representing approximately 0.08 percent of the then outstanding Common Shares.

Conflicts of Interest

The directors and officers of Pembina may be directors or officers of entities which are in competition with or are customers or suppliers of Pembina or certain entities in which Pembina holds an equity investment. As such, these directors or officers of Pembina may encounter conflicts of interest in the administration of their duties with respect to Pembina. Directors and officers of Pembina are required to disclose the existence of potential conflicts in accordance with Pembina's Code of Ethics Policy and other corporate governance policies which can be found on Pembina's website at www.pembina.com and in accordance with the ABCA. See "*Risk Factors – General Risk Factors – Potential Conflicts of Interest*".

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The Audit Committee Charter is set forth in Appendix "A" to this Annual Information Form.

Composition of the Audit Committee and Relevant Education and Experience

Pembina's Audit Committee is comprised of Maureen E. Howe, as Chair, Gordon J. Kerr, Leslie O'Donoghue and Ana Dutra, each of whom is independent and financially literate within the meaning of NI 52–110 and in accordance with Pembina's Standards for Director Independence available at www.pembina.com. Set forth below are additional details regarding each member of the Audit Committee.

Maureen E. Howe

Maureen E. Howe is the Chair of the Audit Committee and has been a member of the Audit Committee since October 2, 2017. Ms. Howe is independent within the meaning of such term in NI 52–110, and in accordance with the rules prescribed by the SEC and the NYSE. She currently serves as a member of the board of directors of Methanex Corporation and Freehold Royalties Ltd. She is a member of the Audit Committee of Methanex Corporation and the Chair of the Audit Committee of Freehold Royalties Ltd. Ms. Howe previously served as a member of the board of directors and chair of the audit committee of Mosaic Forest Management, a private company. She has served as Managing Director at RBC Capital Markets in equity research and was regularly a top ranked analyst in Canada by independent industry surveys. Prior to joining RBC Capital Markets, Ms. Howe held finance positions in the utility industry, investment banking and portfolio management. Ms. Howe holds a Bachelor of Commerce (Honours) from the University of Manitoba and a Ph.D. in Finance from the University of British Columbia. Ms. Howe is a member of the Institute of Corporate Directors. This business experience provides Ms. Howe with the skill set and financial literacy required to carry out her duties as a member of the Audit Committee.

Gordon J. Kerr

Mr. Kerr has been a member of the Audit Committee since February 27, 2015 and was the Chair of the Audit Committee from May 5, 2017 to May 7, 2021. Mr. Kerr is independent within the meaning of such term in NI 52–110, and in accordance with the rules prescribed by the SEC and the NYSE. Mr. Kerr is a former President and Chief Executive Officer and director of Enerplus Corporation, a position he held from May 2001 until July 2013. He is also a past Chair of the Canadian Association of Petroleum Producers, a former director of Deer Creek Energy Limited, a past member of the Canadian Council of Chief Executives and a past member of the Management Advisory Council of the Haskayne School of Business at the University of Calgary. Since beginning his career in 1979, he has gained extensive management experience in leadership positions at various oil and gas companies. Mr. Kerr commenced employment with Enerplus Corporation and its predecessors in 1996, holding positions of increasing responsibility, including the positions of Chief Financial Officer and Executive Vice President. Mr. Kerr graduated from the University of Calgary in 1976 with a Bachelor of Commerce degree. He received a Chartered Accountant designation and was admitted as a member of the Institute of Chartered Accountants of Alberta in 1979 and was later appointed a Fellow of the Institute of Chartered Accountants of Alberta in February 2011. Mr. Kerr is a member of the Institute of Corporate Directors and is also a member of the Executive of the Calgary Chapter of the Institute of Corporate Directors. This business experience provides Mr. Kerr with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.

Leslie O'Donoghue

Leslie O'Donoghue has been a member of the Audit Committee since May 8, 2020. Ms. O'Donoghue is independent within the meaning of such term in NI 52-110, and in accordance with the rules prescribed by the SEC and the NYSE. Ms. O'Donoghue retired from Nutrien Ltd. at end of 2019, after 20 years with the company. Her most recent roles were Executive Vice President and Chief Strategy & Corporate Development Officer and Executive Advisor to the CEO. While at Agrium Inc., the predecessor to Nutrien Ltd. prior to its merger with Potash Corporation of Saskatchewan, Ms. O'Donoghue held a number of roles including Executive Vice President, Corporate Development & Strategy & Chief Risk Officer, Executive Vice President, Operations and Chief Legal Officer and Senior Vice President, Business Development. Before joining Agrium Inc., Ms. O'Donoghue was a partner in the national law firm of Blake, Cassels & Graydon LLP. She holds a Bachelor of Arts (Economics) degree from the University of Calgary and an LL.B. from Queen's University; she was admitted to the Alberta Bar in 1989. She currently serves as a director of Methanex Corporation and Dye & Durham Limited. Ms. O'Donoghue is also a member of the Institute of Corporate Directors. This business experience provides Ms. O'Donoghue with the skill set and financial literacy required to carry out her duties as a member of the Audit Committee.

Ana Dutra

Ms. Dutra has been a member of the Audit Committee since May 6, 2022. Ms. Dutra is independent within the meaning of such term in NI 52-110, and in accordance with the rules prescribed by the SEC and the NYSE. Ms. Dutra was the President and Chief Executive Officer of The Executives' Club of Chicago (2014 to 2018) and the Proxy Officer and Chief Executive Officer of Korn Ferry Consulting before that (2008 to 2013). Ms. Dutra was also a Global Senior Managing Partner at Accenture (2004 to 2008). She is currently a member of the board of directors of CME Group Inc., Amyris, Inc., and Carparts.com, Inc. Ms. Dutra has a Bachelor of Economics in microeconomics from the Universidade Federal Do Rio De Janeiro, a Juris Doctor from the Universidad do Estado de Rio de Janeiro, a Masters of Economics in microeconomics from Pontificua Universidade Atolica do Rio de Janeiro and a Masters of Business Administration from the Kellogg School of Management. This business experience provides Ms. Dutra with the skill set and financial literacy required to carry out her duties as a member of the Audit Committee.

Pre-Approval Policies and Procedures for Audit and Non-Audit Services

As outlined in Pembina's Audit Committee Charter and the terms of engagement with Pembina's external auditors, the Audit Committee of the Board is directly responsible for overseeing the relationship, reports, qualifications, independence and performance of the external auditor and audit services by other registered public accounting firms engaged by Pembina. The Audit Committee has the authority and responsibility to recommend the appointment and the revocation of the appointment of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and to fix their remuneration. The external auditor reports directly to the Audit Committee. The Audit Committee's appointment of the external auditor is subject to annual approval by the Shareholders.

The Audit Committee is also responsible for the pre-approval of all permissible non-audit services to be provided by the external auditors considering the potential impact of such services on the independence of external auditors and, subject to any *de minimis* exemption available under applicable laws. Such approval can be given either specifically or pursuant to pre-approval policies and procedures adopted by the Audit Committee, including the delegation of this ability to one or more members of the Audit Committee to the extent permitted by applicable law, provided that any pre-approvals granted pursuant to any such delegation must be detailed as to the particular service to be provided, may not delegate Audit Committee responsibilities to management of Pembina, and must be reported to the full Audit Committee at the first scheduled meeting of the Audit Committee following such pre-approval.

External Auditor Service Fees

The following table sets out the fees paid or payable by Pembina for professional services provided by KPMG LLP during each of the last two financial years:

YEAR	AUDIT FEES(1)	AUDIT-RELATED FEES(2)	TAX FEES(3)	ALL OTHER FEES(4)
2022	$3,478,480	$180,150	$48,450	$191,250
2021	$2,724,500	$119,000	$120,305	$199,250

Notes:

(1) Audit fees were for professional services rendered by KPMG LLP for the audit of Pembina's annual financial statements and reviews of Pembina's quarterly financial statements, as well as services provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related fees are for assurance and related services, including French translations in connection with statutory and regulatory filings, reasonably related to the performance of the audit or review of Pembina's financial statements and not reported under "Audit Fees" above. In 2022, these fees included audit fees for the pension plan and Younger facility pension plan audits of $30,000 (2021 - $25,000) and $25,000 (2021 - $18,000), respectively.

(3) Tax fees were for tax compliance of $3,450 (2021: $2,850) and tax advice and tax planning of $45,000 (2021: $117,455). 2022 and 2021 fees included tax consultation and tax compliance fees incurred for preparing and filing the tax returns for Pembina's subsidiaries.

(4) All other fees are fees for products and services provided by Pembina's auditors other than those described as "*Audit Fees*", "*Audit-related Fees*" and "*Tax Fees*" which included fees related to advice and assistance with assurance and advisory services over GHG emissions and ESG sustainability reporting.

RISK FACTORS

The following information is a summary only of certain risk factors relating to Pembina, its subsidiaries and/or its equity accounted investees, or an investment in securities of Pembina, and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. Shareholders and prospective investors should carefully consider these risk factors before investing in Pembina's securities, as each of these risks may negatively affect the trading price of Pembina's securities, the amount of dividends paid to Shareholders and holders of Class A Preferred Shares and the ability of Pembina to service its debt obligations, including obligations under debt securities that Pembina may issue from time to time. Information regarding Pembina's risk assessment and management processes can be found in Pembina's management information circular for its most recent annual meeting of Shareholders.

Prospective investors should carefully consider the risk factors set out below and consider all other information contained herein and in Pembina's other public filings before making an investment decision in respect of any securities of Pembina.

Pembina's value proposition is based on balancing economic benefit against risk. Where appropriate, Pembina will seek to reduce risk. Pembina continually works to mitigate the impact of potential risks to its business by identifying all significant risks so that they can be appropriately managed. To assist with identifying and managing risk, Pembina has implemented a comprehensive risk management program.

Risks Inherent in Pembina's Business

Commodity Price Risk

Pembina's business is exposed to commodity price volatility and a substantial decline in the prices of these commodities could adversely affect its financial results.

Certain of the transportation contracts or tolling arrangements with respect to Pembina's pipeline assets do not include take-or-pay commitments from crude oil and gas producers and, as a result, Pembina is exposed to volume risk with respect to those assets. A decrease in volumes transported can directly and adversely affect Pembina's revenues and earnings. The demand for, and utilization of, Pembina's pipeline assets may be impacted by factors such as changing market fundamentals, capacity bottlenecks, operational incidents, regulatory restrictions, system maintenance, weather and increased competition. Market fundamentals, such as commodity prices and price differentials, natural gas and gasoline consumption, alternative energy sources and global supply disruptions outside of Pembina's control can impact both the supply of and demand for the commodities transported on Pembina's pipelines. See "*Reserve Replacement, Throughput and Product Demand*" below.

Pembina's Marketing business includes activities related to product storage, terminalling, and hub services. These activities expose Pembina to certain risks relating to fluctuations in commodity prices and, as a result, Pembina may experience volatility in revenue and impairments related to the book value of stored product with respect to these activities. Primarily, Pembina enters into contracts to purchase and sell crude oil, condensate, NGL and natural gas at floating market prices and, as a result, the prices of products that are marketed by Pembina are subject to volatility as a result of factors such as seasonal demand changes, extreme weather conditions (the severity of which could increase due to climate change), market inventory levels, general economic conditions, the availability and price of transportation logistics, changes in commodity markets and other factors. Pembina manages its risk exposure by balancing purchases and sales to secure less volatile margins. Notwithstanding Pembina's management of price and quality risk, marketing margins for commodities can vary and have varied significantly from period to period in the past. This variability could have an adverse effect on the results of Pembina's Marketing business and its overall results of operations. To assist in reducing this inherent variability in its Marketing business, Pembina has invested, and will continue to invest, in assets that have a fee-based revenue component.

Pembina is also exposed to potential price declines and decreasing frac spreads between the time Pembina purchases NGL feedstock and sells NGL products. Frac spread is the difference between the revenue from the sale of NGL if removed from a gas stream and the value such NGL would have had if left in the gas stream and sold at natural gas prices. Frac spreads can change significantly from period to period depending on the relationship between NGL and natural gas prices (the "**frac spread ratio**"), absolute commodity prices, transport differentials and changes in the Canadian to U.S. dollar exchange rate. In addition to the frac spread ratio changes, there is also a differential between NGL product prices and crude oil prices which can change margins realized for midstream products. The amount of profit or loss made on the extraction portion of the business will generally increase or decrease with frac spreads. This exposure could result in variability of cash flow generated by the Marketing business, which could affect Pembina and the cash dividends that Pembina is able to distribute.

Regulation and Legislation

Legislation in Alberta and British Columbia, the jurisdictions from which most products transported by Pembina are produced, exists to ensure that producers have fair and reasonable opportunities to produce, process and market their reserves. Regulatory authorities in Alberta and British Columbia may declare the operator of a pipeline a common carrier of crude oil, NGL or natural gas. Common carriers must not discriminate between producers who seek access to the pipeline. Regulatory authorities may also establish conditions under which the common carrier must accept and carry product, including the tariffs that may be charged. Producers and shippers may also apply to the appropriate regulatory authorities for a review of tariffs, and such tariffs may then be regulated if it is proven that the tariffs are not just and reasonable. The potential for direct regulation of tariffs for pipelines other than the Alliance Pipeline and the Cochin Pipeline (the tolls and tariffs of which are otherwise subject to CER oversight) and certain pipelines owned by Pembina's subsidiaries in British Columbia (the tolls and tariffs of which are otherwise subject to BCUC oversight), while considered remote by Pembina, could result in tariff levels that are less advantageous to Pembina and could impair the economic operation of such pipeline systems.

The AER is the primary regulatory body that oversees Pembina's Alberta-issued energy development permits, with some minor exceptions. Certain of Pembina's subsidiaries own pipelines in British Columbia, which are regulated by the BCER and the BCUC, and pipelines that cross provincial or international boundaries, which are regulated by the CER and/or the FERC and PHMSA. Certain of Pembina's operations and expansion projects are subject to additional regulations and, as Pembina's operations expand throughout Canada and North America, Pembina may be required to comply with the requirements of additional regulators and legislative bodies, including the IAAC, the BCEAO, the Ontario Energy Regulator, the Ontario Ministry of Natural Resources and Forestry, the Ontario Ministry of the Environment, Conservation and Parks, the Saskatchewan Ministry of Energy and Resources and Regulatory Services (Oil and Gas) under Manitoba Natural Resources and Northern Development.

In the U.S., FERC regulates interstate natural gas pipelines and the transportation of crude oil, NGL and refined products in interstate commerce. Under the NGA, FERC regulates the construction, extension, and abandonment of interstate natural gas pipelines and the rates, terms and conditions of service and other aspects of the business of interstate natural gas pipelines. Interstate natural gas pipelines rates, terms and conditions of service are filed at FERC and publicly available. Under the ICA, FERC regulates the rates, terms and conditions of the transportation in interstate commerce of crude oil, NGLs and refined products. Pipeline safety is regulated by the PHMSA, which sets standards for the design, construction, pressure testing, operation and maintenance, corrosion control, training and qualification of personnel, accident reporting and record keeping. The Office of Pipeline Safety, within the PHMSA, inspects and enforces the pipeline safety regulations across the U.S. All regulations and environmental, safety and economic compliance obligations are subject to change at the initiative of FERC, PHMSA or other United States Federal agencies with jurisdiction over aspects of the operations of pipelines, including environmental, economic and safety regulations. Changes by FERC in its regulations or policies could adversely impact Pembina's natural gas pipelines, making the construction, extension, expansion or abandonment of such pipelines more costly, causing delay in the permitting of such projects or impacting the likelihood of success of completion of such projects. Similarly, changes in FERC's regulations or policies could adversely impact the rates that Pembina's FERC-regulated pipelines are able to charge and how such pipelines do business, whether such pipelines are regulated by FERC pursuant to the NGA or the ICA. Pembina continually monitors existing and changing regulations in all jurisdictions in which it currently operates, or into which it may expand in the future, and the potential implications to its operations; however, Pembina cannot predict future regulatory changes, and any such compliance and regulatory changes in any one or multiple jurisdictions could have a material adverse impact on Pembina, its financial results and its Shareholders.

In 2019, the federal government overhauled the environmental assessment and federal energy regulation regime in Canada. The National Energy Board ("**NEB**") and NEB Act were replaced by the CER and the CER Act. Similarly, the *Canadian Environmental Assessment Act, 2012* (Canada) ("**CEAA**") was replaced by the *Impact Assessment Act* (Canada) ("**IAA**") and the Canadian Environmental Assessment Agency was replaced by the new IAAC as the authority responsible for conducting all federal impact assessments (formerly "**environmental assessments**") for certain designated projects under the IAA. The list of designated projects which are subject to mandatory assessment under the IAA is similar to the list under the CEAA; however, the length of new pipelines for which an impact assessment is required has been increased from 40 km to 75 km. The IAA also contains a broader project assessment process than under the CEAA and provides for enhanced consultation with groups that may be affected by proposed projects, while also expanding the scope of factors and considerations that are required to be taken into account under the project assessment process. The CER continues to oversee approved federal, interprovincial and international energy projects in a manner similar to the former regime under the NEB, with new projects being referred to a review panel under the IAA. On July 16, 2020, the federal government published the Strategic Assessment of Climate Change ("**SACC**") under the provisions for such assessments in the IAA. The SACC imposes the new requirements regarding GHG emissions planning on projects subject to the IAA and has also been incorporated in legacy assessments begun under the CEAA but concluded by the IAAC.

Relatively few projects have been subject to the new federal impact assessment regime to date and Pembina continues to actively monitor developments in this area. To the extent these changes lengthen the review timeline for projects or expand the scope of the matters to be considered, the new regime could materially impact the amount of time and capital resources required by Pembina to seek and obtain approval to construct and operate international or interprovincial pipelines or other projects designated pursuant to the IAA project list or ministerial designation powers under the IAA. Indications are that the SACC and new guidance which is yet to be released on a "best in class" approach to GHG emissions requirements will strictly limit GHG emissions from IAA-regulated projects, in support of the federal government's net-zero by 2050 goal discussed under "*Environmental Costs and Liabilities*" below. The ongoing development of the CER Act and IAA regime could therefore materially and directly impact Pembina's business and financial results, and could indirectly affect Pembina's business and financial results by impacting the financial condition and growth projects of its customers and, ultimately, production levels and throughput on Pembina's pipelines and in its facilities. The uncertainty surrounding the impact of the IAA is currently heightened because, on May 10, 2022, the Alberta Court of Appeal held that the IAA is unconstitutional. The federal government has appealed this decision to the Supreme Court of Canada, with a hearing currently scheduled for March 2023. Pembina continues to monitor these developments.

In addition to the direct regulation of pipelines and midstream facilities, Pembina's business and operations may also be adversely affected by changes in regulations or polices that regulate upstream and/or downstream activities, including, but not limited to, land sales, exploration, development and retail and consumer uses. Pembina's business and financial condition may also be influenced by federal and foreign legislation affecting, in particular, foreign investment, through legislation such as the *Competition Act* (Canada), the *Investment Canada Act* (Canada) and equivalent legislation in foreign jurisdictions.

There can be no assurance that changes to income tax laws, regulatory and environmental laws or policies and government incentive programs relating to the pipeline or crude oil and natural gas industry will not adversely affect Pembina or the value of its securities.

See "*Other Information Relating to Pembina's Business – Industry Regulation*".

Operational Risks

Operational risks include, but are not limited to: pipeline leaks; the breakdown or failure of equipment, pipelines and facilities, information systems or processes; the compromise of information and control systems; the performance of equipment at levels below those originally intended (whether due to misuse, unexpected degradation or design, construction or manufacturing defects); releases at truck terminals and hubs; releases associated with the loading and unloading of potentially harmful substances onto rail cars and trucks; adverse sea conditions (including storms and rising sea levels) and releases or spills from shipping vessels loaded at Pembina's marine terminal; failure to maintain adequate supplies of spare parts; operator error; labour disputes; disputes with interconnected facilities and carriers; operational disruptions or apportionment on third-party systems or refineries, which may prevent the full utilization of Pembina's facilities and pipelines; and catastrophic events, including, but not limited to, those related to climate change and extreme weather events, including fires, floods and other natural disasters, explosions, train derailments, earthquakes, widespread epidemics or pandemic outbreaks (including the COVID-19 pandemic), acts of civil protest or disobedience, terrorism or sabotage, and other similar events, many of which are beyond the control of Pembina and all of which could result in operational disruptions, damage to assets, related releases or other environmental issues, and delays in construction, labour and materials. Pembina may also be exposed from time to time to additional operational risks not stated in the immediately preceding sentence. In addition, the consequences of any operational incident (including as a result of adverse sea conditions) at Vancouver Wharves and the Prince Rupert Terminal or involving a vessel receiving products from Vancouver Wharves or the Prince Rupert Terminal, may be even more significant as a result of the complexities involved in addressing leaks and releases occurring in the ocean or along coastlines and/or the repair of marine terminals. Any leaks, releases or other incidents involving such vessels, or other similar operators along the West Coast, could result in significant harm to the environment, curtailment of, or disruptions of and/or delays in, offshore shipping activity in the affected areas, including Pembina's ability to effectively carry on operations at Vancouver Wharves and the Prince Rupert Terminal. The occurrence or continuance of any of the foregoing events could increase the cost of operating Pembina's assets or reduce revenue, thereby impacting earnings. Additionally, facilities and pipelines are reliant on electrical power for their operations. A failure or disruption within the local or regional electrical power supply or distribution or transmission systems could significantly affect ongoing operations. Further, a significant increase in the cost of power or fuel could have a materially negative effect on the level of profit realized in cases where the relevant contracts do not provide for recovery of such costs.

Pembina is committed to preserving customer and shareholder value by proactively managing operational risk through safe and reliable operations. Senior managers are responsible for the supervision of operational risk by ensuring appropriate policies, procedures and systems are in place within their business units and internal controls are operating efficiently. Pembina also has an extensive program to manage pipeline system integrity, which includes the development and use of in-line inspection tools and various other leak detection technologies. Pembina's maintenance, inspection, excavation and repair programs are focused on risk mitigation and, as such, integrity maintenance programs are developed and resources are directed to areas based on continual risk assessments and infrastructure is replaced or repaired as required to ensure that Pembina's assets are operated safely and reliably. Pembina carries insurance coverage with respect to some, but not all, casualty occurrences in amounts customary for similar business operations, which coverage may not be sufficient to compensate for all casualty occurrences. In addition, Pembina has a comprehensive Security Management Program designed to reduce security-related risks.

Inflation

The general rate of inflation impacts the economies and business environments in which Pembina operates. In response to sustained, elevated global inflationary pressures resulting from, among other things, the COVID-19 pandemic and the conflict between Ukraine and Russia, major central banks, including the Bank of Canada and the U.S. Federal Reserve, increased benchmark interest rates multiple times throughout 2022 and in early 2023 and may continue to raise them again in the future. Increased inflation and any economic conditions resulting from additional governmental attempts to reduce inflation, including the imposition of higher interest rates or wage and price controls, may negatively impact levels of demand for Pembina's services and cost of inputs, and could, accordingly, have a negative impact on Pembina's business, financial condition and results of operations. Higher interest rates as a result of inflation could negatively impact the Company's borrowing costs, which could, in turn, have a negative impact on Pembina's cash flow and ability to service obligations under its debt securities and other debt obligations, and impact Pembina's ability to sanction new projects.

Completion and Timing of Expansion Projects

The successful completion of Pembina's growth and expansion projects is dependent on a number of factors outside of Pembina's control, including the impact of general economic, business and market conditions, availability of capital on terms and rates acceptable to Pembina, receipt of regulatory approvals, reaching long-term commercial arrangements with customers in respect of certain portions of the expansions, construction schedules, commissioning difficulties or delays and costs that may change depending on supply, demand and/or inflation, labour, materials and equipment availability, contractor non-performance, acts of civil protest or disobedience, terrorism or sabotage, weather conditions, cost of engineering services, and change in governments that granted the requisite regulatory approvals. There is no certainty, nor can Pembina provide any assurance, that necessary regulatory approvals will be received on terms that maintain the expected return on investment associated with a specific project, or at all, or that satisfactory commercial arrangements with suppliers or customers will be entered into on a timely basis, or at all, or that third parties will comply with contractual obligations in a timely manner. Factors such as special interest group opposition, Indigenous, landowner and other stakeholder consultation requirements, civil protest or disobedience, changes in shipper support, and changes to the legislative or regulatory framework could all have an impact on meeting contractual and regulatory milestones. As a result, the cost estimates and completion dates for Pembina's major projects may change during different stages of the project. Greenfield and early stage projects face additional challenges, including securing leases, easements, rights-of-way, permits and/or licenses from landowners or governmental authorities allowing access for such purposes, as well as Indigenous consultation requirements. Accordingly, actual costs and construction schedules may vary from initial estimates and these differences can be significant, and certain projects may not proceed as planned, or at all. Further, there is a risk that maintenance will be required more often than currently planned or that significant maintenance capital projects could arise that were not previously anticipated.

Under most of Pembina's construction and operating agreements, the Company is obligated to construct the facilities and pipelines regardless of delays and cost increases and Pembina bears the risk for any cost overruns. Future agreements entered into with customers with respect to expansions may contain similar conditions. While Pembina is not currently aware of any significant undisclosed cost overruns with respect to its current projects at the date hereof, any such cost overruns may adversely affect the economics of particular projects, as well as Pembina's business operations and financial results, and could reduce Pembina's expected return on investment which, in turn, could reduce the level of cash available for dividends and to service obligations under Pembina's debt securities and other debt obligations.

See "*General Risk Factors – Additional Financing and Capital Resources*" and "*Customer Contracts*" below.

Possible Failure to Realize Anticipated Benefits of Corporate Strategy

Pembina evaluates the value proposition for new investments, acquisitions and divestitures on an ongoing basis. Planning and investment analysis is highly dependent on accurate forecasting assumptions and, to the extent that these assumptions do not materialize, financial performance may be lower or more volatile than expected. Volatility in the economy, change in cost estimates, failure to obtain regulatory approvals and permits, project scoping and risk assessment could result in decreased returns and loss in profits for Pembina.

As part of its ongoing strategy, Pembina may complete acquisitions of assets or other entities in the future. Achieving the benefits of completed and future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Pembina's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Pembina. In particular, large scale acquisitions may involve significant pricing and integration risk. The integration of acquired businesses and entities requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may also result in the loss of key employees and the disruption of ongoing business, customer and employee relationships, which may adversely affect Pembina's ability to achieve the anticipated benefits of any acquisitions. Acquisitions may also expose Pembina to additional risks, including risks relating to entry into markets or businesses in which Pembina has little or no direct prior experience, increased credit risks through the assumption of additional debt, costs and contingent liabilities and exposure to liabilities of the acquired business or assets.

As part of its value proposition evaluation, Pembina may also desire to divest assets to optimize its operations and financial performance. Pembina may, however, be unable to sell certain assets or, if Pembina is able to sell certain assets, it may not receive the optimal or desired amount of proceeds from such asset sales. Additionally, the timing to close any asset sales could be significantly different than Pembina's expected timeline.

See "*General Risk Factors – Additional Financing and Capital Resources*" below.

Joint Ownership and Third-Party Operators

Certain of Pembina's assets are jointly owned and are governed by partnership or shareholder agreements entered into with third-parties. As a result, certain decisions relating to these assets require the approval of a simple majority of the owners, while others require unanimous approval of the owners. In addition, certain of these assets are operated by unrelated third-party entities. The success of these assets is, to some extent, dependent on the effectiveness of the business relationship and decision-making among Pembina and the other joint owner(s) and the expertise and ability of any third-party operators to operate and maintain the assets. While Pembina believes that there are prudent governance and other contractual rights in place, there can be no assurance that Pembina will not encounter disputes with joint owners or that assets operated by third parties may not perform as expected. Such events could impact operations or cash flows of these assets or cause them to not operate as Pembina expects which could, in turn, have a negative impact on Pembina's business operations and financial results, and could reduce Pembina's expected return on investment, thereby reducing the level of cash available for dividends and to service obligations under Pembina's debt securities and other debt obligations.

Reserve Replacement, Throughput and Product Demand

Pembina's pipeline revenue is based on a variety of tolling arrangements, including fee-for-service, cost-of-service agreements and market-based tolls. As a result, certain pipeline revenue is heavily dependent upon throughput levels of crude oil, condensate, NGL and natural gas. Future throughput on crude oil, NGL and natural gas pipelines and replacement of crude oil and natural gas reserves in the service areas will be dependent upon the activities of producers operating in those areas as they relate to exploiting their existing reserve bases and exploring for and developing additional reserves, and technological improvements leading to increased recovery rates. Similarly, the volumes of natural gas processed through Pembina's gas processing assets depends on the production of natural gas in the areas serviced by the gas processing business and associated pipelines. Without reserve additions, or expansion of the service areas, volumes on such pipelines and in such facilities would decline over time as reserves are depleted. As crude oil and natural gas reserves are depleted, production costs may increase relative to the value of the remaining reserves in place, causing producers to shut-in production or seek out lower cost alternatives for transportation. If, as a result, the level of tolls collected by Pembina decreases, cash flow available for dividends to Shareholders and to service obligations under Pembina's debt securities and Pembina's other debt obligations could be adversely affected.

Over the long-term, the ability and willingness of shippers to continue production will also depend, in part, on the level of demand and prices for crude oil, condensate, NGL and natural gas in the markets served by the crude oil, NGL and natural gas pipelines and gas processing and gathering infrastructure in which Pembina has an interest. Producers may shut-in production at lower product prices or higher production costs.

Global economic events may continue to have a substantial impact on the prices of crude oil, condensate, NGL and natural gas. Pembina cannot predict the impact of future supply/demand or economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel efficiency and energy generation in the energy and petrochemical industries or future demand for and prices of natural gas, crude oil, condensate and NGL. A lower commodity price environment will generally reduce drilling activity and, as a result, the demand for midstream infrastructure could decline. Producers in the areas serviced by Pembina may not be successful in exploring for and developing additional reserves or achieving technological improvements to increase recovery rates and lower production costs during periods of lower commodity prices, which may also reduce demand for midstream infrastructure.

Future prices of these hydrocarbons are determined by supply and demand factors, including weather and general economic conditions as well as economic, political and other conditions in other crude oil and natural gas producing regions, all of which are beyond Pembina's control. The rate and timing of production from proven natural gas reserves tied into gas plants is at the discretion of producers and is subject to regulatory constraints. Producers have no obligation to produce from their natural gas reserves, which means production volumes are at the discretion of producers. Lower production volumes may increase the competition for natural gas supply at gas processing plants, which could result in higher shrinkage premiums being paid to natural gas producers. In addition, lower production volumes may lead to less demand for pipelines and processing capacity and could adversely impact Pembina's ability to re-contract on favourable terms with shippers as current agreements expire.

Pembina's gas processing assets are connected to various third-party trunk line systems. Operational disruptions or apportionment on those third-party systems may prevent the full utilization of Pembina's gas processing assets, which may have an adverse effect on Pembina's business.

Competition

Pembina competes with other pipeline, midstream, marketing and gas processing, fractionation and handling/storage service providers in its service areas as well as other transporters of crude oil, NGL and natural gas. The introduction of competing transportation alternatives into Pembina's service areas could limit Pembina's ability to adjust tolls as it may deem necessary and could result in the reduction of throughput in Pembina's pipelines. Additionally, potential pricing differentials on the components of NGL may result in these components being transported by competing gas pipelines. Pembina is determined to meet, and believes that it is prepared for, these existing and potential competitive pressures, including through agreements which provide for areas of dedication over the geographic areas in which Pembina's pipeline infrastructure is located. Pembina also competes with other businesses for growth and business opportunities, including competition related to potential greenfield development opportunities, which could impact its ability to grow through acquisitions and developments and could impact earnings and cash flow available to pay dividends and to service obligations under Pembina's debt securities and other debt obligations.

See "*Description of Pembina's Business and Operations*".

Reliance on Principal Customers

Pembina sells services and products to large customers within its area of operations and relies on several significant customers to purchase product for the Marketing business. If for any reason these parties are unable to perform their obligations under the various agreements with Pembina, the revenue and dividends of the Company and the operations of Pembina could be negatively impacted, which could also adversely affect the cash flow available for dividends and to service obligations under Pembina's debt securities and other debt obligations. See "*General Risk Factors – Counterparty Credit Risk*" below.

Customer Contracts

Throughput on Pembina's pipelines is governed by transportation contracts or tolling arrangements with various crude oil and natural gas producers. Pembina is party to numerous contracts of varying durations in respect of its gas gathering, processing and fractionation facilities as well as its terminalling and storage services. Any default by counterparties under such contracts or any expiration or early termination of such contracts or tolling arrangements without renewal or replacement, provided that such contracts are material to Pembina's business and operations, may have an adverse effect on Pembina's business and results from operations and there is no guarantee that any of the contracts that Pembina currently has in place will be renewed at the end of their term, including on terms favourable to Pembina, or replaced with other contracts in the event of early termination. Further, some contracts associated with the services described above are comprised of a mixture of firm and non-firm commitments. The revenue that Pembina earns on non-firm or firm commitments without take-or-pay service is dependent on the volume of crude oil, condensate, NGL and natural gas produced by producers in the relevant geographic areas. Accordingly, lower production volumes in these areas, including for reasons such as low commodity prices, may have an adverse effect on Pembina's revenue, which could also adversely affect the cash flow available for dividends and to service obligations under Pembina's debt securities and other debt obligations.

See "*Description of Pembina's Business and Operations*".

Risks Relating to Leases and Rights of Way Access

Certain Pembina facilities and associated infrastructure are located on lands leased or licensed from third parties and such leases and licenses must be renewed from time to time. Failure to renew the leases or licenses on terms acceptable to Pembina could significantly reduce the operations of such facilities and could result in related decommissioning costs for Pembina, pursuant to the terms of such leases or licenses. Successful development of new pipelines or extensions to existing pipelines depends in part on securing leases, easements, rights-of-way, permits and/or licenses from landowners or governmental authorities allowing access for such purposes. The process of securing rights-of-way or similar access is becoming more complex, particularly in more densely populated, environmentally sensitive and other areas. The inability to secure such rights-of-way or similar access could have an adverse effect on Pembina's operations and financial results.

Urban Encroachment Near Leases and Rights of Way

Pembina operates certain assets in or near urban areas. Land use decisions made by municipal governments or other authorities may increase or introduce exposure to the public within defined emergency planning zones, particularly for high vapour pressure (HVP) pipelines. This can increase the potential severity and likelihood of public safety impacts should a failure event occur. Urban encroachment may result in incremental capital expenditures to increase pipeline wall thickness and re-route pipelines so that emergency planning zones can be reduced in size or avoid areas of development. Operational pressures may also be required to be lowered, which reduces throughput. These issues could impact the competitiveness of certain assets and Pembina’s ability to meet customer demand.

Reputation

Reputational risk is the potential risk that market- or company-specific events, or other factors, could result in the deterioration of Pembina's reputation with key stakeholders. Pembina's business and operations, projects and growth opportunities require us to have strong relationships with key stakeholders, including local communities, Indigenous communities and other groups directly impacted by the Company's activities, as well as governments and government agencies.

The potential for deterioration of Pembina's reputation exists in many business decisions, which may negatively impact Pembina's business and the value of its securities. Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, liquidity, regulatory and legal, and technology risks, among others, must all be managed effectively to safeguard Pembina's reputation. Pembina's reputation could also be impacted by the actions and activities of other companies operating in the energy industry, particularly other energy infrastructure providers, over which Pembina has no control. In particular, Pembina's reputation could be impacted by negative publicity related to pipeline incidents, expansion plans or new projects or due to opposition from civilians or organizations opposed to energy, oil sands and pipeline development and, particularly, with transportation of production from oil sands producing regions. Further, Pembina's reputation could be negatively impacted by changing public attitudes towards climate change and the perceived causes thereof, over which the Company has no control. Negative impacts resulting from a compromised reputation, whether caused by Pembina's actions or otherwise, could include revenue loss, reduction in customer base, delays in obtaining regulatory approvals with respect to growth projects, reduced access to capital or decreased value of Pembina's securities and reduced insurance capacity and coverage.

Environmental Costs and Liabilities

Pembina's operations, facilities and petroleum product shipments are subject to extensive national, regional and local environmental, health and safety laws and regulations governing, among other things, discharges to air, land and water, the handling and storage of petroleum products and hazardous materials, waste disposal, the protection of employee health, safety and the environment, and the investigation and remediation of contamination. Pembina's facilities may experience incidents, malfunctions or other unplanned events that may result in spills or emissions and/or result in personal injury, fines, penalties, other sanctions or property damage. Pembina may also incur liability for environmental contamination associated with past and present activities and properties.

Pembina's facilities and pipelines must maintain a number of environmental and other permits from various governmental authorities in order to operate, and these facilities are subject to inspection and audit from time to time. Failure to maintain compliance with regulatory and permit requirements could result in operational interruptions, fines or penalties, or the need to install additional pollution control technology. Licenses and permits must be renewed from time to time and there is no guarantee that a license or permit will be renewed on the same or similar conditions as it was initially granted. There can be no assurance that Pembina will be able to obtain all licenses, permits, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. Further, if at any time regulatory authorities deem any of Pembina's pipelines or facilities unsafe or not in compliance with applicable laws, they may order such facilities to be shut down. Certain significant environmental legislative initiatives that may materially impact Pembina's business and financial results and conditions are outlined below.

On June 29, 2021, the federal government enacted the *Canadian Net-Zero Emissions Accountability Act* ("**Net-Zero Act**"), which legislated a federal commitment to achieve net-zero GHG emissions by 2050 and a nearer-term target of the federal government's Nationally Determined Contribution under the Paris Climate Agreement, which currently is a 40-50% GHG emissions reduction by 2030. The upstream crude oil and natural gas industry is expected to contribute a significant amount of the reduction needed to achieve these goals. On March 29, 2022, the federal government released the first plan under the Net-Zero Act, the "**2030 Emissions Reduction Plan**". The federal government's net-zero strategy includes a number of specific measures described below, but is also expected to affect the decision-making of all federal government bodies, including federal regulators, consistent with, for instance, the application of the SACC to projects subject to the IAA, as described above.

The federal government has mandated a pan-Canadian carbon price pursuant to the GGPPA. The carbon price is $65 per tonne in 2022, rising by $15 per tonne per year until 2030 to a then price of $170 per tonne. The GGPPA establishes a set of minimum national standards for carbon pricing in Canada, which standards apply to provinces that otherwise fail to impose adequate provincial carbon pricing measures. A revised minimum national benchmark released in August 2021 under the GGPPA increased the stringency of the pan-Canadian carbon price and the 2030 Emissions Reduction Plan stated the federal government will explore ways to maintain the carbon price against future legislative changes. In 2021, a majority of the Supreme Court of Canada confirmed that the carbon pricing regime established under the GGPPA is constitutional. The increasing carbon price and any potential future amendments to the GGPPA may impose additional costs on the operations of Pembina and Pembina's customers.

The federal Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) ("**Federal Methane Regulations**"), which require reduction of fugitive and vented gas emissions from the upstream oil and gas sector, came into force on January 1, 2020. The federal government published a discussion paper in March, 2022 and confirmed that the stringency of the Federal Methane Regulations will increase in order to achieve a reduction of oil and gas methane emissions by at least 75 percent below 2012 levels by 2030. Draft regulations to implement this commitment are expected to be released in early 2023 and finalized in 2024, with effect from 2025 onward. The Federal Methane Regulations may impose additional costs on the operations of Pembina and Pembina's customers.

On June 21, 2022, the federal Clean Fuel Regulations came into force, which will require all producers and importers of gasoline and diesel in Canada to reduce or offset the carbon intensity of the fuels they produce or import. The Clean Fuel Regulations are intended to facilitate a decrease in the carbon intensity of gasoline and diesel used in Canada by approximately 15 percent below 2016 levels by 2030, with reductions beginning in 2023. The potential costs and benefits of the Clean Fuel Regulations to Pembina and its customers are continuing to be assessed.

In the 2030 Emissions Reduction Plan and a discussion paper which followed, the federal government has proposed to cap and reduce oil and gas sector GHG emissions in order to achieve an overall reduction of GHG emissions from the sector of 32% below 2005 levels by 2030. The details of this cap and reduction strategy are still in development and Pembina continues to actively monitor such developments.

Alberta currently satisfies federal requirements with respect to output-based carbon pricing for large emitters but has been and continues to be subject to the federal fuel charge pursuant to the GGPPA as of January 1, 2020.

The Technology Innovation and Emissions Reduction Regulation ("**TIER**") is Alberta's output-based carbon pricing regime for large emitters. The TIER facilitates emissions reductions relative to facilities that emitted 100,000 tonnes of GHGs or more in 2016 or any subsequent year. The TIER also allows facilities emitting less than 100,000 tonnes of GHGs but more than 2,000 tonnes of GHGs to opt-in and apply to be regulated as an aggregate facility. Facilities which are subject to the TIER are exempt from the federal output-based carbon price included in the GGPPA as the regimes are currently deemed equivalent. This equivalence may be re-evaluated as the federal government increases the stringency of the benchmark under the GGPPA, but the TIER has, to date, kept pace with that benchmark, including through a December 2022 ministerial order confirming that the TIER carbon price will align with the GGPPA carbon price between 2023 and 2030. Amendments to the TIER came into force on January 1, 2023 and include, among other things, the addition of emissions associated with flaring to the regulated emissions of aggregate oil and gas facilities and the annual tightening of emission reduction benchmarks. As at December 31, 2022, Pembina had ten processing facilities, along with three aggregate facilities (as a result of the opt-in option) subject to the TIER. At present, the operational and financial impacts of TIER are minimal and are anticipated to not change substantially over the next few years, subject to any significant increase in carbon price that may be imposed on Alberta pursuant to the GGPPA, the Net-Zero Act or resulting policies. As more facilities expand and increase production, it is anticipated that additional facilities will become subject to the TIER. The potential costs and benefits to Pembina of those facilities under the TIER are continuing to be assessed.

By an equivalency agreement with the federal government, which came into force October 26, 2020, the Federal Methane Regulations do not currently apply in Alberta. The application of the Federal Methane Regulations in Alberta may change in 2025 or earlier as the federal government works to meet its desired GHG emissions reduction targets. The Methane Emission Reduction Regulation came into force in Alberta on January 1, 2020, and, along with certain AER Directives, imposes largely the same constraints as the Federal Methane Regulations. The Federal Methane Regulations apply in Ontario and Manitoba but not currently, by equivalency agreements similar to that in effect in Alberta, in British Columbia or Saskatchewan.

The Government of Alberta, in its climate change legislation and guidelines, has legislated an overall cap on oil sands GHG emissions. The legislated emissions cap on oil sands operations has been set to a maximum of 100 megatonnes in any year. Oil sands operations emitted approximately 83 megatonnes per year as of 2019. This legislated cap may limit oil sands production growth in the future, and its interaction with the proposed federal oil and gas sector emissions cap is unknown at this time.

Pembina is subject to regulation by the AER under the AER's liability management framework, including the Licensee Management Program, the Inventory Reduction Program, the Licensee Liability Rating Program and the Large Facility Liability Management Program. As of December 1, 2021, Directive 088 came into force and will replace the AER's current Licensee Liability Rating Program over time. Directive 088 institutes a wholistic assessment regime with several different regulatory tools not limited to the current use of security deposits. This wholistic regime currently applies to licence transfers and has implemented the Inventory Reduction Program. Under the Inventory Reduction Program, which became effective on January 1, 2022, all licensees that have liability associated with inactive infrastructure are required to spend a specified amount each year on reclamation activities, or post equivalent security with the AER.

Pembina is subject to regulation by the BCER under the new Permittee Capability Assessment program, which became effective on April 1, 2022. The Permittee Capability Assessment program is aligned with the intent of the AER's Directive 088 to assess licensees wholistically. It assesses the overall risk of the licensee by examining both financial health measures and deemed liabilities. Licensees are then required to provide security deposits or reduce their deemed liabilities such that their assessed risk under the Permittee Capability Assessment program is reduced to zero in a given year. Failure to do so may restrict the licensee's ability to transfer licenses or result in enforcement action by the BCER. Pursuant to the *Energy Statutes Amendment Act, 2022* (British Columbia), the BCER will have broadened authority to impose liability for cleanup, restoration and management of oil and gas infrastructure sites on directors or officers of a current of former permittee, or on a "responsible person," which is broadly defined to include those holding a legal or beneficial interest in petroleum or natural gas rights, production or profits associated with the oil and gas activity at issue, among others. These changes introduced by the *Energy Statutes Amendment Act, 2022* (British Columbia) will come into force by future regulation, the timing of which is uncertain.

Policy reviews relating to climate change, liability management and other environmental issues are ongoing in the jurisdictions in which Pembina operates. Through active participation with industry associations and direct engagement with regulatory bodies, Pembina will continue to monitor and assess for material impacts to Pembina's business as regulations and policies continue to be developed.

While Pembina believes its current operations are in material compliance with applicable environmental, health and safety laws, there can be no assurance that substantial costs or liabilities will not be incurred as a result of non-compliance with such laws. Moreover, it is possible that other developments, such as changes in environmental, health and safety laws, regulations and enforcement policies thereunder, including with respect to climate change, claims for damages to persons or property resulting from Pembina's operations, and the discovery of pre-existing environmental liabilities in relation to Pembina's existing or future properties or operations, could result in significant costs and liabilities to Pembina. If Pembina is not able to recover the resulting costs or increased costs through insurance or increased tolls, cash flow available to pay dividends to Shareholders and to service obligations under Pembina's debt securities and Pembina's other debt obligations could be adversely affected.

Changes in environmental, health and safety regulations and legislation, including with respect to climate change, may also impact Pembina's customers and could result in crude oil and natural gas development and production becoming uneconomical, which would impact throughput and revenue on Pembina's systems and in its facilities.

See "*Risk Inherent in Pembina's Business – Reserve Replacement, Throughput and Product Demand*" above.

While Pembina maintains insurance for damage caused by seepage or pollution from its pipelines or facilities in an amount it considers prudent and in accordance with industry standards, certain provisions of such insurance may limit the availability thereof in respect of certain occurrences unless they are discovered within fixed time periods, which typically range from 72 hours to 30 days. Although Pembina believes it has adequate pipeline monitoring systems in place to monitor for a significant spill of product, if Pembina is unaware of a problem or is unable to locate the problem within the relevant time period, insurance coverage may lapse and may not be available.

Abandonment Costs

Pembina is responsible for compliance with all applicable laws and regulations regarding the dismantling, decommissioning, environmental, reclamation and remediation activities associated with abandonment of its pipeline systems and other assets at the end of their economic life, and these abandonment costs may be significant. An accounting provision is made for the estimated cost of site restoration and is capitalized in the relevant asset category. A provision is recognized if, as a result of a past event, Pembina has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Pembina's estimates of the costs of such abandonment or decommissioning could be materially different than the actual costs incurred. For more information with respect to Pembina's estimated net present value of decommissioning obligations, see Note 15 to the Consolidated Financial Statements, which note is incorporated by reference herein.

The proceeds from the disposition of certain assets, including in respect of certain pipeline systems and line fill, may be available to offset abandonment costs. Pembina may, in the future, determine it prudent or be required by applicable laws or regulations to establish and fund additional reclamation funds to provide for payment of future abandonment costs. Such reserves could decrease cash flow available to pay for dividends to Shareholders and to service obligations under Pembina's debt securities and Pembina's other debt obligations.

To the best of its knowledge, Pembina has complied in all material respects with CER requirements relative to its wholly-owned CER-regulated pipelines for abandonment funding and has completed the compliance-based filings that are required under the applicable CER rules and regulations regarding the abandonment of its pipeline systems and assets. Pembina also has ownership in CER-regulated pipelines including in respect of the Alliance Pipeline, the Tupper pipelines and the Kerrobert pipeline, which are operated by or with its joint venture partners. Pembina and the joint venture partner in each case are responsible for the abandonment funding and the submission of the CER-compliance based filings for those CER-regulated pipelines. Pembina will continue to monitor any regulatory changes prior to the next five-year review and will complete the annual reporting as required by the CER.

Operating and Capital Costs

The operating and capital costs of Pembina's assets may vary considerably from current and forecasted values and rates and represent significant components of the cost of providing service. In general, as equipment ages, costs associated with such equipment may increase over time. In addition, operating and capital costs may increase as a result of a number of factors beyond Pembina's control, including general economic, business and market conditions and supply, demand and/or inflation in respect of required goods and/or services. Dividends may be reduced if significant increases in operating or capital costs are incurred and this may also impact the ability of Pembina to service obligations under its debt securities and other debt obligations.

Although certain operating costs are recaptured through the tolls charged on natural gas volumes processed and crude oil and NGL transported, respectively, to the extent such tolls escalate, producers may seek lower cost alternatives or stop production of their crude oil and/or natural gas.

Hedging Activities

The Company utilizes financial derivative instruments as part of its overall risk management strategy to assist in managing the exposure to commodity price, interest rate, cost of power and foreign exchange risks. As an example of commodity price mitigation, the Company actively fixes a portion of its exposure to fractionation margins through the use of derivative financial instruments. Additionally, Pembina's Marketing business is also exposed to variability in quality, time and location differentials for various products, and financial instruments may be used to offset the Company's exposures to these differentials. However, these hedging arrangements may expose the Company to risk of financial loss in certain circumstances. Further, certain hedging arrangements may limit the benefit the Company would otherwise receive from increases in commodity price, decreases in interest rates and changes in foreign exchange rates. The Company does not trade financial instruments for speculative purposes. Commodity price fluctuations and volatility can also impact producer activity and throughput in Pembina's infrastructure, which is discussed in more detail below.

For more information with respect to Pembina's financial instruments and financial risk management program, see Note 24 to Pembina's Consolidated Financial Statements, which note is incorporated by reference herein.

Risks Relating to NGL by Rail

Pembina's operations include rail loading, offloading and terminalling facilities. Pembina relies on railroads and trucks to distribute its products for customers and to transport raw materials to its processing facilities. Costs for environmental damage, damage to property and/or personal injury in the event of a railway incident involving hydrocarbons have the potential to be significant. At this time, the *Railway Safety Act* (Canada), which governs the operation of railway equipment, does not contemplate regulatory enforcement proceedings against shippers, but consignors and shippers may be subject to regulatory proceedings under the *Transportation of Dangerous Goods Act* (Canada), which specifies, among other things, the obligations of shippers to identify and classify dangerous goods, select appropriate equipment and prepare shipping documentation. While the *Canada Transportation Act* was amended in 2015 to preclude railway companies from shifting liability for third-party claims to shippers by tariff publication alone, major Canadian railways have adopted standard contract provisions designed to implement such a shift. Under various environmental statutes in both Canada and the U.S., Pembina could be held responsible for environmental damage caused by hydrocarbons loaded at its facilities or being carried on its leased rail cars. Pembina partially mitigates this risk by securing insurance coverage, but such insurance coverage may not be adequate in the event of an incident.

Railway incidents in Canada and the U.S. have prompted regulatory bodies to initiate reviews of transportation rules and publish various directives. Regulators in Canada and the U.S. have begun to phase-in more stringent engineering standards for tank cars used to move hydrocarbon products, which require all North American tank cars carrying crude oil or ethanol to be retrofitted and all tank cars carrying flammable liquids to be compliant in accordance with the required regulatory timelines. In addition, in 2020, the Government of Canada directed industry to review and update the rules regarding the transportation of crude oil and liquefied petroleum gas. While most legislative and regulatory changes apply directly to railway companies, costs associated with retrofitting locomotives and rail cars, implementing safety systems, increased inspection and reporting requirements may be indirectly passed on to Pembina through increased freight rates and car leasing costs. In addition, regulators in Canada and the U.S. have implemented changes that impose obligations directly on consignors and shippers, such as Pembina, relating to the certification of product, equipment procedures and emergency response procedures.

In the event that Pembina is ultimately held liable for any damages resulting from its activities relating to transporting NGL by rail, for which insurance is not available, or increased costs or obligations are imposed on Pembina as a result of new regulations, this could have an impact on Pembina's business, operations and prospects and could impact earnings and cash flow available to pay dividends and to service obligations under Pembina's debt securities and other debt obligations.

Risks Related to Diluent Usage in the Oilsands

Oil sands production continues to rely on diluent (primarily condensate) blending to enable transportation of bitumen to markets via pipeline or rail. A shortage, or increase in the price, of diluent may cause oil sands producers' transportation costs to increase, which may result in less demand for the Company's services and have a negative impact on Pembina's financial performance and cash flows. Further, oil sands producers continue to invest in and evaluate technologies and methodologies to reduce the volume of diluent required for product transport. Constraints of diluent supply in the market or increases in diluent costs may accelerate such producers' investments in diluent replacement technologies. A material reduction in diluent demand from oil sands producers, whether as a result of decreased supply, or increased prices, of diluent or due to the successful implementation of diluent reduction technologies, could reduce volumes shipped on Pembina's pipeline assets and reduce demand for capacity at certain of Pembina's facilities particularly for fractionation services, which could, in either case, have a negative impact on Pembina's financial performance and cash flows.

Risk Factors Relating to the Securities of Pembina

Dilution of Shareholders

Pembina is authorized to issue, among other classes of shares, an unlimited number of Common Shares for consideration on terms and conditions as established by the Board of Directors without the approval of Shareholders in certain instances. Existing Shareholders have no pre-emptive rights in connection with such further issuances. Any issuance of Common Shares may have a dilutive effect on existing Shareholders.

Risk Factors Relating to the Activities of Pembina and the Ownership of Securities

The following is a list of certain risk factors relating to the activities of Pembina and the ownership of its securities:

- the level of Pembina's indebtedness from time to time could impair Pembina's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise, which may have an adverse effect on the value of Pembina's securities;

- the uncertainty of future dividend payments by Pembina and the level thereof, as Pembina's dividend policy and the funds available for the payment of dividends from time to time will be dependent upon, among other things, operating cash flow generated by Pembina and its subsidiaries, financial requirements for Pembina's operations, the execution of its growth strategy and the satisfaction of solvency tests imposed by the ABCA for the declaration and payment of dividends;

- Pembina may make future acquisitions or may enter into financings or other transactions involving the issuance of securities of Pembina which may be dilutive to the holders of Pembina's securities;

- the inability of Pembina to manage growth effectively, and realize the anticipated growth opportunities from acquisitions and new projects, could have an adverse impact on Pembina's business, operations and prospects, which may also have an adverse effect on the value of Pembina's securities; and

- the market value of the Common Shares may deteriorate materially if Pembina is unable to meet its cash dividend targets or make cash dividends in the future.

Market Value of Common Shares and Other Securities

Pembina cannot predict at what price the Common Shares, Class A Preferred Shares or other securities issued by Pembina will trade in the future. Common Shares, Class A Preferred Shares and other securities of Pembina will not necessarily trade at values determined solely by reference to the underlying value of Pembina's assets. One of the factors that may influence the market price of the Common Shares and the Class A Preferred Shares is the annual dividend yield of such securities. An increase in interest rates may lead holders and/or purchasers of Common Shares or Class A Preferred Shares to demand a higher annual dividend yield, which could adversely affect the market price of the Common Shares or Class A Preferred Shares. In addition, the market price for Common Shares and the Class A Preferred Shares may be affected by announcements of new developments, changes in Pembina's operating results, failure to meet analysts' expectations, changes in credit ratings, changes in general market conditions, fluctuations in the market for equity or debt securities and other factors beyond the control of Pembina.

Accordingly, holders are encouraged to obtain independent legal, tax and investment advice with respect to the holding of Common Shares or Class A Preferred Shares and other securities issued by Pembina.

General Risk Factors

Health and Safety

The operation of Pembina's business is subject to hazards of gathering, processing, transporting, fractionating, storing and marketing hydrocarbon products. Such hazards include, but are not limited to: blowouts; fires; explosions; gaseous leaks, including sour natural gas; migration of harmful substances; oil spills; corrosion; and acts of vandalism and terrorism. These hazards may interrupt operations, impact Pembina's reputation, cause loss of life or personal injury to the Company's workers or contractors, result in loss of or damage to equipment, property, information technology systems, related data and control systems or cause environmental damage that may include polluting water, land or air. Further, several of the Company's pipeline systems and related assets are operated in close proximity to populated areas and a major incident could result in injury or loss of life to members of the public. A public safety incident could also result in reputational damage to the Company, material repair costs or increased costs of operating and insuring Pembina's assets.

Additional Financing and Capital Resources

The timing and amount of Pembina's capital expenditures and contributions to equity accounted investees, and the ability of Pembina to repay or refinance existing debt as it becomes due, directly affects the amount of cash available for Pembina to pay dividends. Future acquisitions, expansions of Pembina's assets, other capital expenditures and the repayment or refinancing of existing debt as it becomes due may be financed from sources such as cash generated from operations, the issuance of additional Common Shares, Class A Preferred Shares or other securities (including debt securities) of Pembina and borrowings. Dividends may be reduced, or even eliminated, at times when significant capital or other expenditures are made. There can be no assurance that sufficient capital will be available on terms acceptable to Pembina, or at all, to make additional investments, fund future expansions or make other required capital expenditures. During periods of weakness in the global economy, and, in particular, the commodity-related industry sectors, Pembina may experience restricted access to capital and increased borrowing costs. The ability of Pembina to raise capital depends on, among other factors, the overall state of capital markets, Pembina's credit rating, investor demand for investments in the energy industry and demand for Pembina's securities. To the extent that external sources of capital, including the issuance of additional Common Shares, Class A Preferred Shares or other securities or the availability of additional credit facilities, become limited or unavailable on acceptable terms, or at all, due to credit market conditions or otherwise, the ability of Pembina to make the necessary capital investments to maintain or expand its operations, to repay outstanding debt or to invest in assets, as the case may be, may be impaired. To the extent Pembina is required to use operating cash flow to finance capital expenditures or acquisitions or to repay existing debt as it becomes due, the level of dividends payable may be reduced.

Counterparty Credit Risk

Counterparty credit risk represents the financial loss Pembina may experience if a counterparty to a financial instrument or commercial agreement fails to meet its contractual obligations to Pembina in accordance with the terms and conditions of such instruments or agreements with Pembina. Counterparty credit risk arises primarily from Pembina's short-term investments, trade and other receivables, advances to related parties and from counterparties to its derivative financial instruments.

Pembina continues to closely monitor and reassess the creditworthiness of its counterparties, including financial institutions. Pembina may reduce or mitigate its exposure to certain counterparties where it is deemed warranted and permitted under contractual terms. Pembina manages counterparty credit risk through established credit management techniques, including conducting comprehensive financial and other assessments on all high exposure new counterparties. Pembina utilizes various sources of financial, credit and business information in assessing the creditworthiness of a counterparty, including external credit ratings, where available, and, in other cases, detailed financial statement analysis in order to generate an internal credit rating based on quantitative and qualitative factors. The establishment of counterparty exposure limits is governed by a Board-designated counterparty exposure limit matrix which represents the maximum dollar amounts of counterparty exposure by debt rating that can be approved for a particular counterparty.

Financial assurances from counterparties may include guarantees, letters of credit and cash. As at December 31, 2022, letters of credit totaling approximately $168 million (December 31, 2021: $100 million) were held primarily in respect of customer trade receivables.

Pembina has typically collected its receivables in full. At December 31, 2022, approximately 98 percent (December 31, 2021: 98 percent) of receivables were current. Pembina has a general lien and a continuing and first priority security interest in, and a secured charge on, all of a shipper's petroleum products in its custody. The risk of non-collection is considered to be low and no material impairment of trade and other receivables has been made as of the date hereof.

Pembina monitors and manages its concentration of counterparty credit risk on an ongoing basis. Pembina also evaluates counterparty risk from the perspective of future exposure with existing or new counterparties that support future capital expansion projects. Pembina believes these measures are prudent and allow for effective management of its counterparty credit risk but there is no certainty that they will protect Pembina against all material losses. As part of its ongoing operations, Pembina must balance its market and counterparty credit risks when making business decisions.

Debt Service

As at December 31, 2022, Pembina had exposure to floating interest rates on approximately $433 million (2021: $594 million) in debt. Certain borrowings which occur under floating rates have been swapped to fixed rates using derivative financial instruments.

Pembina and its subsidiaries are permitted to borrow funds to finance the purchase of pipelines and other energy infrastructure assets, to fund capital expenditures or other financial obligations or expenditures in respect of such assets and for working capital purposes. Amounts paid in respect of interest and principal on debt incurred in respect of those assets reduce the amount of cash flow available for dividends on Common Shares. Pembina is also required to meet certain financial covenants under the credit facilities and is subject to customary restrictions on its operations and activities, including restrictions on the granting of security, incurring indebtedness and the sale of its assets. In addition, the borrowing costs under the SLL Credit Facility are based on Pembina's performance relative to a GHG emissions intensity reduction performance target. To the extent that Pembina is unable to meet that GHG emissions intensity reduction performance target, or the annual intermediate GHG emissions intensity reduction targets, Pembina's borrowing costs under the SLL Credit Facility will increase, which may adversely affect Pembina's financial position.

The lenders under Pembina's credit facilities have been provided with guarantees and subordination agreements. If Pembina becomes unable to pay its debt service charges or otherwise commits an event of default, payments to the lenders under its credit facilities will rank in priority to dividends.

Although Pembina believes its existing credit facilities are sufficient for its immediate liquidity requirements, there can be no assurance that the amount available thereunder will be adequate for the future financial obligations of Pembina or that additional funds will be able to be obtained on terms acceptable to Pembina, or at all.

Credit Ratings

Rating agencies regularly evaluate Pembina and base their ratings of Pembina's long-term and short-term debt and Class A Preferred Shares on a number of factors. These factors include Pembina's financial strength as well as factors not entirely within Pembina's control, including conditions affecting the industry in which Pembina operates generally and the wider state of the economy. A credit rating downgrade could also limit Pembina’s access to debt and preferred share markets.

Pembina's borrowing costs and ability to raise funds are also directly impacted by its credit ratings. Credit ratings may also be important to suppliers or counterparties when they seek to engage in certain transactions with Pembina. A credit rating downgrade may impair Pembina's ability to enter into arrangements with suppliers or counterparties, engage in certain transactions, limit Pembina's access to private and public credit markets or increase the costs of borrowing under its existing credit facilities. There can be no assurance that one or more of Pembina's credit ratings will not be downgraded.

Reliance on Management, Key Individuals and a Skilled Workforce

Pembina is dependent on senior management and directors of the Company in respect of the governance, administration and management of all matters relating to Pembina and its operations and administration. The loss of the services of key individuals could have a detrimental effect on Pembina. In addition, Pembina's operations require the retention and recruitment of a skilled workforce, including engineers, technical personnel and other professionals. Pembina competes with other companies in the energy industry for this skilled workforce. If the Company is unable to retain current employees and/ or recruit new employees of comparable skill, knowledge and experience, Pembina's business and operations could be negatively impacted. The costs associated with retaining and recruiting key individuals and a skilled workforce could adversely affect Pembina's business opportunities and financial results and there is no assurance that Pembina will continue to attract and retain all personnel necessary for the development and operation of its business.

Indigenous Land Claims and Consultation Obligations

Indigenous people have claimed title and rights to a considerable portion of the lands in western Canada. The successful assertion of Indigenous title or other Indigenous rights claims may have an adverse effect on western Canadian crude oil and natural gas production or oil sands development and may result in reduced demand for Pembina's assets and infrastructure that service those areas, which could have a material adverse effect on Pembina's business and operations.

In Canada, the federal and provincial governments (the "**Crown**") have a duty to consult and, when appropriate, accommodate Indigenous peoples when the interests of the Indigenous peoples may be affected by a Crown action or decision. Crown actions include the decision to issue a regulatory approval relating to activities that may impact Indigenous rights, interests or lands. The Crown may rely on steps undertaken by a regulatory agency to fulfill its duty to consult and accommodate in whole or in part. Therefore, the processes established by regulatory bodies, such as the AER, the BCER, the BCEAO and the CER, often include an assessment of Indigenous rights claims and consultation obligations. While the Crown holds ultimate responsibility for ensuring consultation is adequate, this issue is often a major aspect of regulatory permitting processes. If a regulatory body, or the Crown itself, determines that the duty to consult has not been appropriately discharged relative to the issuance of regulatory approvals required by Pembina, the issuance of such approvals may be delayed or denied, thereby impacting Pembina's Canadian operations.

As described in "*Regulation and Legislation*" above, the CER Act, IAA, and associated amendments to the *Fisheries Act* (Canada) and the *Canadian Navigable Waters Act* (Canada) replaced previously applicable regimes in 2019. A number of the federal regulatory process amendments pertained to the participation of Indigenous groups and the protection of Indigenous and treaty rights. The now-current legislation generally codifies existing law and practice with respect to these matters. For example, decision makers are now expressly required to consider the effects (positive or negative) of a proposed project on constitutionally-protected Indigenous rights, as well as Indigenous peoples themselves, and ensure that consultation is undertaken during the planning phase of impact assessment processes. The legislation also creates a larger role for Indigenous governing bodies in the impact assessment process (enabling the delegation of certain aspects of the impact assessment process to such groups) and requires decision makers to consider Indigenous traditional knowledge in certain cases.

The federal government is advancing recognition of Indigenous rights across Canada. As part of these efforts, the federal government enacted the *United Nations Declaration on the Rights of Indigenous Peoples* ("**UNDRIP**") *Act* on June 21, 2021. The purpose of the legislation is to affirm the application of the UNDRIP in Canadian law, but the practical effects of the legislation are yet to be determined as it only requires the government to prepare and implement an action plan for this application, and annually report on its progress. Structurally similar legislation was enacted by British Columbia in 2019; the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**").

The DRIPA is just one piece of the Government of British Columbia's strategy to include greater First Nation involvement in regulatory decision-making. The recognition of Indigenous rights is also facilitated by the renewed British Columbia *Environmental Assessment Act* (the "**EA Act**") that came into force in late 2019. The EA Act is designed as a "consent-based" environmental assessment model and is intended to support reconciliation with Indigenous peoples and the implementation of the UNDRIP. The legislation requires the BCEAO to seek participating Indigenous groups' consent with respect to, among other things, the decision to issue an environmental assessment certificate to a given project. While the EA Act does not strictly require consent in most cases, the legislation creates significant participation opportunities for Indigenous groups during environmental assessments. Furthermore, the Government of British Columbia is beginning to explore bilateral "Consent Decision-Making Agreements" under the DRIPA which require First Nation consent for certain resource development projects, with one such agreement announced on June 6, 2022. These developments may increase the time required to obtain regulatory approvals or the risk of such approvals and thereby impact Pembina's operations in British Columbia.

Pembina continues to actively monitor the development of the regulations required to facilitate the implementation of the UNDRIP Act, DRIPA, EA Act and the impact that other federal and provincial government initiatives on Indigenous rights may have on its business.

In addition, Pembina is monitoring the impact of the recent judgments of the Supreme Court of British Columbia with respect to First Nation claims, including the claim brought by the Blueberry River First Nation ("**BRFN**") against British Columbia relating to the cumulative impact of industrial development within the BRFN treaty area and the claim brought by Saik'uz First Nation and Stellat'en First Nation (collectively "**Saik'uz**") in nuisance against the Crown and private company Rio Tinto Alcan Inc. The judgments have contributed to the acceleration of the Government of British Columbia's imposition of additional requirements to obtain regulatory approvals for developing pipelines or associated facilities and could cause delays, suspensions, or deferrals in the development of such facilities. They may also impact the current and future activities of producers operating in British Columbia and cause them to decrease production, which could, in turn, reduce such producers' demand for Pembina's existing pipeline capacity and processing assets, and may have an adverse effect on Pembina's business. On January 18, 2023, the Government of British Columbia and BRFN announced that they had reached the Blueberry River First Nations Implementation Agreement in response to the BRFN decision. The agreement creates a framework for how resource development may continue within the BRFN claim area, which includes, among other things, limiting new surface disturbances from oil and gas development in BRFN's claim area to 750 hectares per year while a long-term cumulative effects management regime is developed and implemented. Beyond the BRFN and Saik'uz decisions, at least one First Nation has used DRIPA as justification to challenge British Columbia's mineral tenure regime before the Supreme Court of British Columbia. Pembina continues to actively monitor regulatory developments relating to Indigenous claims in British Columbia; however, Pembina cannot predict future regulatory changes that may arise to address the Court's decisions in these or future cases and any such regulatory changes could impact the operations of Pembina and Pembina's customers.

Potential Conflicts of Interest

Shareholders and other securityholders of Pembina are dependent on senior management and the directors of Pembina for the governance, administration and management of Pembina. Certain directors and officers of Pembina may be directors or officers of entities in competition to Pembina or may be directors or officers of certain entities in which Pembina holds an equity investment in. As such, certain directors or officers of Pembina may encounter conflicts of interest in the administration of their duties with respect to Pembina. Pembina mitigates this risk by requiring directors and officers to disclose the existence of potential conflicts in accordance with Pembina's Code of Ethics Policy and in accordance with the ABCA.

Litigation

In the course of their business, Pembina and its various subsidiaries and affiliates may be subject to lawsuits and other claims, including with respect to Pembina's growth or expansion projects. Defence and settlement costs associated with such lawsuits and claims may be substantial, even with respect to lawsuits and claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal or other proceeding may have a material adverse effect on the financial position or operating results of Pembina.

Changes in Tax Legislation

Tax legislation that Pembina is subject to may be amended (or the interpretation of such legislation may change), retroactively or prospectively, resulting in tax consequences that materially differ from those contemplated by Pembina in the jurisdictions in which Pembina has operations, which may create a risk of non-compliance and re-assessment. While Pembina believes that its tax filing positions are appropriate and supportable, it is possible that governing tax authorities may: (i) amend tax legislation (or its interpretation of such legislation may change), or (ii) successfully challenge Pembina's interpretation of tax legislation, either of which could expose Pembina to additional tax liabilities and may affect Pembina's estimate of current and future income taxes and could have an adverse effect on the financial condition and prospects of Pembina and the distributable cash flow available to pay dividends and to service obligations under Pembina's debt securities and other debt obligations.

Foreign Exchange Risk

Pembina's cash flows, including a portion of its commodity-related cash flows, certain cash flows from U.S.-based infrastructure assets, and distributions from U.S.-based investments in equity accounted investees, are subject to currency risk, arising from the denomination of specific cash flows in U.S. dollars. Additionally, a portion of Pembina's capital expenditures, and contributions or loans to Pembina's U.S.-based investments in equity accounted investees, may be denominated in U.S. dollars. Pembina monitors, assesses and responds to these foreign currency risks using an active risk management program, which may include the exchange of foreign currency for domestic currency at a fixed rate.

Cyber Security

Pembina's infrastructure, technologies and data are becoming increasingly integrated. Such integration creates a risk that the failure of one system, including due to factors such as telecommunication failures, cyber-terrorism, security breaches and intentional or inadvertent user misuse or error, could lead to failure of other systems which may also have an impact on the Company's physical assets and its ability to safely operate such assets. Furthermore, Pembina and its third-party vendors collect and store sensitive data in the ordinary course of business, including personal identification information of employees as well as proprietary business information and that of the Company's customers, suppliers, investors and other stakeholders. Notable cybersecurity threats include unauthorized access to information technology systems due to hacking, viruses, cyber phishing attacks and other causes that can result in service disruptions, system failures and unauthorized access to confidential business information. Due to Pembina's high level of integration, such an attack on the information technology systems of one segment or asset of Pembina could have a material adverse effect on the broader business, operations or financial results of the Company.

As a result of the critical nature of energy infrastructure, the industry has experienced an increasing risk of cyber-attacks. Any breach in the security or failure of Pembina's information technology could result in operational outages, delays, damage to assets or the environment, reputational harm, lost profits, lost data and other adverse outcomes for which Pembina could be held liable, all of which could adversely affect Pembina's reputation, business, operations or financial results. As a result of a cyber-attack or security breach, Pembina could also be liable under laws that protect the privacy of personal information or subject to regulatory penalties.

Political Uncertainty

Political and social events and decisions made in Canada, the U.S. and elsewhere, including changes to federal, provincial, state or municipal governments in Canada and the U.S., may create future uncertainty on global financial and economic markets. This uncertainty may impact the energy industry in Canada and may have an adverse effect on Pembina's business and financial results.

Risks Relating to Breach of Confidentiality

Pembina regularly enters into confidentiality agreements with third parties prior to the disclosure of any confidential information when discussing potential business relationships or other transactions. Breaches of confidentiality could put Pembina at competitive risk and may cause significant damage to its business. There is no assurance that, in the event of a breach of confidentiality, Pembina will be able to obtain equitable remedies from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Concentration of Assets in the Western Canadian Sedimentary Basin

The majority of Pembina's assets are concentrated in the WCSB, which leaves the company exposed to the economic conditions of that area. Pembina mitigates this risk through a diversity of business activities within the area and by owning and operating assets in the U.S.

COVID-19 Related Impacts

In 2022, Pembina's business and operations largely recovered from, and had limited disruption overall as a result of, the impacts of the COVID-19 pandemic. The actions which may be taken in the future by governmental authorities in response to the COVID-19 pandemic may result in, among other things: an overall slowdown in the global economy; a decrease in global energy demand; increased volatility in financial and commodity markets; disruptions to global supply chains; labour shortages; significant impacts to the workforce; reductions in trade volumes; temporary operational restrictions and restrictions on gatherings of individuals, as well as shelter-in-place declarations and quarantine orders; business closures and travel bans; political and economic instability; and civil unrest. The occurrence of new variants of the COVID-19 virus in certain geographic areas, including certain areas in which Pembina operates, and the possibility that a resurgence of the COVID-19 virus or the spread of such new or other variants or mutations thereof may occur in other areas, may result in the re-imposition of certain of the foregoing restrictions or further restrictions by governmental authorities in certain jurisdictions, including certain jurisdictions in which Pembina operates.

Depending on how the COVID-19 pandemic evolves, it may also have the effect of heightening many of the other risks described herein, including the risks relating to Pembina's exposure to commodity prices; the successful completion of

Pembina's growth and expansion projects, including the expected return on investment thereof; Pembina's ability to obtain required equipment, materials or labour; Pembina's ability to maintain its credit ratings; restricted access to capital and increased borrowing costs; Pembina's ability to pay dividends and service obligations under its debt securities and other debt obligations; and otherwise complying with the covenants contained in the agreements that govern Pembina's existing indebtedness.

Impacts of Geopolitical Events in Eastern Europe

While Pembina's operations, based solely in North America, have not been, and are unlikely to be, directly impacted, the current conflict between Ukraine and Russia and the international response has, and may continue to have, potential wide-ranging consequences for global market volatility and economic conditions, including energy and commodity prices, which may, in turn, increase inflationary pressures and interest rates. Certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which have, and may continue to have, far-reaching effects on the global economy and energy and commodity prices. The short-, medium- and long-term implications of the conflict in Ukraine are difficult to predict with any certainty at this time and there remains uncertainty relating to the potential direct and indirect impact of the conflict on Pembina, and it could have a material and adverse effect on the Company's business, financial condition and results of operations. Depending on the extent, duration, and severity of the conflict, it may have the effect of heightening many of the other risks described herein, including, without limitation, the risks relating to Pembina's exposure to commodity prices; the successful completion of Pembina's growth and expansion projects, including the expected return on investment thereof; supply chains and Pembina's ability to obtain required equipment, materials or labour; cybersecurity risks; inflationary pressures; and restricted access to capital and increased borrowing costs as a result of increased interest rates.

Risks Related to Climate Change

Risks Relating to Changing Investor Sentiment in the Oil and Gas Industry

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, concerns of the impact of oil and gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during transportation and concerns of Indigenous rights, have affected certain investors' sentiments towards investing in the oil and gas industry. As a result of these concerns, some investors have announced that they are no longer willing to fund or invest in oil and gas properties or companies and/or are reducing the amount of such investments over time. Additionally, companies across all sectors have been subjected to a heightened level of awareness and scrutiny from institutional, retail and public investors with respect to their ESG practices and, as such, issuers are increasingly being required to develop and implement more robust ESG policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from Pembina's Board of Directors, management and employees. Failure to implement the policies and practices expected by investors may result in such investors reducing their investment in Pembina or not investing in Pembina at all. Any reduction in the investor base interested or willing to invest in the oil and gas industry and, more specifically, Pembina may result in limits on Pembina's ability to access capital, increases to the cost of capital, a downgrade in Pembina's credit ratings and outlooks, and a decrease in the price and liquidity of Pembina's securities even if Pembina's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause a decrease in the value of an asset which may result in an impairment charge.

In October 2022, Pembina published its 2021 Sustainability Report which highlights certain of Pembina's ESG policies and practices, including, but not limited to, energy transition, GHG emissions reduction, employee well-being and culture, health and safety, responsible asset management and Indigenous and community engagement. However, certain investors of Pembina may not be satisfied with the degree and/or speed at which Pembina is implementing and bolstering its ESG policies and practices. If Pembina is unable to meet such investors' expectations, Pembina's business, as well as its reputation, could be adversely affected.

Energy Market Transition

Changing consumer preferences, new technologies, government regulation or other external factors may lead to an acceleration away from fossil-based sources of energy, including energy derived from crude oil and natural gas, to renewable and other alternative sources of energy. This may lead to lower global demand for crude oil and natural gas and related commodities and, in turn, may lead to lower prices for crude oil, natural gas and NGL and related commodities. This could negatively impact the Company's producing customers and lead to less demand for Pembina's services, which could negatively impact the revenue the Company receives from, and the value of, its pipelines, facilities and other infrastructure assets, the useful life of those assets and accelerate the timing of decommissioning.

In addition, Pembina may invest in opportunities related to an energy transition, which may involve investments in businesses, operations or assets relating to renewable or other alternative forms of energy. Such investments may involve certain risks and uncertainties in addition to those identified herein in respect of Pembina's existing businesses, operations and assets, including the obligation to comply with additional regulatory and other legal requirements associated with such businesses, operations or assets and the potential requirement for additional sources of capital to make, develop and/or maintain such investments and Pembina's ability to access such sources of capital. In the event Pembina were to complete such investments, there can be no guarantee that Pembina will realize a return on those investments or businesses, operations or assets that is similar to the returns it receives in respect of its existing business, operations and assets or that would offset any loss in revenue from, or the value of, the Company's existing pipeline, facilities and other infrastructure assets resulting from the impact of the potential energy transition. As a result, any such investment could reduce the level of cash available for dividends and to service obligations under Pembina's debt securities and other debt obligations and may also negatively impact the trading price of Pembina's securities.

Greenhouse Gas Emissions and Targets

Among other sustainability goals, Pembina has committed to reducing GHG emissions intensity of its operations by 30 percent by 2030 (based on a 2019 baseline year). The Company's ability to lower GHG emissions in respect of its 2030 emissions intensity reduction target is subject to numerous risks and uncertainties, and Pembina's actions taken to implement these objectives may also expose the Company to certain additional and/or heightened financial and operational risks. A reduction in GHG emissions intensity relies on, among other things, Pembina's ability to implement and improve energy efficiency at all facilities, future development and growth opportunities, development and deployment of new technologies, investment in lower-carbon power and transition to greater use of renewable and lower emission energy sources. In the event that the Company is unable to implement these strategies and technologies as planned without negatively impacting its expected operations or business plans, or in the event that such strategies or technologies do not perform as expected, the Company may be unable to meet its GHG emissions intensity reduction targets or goals on the current timelines, or at all.

In addition, achieving the Company's GHG emissions intensity reductions target and goals could require significant capital expenditures and resources, with the potential that the costs required to achieve such target and goals materially differ from Pembina's original estimates and expectations, which differences may be material. In addition, while the intent is to improve efficiency and increase the use of renewable and lower-carbon energy, the shift in resources and focus towards GHG emissions reduction could have a negative impact on Pembina's operating results. The overall final cost of investing in and implementing a GHG emissions intensity reduction strategy and technologies in furtherance of such strategy, and the resultant change in the deployment of the Company's resources and focus, could have a material adverse effect on Pembina's business, financial condition and results of operations.

Risks Relating to Weather Conditions

Weather conditions (including those associated with climate change) can affect the demand for and price of natural gas and NGL. As a result, changes in weather patterns may affect Pembina's gas processing business. For example, colder winter temperatures generally increase demand for natural gas and NGL used for heating which tends to result in increased throughput volume on the Alliance Pipeline and at the Company's gas processing facilities and higher prices in the processing and storage businesses. Pembina has capacity to handle any such increased volume of throughput and storage at its facilities to meet changes in seasonal demand; however, at any given time, processing and storage capacity is finite.

Weather conditions (including those associated with climate change) may impact Pembina's ability to complete capital projects, repairs or facility turnarounds on time, potentially resulting in delays and increased costs. Weather may also affect access to Pembina's facilities, and the operations and projects of Pembina's customers or shippers, which may impact the supply and/or demand for Pembina's services. With respect to construction activities, in areas where construction can be conducted in non-winter months, Pembina attempts to schedule its construction timetables so as to minimize potential delays due to cold winter weather.

Changes and/or extreme variability in weather patterns, including with respect to the impact on the geophysical environment, as well as increases in the frequency of extreme weather events, such as floods, cyclones, hurricanes, droughts and forest fires, increases the potential risk for Pembina's assets, including operational disruptions, transportation difficulties, supply chain disruptions, employee safety incidents, and damage to assets, which may result in lower revenues, higher costs or project delays.

See also "*Risk Factors – Risks Inherent in Pembina's Business – Environmental Costs and Liabilities*"; and "*Risk Factors – Risks Inherent in Pembina's Business – Reputation*".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the directors and executive officers of Pembina, none of the directors or executive officers of Pembina, and no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of the Common Shares, and no associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction with Pembina since January 1, 2017 that has materially affected Pembina, or in any proposed transaction that would reasonably be expected to materially affect Pembina.

MATERIAL CONTRACTS

Other than as set forth herein, no contracts material to Pembina and its subsidiaries were entered into during 2022 or 2023 to date or are currently in effect, other than contracts entered into in the ordinary course of business.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set forth herein, there are no outstanding legal proceedings, or regulatory actions, penalties or sanctions imposed by a court or regulatory body material to Pembina to which Pembina or any of its direct or indirect subsidiaries is or was a party or in respect of which any of the properties of Pembina or any of its direct or indirect subsidiaries are or were subject, during Pembina's most recent financial year, nor are there any such proceedings, actions, penalties or sanctions known to be contemplated.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Common Shares, the Class A Preferred Shares, the Medium Term Notes and the Subordinated Notes, Series 1 is Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta, Canada and Toronto, Ontario, Canada. The co-transfer agent and registrar for the Common Shares in the U.S. is Computershare Investor Services U.S., at its principal offices in Golden, Colorado, U.S.

INTERESTS OF EXPERTS

KPMG LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Company under all relevant U.S. professional and regulatory standards.

ADDITIONAL INFORMATION

Additional information relating to Pembina filed with the Canadian securities commissions and the SEC can be found on Pembina's profile on the SEDAR website at www.sedar.com, the EDGAR website at www.sec.gov, and on Pembina's website at www.pembina.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Pembina's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in Pembina's management information circular for its most recent annual meeting of Shareholders that involved the election of directors. Additional financial information relating to Pembina is provided in Pembina's Financial Statements and MD&A, which have also been filed on SEDAR and EDGAR.

Any document referred to in this Annual Information Form and described as being filed on SEDAR at www.sedar.com and on EDGAR at www.sec.gov (including those documents referred to as being incorporated by reference in this Annual Information Form) may be obtained free of charge from us by contacting Pembina's Investor Relations Department by telephone (toll free 1-855-880-7404) or by email (investor-relations@pembina.com).

AUDIT COMMITTEE CHARTER

PEMBINA

I. ROLE AND OBJECTIVES

The Audit Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Pembina Pipeline Corporation (the "Corporation") to which the Board has delegated certain oversight responsibilities relating to the Corporation's financial statements, the external auditors, the internal audit function, compliance with legal and regulatory requirements and management information technology. In this Charter, the Corporation and all entities controlled by the Corporation are collectively referred to as "Pembina".

The Committee carries out its responsibilities with a view to the purpose of Pembina, and its role is to support Pembina's commitment to providing sustainable industry-leading total returns to investors.

The objectives of the Committee are to maintain oversight of:

(a) the integrity of Pembina's financial statements, the reporting process and internal controls over financial reporting;

(b) the relationship, reports, qualifications, independence and performance of the external auditor;

(c) the internal audit function;

(d) the financial risk identification, assessment and management program;

(e) compliance with legal and regulatory requirements related to financial reporting and financial controls;

(f) management of information technology related to financial reporting and financial controls; and

(g) maintenance of open avenues of communication among management of the Corporation, the external auditors, the internal auditors and the Board.

II. MEMBERSHIP AND ACCESS

The Board will appoint or reappoint members of the Committee. Each member shall serve until his or her successor is appointed unless the member resigns, is removed or ceases to be a director. The Board may add or remove members of the Committee or fill a vacancy that occurs in the Committee at any time.

The Committee must be composed of not less than three (3) members of the Board, each of whom must be independent pursuant to the Corporation's Standards for Director Independence and financially literate as determined by the Board using its business judgment. In addition, at least one member must be an "audit committee financial expert" within the meaning of that term under the United States Securities Exchange Act of 1934, as amended, and the rules adopted by the United States Securities and Exchange Commission thereunder. The Board Chair, in consultation with the Governance, Nominating and Corporate Social Responsibility Committee, will appoint or reappoint the Chair of the Committee from amongst its members.

The Committee may at any time retain outside financial, legal or other advisors as it determines necessary to carry out its duties, at the expense of Pembina. Pembina shall provide for appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of: (i) compensation to the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for Pembina, (ii) compensation to any advisors employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

In discharging its duties under this Charter, the Committee may investigate any matter brought to its attention and will have access to all books, records, facilities and personnel, may conduct meetings or interview any officer or employee, the Corporation's legal counsel, external auditors and consultants, and may invite any such persons to attend any part of any meeting of the Committee.

The Committee has neither the duty nor the responsibility to conduct audit, accounting or legal reviews, or to ensure that the Corporation's financial statements are complete, accurate and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); rather, management is responsible for the financial reporting process, internal review process, and the preparation of the Corporation's financial statements in accordance with IFRS, and the Corporation's external auditor is responsible for auditing those financial statements.

III. FUNCTIONS

A. Pembina's Financial Statements, the Reporting Process and Internal Controls over Financial Reporting

The Committee will meet with management, the internal auditor and the external auditor to review and discuss annual and quarterly financial statements, management's discussion and analyses ("MD&A"), the earnings press releases, and other financial disclosures and determine whether to recommend the approval of such documents to the Board.

(a) In connection with these procedures, the Committee will, as applicable and without limitation, review and discuss with management, internal audit and the external auditor:

i. the information to be included in the financial statements and financial disclosures which require approval by the Board including Pembina's annual and quarterly financial statements, notes thereto, MD&A and earnings press releases paying particular attention to any use of "pro forma", "adjusted" and "non-GAAP" information, and ensuring that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the financial statements;

ii. any significant financial reporting issues identified during the reporting period;

iii. any change in accounting policies, or selection or application of accounting principles, and their impact on the results and the disclosure;

iv. all, significant risks and uncertainties identified and significant estimates and judgments made in connection with the preparation of Pembina's financial statements that may have a material impact to the financial statements;

v. any significant deficiencies or material weaknesses identified by management, internal auditors or the external auditor, compensating or mitigating controls and final assessment and impact on disclosure;

vi. any major issues as to the adequacy of the internal controls and any special audit steps adopted in light of material control deficiencies;

vii. significant adjustments identified by management, internal auditor, or the external auditor and assessment of associated internal control deficiencies, as applicable;

viii. any unresolved issues between management and the external auditor that could materially impact the financial statements and other financial disclosures;

ix. any material correspondence with regulators, government agencies, any employee or whistleblower complaints, reports of non-compliance which raise issues regarding the Corporation's financial statements or accounting policies and significant changes in regulations which may have a material impact on the Corporation's financial statements;

x. the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures;

xi. the competencies and performance of employees in the Corporation's internal audit department and identify staffing needs;

xii. significant matters of concern respecting audits and financial reporting processes, including any illegal acts, that have been identified in the course of the preparation or audit of Pembina's financial statements; and

xiii. any analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements including analyses of the effects of IFRS on the financial statements.

(b) In connection with the annual audit of Pembina's financial statements, the Committee will review with the external auditor:

i. prior to commencement of the annual audit, plans, scope, staffing, engagement terms and proposed fees;

ii. reports or opinions to be rendered in connection therewith including the external auditor's review or audit findings report including alternative treatments of significant financial information within IFRS that have been discussed with management and associated impacts on disclosure; and

iii. the adequacy of internal controls, any audit problems or difficulties, including:

a) any restrictions on the scope of the external auditor's activities or on access to requested information;

b) any significant disagreements with management, and management's response (including discussion among management, the external auditor and, as necessary, internal and external legal counsel);

c) any litigation, claim or contingency, including tax assessments and claims, that could have a material impact on the financial position of the Corporation; and

d) the impact on current or potential future disclosures.

In connection with its review of the annual audited financial statements and quarterly financial statements, the Committee will also review any significant concerns raised during the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") certifications with respect to the financial statements and Pembina's disclosure controls and internal controls. In particular, the Committee will review with the CEO, CFO, internal auditor and external auditor: (i) all significant deficiencies, material weaknesses or significant changes in the design or operation of Pembina's internal control over financial reporting that could adversely affect Pembina's ability to record, process, summarize and report financial information required to be disclosed by the Corporation in the reports that it files or submits under applicable securities laws, within the required time periods; and (ii) any fraud, whether or not material, that involves management of Pembina or other employees who have a significant role in Pembina's internal control over financial reporting. In addition, the Committee will review with the CEO, CFO and the internal auditor Pembina's disclosure controls and procedures and at least annually will review management's conclusions about the efficacy of disclosure controls and procedures, including any significant deficiencies, material weaknesses or material non-compliance with disclosure controls and procedures.

The Committee will also maintain a Whistleblower Policy, including procedures for the:

(a) receipt retention and treatment of complaints received, including those regarding accounting, internal accounting controls or auditing matters; and

(b) confidential, anonymous submissions of concerns, including those regarding questionable accounting or auditing matters.

B. The External Auditor

The Committee, in its capacity as a committee of the Board, is directly responsible for overseeing the relationship, reports, qualifications, independence and performance of the external auditor and audit services by other registered public accounting firms engaged by the Corporation. The Committee shall have the authority and responsibility to recommend to the Board the appointment and the revocation of the appointment of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and to fix their remuneration.

The external auditor will report directly to the Committee. The Committee's appointment of the external auditor is subject to annual approval by the Shareholders.

With respect to the external auditor, the Committee is responsible for:

(a) recommending to the Board the appointment, termination, compensation, retention and oversight of the work of the external auditor engaged by the Corporation including the review and approval of the terms of the external auditors annual engagement letter and the proposed fees;

(b) resolution of disagreements or disputes between management and the external auditor regarding financial reporting for audit, review or attestation services;

(c) pre-approval of all legally permissible non-audit services to be provided by the external auditors considering the potential impact of such services on the independence of external auditors and, subject to any *de minimis* exemption available under applicable laws. Such approval can be given either specifically or pursuant to preapproval policies and procedures adopted by the committee including the delegation of this ability to one or more members of the Committee to the extent permitted by applicable law, provided that any pre-approvals granted pursuant to any such delegation may not delegate Committee responsibilities to management of Pembina, and must be reported to the full Committee at the first scheduled meeting of the Committee following such pre-approval;

(d) obtaining and reviewing, at least annually, a written report by the external auditor describing the external auditor's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues and all relationships between the external auditors and the Corporation;

(e) review of the external auditor which assesses three key factors of audit quality for the Committee to consider and assess including: independence, objectivity and professional skepticism; quality of the engagement team; and quality of communications and interactions with the external auditor. A written comprehensive review of the external auditor to be considered if required each year and completed at least every five (5) years which will include an:

i. assessment of quality of services and sufficiency of resources provided by the external auditor;

ii. assessment of auditor independence, objectivity and professional skepticism;

iii. assessment of value of services provided by the external auditor;

iv. assessment of written input from external auditor summarizing:

a) background of firm, size, resources, geographical coverage, relevant industry experience, including reputational challenges, systemic audit quality issues identified by Canadian Public Accountability Board ("CPAB") and Public Company Accounting Oversight Board ("PCAOB") in public reports;

b) industry experience of the audit team and plans for training and development of the team;

c) how the external auditor demonstrated objectivity and professional skepticism during the audit;

d) how the firm and team met all criteria for independence including identification of all relationships that the external auditor has with the Corporation and its affiliates and steps taken to address possible institutional threats;

e) involvement of engagement quality control review ("EQCR") partner and significant concerns raised by the EQCR partner;

f) matters raised to national office or specialists during the review;

g) significant disagreements between management and the external auditors and steps taken to resolve;

h) satisfaction with communication and cooperation with management and the Committee; and

i) findings and firm responses to reviews of the Corporation by CPAB and PCAOB;

v. communication of the results of the comprehensive review of the external auditor to the Board and recommending that the Board take appropriate action, in response to the review, as required. It is understood that the Committee may recommend tendering the external auditor engagement at their discretion. In addition to rotation of the EQCR partner as required by law, the Committee, together with the Board, will also consider whether it is necessary to periodically rotate the external audit firm itself. It will be at the discretion of the Committee if the incumbent external auditor is invited to participate in the tendering process; and

vi. setting clear hiring policies for Pembina regarding external auditor partners and employees and former partners and employees of the present and former external auditor of the Corporation. Before any external auditor partner, senior manager or manager is offered employment by the Corporation, prior approval from the Committee Chair must be received and a one year grace period must pass from the date any work was completed on a Pembina audit engagement before an external auditor employee can be considered for contract or employment by the Corporation.

C. The Internal Audit Process

The Committee, in its capacity as a committee of the Board will carry out the following responsibilities with regard to the internal audit function:

(a) review with management and the head of internal audit the charter, activities, staffing, and organizational structure of internal audit, including the performance of the internal audit function;

(b) have final authority to review and approve the annual internal audit plan and all major changes to the plan;

(c) annually convey its view of the performance of the head of internal audit to the Senior Vice President and Chief Financial Officer as input into the compensation approval process;

(d) ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the head of internal audit; and

(e) on a regular basis, meet separately with the head of internal audit to discuss any matters that the Committee or the head of internal audit believes should be discussed privately.

D. Other

The Committee will also:

(a) meet separately with management, the Chief Financial Officer, the internal auditor, the external auditor and, as is appropriate, internal and external legal counsel and independent advisors in respect of issues not elsewhere listed concerning any other audit, finance or financial risk matters;

(b) review the appointment of the CFO and any other key financial executives who are involved in the financial reporting process;

(c) review the Corporation's information technology practices and developments as they relate to financial reporting;

(d) from time to time discuss the staffing levels and competencies of the finance team with the External Auditor;

(e) review incidents, alleged or otherwise, as reported by whistleblowers, management, internal audit, the external auditor, internal or external counsel or otherwise, of fraud, illegal acts or conflicts of interest and establish procedures for receipt, treatment and retention of records of incident investigations;

(f) assist board oversight in respect of issues not elsewhere listed concerning the integrity of the listed company's financial statements, the listed company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of the listed company's internal audit function and independent auditors;

(g) monitor the funding exposure of the Corporation's pension plan;

(h) receive and review reports from the Corporate Pension Committee at Pembina and recommend or approve changes as appropriate with respect to risk management of pension assets and liabilities, actuarial valuation as required by statute, the Statement of Investment Policies and Procedures, funding policy and corporate performance for the pension plans;

(i) jointly with the Human Resources and Compensation Committee, report on the status of the pension plans to the Board at least annually; and

(j) have the authority and responsibility to recommend the appointment and the revocation of the appointment of registered public accounting firms (in addition to the external auditors) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and to fix their remuneration.

In addition, the Committee will perform such other functions as are assigned by law and the Corporation's by-laws, and on the instructions of the Board.

IV. MEETINGS

The Committee will meet quarterly, or more frequently at the discretion of the members of the Committee, as circumstances require.

Additionally, the external auditor may call a meeting of the Committee provided the external auditor abides by the notice requirements set forth below.

Notice of each meeting of the Committee will be given to each member and to the internal and external auditors, who are invited to attend each meeting of the Committee. 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, and in any event with reasonably sufficient time to review documentation.

A quorum for a meeting of the Committee is a majority of the members present in person, by video conference, webcast or telephone.

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

At each meeting, the Committee will meet "in-camera", without management or internal or external auditors present, and will meet in separate sessions with each of the head of internal audit and the lead partner of the external auditor at least annually.

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

Minutes will be kept of all meetings of the Committee. 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 Committee, the Board, and the external auditor.

V. ADDITIONAL RESPONSIBILITIES

A. Review of Charter

The Committee shall review and reassess the adequacy of this Charter at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Governance, Nominating and Corporate Social Responsibility Committee.

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.

C. Financial Risk Management

The Committee shall provide oversight of financial risk management with respect to the areas outlined in this Charter.

D. Evaluation

The assessment of the Committee shall be facilitated annually by the Board Chair.

E. Reporting and Board Advisory Role

The Committee shall report regularly to the Board on its activities, including the results of meetings and reviews undertaken, and any associated recommendations. The Committee shall periodically facilitate and promote education of the Board with regard to the matters set out in this Charter, including education sessions with external consultants at the Committee's discretion.

The Committee shall facilitate information sharing with other Board committees as required to address matters of mutual interest or concern in respect of matters set out in this Charter. The Committee will perform such other functions as are assigned by law and the Corporation's by-laws, and on the instructions of the Board.

CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Scott Burrows, certify that:

1. I have reviewed this annual report on Form 40-F of Pembina Pipeline Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting;

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 23, 2023

/s/ "J. Scott Burrows″

Name: J. Scott Burrows
Title: President and Chief Executive Officer

CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Cameron J. Goldade, certify that:

1. I have reviewed this annual report on Form 40-F of Pembina Pipeline Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting;

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 23, 2023

/s/ *"Cameron J. Goldade"*

Name: Cameron J. Goldade
Title: Senior Vice President & Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Pembina Pipeline Corporation (the "Company") on Form 40-F for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Scott Burrows, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly represents, in all material respects, the financial condition and results of the operations of the Company.

Date: February 23, 2023

/s/ *"J. Scott Burrows"*

J. Scott Burrows
President and Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Pembina Pipeline Corporation (the "Company") on Form 40-F for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cameron J. Goldade, Senior Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly represents, in all material respects, the financial condition and results of the operations of the Company.

Date: February 23, 2023

/s/ *"Cameron J. Goldade"*

Cameron J. Goldade
Senior Vice President & Chief Financial Officer

KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB T2P 4B9
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Consent of Independent Registered Public Accounting Firm

To the Board of Directors of Pembina Pipeline Corporation:

We consent to the use of:

- our report dated February 23, 2023, on the consolidated financial statements of Pembina Pipeline Corporation (the "Entity") which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the related consolidated statements of earnings and comprehensive income, changes in equity, and cash flows for each of the years then ended, and the related notes, and

- our report dated February 23, 2023 on the effectiveness of the Entity's internal control over financial reporting as of December 31, 2022

each of which is included in the annual report on Form 40-F of the Entity for the fiscal year ended December 31, 2022.

We also consent to the incorporation by reference of such reports in the Registration Statement No. 333-261207 on Form F-10 of the Entity.

/s/ KPMG LLP

Chartered Professional Accountants
Calgary, Canada
February 23, 2023