

# DIRECTOR INDEPENDENCE GUIDELINES



## I. GENERAL INFORMATION

The independence of all directors of Pembina Pipeline Corporation ("Pembina") will be reviewed at least annually by the board to determine the independence of each of its members in light of the specific requirements set out below. The ultimate determination of whether a director is independent depends on whether or not the director has a direct or indirect (such as by virtue of being a partner, shareholder or officer of an organization that has a relationship with Pembina) "material relationship" with Pembina<sup>1</sup>. In addition, applicable legislation sets out specific instances where an individual is deemed to have a "material relationship" with Pembina and as a result, would be incapable of being independent of Pembina (such instances are set out in more detail below).

These Independence Guidelines meet or exceed the requirements set out in *National Policy 58-201 – Corporate Governance Guidelines, National Instrument 52-110 - Audit Committees*, the U.S. Securities and Exchange Commission rules and regulations, the *Sarbanes-Oxley Act of 2002* and the New York Stock Exchange (NYSE) rules, as may be in force at the time. These Independence Guidelines may be amended from time to time by the board and will be amended when necessary to comply with regulatory requirements.

## II. DEFINITIONS

"Immediate Family Member" includes a person's spouse or adult interdependent partner, parents, step-parents, children, step-children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees who are employees of the person or the person's Immediate Family Member) who shares the person's home.

"Officer" means a chair, vice chair, chief executive officer, president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice president in charge of a principal business unit, division or function (including sales, finance, or production) and any other officer or person who performs a policy-making function for such entity. Officers of subsidiaries or parents of an entity will be deemed to be Officers of the entity if they perform policy-making functions for the entity.

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<sup>1</sup> Unless otherwise indicated, in these Independence Guidelines, the term "Pembina" includes any parent or subsidiary in a consolidated group with Pembina Pipeline Corporation, and references to any other entity or organization includes any parent or subsidiary in a consolidated group with such other entity or organization.

Where these Independence Guidelines refer to a particular corporate characteristic, the reference should be read to also include any equivalent characteristic of a non-corporate entity.

### III. INDEPENDENCE OF DIRECTORS

- (a) As noted above, to be considered independent, the board must affirmatively determine that a director does not have any direct or indirect material relationship with Pembina. In making independence determinations, the board should broadly consider all relevant facts and circumstances. In particular, when assessing the materiality of a director's relationship with Pembina, the board should consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. However, as the concern is independence from management, ownership of even a significant amount of stock, by itself, is not a bar to an independence finding.
- (b) In addition, a director will not be independent if:
- (i) the director is, or has been within the last three years, an employee or Officer of Pembina, or an Immediate Family Member is, or has been within the last three years, an Officer of Pembina other than (A) a Chief Executive Officer on an interim basis; or (B) a chair or vice chair of the board of directors or of any committee of the board on a part time basis;
  - (ii) the director or an Immediate Family Member received during any twelve month period within the last three years more than the lesser of Cdn. \$75,000 or U.S. \$120,000 in direct compensation from Pembina, other than: (A) director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); (B) compensation received for prior service as an interim chief executive officer; and (C) compensation received by an Immediate Family Member for service as an employee of Pembina (other than an Officer);
  - (iii) (A) the director or an Immediate Family Member is a current partner of a firm that is Pembina's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an Immediate Family Member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or Immediate Family Member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on Pembina's audit within that time;
  - (iv) the director or an Immediate Family Member is, or has been within the last three years, employed as an Officer of another entity where any of Pembina's present Officers at the same time serves or served on that entity's compensation committee (or its equivalent); or

- (v) the director is a current employee or an Immediate Family Member is a current Officer of another entity that has made payments to, or received payments from, Pembina for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of U.S. \$1,000,000 or 2% of such other entity's consolidated gross revenues.
- (c) Contributions to tax exempt organizations shall not be considered "payments" under section (b)(v) above, provided however that Pembina shall disclose on its website or in its management information circular and SEC Annual Report on Form 40-F, any such contributions made by Pembina to any tax exempt organization in which any independent director of Pembina serves as an Officer, director or trustee if, within the preceding three years, contributions in any single fiscal year from Pembina to the tax exempt organization exceeded the greater of U.S. \$1,000,000 or 2% of the organization's consolidated gross revenues.

## IV. Loans to Directors

Pembina will not, including through subsidiaries, maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any directors.

## V. Committee Members

All members of the Audit Committee, the Human Resources, and Compensation Committee and the Governance, Nominating and Corporate Social Responsibility Committee shall be independent pursuant to these Independence Guidelines. A majority of the members of the Safety, Environment and Operational Excellence Committee shall be independent pursuant to these guidelines. Members of Pembina's Audit and Human Resources and Compensation Committees will also be required to meet the additional criteria set out below to be considered independent for the purposes of membership on those committees.

## VI. Audit Committee Members

In addition to satisfying the specific requirements set out above, directors who are members of Pembina's Audit Committee will not be considered independent for purposes of membership on the Audit Committee if:

- the Audit Committee member is an Affiliate of Pembina or any subsidiary of Pembina (other than as a result of being a director of Pembina or such subsidiary);
- the Audit Committee member is (i) both a director and an employee of an Affiliate of Pembina or (ii) an Officer, general partner or managing member of an Affiliate of Pembina;
- the Audit Committee member or his or her spouse, minor child or stepchild, or child or stepchild sharing a home with the Audit Committee member accepts any consulting, advisory or other compensatory fee from Pembina or any subsidiary of Pembina, apart from in his or her capacity as a member of the board or of any other committee of the board, and other fixed amounts of

compensation under a retirement plan (including deferred compensation) for prior service with Pembina (provided such compensation is not contingent in any way on continued service); or

- the Audit Committee member is a partner, member, managing director, Officer or person occupying a comparable position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to Pembina) of a firm which provides consulting, legal, accounting, investment banking or financial advisory services to Pembina or any subsidiary of Pembina for fees, regardless of whether the Audit Committee member personally provided the services for which the fees are paid.

For the purposes of the above, an "Affiliate" of Pembina means a person that directly, or indirectly through one or more intermediaries, controls Pembina, and includes, without limitation, Officers of Pembina. Although the determination of a person's status as an Affiliate requires an analysis of all of the applicable facts and circumstances, a person shall not be deemed to be an "Affiliate" of Pembina Pipeline Corporation, for these purposes, if the person is (a) not the beneficial owner, directly or indirectly of more than 10% of any class of voting equity securities of Pembina Pipeline Corporation and (b) the person is not an Officer of Pembina Pipeline Corporation.

## VII. Human Resources and Compensation Committee Members

In addition to satisfying the specific requirements set out above, in affirmatively determining the independence of any director who will serve on the Human Resources and Compensation Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to Pembina which is material to that director's ability to be independent from management in connection with the duties of a Human Resources and Compensation Committee member, including, but not limited to:

- the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by Pembina to such director; and
- whether such director is affiliated with Pembina or any subsidiary of Pembina or an Affiliate of Pembina.