

## 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 and supporting policies, mandates for the Board and its committees and position descriptions for the Chair of the Board and the Chief Executive Officer (“CEO”) as amended 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, CEO or 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 Board will appoint the CEO. The CEO will provide leadership, oversee day-to day operations and ensure execution of the strategic objectives of the Corporation. The CEO’s duties and responsibilities are delineated in a position description, which may be amended from time to time by the Board, 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 relevant information.

## III. COMPOSITION OF THE BOARD

6. Chair. The Board will appoint an independent director as Chair of the Board. The primary 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, which may be amended from time to time by the Board.
7. Board Size. The Corporation’s articles 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 as may be recommended by the governance committee of the Board.

8. Independence. The Board shall consist of a majority of independent directors. 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. The Board shall regularly assess independence in accordance with applicable law. Directors shall promptly advise the Corporate Secretary of any changes in their relationships, employment or interests that might impact their independence. Determinations regarding the independence of directors or director nominees by the Board will be disclosed in the Corporation's annual management information circular, as required.

#### IV. COMMITTEES

9. 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 provided in their respective mandates or the Board otherwise delegates them the authority 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.

10. 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 may be composed of a mix of independent and non-independent directors. With respect to AC members or potential members, the GC will consider a director's financial literacy and expertise and the number of other audit committees or boards that such director serves on.
11. Committee Rotation. The Board, upon the recommendation of the GC, will periodically consider rotation in Committee leadership and membership in a way that recognizes the balance between maintaining continuity and functional expertise with fresh perspectives and viewpoints.

#### V. MEETINGS

12. 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 plan, and at least one meeting for review and approval of the budget for the following financial year.
13. 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.
14. 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.

15. **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. 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.
16. **Meeting Agendas.** The Corporate Secretary, together with the CEO and the Chair of the Board, will establish the agenda for each Board meeting. Board members may make recommendations regarding the agenda. Management, together with the relevant Committee chair, will develop agendas for Committee meetings. Sufficient time shall be allocated to ensure that all questions can be answered. The use of consent agendas for administrative or non-contentious matters is permitted. If a director determines that an item on the consent agenda requires discussion, it may be removed from the consent agenda.
17. **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 material matters, questions and decisions.
18. **Access to Management.** The Board shall have access to management of the Corporation and may request the attendance of any employee at a meeting as may be required to ensure the effectiveness of Board function.
19. **Access to Advisors.** The Board and any of its Committees may, at the expense of the Corporation, engage the services of independent advisors when deemed necessary or advisable.
20. **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.

## **VI. DIRECTOR NOMINATIONS AND QUALIFICATIONS**

21. 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 oversee the business and affairs of the Corporation including in relation to the implementation of the strategic vision of the Corporation and the identification of risks.
22. 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.
23. 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 which includes an aspirational target with respect to female representation on the Board. The Board will also comply with the disclosure requirements with respect to diversity set out in the *Canada Business Corporations Act*.
24. 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 or applicable law, whichever is more stringent.
25. 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.
26. 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.
27. Other Public Boards. Directors may serve on the boards of other public entities and may serve 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 notify the GC before agreeing to serve on any new board and shall advise the Chair of the GC of any actual or potential interlocks when they become aware of the same.
28. 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, culture and competitive environment. 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.

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

29. Director Assessment. The Board will ensure there is a process in place for annually assessing 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 ensure continuous improvement in the Board's execution of its responsibilities. The results of such reviews will be used to identify areas of excellence, gaps in skills and areas for improvement.
30. CEO Evaluation. The Board evaluates the performance of the CEO annually. The evaluation is based on review of the HRCC's recommendation of the CEO's performance against set objectives. The Board supports annual advisory votes by the shareholders on executive compensation.
31. Succession Planning. The Board believes that succession planning, candidate development and talent retention are important to the Corporation's long-term success. Succession plans for directors and executive officer will be reviewed annually. The Board may engage outside advisors in connection with this process if deemed necessary.
32. 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.

## **VIII. COMPENSATION AND EQUITY OWNERSHIP**

33. 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. The Board approves director compensation on the recommendation of the GC. Management directors will not receive additional compensation for Board service. The HRCC approves and recommends executive compensation.
34. Director Equity Ownership. To support the alignment of financial interests of non-employee directors with those of the Corporation's shareholders, the GC has adopted an equity ownership requirement for such directors. Directors must achieve an equity ownership level of three times the value of their annual Board retainer (including cash and equity) within a five year period commencing on the date of their formal appointment as a director. Once the equity ownership level is attained, a director may elect to receive a portion of such director's equity retainer in restricted share units rather than deferred share units.
35. Officer Equity Ownership. To support the alignment of financial interests of officers with those of the Corporation's shareholders, the HRCC has adopted an equity ownership requirement for officers, which must be achieved within five years, as follows:
  - a. CEO – 5x
  - b. CFO – 3x
  - c. Executive Officers – 3x

## **IX. CORPORATE COMMUNICATION**

36. Public Disclosure. The Board establishes policies to ensure the timely disclosure and communication of material information to the public and within those policies establishes spokespersons authorized to communicate such information publicly.
37. Board Shareholder Engagement Strategy. The Board will regularly review and assess its shareholder engagement strategy, including areas of focus and means of communication.

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

The GC shall review these Guidelines annually and submit any recommended changes to the Board for approval. Only the Board may waive compliance with a provision hereof, subject to applicable laws and regulatory requirements.