

## I. INTRODUCTION

The Board of Directors (the “Board”) of AltaGas Ltd. (the “Corporation”) is committed to maintaining a high standard of corporate governance and has adopted the following corporate governance guidelines (“Guidelines”) to provide an overall governance framework.

These Guidelines should be read in conjunction with the Corporation’s Articles, By-laws, Code of Business Ethics, policies, mandates for the Board and its committees and any position descriptions for the Chair of the Board, the Lead Director or the Chief Executive Officer (“CEO”) that may be established from time to time. These Guidelines do not create any legally binding obligations and shall not impose or create a higher duty upon or increase the liability of the Corporation, its Board or any of its directors or management, beyond that otherwise provided by applicable law.

## II. ROLE OF THE BOARD AND MANAGEMENT

1. The Board has the statutory authority and obligation to act honestly and in good faith with a view to the best interests of the Corporation. The Board will fulfill its obligations in accordance with the Articles and Bylaws of the Corporation, the mandate established for the Board and applicable law.
2. The Board, directly and through its committees, oversees the management of, and provides stewardship over, the Corporation’s business and affairs in a manner consistent with applicable law and the Board’s mandate.
3. The Board has plenary power. Any authority not delegated to a committee of the Board, Chair of the Board, Lead Director, CEO or to management remains with the Board. The day-to-day leadership and management of the Corporation has been delegated to the CEO and management.
4. The Board establishes appropriate limits on management’s delegated authority. These limits may not be exceeded without prior Board or, if applicable, appropriate committee approval.
5. The fundamental responsibility of the CEO is to provide leadership and oversee the day-to day operations and the corporate and strategic objectives of the Corporation. The CEO’s duties and responsibilities are further specified, refined and delineated in the position description established for the CEO, which may be amended from time to time, and as otherwise specified and delegated by the Board from time to time. The CEO shall keep the Board, directly and through the Chair of the Board, fully informed in a timely, candid and transparent manner of corporate developments and progress towards the achievement of the Corporation’s strategic objectives and of any material deviations from the strategic plans, objectives and policies established by the Board.

## III. COMPOSITION OF THE BOARD

6. Chair. The Board will appoint a Chair of the Board. The fundamental responsibility of the Chair of the Board is to provide leadership to the Board. The duties and responsibilities for the Chair are delineated in a position description established for the Chair, which may be amended from time to time.

7. Lead Director. If the Chair of the Board is not independent, the Board will appoint a Lead Director. The fundamental responsibility of the Lead Director is to provide independent leadership to the Board to ensure that the Board functions independently of management. The duties and responsibilities for the Lead Director are delineated in a position description for the Lead Director, which may be amended from time to time. In the Lead Director's absence, the Chair of the Governance Committee or the director who has served on the Board the longest will assume the responsibilities of the lead director with respect to meetings of independent directors.
8. Board Size. The Corporation's articles of amalgamation provide for a minimum of three (3) and a maximum of fifteen (15) directors. The Board shall regularly assess the optimum size of the Board and will take into consideration various factors.
9. Independence. The Board shall consist of a majority of independent directors. The Board shall regularly assess independence in accordance with applicable law. Directors shall promptly advise the Corporate Secretary of any changes in their relationships or interests that might bear on their independence. Determinations regarding the independence of directors or director nominees will be disclosed in the Corporation's annual management information circular.

#### **IV. COMMITTEES**

10. Committees. The Board has delegated certain of its responsibilities to four standing committees of the Board ("Committees") and has established mandates for each of the Committees. In accordance with their respective mandates, Committees examine proposals and assess compliance and, where appropriate, approve or make recommendations to the Board. Committees do not act or make decisions on behalf of the Board unless expressly mandated or otherwise delegated by the Board to do so. The Board has established the following standing committees:

- Audit Committee ("AC")
- Environment, Health and Safety Committee ("EHSC")
- Governance Committee ("GC")
- Human Resources and Compensation Committee ("HRCC")

The Board may establish additional standing committees and *ad hoc* committees from time to time.

11. Committee Membership. Committee members, including Committee chairs, are elected by the Board on the recommendation of the GC. The AC, GC and HRCC will be composed entirely of independent directors, while the EHSC will be composed of a mix of independent and non-independent directors. With respect to AC members or potential members, the GC will also consider a Director's financial literacy and the number of other audit committees or boards that such Director serves on.
12. Committee Rotation. The Board, upon the recommendation of the GC, will periodically consider rotation in Committee leadership and membership in a way that recognizes and balances the needs for new ideas, continuity and maintenance of functional expertise.

## V. DIRECTOR NOMINATIONS AND QUALIFICATIONS

13. Board Nominees. The Board approves the nomination of directors and has delegated the selection process to the GC. The GC serves as the Board's nominating committee and has accountability for the oversight of the Board succession planning process and for making recommendations to the Board for the appointment of new Board members. As a group, the Board should possess the competencies, skills and characteristics necessary to develop and oversee the implementation of the strategic vision of the Corporation and such other qualities as the Board and the GC shall identify from time to time. These qualities include knowledge, experience, high ethics and standards, integrity, independent judgement, understanding of the Corporation's business and a willingness to devote adequate time to Board duties. The GC also considers diversity in nominees in accordance with policies established by the Board from time to time.
14. Shareholder Nominees. The Board will consider nominees submitted by shareholders in accordance with procedures specified in the Corporation's Advance Notice By-law and applicable law. The Board will evaluate the qualifications of those candidates using the same criteria as used for determining its other Board nominees.
15. Policy on Diversity and Gender Diversity. The Board has adopted a policy which sets out diversity criteria, including gender diversity, to be considered when appointing nominees and evaluating Board effectiveness.
16. Director Elections and Majority Voting. Directors stand for election each year at the annual meeting of shareholders of the Corporation. When directors are to be elected by shareholders, nominees shall be presented on the proxy voting form individually rather than as a slate. In the case of uncontested elections, each director standing for election acknowledges and agrees that any nominee who receives a greater or equal number of votes withheld/against than in favour of his or her election will be considered not to have the support of shareholders. In such circumstances, the Board and the director will follow the Corporation's Majority Voting Policy and applicable law.
17. Director Tenure. The Board, through these Guidelines, has established a policy that a director will not be nominated for re-election at the 15<sup>th</sup> or any subsequent annual meeting of shareholders following the date such director was first elected or appointed. For purposes of this policy, all directors who were on the Board in 2015 were deemed to have been first elected at the 2015 annual meeting of shareholders when this policy was first applied.
18. Retirement Age. The Board, through these Guidelines, has established a policy that a director will not be nominated for re-election after they have reached age 75.
19. Employment Changes. A director shall provide notice to the GC of any change in employment so that any potential conflicts of interest may be considered.
20. Other Public Boards. Directors may serve on the boards of other public entities and together on the boards and committees of other public entities as long as these roles and common memberships do not affect their ability to exercise independent judgement while serving on the Board. A director shall seek the approval of the GC before agreeing to serve on any new board and shall advise the GC of any actual or potential interlocks when they become aware of the same.

21. Performance Standard. Each director is responsible for bringing constructive counsel to the Board and Committee meetings, consistent with a director's statutory and fiduciary obligations to the Corporation. Each Director shall advance the interests of the Corporation and the effectiveness of the Board, by bringing his or her knowledge and experience to bear on the strategic and operational issues facing the Corporation, by preparing for and participating in meetings of the Board and its Committees, and by enhancing his or her familiarity with the Corporation and its business, people and competitive environment. Each Director shall conduct himself or herself in a manner that does not compromise his or her independence from management or compromise independent decision-making.

## **VI. MEETINGS**

22. Frequency. The Board will meet at least six times per year, which shall include one meeting each quarter to review and approve financial results, at least one meeting for review of the strategic planning process, and at least one meeting for review and approval of the budget for the following financial year.

23. Attendance. While directors are expected to attend Board and Committee meetings in person as much as possible, attendance by teleconference call or other electronic means that allow the directors to hear each other is also permitted. A director may attend, as an observer, any meeting of a Committee of which the director is not a member.

24. In camera Sessions. With a view to facilitating regular open and candid discussion among independent directors, sessions comprised solely of independent directors will be held in conjunction with each regularly scheduled meeting of the Board or Committee or otherwise as deemed appropriate.

25. Urgent Matters. From time to time, with respect to urgent matters, Board and Committee meetings may be held by teleconference calls or other electronic means that allow the directors to hear each other. In accordance with the Corporation's By-laws, the directors acknowledge and agree that the notice provisions in the Bylaws are deemed to be waived in these situations if all directors participate in the call or otherwise acknowledge receipt of notice of the meeting.

26. Meeting Agendas. The Chair of the Board will establish the agenda for each Board meeting in conjunction with the CEO and Corporate Secretary. Board members may make recommendations regarding the agenda. The chair of each Committee, in consultation with the Chair of the Board, the Corporate Secretary and appropriate members of management, shall develop agendas for Committee meetings. Sufficient time shall be allocated to ensure that all questions can be answered.

27. Meeting Materials. Directors will receive materials sufficiently in advance of meetings for items to be acted upon. Management will ensure that presentations on specific subjects at Board meetings will be briefly summarized in the materials sent to directors in advance so that discussion can be focused on questions and decisions regarding the materials.

28. Access to Management. The Board shall have complete access to management of the Corporation upon notice and the Board encourages the CEO to make available those members of management who can provide additional insight because of their involvement in the matters being discussed. The Board, and the chair of any Committee, with the concurrence of the Chair of the Board, may request the attendance of any employee at a meeting. Management and employee attendees are excused for any agenda items that are reserved for discussion among directors only.

29. Access to Advisors. The Board and any of its Committees may, at the expense of the Corporation, engage the services of independent advisors at any time the Board deems it necessary.

30. Related Party Transaction. If a director or officer of the Corporation:

- a. is a party to the contract or transaction;
- b. is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or
- c. has a material interest in a party to the contract or transaction;

then such director or officer shall disclose to the Board, in writing or by requesting to have it entered in the minutes of meeting of the Board or the appropriate Committee, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with the Corporation. A director required to make such disclosure shall not vote on any resolution to approve the contract or transaction unless the contract or transaction: (i) relates primarily to his or her remuneration as a director, officer, employee or agent or mandatary of the Corporation or an affiliate; (ii) is for indemnity or insurance pertaining to his or her role as a director or officer; or (iii) is with an affiliate.

## **VII. COMPENSATION AND EQUITY OWNERSHIP**

31. Compensation. The GC will periodically review the adequacy and form of Director's compensation to ensure that it is competitive, reasonable and aligns with the compensation paid to directors of corporate peers and realistically reflects the responsibilities and risk involved in being a director. Management directors will not receive additional compensation for Board service.

32. Director Equity Ownership. To support the alignment of financial interests of non-employee Directors with those of the Corporation's shareholders, the Board has adopted an equity ownership requirement for such Directors. Directors must achieve an equity ownership level of three times the value of their annual retainer within a five year period commencing on the later of October 29, 2014 or their date of formal appointment as a director. It is the Board's policy that, until such equity ownership level is attained, a director will elect to receive not less than 50% of such director's annual cash retainer in deferred share units.

## **VIII. PERFORMANCE, EVALUATIONS AND SUCCESSION PLANNING**

33. Director Orientation and Education. The Board will ensure that new directors are appropriately introduced and oriented to the Corporation and its businesses as well as to the Board and its Committees, and that Directors receive the necessary ongoing education and development.

34. Code of Business Ethics. Directors shall conduct themselves in a manner consistent with the Code of Business Ethics (COBE) in place from time-to-time, and all applicable policies thereunder. Without limiting the generality of the foregoing, each director shall ensure that they are not put in a position where their own interests conflict with the interests of the Corporation and that all potential conflicts of interest are promptly disclosed to the Corporate Secretary and the GC.

35. Director Evaluation. The Board will ensure there is a process in place for annually evaluating the effectiveness and contribution of the Board, the Committees and the individual Directors. The Chair of the Board and the GC oversee the completion of this annual process. The objective of this review

is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The results of such reviews will be used to identify areas of excellence and any areas where the directors and/or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation.

36. CEO Evaluation. The Board, based upon information provided by the HRCC, evaluates the performance of the CEO annually. The evaluation is based on criteria which include the Corporation's performance, the achievement of the Corporation's strategic plan objectives, the CEO's fulfillment of the CEO's leadership role, and other objectives established at the beginning of each year. The Board supports annual advisory votes by the shareholders on executive compensation.
37. Succession Planning. The Board believes that succession planning, candidate development and talent retention are important to the Corporation's long-term success. Succession plans will be reviewed regularly by the appropriate Committee, discussed with the Chair of the Board and Lead Director, and reported to the Board. The Board may engage outside advisors in connection with this process.

## **IX. CORPORATE COMMUNICATION**

38. Public Disclosure. Although the Board approves the content of the Corporation's principal public communications, it is the function of management, through its Disclosure Committee, to communicate on behalf of the Corporation with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that the Chair of the Board or other individual Directors may, from time to time, be requested by the CEO to assist with such communications.
39. Stakeholder Communication. It is expected that when communications from stakeholders are made to the Chair of the Board or other individual Directors, the CEO, if appropriate, will be informed and consulted to determine any appropriate response to be made.

## **X. REVIEW, MODIFICATION AND WAIVER OF GUIDELINES**

The GC shall review these Guidelines periodically and submit any recommended changes to the Board for approval. These Guidelines may only be amended or modified in any material respect with the approval of the Board, and only the Board may waive compliance with a provision hereof, subject to applicable laws and regulatory requirements.