

Veresen Inc.
Notice of Meeting
Annual Meeting of Shareholders

Veresen Inc. is holding its annual meeting of shareholders.

The details are:

Date: Wednesday, May 4, 2016 at 2:00 p.m. (Calgary time)

**Place: Livingston Place (South Tower) in the Livingston Club Conference Centre, Plus 15,
222 – 3rd Avenue S.W., Calgary, Alberta**

The purpose of the meeting is to:

1. Receive our audited consolidated financial statements as at and for the years ended December 31, 2015 and 2014, and the auditor's report thereon.
2. Elect directors for the following year or until their successors are elected or appointed.
3. Appoint PricewaterhouseCoopers LLP, Chartered Accountants, as our independent auditor for the following year.
4. Ratify, authorize and approve our Long-Term Incentive Plan and certain amendments to all outstanding unit awards previously granted thereunder, as further described in this Information Circular.
5. Transact such other business as may be properly brought before the meeting or any adjournment of the meeting.

If you are a shareholder of Veresen Inc. of record as of the close of business on March 14, 2016, you are entitled to vote at the meeting or any adjournment thereof.

If you cannot attend the meeting, you may vote by mail, by using the internet or by telephone. See page 1 of the accompanying Information Circular for information on how to vote. Your proxy will be valid if it is properly completed and signed and Computershare Trust Company of Canada receives it by 2:00 p.m. (Calgary time) on Monday, May 2, 2016 or, if the meeting is adjourned, at least 48 hours (excluding weekends and holidays) before the time set for the adjourned meeting. The chair of the meeting has the discretion to accept late proxies.

(signed) *"Autumn Howell"*

Autumn Howell
Corporate Secretary
March 14, 2016

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Veresen Inc.

Information Circular

Annual Meeting of Shareholders

In this Information Circular, any references to *Veresen Inc., the Corporation, we, our* or *us* refer to Veresen Inc. The information in this Information Circular is as of March 14, 2016, unless otherwise noted.

General Proxy Matters

Solicitation of Proxies

This Information Circular is provided in connection with the solicitation of proxies by the management of Veresen Inc. for the annual meeting (Meeting) of holders of common shares of Veresen Inc. (Common Shares) and for any adjournment of the Meeting. The Meeting will be held on Wednesday, May 4, 2016 at 2:00 p.m. (Calgary time) at Livingston Place (South Tower) in the Livingston Club Conference Centre, Plus 15, 222 – 3rd Avenue S.W., Calgary, Alberta. The Notice of Meeting accompanying this Information Circular describes the purpose of the Meeting.

Solicitation of proxies will be primarily by mail, but our directors or officers may also solicit proxies personally by telephone or by other means of communication. We will pay the solicitation costs, which are expected to be nominal.

Appointment of Proxyholders

The management nominees for proxyholder named in the enclosed form of proxy are our executive officers. **A shareholder has the right to appoint a person - who need not be a shareholder - as proxyholder to attend and act for him or her at the Meeting instead of the management nominees named in the form of proxy. To exercise such right, the shareholder must insert the name of the proxyholder in the blank space provided for that purpose in the form of proxy.**

In order to be valid, a shareholder or an attorney of such shareholder authorized in writing must sign a form of proxy. If a shareholder is a corporation, it must sign the form of proxy under corporate seal or an authorized officer or attorney of the corporation must sign the form of proxy. You may vote by proxy in one of the following ways:

- (i) by mailing or delivering the signed form of proxy to Computershare Trust Company of Canada at 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1;
- (ii) by using the internet at www.investorvote.com; or
- (iii) for shareholders in Canada and the United States, by calling the following toll free number: 1-866-732-VOTE (8683).

Your proxy will be valid if it is properly completed and signed and Computershare Trust Company of Canada (Computershare) receives it by 2:00 p.m. (Calgary time) on Monday, May 2, 2016 or, if the Meeting is adjourned, at least 48 hours (excluding weekends and holidays) before the time set for the adjourned Meeting. The chair of the Meeting has the discretion to accept late proxies.

Revocation of Proxies

A shareholder may revoke a proxy given for use at the Meeting or any adjournment thereof at any time before the use of such proxy. As well as revoking in any other way permitted by law:

- (i) a shareholder, or an attorney of such shareholder authorized in writing, may revoke the proxy by signing a written proxy cancellation; or
- (ii) if a shareholder is a corporation, it may revoke the proxy by a written proxy cancellation signed under corporate seal or by an authorized officer or attorney of the corporation.

The proxy cancellation document must be received by our Corporate Secretary, c/o Computershare Trust Company of Canada, at 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1:

- (i) no later than 5:00 p.m. (Calgary time) on Monday, May 2, 2016, or
- (ii) if the Meeting is adjourned, up to and including the last business day preceding the date set for the adjourned Meeting, or

alternatively, given to the chair of the Meeting on the day of the Meeting or the day of any adjourned Meeting. The proxy is revoked when the proxy cancellation notice is delivered in one of these ways.

Exercise of Discretion by Proxyholders

The enclosed form of proxy affords a shareholder an opportunity to specify that the Common Shares registered in his or her name be:

- (i) voted for, or withheld from voting for, the election of those persons identified in this Information Circular as our directors for the following year or until their successors are elected or appointed;
- (ii) voted for, or withheld from voting for, the appointment of our auditor for the following year; and
- (iii) voted for, or against, the ratification, authorization and approval of our Long-Term Incentive Plan and certain amendments to all outstanding unit awards previously granted thereunder.

The management proxyholders named in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the directions of the shareholder appointing them on any ballot that may be called for at the Meeting or any adjournment thereof. **Without these directions, the proxyholders will vote such Common Shares at the Meeting or any adjournment thereof in favour of all of the matters referred to in the Notice of Meeting.**

The enclosed form of proxy gives discretionary authority to the persons named therein with respect to any amendments or variations to matters referred to in the Notice of Meeting and to any other business which may properly come before the Meeting. At the time of printing this Information Circular, management knows of no such amendments, variations or other business to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any amendment, variation or other business properly comes before the Meeting, the enclosed form of proxy gives discretionary authority to the

persons named therein to vote on any such amendment, variation or other business in accordance with their best judgment.

Under the notice and access provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers* (the Instrument) reporting issuers are permitted to deliver proxy-related materials by posting them on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com as well as a website other than SEDAR and sending a notice package to registered and beneficial owners. The notice-and-access system can also be used by reporting issuers to deliver annual financial statements and corresponding management discussion and analysis.

The notice package must include: (i) the relevant form of proxy or voting information form; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the information circular and other material disclosure documents if applicable; and (iv) a plain-language explanation of how the notice-and-access system operates and how proxy-related materials can be accessed online. Consistent with the period of time within which a reporting issuer must fulfill requests for paper copies of proxy-related materials, any person using the notice-and-access system must ensure that proxy-related materials are on the non-SEDAR website for a period of one year from the date of posting.

We intend to use notice-and-access for our proxy-related communications with shareholders. Notwithstanding the notice-and-access system, the *Business Corporations Act* (Alberta) (ABCA) subjects us to two additional requirements. First, we must deliver the annual financial statements to registered shareholders unless such registered shareholders inform us in writing that they do not want a copy of the annual financial statements. A registered shareholder that does not waive the delivery of the annual financial statements must be provided a written copy of such statements unless they provide written consent to electronic delivery. Second, we are required to deliver a printed copy of the information circular to a registered shareholder unless such shareholder provides written consent to electronic delivery. In order to ensure compliance with the ABCA, registered shareholders will be mailed a copy of this information circular.

Voting of Common Shares

General

On March 14, 2016, there were 303,096,627 Common Shares issued and outstanding. Each Common Share gives its holder the right to one vote. Two persons present and holding or representing by proxy at least 25% of the Common Shares entitled to vote at the Meeting constitute a quorum.

We have prepared, as of the close of business on March 14, 2016, a list of registered shareholders entitled to receive the Notice of Meeting and the number of Common Shares held by each such shareholder. A shareholder named in the list is entitled to vote the Common Shares shown opposite his or her name at the Meeting except to the extent that such shareholder has transferred the ownership of his or her Common Shares after March 14, 2016 and the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included in the list of registered shareholders eligible to vote at the Meeting, in which case the transferee of the Common Shares will be entitled to vote such Common Shares at the Meeting. Any shareholder may examine the list of registered shareholders during usual business hours at our head office or at the Meeting. The register of transfers will not be closed.

Advice to Beneficial Shareholders

The information described in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as beneficial shareholders) should note that only proxies deposited by shareholders whose names appear on our records as the registered shareholders can be recognized and acted upon at the Meeting. If an account statement supplied to a client by a broker lists Common Shares, then, in almost all cases, those Common Shares are not registered in the shareholder's name on our records. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. The vast majority of the Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted upon the instructions of the beneficial shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, beneficial shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from beneficial shareholders in advance of meetings of shareholders. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by beneficial shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a beneficial shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered holders of Common Shares. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the beneficial shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (Broadridge). Broadridge typically prepares a Voting Instruction Form (VIF), mails the VIF to the beneficial shareholders, and asks beneficial shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be presented at the Meeting. **A beneficial shareholder receiving a VIF from Broadridge cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although a beneficial shareholder may not be recognized directly at the Meeting for purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a beneficial shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names as proxyholders in the blank space on the form of proxy provided to them. Such beneficial shareholders should return their form of proxy well in advance of the Meeting to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent).

There are two types of beneficial shareholders:

- (i) those who object to their name being made known to the issuers of the securities that they own (OBOs), and
- (ii) those who do not object to their name being made known to the issuers of the securities that they own (NOBOs).

Under the Instrument, issuers may request and obtain a list of their NOBOs from intermediaries through their transfer agent, namely Computershare in our case. We may use this NOBO list for the distribution of proxy-related materials directly (not through Broadridge) to NOBOs.

We have decided to use the provisions of the Instrument that permit us to directly deliver proxy-related materials to our NOBOs. As a result, NOBOs can expect to receive a scanable VIF from Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided for that purpose. In addition, Computershare provides for both telephone voting and internet voting as described in the VIF, which contains complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs it receives.

Principal Holders of Common Shares

To the knowledge of our directors or executive officers, no person beneficially owns, or controls or directs, directly or indirectly, 10% or more of the outstanding Common Shares on March 14, 2016.

Election of Directors

General

Pursuant to its articles, Veresen Inc. must have between three and 15 directors. This year, our board of directors (Board) has determined to maintain the size of our Board at nine directors, and the nine individuals named below are proposed to be elected by the shareholders as directors of the Corporation. Each director elected holds office until the next annual meeting or until his or her successor is duly elected or appointed. Each of the nominees is "independent" within the meaning of National Policy 58-201 – *Corporate Governance Guidelines* except Don Althoff who is the President and Chief Executive Officer of the Corporation. Each of the persons named below was elected as a director of Veresen Inc. at the annual meeting of holders of Common Shares held on May 6, 2015 other than Mr. Doug Arnell who is being nominated as a director for the first time at the Meeting.

As described below under "Election of Directors – Majority Voting for Directors", the election of each individual director of the Corporation will be effected by an ordinary resolution requiring the approval of more than 50% of the votes cast in person or by proxy in respect of such election.

Majority Voting for Directors

Our Board has adopted a policy stipulating that if the number of Common Shares voted in favour of the election of a particular director nominee at a shareholders' meeting is less than the number of Common Shares voted and withheld from voting for that nominee, the nominee will promptly submit his or her resignation to our Board after the Meeting, with the resignation to take effect upon acceptance by our Board. The Corporate Governance and Nominating Committee of our Board will consider the director nominee's offer to resign and will make a recommendation to our Board as to whether or not to accept the resignation. The Corporate Governance and Nominating Committee will be expected to recommend that the Board accept the resignation except in special circumstances. In considering whether or not to accept the resignation, the Corporate Governance and Nominating Committee will consider all factors that it deems relevant including, without limitation, the stated reasons why shareholders "withheld" votes from the election of that nominee, the existing Board composition, the length of service and the qualifications of the director whose resignation has been tendered, the director's contributions to the Corporation and attendance at previous meetings, the Corporation's corporate governance policies and such other skills and qualities as the Corporate Governance and Nominating Committee deems to be relevant.

Our Board will consider the Corporate Governance and Nominating Committee's recommendation and make a decision as to whether to accept the director's resignation within 90 days of the date of the Meeting, which it will announce by way of a press release, including, if our Board elects, the reasons for rejecting the resignation.

In considering whether to accept the director's resignation, our Board will consider the factors considered by the Corporate Governance and Nominating Committee and such additional factors it considers to be relevant. No director who is required to tender his or her resignation shall participate in the deliberations or recommendations of the Corporate Governance and Nominating Committee or our Board.

If a director's resignation is accepted, subject to any corporate law restrictions, our Board may leave the resultant vacancy unfilled until the next annual general meeting. Alternatively, at our Board's discretion, it may fill the vacancy through the appointment of a new director whom our Board considers appropriate or it may call a special meeting of shareholders at which there will be presented nominees supported by our Board to fill the vacant position or positions. The foregoing policy does not apply in circumstances involving contested director elections.

Description of Nominees

Set forth below is information regarding each of the nine nominees proposed to be elected as directors of the Corporation at the Meeting.

Don Althoff
Calgary, Alberta, Canada
(Age: 59)



Biography:

Don Althoff is a senior business executive with a proven track record of delivering results across a range of energy businesses. He has deep knowledge of the fuels supply chain marketplace, including manufacturing, pipeline, terminal, trading and retail sales. Previously, Mr. Althoff was Chief Executive Officer of Flex Fuels US LLC from July 2008 to September 2012. Prior thereto he was with BP PLC and Amoco Corporation for 27 years. Mr. Althoff holds a Bachelor of Engineering from the University of Illinois, has completed financial management studies at Indiana University, and management programs at Stanford and Harvard universities.

Director Since: November 8, 2012
Principal Occupation: President and Chief Executive Officer of Veresen Inc.
Committee Membership: N/A
Other Public Directorships: Alliance Pipeline Ltd.

<i>Common Shares Owned</i>	<i>DSUs/RSUs Held</i>	<i>LTIP Units Held</i>
66,398	50,588	201,872

Doug Arnell
Vancouver, British Columbia, Canada
(Age: 49)



Biography: Doug Arnell is the President and Chief Executive Officer of Helm Energy Advisors Inc., a private company founded by Mr. Arnell in March 2015 that provides advisory services to the global energy sector. Prior thereto, from September 2010 to March 2015, Mr. Arnell was employed with Golar LNG Ltd, including as Chief Executive Officer from February 2011 to March 2015, a US public company focused on owning and operating LNG midstream floating assets. Prior thereto, he held various senior positions within the BG Group of companies from 2003 to 2010 and with other energy companies prior to that. Mr. Arnell has a Bachelor of Science Degree in Mechanical Engineering from the University of Calgary.

Director Since: N/A
Principal Occupation: President and Chief Executive Officer of Helm Energy Advisors Inc.
Committee Membership: N/A
Other Public Directorships: Golar LNG Partners LP

<u>Common Shares Owned</u>	<u>DSUs Held</u>
Nil	Nil

J. Paul Charron
Calgary, Alberta, Canada
(Age: 58)



Biography: Paul Charron is the Chairman and Chief Executive Officer of CanEra Inc., a private oil and gas company. Previously, from 2010 to 2014, Mr. Charron was the President and Chief Executive Officer of CanEra Energy Corp., a private oil and gas company, and from 2008 to 2010 he was the President and Chief Executive Officer of CanEra Resources Inc., a private oil and gas. Prior to that, Mr. Charron was President and Chief Executive Officer of Canetic Resources Trust and its predecessor, Acclaim Energy Trust, held the position of Vice President, Finance and Chief Financial Officer of Ketch Energy Ltd., senior positions with the Investment Banking group of BMO Nesbitt Burns Inc. and was Vice President, Finance of Morrison Petroleum Ltd. Mr. Charron has also served as a director of a number of public companies in the oil and gas industry. Mr. Charron holds a Bachelor of Commerce degree from the University of Ottawa and is a Chartered Accountant.

Director Since: January 17, 2011
Principal Occupation: Chairman and Chief Executive Officer of CanEra Inc.
Committee Membership: Human Resources and Compensation Committee (Chair)
 Corporate Governance and Nominating Committee
Other Public Directorships: None

<u>Common Shares Owned</u>	<u>DSUs Held</u>
35,000	30,552

Maureen E. Howe
Vancouver, British Columbia, Canada
(Age: 58)



Biography: Formerly a Managing Director at RBC Capital Markets in equity research, Maureen Howe was regularly a top ranked analyst in Canada by independent industry surveys. She specialized in the area of energy infrastructure, which included power generation, transmission and distribution, oil and gas transmission and distribution, gas processing, and alternative energy. Prior to joining RBC Capital Markets, Ms. Howe held finance positions in the utility industry, investment banking and portfolio management. Ms. Howe is a director and Chair of the Audit Committee at TimberWest Forest Corp., a private timber company, a director and Chair of the Investment Committee at the Insurance Corporation of British Columbia, Chairperson of the University of British Columbia Phillips, Hager & North Centre for Financial Research, and is a director of the Canadian Securities Institute Research Foundation. 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.

Director Since: May 1, 2012
Principal Occupation: Retired Businesswoman
Committee Membership: Corporate Governance and Nominating Committee (Chair)
 Audit Committee
Other Public Directorships: None

<i>Common Shares Owned</i>	<i>DSUs Held</i>
8,500	38,456

Rebecca A. McDonald
Houston, Texas, U.S.A.
(Age: 63)



Biography: Rebecca McDonald retired in July 2012, having served since December 2008 as Chief Executive Officer of Laurus Energy Inc., a private company involved in underground coal gasification development. Ms. McDonald has more than 25 years of experience in the energy industry. Ms. McDonald has been responsible for the development, construction and operation of natural gas and liquids pipelines, gas and electricity distribution companies, as well as power plant and gas processing facilities in North America, Asia, Africa and South America. She previously served as President, Gas and Power, BHP Billiton from March 2004 to September 2007, and, from October 2001 to January 2004, she served as President of the Houston Museum of Natural Science. Ms. McDonald holds a Bachelor of Sciences degree in Education from Stephen F. Austin State University.

Director Since: July 3, 2008
Principal Occupation: Retired Businesswoman
Committee Membership: Audit Committee
 Environmental, Health and Safety Committee
Other Public Directorships: Granite Construction Company (U.S.)
 ITT Corporation (U.S.)
 Aggreko plc (U.K.)

<i>Common Shares Owned</i>	<i>DSUs Held</i>
500	25,638

Stephen W.C. Mulherin ⁽¹⁾
Calgary, Alberta, Canada
(Age: 59)



Biography:

Steve Mulherin is a partner at Polar Asset Management Partners, a private investment firm. Mr. Mulherin joined Polar in 1997 and opened the Polar office in Calgary. Mr. Mulherin has experience as both an operator and private equity investor. Prior to joining Polar, Mr. Mulherin was Chief Financial Officer and VP Corporate Development of a major Canadian diversified operating company in transportation and energy services and prior to that, with a major Canadian bank in Corporate Banking. Mr. Mulherin has participated on numerous boards and is a Governor and Vice Chair of Strathcona Tweedsmuir School. Mr. Mulherin received a Bachelor of Arts degree from Queen's University and is a graduate of the Executive Management Program at Stanford University's Graduate School of Business.

Director Since:

October 9, 1997

Principal Occupation:

Partner of Polar Asset Management Partners

Committee Membership:

Chair of the Board
 Human Resources and Compensation Committee
 Corporate Governance and Nominating Committee

Other Public Directorships:

Delphi Energy Corp.
 Trimac Transportation Ltd.
 Journey Energy Inc.

Common Shares Owned

DSUs Held

50,000

56,150

Henry W. Sykes ⁽²⁾
Calgary, Alberta, Canada
(Age: 57)



Biography:

Henry Sykes was the President and a director of MGM Energy Corp., a Canadian public energy company focused on the acquisition and development of hydrocarbon resources in Canada's Northwest Territories and Arctic regions, from January 2007 to June 2014. Mr. Sykes was President of ConocoPhillips Canada from 2001 to 2006. Prior thereto, he was Executive Vice-President, Business Development of Gulf Canada Resources. Mr. Sykes began his career as a lawyer and specialized in mergers and acquisitions, securities and corporate law. Mr. Sykes is Chair of the board of Arts Commons and Chair of the Board of The Arctic Institute of North America, as well as a director of a number of private companies involved in the oil and gas industry. Mr. Sykes has a Bachelor of Arts in economics from McGill University and a law degree from the University of Toronto.

Director Since:

January 17, 2011

Principal Occupation:

Corporate Director

Committee Membership:

Environmental, Health and Safety Committee (Chair)
 Human Resources and Compensation Committee

Other Public Directorships:

None

Common Shares Owned

DSUs Held

16,000

34,276

Notes:

- (1) Mr. Mulherin was a director of Impax Energy Services Income Trust (Impax) from September 2008 to December 2008. Almost a full year later, on December 14, 2009, Impax obtained an order from the Alberta Court of Queen's Bench for creditor protection pursuant to the *Companies' Creditors Arrangement Act*.
- (2) Mr. Sykes was a director of Parallel Energy Trust from March 2011 to February 2016. On November 9, 2015, Parallel Energy Trust filed an application in the Alberta Court of Queen's Bench for creditor protection pursuant to the *Companies' Creditors Arrangement Act*.

Bertrand A. Valdman
Medina, Washington, U.S.A.
(Age: 53)



Biography:

Bertrand (Bert) Valdman is President and Chief Executive Officer of Optimum Energy, a private company that is a leading provider of data-driven cooling and heating optimization solutions for enterprise facilities. Prior to joining Optimum Energy in February 2015, Mr. Valdman was Chief Strategy Officer of Edison International, the parent company of Southern California Edison, one of the largest public utilities in the United States, from March 2011 to February 2015. Prior to joining Edison International in 2011, Mr. Valdman was the Chief Operating Officer of Puget Sound Energy where he was responsible for regulated electric and natural gas distribution operations, as well as the Customer Service, Information Technology, and Community Affairs functions. He also served as Puget Sound Energy's Chief Financial Officer from 2003 through 2007. Before joining Puget Sound Energy, Mr. Valdman was managing director with JP Morgan where he spent 16 years in a variety of positions in the investment bank in New York and Paris. Mr. Valdman has a Bachelor's degree in history from Northwestern University and master's and doctoral degrees from Stanford University. Mr. Valdman serves as a director of several privately owned companies and is on the Board of Trustees of the Lakeside School.

Director Since:

July 3, 2008

Principal Occupation:

President and Chief Executive Officer of Optimum Energy

Committee Membership:

Audit Committee (Chair)
 Human Resources and Compensation Committee

Other Public Directorships:

None

<i>Common Shares Owned</i>	<i>DSUs Held</i>
7,241	25,638

Thierry Vandal
New York, New York, U.S.A.
(Age: 55)



Biography:

Thierry Vandal has been the President of Axium Infrastructure U.S. Inc., a private infrastructure investment firm, since August 2015. Prior to joining Axium Infrastructure, he was President and Chief Executive Officer of Hydro-Québec from 2005 to May 2015 and prior to that he served in various capacities at Hydro-Québec since 1996. Mr. Vandal was previously active in the natural gas distribution and transmission sector, and the petrochemical and downstream oil industry. Mr. Vandal holds an engineering degree from École Polytechnique (Université de Montréal) and an MBA from HEC Montréal (Université de Montréal). In 2007, the Université de Montréal awarded him an honorary doctorate to underscore his outstanding professional contribution to the energy sector. Mr. Vandal was Chairman of the Board of the Société d'énergie de la Baie James and Hydro-Québec International until May 2015. He sits on the boards of Royal Bank of Canada, HEC Montréal and McGill University, where he also serves as Chair of the Finance Committee. Mr. Vandal is also a past Chairman of the Conference Board of Canada and of BioFuelNet Canada.

Director Since:

May 6, 2015

Principal Occupation:

President of Axium Infrastructure U.S. Inc.

Committee Membership:

Audit Committee
 Environmental Health and Safety Committee

Other Public Directorships:

Royal Bank of Canada

<i>Common Shares Owned</i>	<i>DSUs Held</i>
3,230	7,105

For more information about the standing committees of our Board (Audit, Human Resources and Compensation, Corporate Governance and Nominating, and Environmental, Health and Safety) including our Board's approach with respect to corporate governance, see "Statement of Corporate Governance Practices". Information concerning the committees of our Board, including a summary of the terms of reference and the composition of each committee, can be found under "Statement of Corporate Governance Practices – Board Committees". The full text of the terms of reference of each committee is also posted on our website, www.vereseninc.com.

For information concerning the Audit Committee, including the text of the terms of reference of the Audit Committee, see "Audit Committee Information" in our annual information form dated March 14, 2016 (AIF). See "Additional Information" for details regarding how to obtain a copy of the AIF.

Appointment of Auditor

Management proposes to nominate PricewaterhouseCoopers LLP, Chartered Accountants, who acted as auditor of our predecessor, Fort Chicago Energy Partners L.P., from October 9, 1997 until January 1, 2011, and as our auditor since October 1, 2010, as our independent auditor to hold office until the close of the next annual meeting of shareholders.

Approval of Long-Term Incentive Plan

Background

We originally adopted our Long-Term Incentive Plan (LTIP) on January 1, 2014 and subsequently amended and restated it on January 1, 2015. Effective March 9, 2016, our Board approved certain amendments (2016 Amendments) to our LTIP, all of which are incorporated into an amended and restated version thereof effective January 1, 2016 (Amended LTIP). Shareholders are being asked to approve the Amended LTIP at the Meeting.

The LTIP provides that awards made thereunder can only be settled in cash or Common Shares purchased on the open market. The Amended LTIP also permits, at our option, the settlement of awards in Common Shares issued from treasury and, as a result, the rules of the Toronto Stock Exchange (TSX) require that the Amended LTIP be approved by shareholders. In addition, subject to shareholder approval, the Board has also amended awards previously granted under our LTIP which remain outstanding to provide for settlement of such awards in Common Shares issued from treasury at our election.

Our LTIP rewards employees for enhancing total shareholder value over the medium and long-term on an absolute and relative basis. The principal purposes of our LTIP are to: (i) promote greater alignment of interests between our employees and our shareholders; (ii) provide a compensation system for employees that is reflective of responsibility, commitment and performance of the duties required from employees; and (iii) encourage employee retention, recognize key employee contributions and ensure that our total compensation packages are competitive.

Our LTIP is administered by the Human Resources and Compensation Committee of the Board. Our LTIP permits our Human Resources and Compensation Committee, in its discretion, to grant restricted share unit (RSU) awards (RSU Awards) and/or performance share unit (PSU) awards (PSU Awards) to employees and executive officers of ours and our affiliates. Our non-employee directors are not entitled to participate in our LTIP. In this section, RSU Awards and PSU Awards are collectively referred to as Unit Awards.

Unless otherwise determined by the Human Resources and Compensation Committee at the time of grant of the applicable Unit Awards, additional PSUs and RSUs, as applicable, will be credited to the holder of such Unit Awards to reflect all of the cash dividends paid on the Common Shares from the first applicable dividend payment date up to the vesting date for the corresponding Unit Awards (Dividend Equivalent Units).

As at March 14, 2016, we have issued 315,350 RSU Awards and 587,735 PSU Awards under our LTIP. If we elect to settle all of these Unit Awards in Common Shares issued from treasury, we would issue 1,118,353 Common Shares (assuming a payout multiplier of 1.0 applicable to the PSU Awards and including an estimated number of Common Shares in respect of Dividend Equivalent Units), representing approximately 0.4 percent of our issued and outstanding Common Shares as at March 14, 2016. No Common Shares may be issued from treasury to settle such Unit Awards unless the ordinary resolution set forth below in respect of the Amended LTIP is approved by shareholders at the Meeting. If the Amended LTIP is not approved by the shareholders at the Meeting, we intend to continue to settle the Unit Awards either in cash or by purchasing Common Shares on the open market as provided in our LTIP.

Set forth below is a summary of the material terms of our LTIP, as amended and restated by the Amended LTIP. See Appendix A to this Information Circular for the complete text of the Amended LTIP.

Summary of the Long-Term Incentive Plan

Common Shares Reserved for Issuance

The Amended LTIP provides that a maximum of 9,000,000 Common Shares are issuable from treasury for settlement of Unit Awards. At this time, beyond the LTIP, we have not implemented any other security based compensation arrangements which contemplate the issuance of Common Shares from treasury. The 9,000,000 Common Shares reserved for issuance from treasury under the Amended LTIP represents approximately three percent of our issued and outstanding Common Shares as at March 14, 2016.

Common Shares reserved for issuance under the Amended LTIP that are not issued due to expiration, cancellation, termination or other methods of settlement of any Unit Awards will automatically become available for issuance in respect of new Unit Awards that may subsequently be granted under the Amended LTIP.

The aggregate number of Common Shares which may be reserved for issuance to insiders under the Amended LTIP and all other security based compensation arrangements (as contemplated in the rules of the TSX) shall not, in the aggregate, exceed 10% of the number of Common Shares then issued and outstanding (on a non-diluted basis). Further, we are not permitted to issue Common Shares exceeding 10% of the number of Common Shares then issued and outstanding (on a non-diluted basis) to insiders during any one year period.

Vesting and Payout

Unless otherwise determined at the time of grant, PSU Awards will have a performance measurement period of three years (LTIP Performance Period). At the time of the grant of PSUs, the Human Resources and Compensation Committee will determine the performance criteria that will attach to such PSUs (Performance Condition) and will also determine a performance factor (Performance Factor) that will be a number between zero and two as determined by the Human Resources and Compensation Committee based on the satisfaction of the applicable Performance Condition for the applicable LTIP Performance

Period. The Performance Factor will be used to determine the number of PSUs that become vested on the vesting date specified in the applicable grant agreement.

RSU Awards will generally not have performance conditions attached to them. The number of RSUs which vest on any specified vesting date shall be determined by multiplying the total number of RSUs granted and any Dividend Equivalent Units in respect of such RSUs by the vesting percentage for such vesting date specified in the applicable grant agreement. For additional details regarding the vesting and payout terms of the PSUs and RSUs see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Plan Awards".

Unless otherwise provided for at the time of grant, the last day of the LTIP Performance Period shall be the vesting date for PSUs and RSUs granted pursuant to the Amended LTIP. Following the vesting date, RSUs and PSUs which have become vested will be settled by us. The Amended LTIP provides that as a default, Unit Awards will be settled based on the fair market value of the Unit Awards on the vesting date in the form of a lump sum cash payment. However, subject to any regulatory or other approvals that may be required, we have the right in our sole discretion to require that the cash value of any vested Unit Awards be settled with the issuance of Common Shares from treasury or Common Shares purchased on the open market. The fair market value (Market Value) of any Common Shares issued from treasury will be based on the volume weighted average price of the Common Shares on the TSX for a 20 trading day period including and immediately preceding the date of issuance. The number of Common Shares issued in respect of any Unit Award shall be equal to the result obtained by dividing the cash value of such Unit Award by the Market Value.

Should a settlement date for a Unit Award fall within a period of time during which holders of Unit Awards may not trade in our securities (Blackout Period) or within ten business days after the expiry of a Blackout Period, the settlement date and the determination of Market Value shall be extended to the date that is the tenth business day from the date on which the Blackout Period ends.

The Amended LTIP provides that the Human Resources and Compensation Committee may, in its sole discretion (subject to the limits on share issuance described under "Common Shares Reserved for Issuance" above and limits on amendments described under "Amendment, Termination and Miscellaneous Provisions" below), waive any Performance Condition applicable to a PSU Award or amend or modify the terms and conditions regarding any grant of Unit Awards, including without limitation, waive or declare any Performance Condition satisfied, change, replace or modify any Performance Condition to preserve the employee's rights under the plan or accelerate a vesting or settlement date; provided that no such amendment or modification may, without the consent of the affected holder, reduce or adversely affect the amount of a Unit Award otherwise payable pursuant to the terms of the Amended LTIP.

Effect of Certain Transactions

A "Change of Control", as defined in the Amended LTIP, will generally result in termination of the Amended LTIP and immediate vesting and settlement of Unit Awards then outstanding under the Amended LTIP. The Human Resources and Compensation Committee may also adjust the Unit Awards as it determines equitable to reflect the Change of Control transaction. Such actions may include adjustment of the number and kind of securities which may be delivered under the Amended LTIP or that may be subject to outstanding Unit Awards, or any other adjustments, including the replacement of Unit Awards with other awards of comparable value. For the definition of Change of Control see "Executive Compensation – Termination and Change of Control Benefits – NEO Employment Contracts".

Effect of Termination of Employment

Under the Amended LTIP, if the employment with us of a holder of Unit Awards is terminated for cause or due to voluntarily resignation (other than retirement) prior to a settlement date, all Unit Awards previously granted, including both vested and unvested Unit Awards, will be forfeited.

If the holder's employment with us is terminated by us without cause or due to death or retirement where an Amended LTIP plan year has been completed, but the settlement date has not yet occurred at the time of such termination, the full amount of all Unit Awards vest. In the case of such termination settlement will occur as soon as possible, but in any event within 60 days of such termination. In the case of such termination due to retirement, settlement will occur in the ordinary course. Where an Amended LTIP plan year has not been completed at the time of termination without cause, due to death or early retirement (as defined in the Amended LTIP) a prorated amount of the Unit Awards, calculated based on the number of full months the holder was employed by us in the Performance Period, will vest. In the case of normal retirement (as defined in the Amended LTIP) the full amount of Unit Awards will vest. In the case of retirement, Unit Awards will be calculated and settled in the ordinary course under the Amended LTIP. Where PSUs are to be settled in connection with termination without cause or due to death, the Performance Factor is deemed to be 1.0 unless otherwise determined by the Human Resources and Compensation Committee taking in to account the performance of the Corporation and the holder at the termination date. For the definition of early retirement and normal retirement see "Executive Compensation – Termination and Change of Control Benefits – NEO Employment Contracts".

If a holder is not employed with us due to leave of absence or disability for more than 30 days prior to a vesting date the number of Unit Awards that vest will be prorated based on the number of full months the holder was employed with us in the LTIP Performance Period.

Amendment, Termination and Miscellaneous Provisions

The Human Resources and Compensation Committee has full discretion to interpret, terminate or amend the Amended LTIP, determine timing of grants, set target and allocation rules, change or rescind rules and regulations for Amended LTIP administration and make other determinations deemed advisable, provided that such shall not adversely affect the rights of the Unit Award holders, without their prior consent or unless required by law. However, without approval of the holders of a majority of Common Shares who vote at a shareholder meeting, the Human Resources and Compensation Committee may not: (a) increase the number of Common Shares, or the percentage of the issued and outstanding Common Shares, reserved for issuance pursuant to the Amended LTIP; (b) materially modify the eligibility requirements for participation in the Amended LTIP, including a change that could broaden or increase participation by insiders; (c) extend the LTIP Performance Period of any outstanding Unit Awards granted to insiders; (d) remove or increase the limits on the number of Common Shares issuable to any individual grantee or to insiders as described under "Common Shares Reserved for Issuance" above; (e) amend the Amended LTIP to permit the transfer or assignment of Unit Awards other than for estate planning or settlement purposes; or (f) amend the amendment provisions of the Amended LTIP. Additionally, no suspension, discontinuance or amendment may be made by the Human Resources and Compensation Committee in respect of previously issued Unit Awards that would adversely alter or impair those awards without the consent of the affected holder. Any amendments to the Amended LTIP are also subject to the requirements of the TSX.

The Amended LTIP contains standard adjustment and anti-dilution provisions in the event of changes in the capital structure of the Corporation. A Unit Award is personal to the grantee and is non-transferable and non-assignable, other than as required for estate settlement purposes in the event of the death of a grantee. The Amended LTIP does not provide for or contemplate the provision of financial assistance in

connection therewith, as none is required under the operation thereof. We are not required to issue or deliver any Common Shares to any grantee or make any payment where such action would be in violation of any applicable, law, regulation or rule of any governmental authority, securities regulatory authority or stock exchange. Any payments made under the Amended LTIP will be subject to applicable withholding tax requirements.

Proposed Resolution and Board Recommendation

At the Meeting, the shareholders will be asked to consider and, if deemed advisable, approve the following ordinary resolution relating to the Amended LTIP.

"BE IT RESOLVED, as an ordinary resolution, that:

1. the adoption by Veresen Inc. (the "Corporation") of the amended and restated Long-Term Incentive Plan effective January 1, 2016 (the "Plan") substantially in the form set forth in Appendix A to this Information Circular dated March 14, 2016 and, at the election of the Corporation, the issuance of up to 9,000,000 common shares of the Corporation from treasury in settlement of awards granted thereunder as contemplated in the Plan is hereby ratified, authorized and approved;
2. the amendments to all unit awards previously granted under the Long-Term Incentive Plan since its initial adoption on January 1, 2014 which remain outstanding providing that such unit awards may, at the election of the Corporation, be settled by the issuance of common shares of the Corporation from treasury are hereby ratified, authorized and approved; and
3. any director or officer of the Corporation is hereby authorized to execute and deliver, whether under corporate seal or otherwise, such documents, and to perform and do all such acts and things, as any such director or officer in his or her discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution."

The Board unanimously recommends that the shareholders vote FOR the ordinary resolution approving the adoption of the Amended LTIP and the amendments to Unit Awards previously granted under the LTIP. It is the intention of the persons named in the enclosed Form of Proxy, if named as proxy and not expressly directed to the contrary in the Form of Proxy, to vote those proxies FOR the ordinary resolution approving the adoption of the Amended LTIP and the amendments to Unit Awards previously granted under the LTIP.

Compensation Discussion and Analysis

The following compensation discussion and analysis discusses our executive compensation program, including the structure and elements of that program, the rationale for 2015 pay decisions and the processes related to those decisions.

For the financial year ended December 31, 2015, our Named Executive Officers (NEOs), as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*, were:

Name	Position
Don Althoff	President and Chief Executive Officer
Theresa Jang	Senior Vice President, Finance and Chief Financial Officer
Elizabeth Spomer	Executive Vice President, Veresen Inc. and President & CEO, Jordan Cove LNG LLC
Darren Marine	Senior Vice President, Business Joint Ventures
Kevan King	Senior Vice President, General Counsel
Tom Day ⁽¹⁾	Senior Vice President, Operations

Note:

- (1) Mr. Day became the President and Chief Executive Officer of Aux Sable on September 29, 2015 and resigned as our Senior Vice President, Operations on September 30, 2015. Aux Sable is a joint venture in which we hold a 50% ownership interest. Although he is no longer an executive officer, Mr. Day remains an employee of ours and was one of our NEOs under applicable securities legislation for 2015. Effective September 29, 2015, Aux Sable assumed responsibility, and reimburses us, for all of Mr. Day's compensation related expenses.

Executive Summary

Our compensation program is a key factor in helping us attract and retain highly qualified and experienced individuals at the executive level with a view to creating sustainable, long-term value for our shareholders. As discussed below, our executive compensation program is comprised of three major elements: base salary, annual cash awards and long-term incentive awards.

Our Human Resources and Compensation Committee has primary responsibility for overseeing our director and executive compensation program. See "Compensation Discussion and Analysis – Compensation Governance".

Our executive compensation program places a strong emphasis on performance-based compensation. In general, we benchmark our total fixed compensation levels to the median of a group of comparator companies, with the opportunity for total compensation to exceed the median through our short- and long-term incentive programs that reward executive officers when there are exceptional returns to our shareholders. Our short- and long-term incentive programs are designed with performance periods of one and three years, respectively.

Prior to January 1, 2014, the LTIP was comprised solely of awards of notional units that function like PSUs. Reference to "LTIP Units" in this Information Circular means PSUs or notional units awarded under our LTIP plans prior to 2014, or both, as the context requires.

Some of the significant corporate events that influenced executive compensation decisions for the year ended December 31, 2015 were:

- achieving excellent health and safety performance, exceeding our corporate targets;
- achieving excellent environmental performance, exceeding our corporate targets;
- generating distributable cash per Common Share for the year ended December 31, 2015 of \$1.06, meeting our 2015 target;
- successfully completing the re-contracting of the Alliance Pipeline and transitioning to its new operating model;

- the significant work completed in the establishment and growth of Veresen Midstream including among other things (i) closing acquisition and financing transactions, (ii) developing an organization, including hiring a President & CEO, (iii) sanctioning several new projects, including the Sunrise Gas Plant and the Tower Rich Gas Processing Complex and (iv) evaluating other assets and customer diversification;
- receiving a Final Environmental Impact Statement from the US Federal Energy Regulatory Commission for our Jordan Cove LNG and Pacific Connector Gas Pipeline project;
- the completion of the 33-MW St. Columban Wind Farm and the 40-MW Grand Valley Wind Farm Phase III, both ahead of schedule and under budget;
- the sanctioning of the Burstall Ethane Storage Facility supported by a 20-year storage arrangement with NOVA Chemicals Corporation; and
- completing a \$200 Million preferred share offering.

Compensation Governance

Our Board has established a Human Resources and Compensation Committee to oversee executive compensation matters, and other human resource matters such as succession planning and talent management.

The table below sets forth information about each member of the Human Resources and Compensation Committee including a description of any direct experience relevant to his responsibilities in executive compensation.

<u>Name</u>	<u>Independent</u>	<u>Relevant Education and Experience</u>
J. Paul Charron (Chair)	Yes	Mr. Charron has been a member of our Board since January 2011, served as a member of the Human Resources and Compensation Committee since March 2011 and as Chair of the Human Resources and Compensation Committee since May 2012. Mr. Charron holds a Bachelor of Commerce degree and is a Chartered Accountant. As the former CEO of a public oil and gas company, Mr. Charron was responsible for the design and implementation of an executive compensation program, which included base salaries, and STIP and LTIP programs.
Stephen W.C. Mulherin	Yes	Mr. Mulherin has been a member of our Board since the inception of the Corporation in 1997, Chair of the Board since May 2011, and served as a member of the Human Resources and Compensation Committee since it was formed in 1998. Mr. Mulherin served for many years in senior management positions of various companies, including as CEO, and has served on a number of boards of public and private entities, all providing him with a great deal of experience in addressing executive compensation matters.

Name	Independent	Relevant Education and Experience
Henry Sykes	Yes	Mr. Sykes has been a member of our Board since January 2011 and served as a member of the Human Resources and Compensation Committee since May 2015. Mr. Sykes served in senior management positions of various companies for over 17 years often with direct responsibility for overseeing human resources matters. Mr. Sykes began his career as a lawyer and has also served as a director of a number of public and private oil and gas companies. Mr. Sykes' senior management and director roles provide him with experience in addressing executive compensation matters.
Bert Valdman	Yes	Mr. Valdman has been a member of our Board since July 2008 and served as a member of the Human Resources and Compensation Committee since May 2015. Mr. Valdman is currently the President and Chief Executive Officer of Optimum Energy. As the leader of an organization, he is regularly involved in talent management and the development and evaluation of various executive compensation matters. Mr. Valdman also serves or has served on the finance committees and foundation boards of several private or not-for-profit organizations.

The collective experience of the members of the Human Resources and Compensation Committee, in both executive and board positions with a wide variety of public, private and government entities, and with us, enables such members to make decisions on the suitability of our compensation policies and practices.

The Human Resources and Compensation Committee is responsible for:

- (i) assisting our Board in respect of our human resources and compensation matters and policies, reviewing compensation strategies and generally making recommendations to our Board in respect of compensation matters;
- (ii) assessing the performance of the President and Chief Executive Officer in fulfilling his responsibilities;
- (iii) supporting the President and Chief Executive Officer in the recruitment, appointment and termination of all senior vice presidents and above and any other senior employees designated for this purpose by the Human Resources and Compensation Committee from time to time, and making recommendations to management as appropriate;
- (iv) reviewing and approving the President and Chief Executive Officer's assessment of the performance of all officers that report directly to the President and Chief Executive Officer in fulfilling their responsibilities and meeting corporate objectives and approving the compensation of those officers;
- (v) reviewing and making recommendations to our Board regarding the compensation of the President and Chief Executive Officer;
- (vi) overseeing the creation and operation of our short- and long-term incentive plans;

- (vii) determining and periodically reviewing the comparator groups used to benchmark officer, employee and director compensation;
- (viii) considering, assessing and/or making recommendations to our Board with respect to compensation, benefits and perquisite policies and strategies, the terms of short- and long-term incentive plans, whether any of our compensation programs increase or adversely impact our risks, compensation disclosure and employment agreements;
- (ix) overseeing senior management succession planning and relevant management development plans; and
- (x) undertaking on behalf of our Board such other initiatives as may be necessary or desirable to assist our Board in discharging its responsibilities to ensure that the appropriate compensation policies, strategies and performance evaluations are in place and operating effectively.

Compensation Risks

Our Human Resources and Compensation Committee and Board have considered the implications of the risks associated with our compensation policies and practices with respect to the design and operation of our short- and long-term incentive plans, and provide direct oversight over the compensation for our executive officers and directors.

Compensation Review – Management of the Corporation, the Human Resources and Compensation Committee, and the Board are all involved in making executive pay decisions. The Human Resources and Compensation Committee oversees the structure, development and operation of our executive compensation program and program changes are implemented only after being reviewed and approved by the Board.

Compensation Benchmarking – Executive and director compensation are reviewed annually and assessed for competitiveness with a group of peer comparator entities.

Independent Advisor – The Human Resources and Compensation Committee engages an independent compensation advisor to conduct a competitive compensation review for all executive officer and director positions. The Human Resources and Compensation Committee also uses a compensation advisor when necessary to review existing compensation programs and to assist with the development of new programs.

Long-Term Incentive Plan – Our executive compensation program places a significant emphasis on long-term incentives in determining the total direct compensation payable to the executive officers. Our LTIP encourages value creation over the long-term in both absolute terms and in relation to a comparator group of entities. Executive officers are awarded a combination of PSUs and RSUs under our LTIP. RSU and PSU payouts are tied to the Common Share price at the time of vesting, and include reinvestment of dividends. PSU payouts are further tied to the performance of our Common Shares over time relative to a group of comparator entities, with a maximum multiplier of two.

Deferred Share Units – DSUs encourage value creation over the long-term as their value reflects the value of our Common Shares over time. DSUs are only awarded to our directors and cannot be redeemed until after the holder leaves the Corporation.

Short-Term Incentive Plan – Our short-term incentive plan (STIP) rewards both corporate and individual performance on an equal basis and is intended to reward participants for achieving short-term goals while

making progress toward our long-term corporate objectives. Payouts under our STIP are capped at 300% of the target amount established for each executive officer.

Share Ownership Requirements – We have share ownership guidelines that require both directors and officers to have a significant investment in the Corporation.

Code of Business Conduct and Ethics – Our employees and directors are subject to a Code of Business Conduct and Ethics (Code) that is intended to reinforce the Corporation's business standards and to identify possible conflicts of interest that may arise from our day-to-day operations. Employees and directors must comply with the Code and the laws and standards that apply to our business.

Hedging Prohibited – Our Disclosure Policy prohibits our NEOs and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director, as applicable.

Compensation Advisors

For 2015, the Human Resources and Compensation Committee continued to engage Mercer (Canada) Limited (Mercer) as its compensation consultant to review the market competitiveness of our compensation programs. Mercer was initially retained as compensation consultant for this purpose in 2012. In 2013 and continuing into 2014, Mercer provided analysis on our existing compensation programs and guidance on revising our short- and long-term compensation plans to improve their alignment with our business and compensation strategy. To achieve our desired goal of building a sustainable, high-performing workforce, in 2014 we implemented a new rewards philosophy, program and practice which emphasize goals-driven performance. In January 2015, in response to Mercer's evaluation, we increased director compensation. Also in 2015, Mercer provided general salary information that we used to assess the compensation elements for our non-executive employees.

The Board and the Human Resources and Compensation Committee are aware of the full scope of services that Mercer provides to management, but are not required to pre-approve the provision of these other services or review material provided by Mercer in respect of these services.

The fees (exclusive of GST) paid to Mercer and any related affiliates for their services to the Human Resources and Compensation Committee and the Corporation in the past two fiscal years are set forth in the following table:

	<u>2015</u>	<u>2014</u>
Executive Compensation-Related Fees ⁽¹⁾	\$62,614	\$154,979
All Other Fees ⁽²⁾	\$368,290	\$265,122
Total	\$430,904	\$420,101

Notes:

- (1) Aggregate fees billed by Mercer for services related to reviewing compensation for our directors and executive officers.
- (2) Aggregate fees billed by Mercer for services related to reviewing our compensation plans, providing general salary information that was used by us for assessing the compensation elements for the general employee population, and conducting an employee engagement survey. Also includes aggregate fees billed by Marsh, an affiliate of Mercer, for insurance brokerage services.

Peer Group

The Human Resources and Compensation Committee annually reviews the total compensation of our NEOs and the compensation practices of the Corporation. The Human Resources and Compensation Committee used a group of 16 companies (Peer Group) to assist in the setting of compensation for 2015. The Human Resources and Compensation Committee, in consultation with Mercer, reviews the Peer Group annually to ensure that it continues to be appropriate. The following criteria are used to determine the companies in the Peer Group: (i) publicly-traded; (ii) similarly-sized considering assets, market capitalization and enterprise value; (iii) similar level of complexity; and (iv) availability of robust compensation data.

The Peer Group used for 2015 was unchanged from the Peer Group established in late 2014. The Peer Group of companies includes companies of a similar size, scale and increasing business complexity from the energy sector with similar operations to Veresen Inc. The Human Resources and Compensation Committee, with the assistance of Mercer, collected proxy and Mercer survey data, where appropriate and available, for the Peer Group targeting total direct compensation at the 50th percentile. The Peer Group used for 2015 pay decisions was comprised of the following 16 companies:

AltaGas Ltd.	Baytex Energy Corp.	Keyera Corp.
Pengrowth Energy Corp.	Gibson Energy Inc.	Pembina Pipeline Corporation
Capital Power Corporation	Inter Pipeline Fund	ARC Resources Ltd.
Enerplus Corp	Tourmaline Oil Corp.	Peyto Exploration & Development
Paramount Resources Ltd.	Whitecap Resources Inc.	Trilogy Energy Corp.
Vermilion Energy Inc.		

Using the reported information for total assets and data as at December 31, 2015 for market capitalization and enterprise value, Mercer determined that the ranking for certain financial parameters of Veresen Inc., as compared to the 2015 Peer Group, were as set forth in the following table:

<u>(\$ millions, except percentiles)</u>	<u>Total Assets</u>	<u>Market Capitalization</u>	<u>Enterprise Value</u>
25 th Percentile	\$3,443	\$969	\$2,679
Median	\$4,939	\$3,332	\$4,356
75 th Percentile	\$6,422	\$5,154	\$7,072
Veresen Inc.	\$4,582	\$2,649	\$4,089
Veresen Inc. Percentile Rank	47%	46%	48%

Compensation Objectives

Our executive compensation program is designed to be competitive with comparable public corporations and other entities. We stress performance-based compensation elements to create a performance driven environment in which our executive officers are:

- (i) motivated to perform over both the short- and long-term;
- (ii) motivated to achieve strong returns for our shareholders on an absolute and relative basis; and
- (iii) appropriately rewarded for their services.

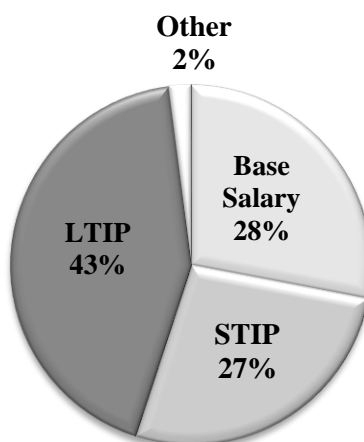
We believe our compensation philosophy aligns the interests of our executive officers with our shareholders and positions us to achieve our business goals. See "Executive Compensation – Summary of Executive Compensation".

Elements of Compensation

Our executive compensation program consists of three major elements, which are outlined in the following table:

Element	Performance Period	Object	Key Features
Base Salary	1 year	Competitive base compensation to motivate and retain executive officers.	Salaries are reviewed annually and benchmarked against a comparator group of peer companies. Individual salaries take into account the role, responsibilities and performance of the executive officer.
STIP	1 year	Bonus compensation to reward corporate and individual performance in the short-term.	The STIP is based upon performance of the organization and individual performance.
LTIP	3 years	Rewards executive officers for the long-term performance of the organization and encourages retention.	Includes two components, RSUs and PSUs. RSUs have the same value as Common Shares, including reinvestment of dividends. PSUs are tied to the performance of Common Shares, including reinvestment of dividends, over a three-year period relative to the performance of a group of comparator companies.

The following chart reflects the percentage share of the aggregate compensation of our NEOs for 2015 that was base salary, STIP, LTIP, and all other compensation. It indicates that a substantial portion (70%) of total compensation was delivered in the form of at-risk compensation amounts under the STIP and LTIP:



We do not maintain a defined benefit or any supplemental pension plan for our executive officers. We provide a benefits package to all employees, including our NEOs, that includes health, dental, disability

and life insurance, and matching contributions to a company retirement or savings plan. We consider these benefits and reimbursements to be similar to those of other employers.

Each of the NEOs is a participant in each of the STIP and the LTIP. The STIP contains both objective and subjective performance factors used to determine the payments made thereunder. Payments under the LTIP with respect to RSUs are tied to the value of our Common Shares over a three-year period. Payments under the LTIP with respect to PSUs are subject to set Performance Conditions and are objectively determined based upon the total return of the Common Shares compared to the total returns of a peer group of companies over a three-year period.

The Human Resources and Compensation Committee also considers the recommendations of the President and Chief Executive Officer regarding the compensation of the executive officers.

Base Salaries

In determining the base salary and other elements of compensation to be paid to our President and Chief Executive Officer, the Human Resources and Compensation Committee meets with him at least twice a year to discuss and establish his objectives for the year and to discuss his performance in meeting those objectives. Our Board approves the objectives and makes the final assessment of his performance in meeting those objectives. Other than participating in the setting of his objectives, the President and Chief Executive Officer does not have a role in determining his own compensation.

The Human Resources and Compensation Committee recommends to the Board for approval the compensation of our President and Chief Executive Officer and approves the compensation of the remaining NEOs based on recommendations from the President and Chief Executive Officer. Mr. Althoff reports to the Human Resources and Compensation Committee with respect to the performance of each of our NEOs. Other than as described in respect of Mr. Althoff, none of the NEOs has a role in determining their own compensation.

The base salaries for the NEOs are determined considering each executive officer's leadership qualities, responsibilities, individual performance and experience, and the assessment by the Human Resources and Compensation Committee of other matters it determines to be appropriate. The Human Resources and Compensation Committee reviews base salaries annually and makes recommendations to the Board.

The table below sets out the 2014 and the 2015 base salaries for each NEO, along with the percentage change. Any changes to annual base salary are made effective as of April 1 each year.

Name and Position	2014 Base Salary (\$)	2015 Base Salary (\$)	Change between 2014 and 2015
Don Althoff President and Chief Executive Officer	550,000	561,000	2%
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	300,000	306,000	2%
Elizabeth Spomer ⁽¹⁾ Executive Vice President of Veresen Inc. and President and CEO of Jordan Cove LNG LLC	551,048	657,400	0%

Name and Position	2014 Base Salary (\$)	2015 Base Salary (\$)	Change between 2014 and 2015
Darren Marine ⁽²⁾ Senior Vice President, Business Joint Ventures	300,000	306,000	2%
Kevan King Senior Vice President, General Counsel	312,559	318,810	2%
Tom Day ⁽³⁾ Senior Vice President, Operations	335,000	341,700	2%

Notes:

- (1) Ms. Spomer was appointed Executive Vice President of Veresen Inc., and President and Chief Executive Officer of Jordan Cove LNG LLC on November 3, 2014. Ms. Spomer is employed in our Houston, Texas office and her compensation is paid in U.S. currency. Ms. Spomer's based salary in each of 2014 and 2015 was US\$475,000. Ms. Spomer did not receive a salary increase in 2015. Her base salary for 2014 has been converted to Canadian dollars based on the Bank of Canada noon exchange rate published on December 31, 2014 of 1.00 USD = 1.1601 CAD. Her base salary for 2015 has been converted to Canadian dollars based on the Bank of Canada noon exchange rate published on December 31, 2015 of 1.00 USD = 1.384 CAD.
- (2) Mr. Marine was appointed Senior Vice President, Business Joint Ventures on February 18, 2014.
- (3) Mr. Day became the President and Chief Executive Officer of Aux Sable on September 29, 2015 and resigned as our Senior Vice President, Operations on September 30, 2015. Aux Sable is a joint venture in which we hold a 50% ownership interest. Although he is no longer an executive officer, he remains an employee of ours. Effective September 29, 2015, Aux Sable assumed responsibility, and reimburses us, for all of Mr. Day's compensation related expenses.

Short-Term Incentive Plan Awards

The annual short-term incentive plan awards are intended to reward the NEOs for achieving short-term goals while making progress toward our longer-term objectives thus aligning the interests of the NEOs with the interests of shareholders generally. The STIP is designed to provide variability in payouts based on both corporate and individual performance and has a total potential STIP multiplier of up to 300%, although this would only occur if there is both exceptional corporate and individual performance.

The 2015 STIP included target bonus opportunities and target goals. The STIP is also intended to encourage participants to increase and enhance the value of the Common Shares. The STIP is flexible in application and can be tailored to meet our objectives and the objectives of individual employees.

Each STIP participant is entitled to a payment for a plan year (the calendar year in respect of which an award is made) equal to the amount determined by the following formula:

$$STIP\ Payment = (STIP\ TPR) \times (Corporate\ Performance\ Factor) \times (Individual\ Performance\ Factor) \times (Base\ Salary)$$

The STIP target participation rate (STIP TPR) is a percentage amount of base salary for each NEO set in the first quarter of a plan year, or at the time a NEO commences employment with us, whichever is later. Our Board determines the STIP TPR for the President and Chief Executive Officer taking into consideration, among other things, the recommendation of the Human Resources and Compensation Committee. The STIP TPR for the other NEOs is determined by the Human Resources and Compensation Committee which considers, among other things, the duties and responsibilities of the NEOs, the recommendations of the President and Chief Executive Officer, and Mercer's report.

For the 2015 plan year, the STIP TPR, expressed as a percentage of salary, for each of the NEOs was as follows:

Name and Position	2015 STIP TPR
Don Althoff President and Chief Executive Officer	75%
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	50%
Elizabeth Spomer Executive Vice President of Veresen Inc. and President and CEO of Jordan Cove LNG LLC	75%
Darren Marine Senior Vice President, Business Joint Ventures	60%
Kevan King Senior Vice President, General Counsel	50%
Tom Day Senior Vice President, Operations	60%

For the 2015 plan year, four performance factors categories were considered in determining the overall Corporate Performance Factor under the STIP for each of the NEOs. The performance factors categories and reason for selecting each performance factor for the 2015 STIP are set forth in the following table:

STIP Corporate Performance Factors	Reason for Selecting
Distributable Cash ⁽¹⁾ per Common Share for 2015 fiscal year	Distributable cash per Common Share is a key performance measure for investors
Environmental - Environmental Regulatory Frequency Rate	Management and the Board believe the implementation, monitoring and maintenance of environmental policies and practices is of fundamental importance and all executive officers should have a portion of their STIP payment tied to this factor
Health and Safety - Total Recordable Incident Frequency (Employees/Contractors) - EH&S Training for Leaders - On Time Action Item Close Out	Management and the Board believe the implementation, monitoring and maintenance of health and safety policies and practices is of fundamental importance and all executive officers should have a portion of their STIP payment tied to this factor
Strategic Initiatives	This performance factor recognizes the achievements of the Corporation in the pursuit of strategic growth and value creation projects that add long-term value

Note:

- (1) Distributable Cash is not a standard measure under United States generally accepted accounting principles. Distributable Cash under the STIP is the Distributable Cash amount set forth in our management's discussion and analysis. For further details of the determination of Distributable Cash, see our management's discussion and analysis for the year ended December 31, 2015.

Threshold, target and maximum amounts for the Distributable Cash per Common Share performance factor was set by the Human Resources and Compensation Committee at the time awards were made under the STIP based on our 2015 budget approved by the Board in December 2014. Threshold, target and maximum amounts for the Environmental and Health and Safety performance factors were set by the Human Resources and Compensation Committee at the time awards were made under the STIP based on goals established for the Corporation as environmental, health and safety goals for the year, taking into account recommendations of the Environmental, Health and Safety Committee of the Board.

In making the recommendations, the Environmental, Health and Safety Committee considered comparative industry statistics for environmental, health and safety performance. The Environmental performance factor is based on the rate of reportable spills, noise or emissions violations that exceed licensed limits relative to hours worked by the employees and contractors of the Corporation. The Health and Safety Total Recordable Incident Frequency performance factor is based on the number of recordable incidents (which includes medical aids, return to work cases, lost time and fatalities) relative to hours worked by employees and contractors of the Corporation and is an industry standard calculation. The Health and Safety EH&S Training for Leaders performance factor is based on attendance rates at a designated safety leadership course. The Health and Safety Action Item Close Out performance factor is based on the percentage of incident follow up tasks or items recorded in our incident management system by year end that have been completed and closed. Each of the Corporate Performance Factors, other than the Strategic Initiative performance factor, will be an amount from zero to one and a half. We chose to place greater emphasis on the Strategic Initiative performance factor to encourage executives to focus on our strategic priorities in 2015, therefore this factor is an amount from zero to two. The Individual Performance Factor will be an amount from zero to two. Under the STIP, the maximum aggregate STIP performance factor in any event is three.

The Human Resources and Compensation Committee determined the amount achieved for each of the Corporate Performance Factors based on its evaluation of our performance in meeting those objectives. In determining the amount awarded for the Strategic Initiative performance factor, the Human Resources and Compensation Committee took into account the significant corporate events that occurred during 2015 as previously listed. See "Compensation Discussion and Analysis – Executive Summary". In determining the amount awarded for the Distributable Cash per Common Share performance factor, the Human Resources and Compensation Committee relied upon the amount of Distributable Cash per Common Share as set forth in the management's discussion and analysis of the Corporation for the year ended December 31, 2015, being \$1.06 per Common Share. The Human Resources and Compensation Committee relied on the advice of the Environmental, Health and Safety Committee as to the performance of the Corporation in matters related to environmental, health and safety performance in 2015.

The following table sets forth the Total Corporation Performance Factor taking into account the STIP Factor Weighting for each Performance Factor:

Corporate Performance Factor

<u>Performance Measure</u>	<u>Threshold</u>	<u>Target</u>	<u>Max</u>	<u>Actual</u>	<u>STIP Factor</u>	<u>STIP Weight</u>	<u>Weighted STIP Factor</u>
Distributable cash per Common Share	\$0.93	\$1.06	\$1.20	\$1.06	1.00	30%	0.30
Total Recordable Incident Frequency (Employees/Contractors)	2.12	1.33	1.13	0.80	1.50	7%	0.11
Environmental Regulatory Frequency Rate	1.09	0.83	0.71	0.40	1.50	7%	0.11
EH&S Training for Leaders	35%	50%	60%	1.04%	1.50	3%	0.05
On Time Action Item Close Out	75%	90%	95%	98.%	1.50	3%	0.05
Strategic Initiatives	-	-	-	-	1.10	50%	0.55
Total Corporate Performance Factor ⁽¹⁾							1.15

Note:

(1) On a scale of 0 to 1.50.

The Individual Performance Factor under the STIP for each of the NEOs recognizes the performance of the employee during the fiscal year taking into account any goals or objectives established for that employee.

The following table sets forth the individual and aggregate performance factors for the NEOs who received a STIP payment for the 2015 plan year:

**Individual Performance Factor and Aggregate
Performance Factor for Named Executive Officers**

Name and Position	Individual Performance Factor Achieved ⁽¹⁾	Aggregate Performance Factor Achieved ⁽²⁾
Don Althoff President and Chief Executive Officer	1.20	1.38
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	1.60	1.84
Elizabeth Spomer Executive Vice President of Veresen Inc. and President and CEO of Jordan Cove LNG LLC	1.20	1.38
Darren Marine Senior Vice President, Business Joint Ventures	1.60	1.84
Kevan King Senior Vice President, General Counsel	1.10	1.27
Tom Day ⁽³⁾ Senior Vice President, Operations	1.20	1.38

Notes:

- (1) On a scale of 0 to 2.0.
- (2) Individual Performance Factor multiplied by the Total Corporate Performance Factor of 1.15.
- (3) Mr. Day became the President and Chief Executive Officer of Aux Sable on September 29, 2015 and resigned as our Senior Vice President, Operations on September 30, 2015. Aux Sable is a joint venture in which we hold a 50% ownership interest. Although he is no longer an executive officer, he remains an employee of ours. Commencing on September 29, 2015, Aux Sable assumed responsibility, and reimburses us, for all of Mr. Day's compensation related expenses.

Payments under the STIP to each of the NEOs for the 2015 plan year are listed below in the Summary Compensation Table. See "Executive Compensation – Summary of Executive Compensation".

Long-Term Awards

Our compensation philosophy is to encourage the growth of shareholder value by making long-term incentive awards a significant component of compensation. Long-term incentive awards to our executive officers and employees are made pursuant to the LTIP. The LTIP offers our executive officers the opportunity to receive payments based upon the long-term total return of the Common Shares. The purpose of this long-term incentive award is to closely tie the compensation of LTIP participants to the maintenance and creation of medium and long-term value for our shareholders. It also serves as a tool to encourage the retention of participants, recognize key contributors and ensure that our total compensation package is competitive with those of our peers. Prior to 2014, in addition to LTIP awards, DSUs were awarded to our executive officers at that time.

Long-Term Incentive Plan Awards

Payments of LTIP awards for grants prior to 2014 were based upon the total return of the Common Shares relative to the return of a defined group of comparator entities over a three-year LTIP Performance Period. Our current LTIP, for grants after 2014, provides two types of Unit Awards under the plan, PSUs and RSUs. PSUs are generally similar in nature to the awards under the LTIP prior to 2014, while RSUs are similar to DSUs, providing a payout tied solely to the value of our Common Shares over the LTIP Performance Period, including reinvestment of dividends.

LTIP awards are based on a target participation rate (LTIP TPR), expressed as a percentage of base salary paid to the LTIP participant during the applicable plan year, set by the Human Resources and Compensation Committee taking into account the LTIP participant's role with us.

LTIP awards are determined by attributing to each participant a notional number of Common Shares, expressed in a specified percentage of PSUs and RSUs, calculated by multiplying the participant's annual salary by the participant's LTIP TPR and by dividing that amount by the Market Value prior to January 1 in each plan year. In January of the year following the calendar year for LTIP Performance Period, the number of PSUs and RSUs is increased by an amount to reflect the dividends accruing on the Common Shares for that calendar year, on a monthly compounded basis, as if the PSUs and RSUs had been Common Shares with dividends reinvested. The following table sets forth the Market Value on January 1 of each of the years used in the determination of amounts under the LTIP for the 2013, 2014 and 2015 plan years.

<u>Year</u>	<u>Market Value of Target Shares</u>
2013	\$11.7037
2014	\$13.9512
2015	\$15.6731
2016	\$9.0942

Each of the NEOs receives 80% of their LTIP award in PSUs and 20% of their LTIP award in RSUs. For 2015, the LTIP TPR and the amount of PSUs and RSUs awarded, each expressed as a percentage of salary, for each of the NEOs was as follows:

<u>Name and Position</u>	<u>2015 LTIP TPR</u>	<u>2015 PSU Award</u>	<u>2015 RSU Award</u>
Don Althoff President and Chief Executive Officer	200%	160%	40%
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	160%	128%	32%
Elizabeth Spomer Executive Vice President of Veresen Inc. and President and CEO of Jordan Cove LNG LLC	180%	144%	36%
Darren Marine Senior Vice President, Business Joint Ventures	100%	80%	20%
Kevan King Senior Vice President, General Counsel	100%	80%	20%
Tom Day Senior Vice President, Operations	160%	128%	32%

Generally the comparator entities under the LTIP for the purpose of determining the payments for awards of PSUs are publicly-traded companies engaged in businesses similar to those engaged in by, and which investors generally consider to be within the same investment universe as, Veresen Inc. The group of comparator entities considered to be appropriate comparators of the Corporation for the purposes of the LTIP is reviewed by the Human Resources and Compensation Committee on an annual basis. Entities may be deleted or added to the list taking into account takeovers, mergers, other acquisitions or dispositions, and the creation of new entities, or other factors determined appropriate. For the 2015 plan year, the comparator group of entities under the LTIP, which was unchanged from the comparator group for the 2014 plan year, consisted of:

Algonquin Power and Utilities Corp.	Emera Inc.	Niska Gas Storage Partners LLC
AltaGas Ltd.	Enbridge Inc.	Northland Power Inc.
Atlantic Power Corporation	Enbridge Income Fund Holdings Inc.	Pembina Pipeline Corporation
Boralex Inc.	Fortis Inc.	TransAlta Corporation
Brookfield Renewable Energy Partners LP	Gibson Energy Inc.	TransCanada Corporation
Canadian Utilities Ltd.	Innergex Renewable Energy Inc.	Valener Inc.
Capital Power Corporation	Inter Pipeline Fund	
Capstone Infrastructure Corporation	Keyera Corp.	

At the end of the LTIP Performance Period, the total return of the Common Shares over the LTIP Performance Period is measured relative to the total return of the group of comparator entities referred to above over the same period. Our relative ranking to the comparator group determines a multiplier (TR Performance Factor) that is used to determine the payment to each participant with respect to any PSUs held under the LTIP. The payment is determined by multiplying the number of PSUs attributed to each participant by the TR Performance Factor and then multiplying the result by the Market Value, all at the end of the LTIP Performance Period. Under the LTIP for the 2013 plan year, the TR Performance Factor applicable to our relative ranking is set forth in the following table:

<u>Decile</u>	<u>TR Performance Factor</u>
1	0
2	0.2222
3	0.4444
4	0.6666
5	0.8888
6	1.1110
7	1.3332
8	1.5554
9	1.7776
10	2.0000

Under the LTIP for the 2014 plan year and beyond, a new approach is taken to determining the TR Performance Factor. The TR Performance Factor will be determined on a quartile approach rather than a decile ranking. If our relative ranking is in the first quartile, the TR Performance Factor is 0, if our relative ranking is in the second or third quartile, the TR Performance Factor will be based on a linear line from 0.01 to 1.99, and a relative ranking in the fourth quartile results in a TR Performance Factor of 2, as set forth in the following table:

<u>Quartile</u>	<u>TR Performance Factor</u>
1	0
2 & 3	Linear 0.01 – 1.99
4	2

We believe the LTIP is designed to very closely align the interests of participants with those of our shareholders. With respect to RSUs, given that the value of the RSUs reflects the performance of the Common Shares over time, the award of RSUs precisely aligns this element of compensation with the interests of our shareholders. With respect to PSUs, exceptional total return performance relative to the comparator group will result in higher returns for participants, while poor performance will lead to reduced or no payment to PSU holders. Accordingly, the interests of our executives is aligned with the interests of our shareholders, and strong performance is encouraged. LTIP awards for a given plan year vest at the end of the applicable LTIP Performance Period. Upon vesting, the LTIP award is paid in cash, or at the election of the Corporation, and subject to any regulatory and shareholder approvals required, payment may be made in whole or in part in the form of Common Shares issued either from treasury or purchased on the open market. See "Approval of Long-Term Incentive Plan".

Deferred Share Units

DSUs are notional shares that have the same value as our Common Shares. DSUs earn dividend equivalents as additional units, at the same rate as dividends on our Common Shares. Dividend amounts are calculated at the end of each calendar year and the number of DSUs is increased by an amount to reflect the dividends accruing on the Common Shares for that calendar year, on a monthly compounded basis, as if the DSUs had been Common Shares with dividends reinvested.

DSUs granted to executive officers vest at the end of the third calendar year after the date of award. Executive officers may redeem vested DSUs at Market Value only after termination of employment with the Corporation. The executive officer may elect one or two separate dates on which all or a portion of his DSUs will be redeemed. This election must occur before termination of employment with the Corporation and the redemption date or dates shall not occur later than December 15th in the year following the executive officer's termination of employment. If no redemption date is selected, all DSUs will automatically be redeemed 6 months from the executive officer's termination date. DSUs may be redeemed for cash, or at the election of the Corporation, subject to any regulatory and shareholder approvals required, in the form of Common Shares issued either from treasury or purchased on the open market. Executive officers who were previously awarded DSUs will continue to hold and earn dividend equivalents on such DSUs. The last grant of DSUs to certain executive officers occurred in 2013 and vested at the end of 2015. All outstanding DSUs held by executive officers are vested.

Share Ownership Guidelines

Share ownership guidelines have been established by the Board to encourage all officers to have a meaningful equity stake in the Corporation. Target ownership is a multiple of base salary, depending on position level, and officers are required to meet the target within five years from the later of introduction of the guidelines or appointment as an officer. Officers can acquire equity for purposes of meeting the share ownership guidelines by making personal investments in Common Shares or other equity securities and by earning units under the DSU Plan and our LTIP (ie. PSUs, RSUs or units awarded under our pre-2014 LTIP). The aggregate value of PSUs and pre-2014 LTIP units cannot make up greater than 50% of the share ownership requirement for any officer. For the NEOs, the target level of investment for Mr. Althoff is three times his base salary and for each of Messrs. King and Marine and Ms. Jang and Ms. Spomer is twice their base salary. The following table sets forth the relevant information as of the date hereof for each of the NEOs who is currently an executive officer of ours:

Name and Position	Number of Common Shares Beneficially Owned or Controlled	Number of DSUs / RSUs Held⁽¹⁾	Number of LTIP Units Held⁽²⁾	Aggregate Value of Common Shares, DSUs, RSUs and LTIP Units Held⁽³⁾⁽⁴⁾	Share Ownership Guideline Amount	Value Owned as a Percentage of Share Ownership Guideline Amount
Don Althoff President and Chief Executive Officer	66,398	50,588	201,872	\$1,769,199	\$1,683,000	100% ⁽⁵⁾
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	32,427	10,575	53,695	\$647,006	\$612,000	100% ⁽⁵⁾
Elizabeth Spomer Executive Vice President of Veresen Inc. and President and CEO of Jordan Cove LNG LLC	10,000	25,140	100,560	\$936,060	\$1,314,800	71%
Darren Marine Senior Vice President, Business Joint Ventures	Nil	6,749	26,997	\$267,606	\$612,000	44%
Kevan King Senior Vice President, General Counsel	18,085	14,944	48,902	\$580,730	\$637,620	100% ⁽⁵⁾

Notes:

- (1) Only Messrs. Althoff and King hold DSUs.
- (2) Includes PSUs held under the 2014 and 2015 LTIP plans as well as notional LTIP Units held pursuant to awards under the 2013 LTIP plan.
- (3) Value of LTIP Units for grants made for the 2013 plan year is the value of the award to be paid to the NEO in the first quarter of 2016. See "Executive Compensation – Summary of Executive Compensation - Incentive Plan Awards - Value Vested or Earned During the Year". Value of Common Shares, DSUs, RSUs, and PSUs is determined by multiplying the aggregate number of such Common Shares, DSUs, RSUs and PSUs by the closing trading price of our Common Shares on March 14, 2016 of \$7.93. The actual value of any LTIP award upon vesting will be subject to adjustment in accordance with the terms of the LTIP.
- (4) The aggregate value of PSUs and pre-2014 LTIP Units owned by each NEO is capped at 50% of the Share Ownership Guideline Amount.
- (5) The Share Ownership Guidelines provide that once an executive officer satisfies the Share Ownership Guideline Amount, he or she will be deemed to remain in compliance even in the event of negative fluctuations in the trading price of our Common Shares thereafter.

Anti-Hedging Policy

Our Disclosure Policy prohibits any of our NEOs or directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Executive Compensation

Summary of Executive Compensation

The following table sets out information concerning the total compensation paid to our NEOs during the years ended December 31, 2015, 2014 and 2013:

Summary Compensation Table

Name and Position	Year	Salary (\$)	Share- Based Awards ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation	All Other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
				Annual Incentive Plans ⁽²⁾ (\$)		
Don Althoff President and Chief Executive Officer	2015	558,150	1,122,000	577,789	44,652	2,302,591
	2014	537,498	1,100,000	926,782	43,000	2,607,280
	2013	500,000	800,000	579,282	40,000	1,919,262
Theresa Jang ⁽⁴⁾ Senior Vice President, Finance and Chief Financial Officer	2015	304,800	489,600	280,140	24,360	1,098,900
	2014	294,349	240,000	330,234	23,548	888,131
	2013	240,864	105,378	127,698	19,269	493,209
Elizabeth Spomer ⁽⁵⁾ Executive Vice President of Veresen Inc. and President and Chief Executive Officer of Jordan Cove LNG LLC	2015	657,400	986,841	680,409	24,912	2,349,562
	2014	91,842	758,029	83,346	5,510	938,727
	2013	Nil	Nil	Nil	Nil	Nil
Darren Marine ⁽⁶⁾ Senior Vice President, Business Joint Ventures	2015	304,500	306,000	336,168	24,360	971,028
	2014	268,750	160,274	292,669	21,500	743,193
	2013	Nil	Nil	Nil	Nil	Nil
Kevan King Senior Vice President, General Counsel	2015	317,247	318,810	200,659	25,380	862,096
	2014	308,838	250,047	224,217	24,707	807,809
	2013	294,132	176,479	222,769	23,530	716,910
Tom Day ⁽⁷⁾ Senior Vice President, Operations	2015	254,600	410,000	210,809	20,368	895,777
	2014	335,000	335,000	364,815	40,200	1,075,015
	2013	110,271	187,265	94,266	8,822	400,624

Notes:

- (1) See "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Awards – Long-Term Incentive Plan Awards" for a description of the methodology used to calculate the grant value. For 2015 and 2014, the amounts shown represent the aggregate of the PSU and RSU Awards made pursuant to the LTIP for the 2015 and 2014 plan years. The value included for each NEO for awards made under the LTIP for each year is equal to their base salary for the plan year multiplied by their respective LTIP TPR. For the 2015 plan year, the LTIP TPR for Mr. Althoff was 200%, Ms. Jang was 160%, Mr. King was 100%, Mr. Marine was 100%, Mr. Day was 160%, and Ms. Spomer was 180%. For the 2014 plan year, the LTIP TPR for Mr. Althoff was 200%, Ms. Jang was 80%, Mr. King was 80%, Mr. Marine was 60%, Mr. Day was 100%, and Ms. Spomer was 150%. For 2013 the amounts shown represent the aggregate of the awards made pursuant to the LTIP for the 2013 plan year and the annual award of DSUs made to certain individuals for 2013. Ms. Jang did not receive any DSU awards. For the 2013 plan year, the LTIP TPR for Mr. Althoff was 128%, Ms. Jang was 43.75%, Mr. Day was 64% and Mr. King was 48%. The actual value of any LTIP award upon vesting will be subject to adjustment in accordance with the terms of the LTIP. For 2013, the award of DSUs was equal to the following percentage of the annual salary: for Mr. Althoff 32%, Mr. Day 16% and for Mr. King 12%. See "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Awards – Long-Term Incentive Plan Awards" and "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Awards – Deferred Share Units".

- (2) These amounts represent payments made pursuant to the STIP. See "Compensation Discussion and Analysis - Elements of Compensation - Short-Term Incentive Plan Awards".
- (3) These amounts represent contributions to savings and registered retirement savings plans. In Canada, we match contributions by each NEO to an employee savings or retirement savings plan up to 8% of such NEO's base salary. In the USA, we match contributions by each NEO to a 401K plan up to 6% of such NEO's base salary. For each NEO, the value of other perquisites and personal benefits received by each of them was less than \$50,000 and less than 10% of the respective total annual salary received by each of them for the applicable year.
- (4) Ms. Jang was appointed Vice President, Finance and Risk Management and Interim Chief Financial Officer on February 7, 2014 from her previous office of Vice President, Finance and Risk Management, and was subsequently appointed Senior Vice President, Finance and Chief Financial officer on June 2, 2014.
- (5) Ms. Spomer was appointed Executive Vice President of Veresen Inc., and President and Chief Executive Officer of Jordan Cove LNG LLC on November 3, 2014. All elements of Ms. Spomer's compensation is paid in U.S. currency. Ms. Spomer's base annual salary for 2014 and 2015 was U.S. \$475,000. With the exception of the Share-Based Award amount, the amounts shown for Ms. Spomer in 2014 and 2015 were converted to Canadian dollars based on the Bank of Canada noon exchange rate published on December 31, 2014 of 1.00 USD = 1.1601 CAD and on December 31, 2015 of 1.00 USD = 1.384 CAD, respectively. In the calculation of Ms. Spomer's 2014 and 2015 Share-Based Award, her base salary was first converted to a Canadian equivalent amount utilizing a 20-day average exchange rate of 1.00 USD = 1.0639 CDN at December 31, 2013 for 2014 and 1.00 USD = 1.1542 CDN at December 31, 2014 for 2015.
- (6) Mr. Marine became an employee of ours and was appointed Senior Vice President, Business Joint Ventures on February 18, 2014.
- (7) Mr. Day became an employee of ours and was appointed Senior Vice President, Operations on September 3, 2013. On September 29, 2015 Mr. Day became the President and Chief Executive Officer of Aux Sable and resigned as our Senior Vice President, Operations on September 30, 2015. Aux Sable is a joint venture in which we hold a 50% ownership interest. Although he is no longer an executive officer, he remains an employee of ours. Effective September 29, 2015, Aux Sable assumed responsibility, and reimburses us, for all of Mr. Day's compensation related expenses. Amounts shown are amounts paid by us through September 28, 2015.

The following table sets out the total number of unvested PSUs, RSUs and DSUs granted to each NEO along with the value of those awards as at December 31, 2015.

Outstanding Share-Based Awards

Name and Position		Number of Shares or Units of Shares that have not Vested ⁽¹⁾	Market or Payout Value of Share-Based that have not Vested ⁽²⁾ (\$)	Market or Payout Value of Vested Share-Based Awards not paid out or distributed ⁽³⁾ (\$)
Don Althoff President and Chief Executive Officer	PSUs	132,675	1,206,573	Nil
	RSUs	33,169	301,646	Nil
	DSUs	Nil	Nil	158,411
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	PSUs	42,301	384,694	Nil
	RSUs	10,575	96,171	Nil
Elizabeth Spomer Executive Vice President of Veresen Inc. and President and CEO of Jordan Cove LNG LLC	PSUs	100,560	914,513	Nil
	RSUs	25,140	228,628	Nil
Darren Marine Senior Vice President, Business Joint Ventures	PSUs	26,997	245,516	Nil
	RSUs	6,749	61,377	Nil

Name and Position		Number of Shares or Units of Shares that have not Vested ⁽¹⁾	Market or Payout Value of Share-Based that have not Vested ⁽²⁾ (\$)	Market or Payout Value of Vested Share-Based Awards not paid out or distributed ⁽³⁾ (\$)
Kevan King	PSUs	33,637	305,902	Nil
Senior Vice President, General Counsel	RSUs	8,409	76,473	Nil
	DSUs	Nil	Nil	59,434
Tom Day	PSUs	51,589	469,160	Nil
Senior Vice President, Operations	RSUs	12,897	117,288	Nil
	DSUs	Nil	Nil	13,448

Notes:

- (1) The amounts shown in this table for PSUs reflects the aggregate number and value of PSUs held for the account of each of the NEOs under the LTIP for the 2014 plan year and the 2015 plan year. The number of PSUs held for the account of the NEO at the end of the applicable Performance Period under the LTIP will be adjusted in accordance with the terms of the LTIP. The amounts shown in this table for RSUs reflects the number and value of RSUs held for the account of each of the NEOs under the LTIP that had not vested as at December 31, 2015. See "Compensation Discussion and Analysis - Elements of Compensation - Long-Term Awards - Long-Term Incentive Plan Awards" and "Compensation Discussion and Analysis - Elements of Compensation - Long-Term Awards - Deferred Share Units".
- (2) These amounts represent the Market Value as of December 31, 2015 of \$9.0942 multiplied by the number of PSUs and RSUs, respectively, held for the account of each NEO under the LTIP that had not vested as at December 31, 2015. The actual value of the LTIP award upon vesting will be subject to adjustment in accordance with the terms of the LTIP.
- (3) This amount represents the Market Value as of December 31, 2015 of \$9.0942 multiplied by the number of DSUs held for the account of each applicable NEO under the DSU Plan that had vested but not been paid out. All DSUs awarded to applicable NEOs were vested on December 31, 2015. DSUs can only be redeemed after the holder leaves the Corporation and will be paid out based upon the Market Value as of the date of redemption. See "Compensation Discussion and Analysis - Elements of Compensation – Long-Term Awards – Deferred Share Units".

The following table sets out the value of the LTIP awards and DSUs granted to NEOs that vested during 2015, along with the value of the STIP awards that were earned for the year ended December 31, 2015.

Incentive Plan Awards – Value Vested or Earned During the Year

Name and Position		Share-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽²⁾ (\$)
Don Althoff	LTIP Units	279,659	577,789
President and Chief Executive Officer	DSUs	10,909	
Theresa Jang	LTIP Units	46,047	280,140
Senior Vice President, Finance and Chief Financial Officer	DSUs	Nil	
Elizabeth Spomer	LTIP Units	Nil	680,168
Executive Vice President of Veresen Inc. and President and CEO of Jordan Cove LNG LLC	DSUs	Nil	
Darren Marine	LTIP Units	Nil	336,168
Senior Vice President, Business Joint Ventures	DSUs	Nil	

<u>Name and Position</u>		<u>Share-Based Awards – Value Vested During the Year ⁽¹⁾</u>	<u>Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽²⁾</u>
		(\$)	(\$)
Kevan King	LTIP Units	61,692	200,658
Senior Vice President, General Counsel	DSUs	4,093	
Tom Day	LTIP Units	72,139	210,809
Senior Vice President, Operations	DSUs	926	

Notes:

- (1) The amounts shown in this column for LTIP Units reflect the payments made or to be made pursuant to the LTIP for grants made for the 2013 plan year. For the 2013 plan year, the performance of the Common Shares was in the 3rd decile, resulting in a TR Performance Factor of 0.4444. The amount of the payment is determined by multiplying the number of LTIP units held for the account of each NEO for the 2013 plan year by the Market Value as of December 31, 2015 of \$9.0942, and multiplying the result by the TR Performance Factor of 0.4444. See "Compensation Discussion and Analysis - Elements of Compensation - Long-Term Awards - Long-Term Incentive Plan Awards". The amounts shown in this column for DSUs reflects the Market Value as of December 31, 2015 of \$9.0942 multiplied by the number of DSUs held for the account of each applicable NEO under the DSU that vested during the year ended December 31, 2015. DSUs can only be redeemed after the holder leaves the Corporation and will be paid out based upon the Market Value as of the date of redemption. See "Compensation Discussion and Analysis - Elements of Compensation – Long-Term Awards – Deferred Share Units".
- (2) The amounts shown in this column reflect the payments pursuant to the STIP for the 2015 plan year, which were or will be paid to the NEOs in cash in the first quarter of 2016. See "Compensation Discussion and Analysis - Elements of Compensation - Short-Term Incentive Plan Awards".

Insurance and Indemnification of Directors and Officers

The directors and officers of Veresen Inc. and its subsidiaries are covered under directors' and officers' insurance policies. In addition, each director and officer of Veresen Inc. is indemnified in accordance with our bylaws. There are also formal indemnification agreements in place between Veresen Inc. and each director and officer. Pursuant to these indemnification agreements, each director and officer is indemnified in respect of any action or suit against him or her in connection with the execution of his or her duties of office, subject to certain usual limitations.

Termination and Change of Control Benefits

NEO Employment Contracts

We and each of the NEOs, other than Ms. Spomer, are parties to executive employment agreements dated April 2015 (Employment Agreements). The Employment Agreement with Mr. Althoff replaces the executive employment agreement he entered into dated October 31, 2012 in connection with his appointment as our President and Chief Executive Officer. The Employment Agreements provide that if:

- (i) we terminate the NEO's employment at any time and for whatever reason (other than just cause), or
- (ii) a "Change of Control", as defined in the Employment Agreement and described below, occurs and within one year of the Change of Control occurring the NEO's employment relationship with us is terminated by the NEO for "Good Reason", provided that in order to resign for Good Reason:
 - a) the NEO must give notice to terminate his or her employment within a period of 30 days from the date of the event constituting Good Reason; and

- b) we shall have 30 days from the date of receipt of such notice to remedy the Good Reason relied upon by the NEO, and only if we failed to remedy the Good Reason during the 30 day period, then the NEO may resign for Good Reason,

then, we must pay such NEO, other than Mr. Althoff, one and one-half times, and for Mr. Althoff, two times (Multiplier) the aggregate of:

- (i) their annual base salary;
- (ii) the average annual payout to the NEO under the STIP for the past three years (or such lesser period as the NEO has received such STIP payouts); and
- (iii) 15% of their annual base salary, which amount is to cover the cost of life, disability, medical, dental, accident benefits and the employer matching contributions to the their savings plan.

The right to payments under the STIP, LTIP, Amended LTIP and DSU plans, as applicable, will be determined in accordance with those plan documents as described below.

For purposes of the Employment Agreements, the LTIP and the Amended LTIP, "Change of Control" includes, among other things, the:

- (i) purchase or acquisition of any Common Shares or securities convertible into Common Shares by any person such that, assuming the conversion of the convertible securities owned by such person or over which control or direction is exercised by such person, would result in such person beneficially owning or exercising control or direction over more than 50% of the votes attaching to all Common Shares;
- (ii) approval by shareholders of:
 - (a) an arrangement, merger or other consolidation or combination of us with another entity pursuant to which shareholders would not own more than 50% of the votes attaching to all securities of the successor or continuing entity;
 - (b) our liquidation, dissolution or winding-up; or
 - (c) the sale, lease or other disposition of all or substantially all of our assets; or
- (iii) the completion of any transaction or series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in clauses (i) or (ii) above.

For purposes of the Employment Agreements, "Good Reason" means the occurrence of any event without the NEO's consent that would be considered constructive dismissal or constructive discharge by a court of competent jurisdiction under the common law.

No incremental amounts would be payable to any NEO upon voluntary resignation or termination by us for cause.

For the purposes of each of the STIP and DSU plans, the term "retirement" means retirement from employment with us at or after age 55 and after at least five completed years of service with us.

For the purposes of the LTIP and Amended LTIP, the term "retirement" means:

- (i) "normal retirement" being retirement from employment with us where the sum of the employees age and years of service equals at least 65 provided they have reached a minimum age of 55 and at least five years of completed service; and/or
- (ii) "early retirement" being retirement from employment with us at or after age 55 and after at least two completed years of service with us.

STIP

A NEO whose employment is terminated due to death or retirement, will be entitled to receive any unpaid STIP award for a plan year that has been completed at the time of death or retirement. If at the time of retirement the NEO had been employed for only a portion of a plan year, he or she will receive a STIP award based on the NEO's base earnings while employed during the plan year, which award will be calculated at the end of the applicable plan year. If at the time of death the NEO had been employed for only a portion of a plan year, he or she will receive a STIP award based on the NEO's base earnings while employed during the plan year. Such STIP award will be calculated at the NEO's STIP TPR and the performance factor applicable to such NEO will be at least 1.0 and possibly greater as determined by the Human Resources and Compensation Committee taking into account our performance and the NEO's performance to the date of death.

If a NEO's employment is terminated by us without cause prior to the payout date, the NEO will be eligible to receive a STIP award based on the NEO's base earnings while employed during the plan year. Such STIP award will be calculated upon termination with a performance factor of 1.0, representing an assumed target performance level.

If a NEO's employment is terminated due to voluntary resignation (other than retirement) or for cause such NEO will forfeit any STIP award where the payout date for the applicable plan year has not occurred at the time of termination. A STIP award may also be pro-rated where a NEO is on leave of absence or short or long-term disability for a period exceeding 30 days in a plan year.

LTIP

If a NEO's employment is terminated by us without cause, or due to death or retirement, the NEO will be entitled to receive:

- payment for any unpaid LTIP awards for LTIP Performance Periods that have been completed at the time of termination, death or retirement; and
- payment for LTIP awards where the LTIP Performance Period has not yet been completed; and

if the NEO had been employed for only a portion of a Performance Period at the time of:

- termination, death or early retirement, a pro-rated payment will be made for any LTIP award based on the number of months employed during such Performance Period; or
- normal retirement, any unvested LTIP award will vest and be paid.

LTIP payments in the event of termination without cause or death are based upon a TR Performance Factor of 1.0, unless otherwise determined by the Human Resources and Compensation Committee, and are payable in a lump sum. In the case of retirement, LTIP payments are based upon the TR Performance factor as determined by the Human Resources and Compensation Committee as at the normal vesting date and payable in a lump sum.

If a NEO's employment is terminated by the voluntary resignation of the employee (other than retirement) or by us for cause, the NEO will forfeit all LTIP awards where the payout date for the applicable LTIP Performance Period has not occurred at the time of termination.

A payment for an LTIP award for any plan year may also be pro-rated where a NEO is on leave of absence or short- or long-term disability for a period exceeding 30 days in that plan year.

All unvested LTIP Units will vest upon the occurrence of a Change of Control, as defined under "Termination and Change of Control Benefits – NEO Employment Contracts".

DSU Plan

If the NEO's employment is terminated by us without cause, or due to the death or retirement of the NEO, all unvested DSUs held for the account of the NEO will then vest and may thereafter be redeemed by the NEO. All unvested DSUs will vest upon the occurrence of a Change of Control, as defined under "Termination and Change of Control Benefits – NEO Employment Contracts".

The following table sets forth the incremental amounts we estimate would have been payable to each of the NEOs employed by us on December 31, 2015, if their employment with us had been terminated in various scenarios on December 31, 2015:

	Althoff (\$)	Jang (\$)	Spomer (\$)⁽¹⁾	Marine (\$)	King (\$)	Day (\$)⁽²⁾
Voluntary (with Good Reason)						
Salary.....	1,122,000	459,000	712,183	459,000	478,215	683,400
	<i>2 years</i>	<i>18 months</i>	<i>13 months</i>	<i>18 months</i>	<i>18 months</i>	<i>18 months</i>
STIP.....	1,389,235	369,036	389,923	471,628	323,823	246,874
LTIP/PSUs ⁽³⁾	279,659	46,047	Nil	Nil	61,692	72,139
RSUs ⁽⁴⁾	154,651	43,875	113,643	27,619	37,805	55,593
DSUs ⁽⁵⁾	157,503	Nil	Nil	Nil	59,090	13,373
Other Benefits ⁽⁶⁾	168,300	68,850	98,160	68,850	71,732	76,883
Total Payout	3,371,348	986,808	1,313,909	1,027,097	1,032,357	1,076,123
Involuntary (without cause)						
Salary.....	1,122,000	459,000	712,183	459,000	478,215	683,400
	<i>2 years</i>	<i>18 months</i>	<i>13 months</i>	<i>18 months</i>	<i>18 months</i>	<i>18 months</i>
STIP.....	1,389,235	369,036	389,923	471,628	323,823	246,874
LTIP/PSUs ⁽³⁾	279,659	46,047	Nil	Nil	61,692	72,139
RSUs ⁽⁴⁾	154,651	43,875	113,643	27,619	37,805	55,593
DSUs ⁽⁵⁾	157,503	Nil	Nil	Nil	59,090	13,373
Other Benefits ⁽⁶⁾	168,300	68,850	98,160	68,850	71,732	76,883
Total Payout	3,371,348	986,808	1,313,909	1,027,097	1,032,357	1,076,123

	Althoff (\$)	Jang (\$)	Spomer (\$) ⁽¹⁾	Marine (\$)	King (\$)	Day (\$) ⁽²⁾
Change of Control ⁽⁷⁾						
Salary.....	1,122,000	459,000	712,183	459,000	478,215	683,400
	<i>2 years</i>	<i>18 months</i>	<i>13 months</i>	<i>18 months</i>	<i>18 months</i>	<i>18 months</i>
STIP.....	1,389,235	369,036	389,923	471,628	323,823	246,874
LTIP/PSUs ⁽³⁾	279,659	46,047	Nil	Nil	61,692	72,139
RSUs ⁽⁴⁾	154,651	43,875	113,643	27,619	37,805	55,593
DSUs ⁽⁵⁾	157,503	Nil	Nil	Nil	59,090	13,373
Other Benefits ⁽⁶⁾	168,300	68,850	98,160	68,850	71,732	76,883
Total Payout	3,371,348	986,808	1,313,909	1,027,097	1,032,357	1,076,123
Death						
Salary.....	Nil	Nil	Nil	Nil	Nil	Nil
STIP.....	Nil	Nil	Nil	Nil	Nil	Nil
PSUs ⁽³⁾	279,659	46,047	Nil	Nil	61,692	72,139
RSUs ⁽⁴⁾	154,651	43,875	113,643	27,619	37,805	55,593
DSUs ⁽⁵⁾	157,503	Nil	Nil	Nil	59,090	13,373
Other Benefits	Nil	Nil	Nil	Nil	Nil	Nil
Total Payout	591,813	89,922	113,643	27,619	158,587	68,966

Notes:

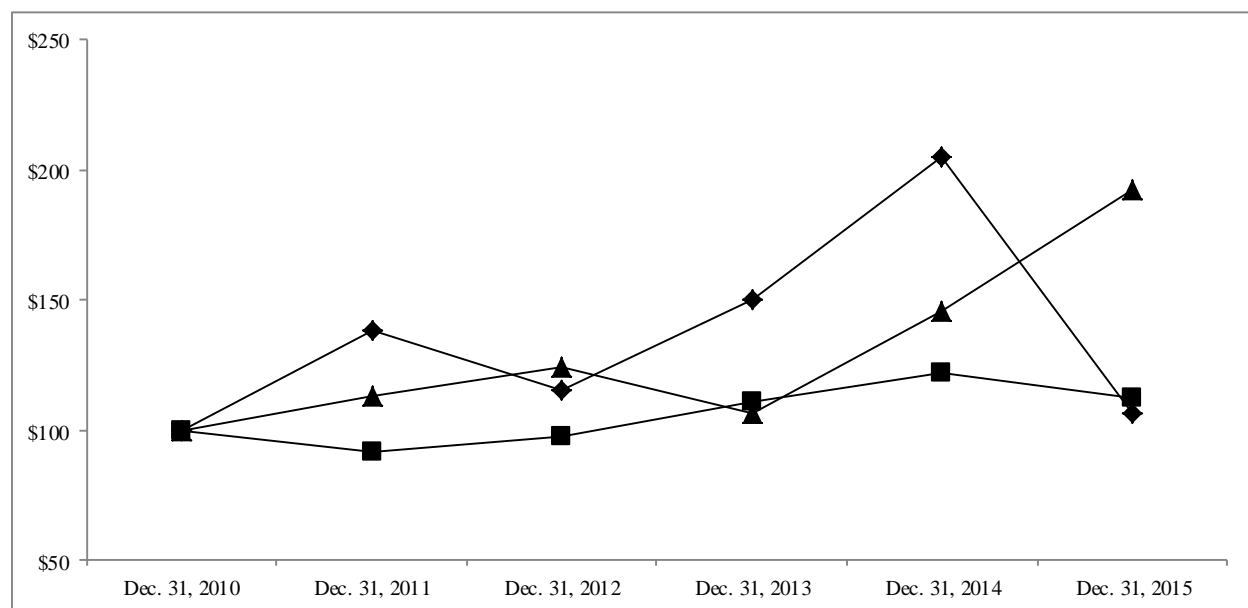
- (1) Ms. Spomer's compensation is paid in U.S. currency. Amounts for Ms. Spomer have been converted to Canadian dollars based on the Bank of Canada noon exchange rate published on December 31, 2015 of 1.00 USD = 1.384 CAD. As Ms. Spomer does not have an Employment Agreement with us, amounts shown are calculated pursuant to our Executive Termination Policy.
- (2) Mr. Day became the President and Chief Executive Officer of Aux Sable on September 29, 2015 and resigned as our Senior Vice President, Operations on September 30, 2015. Although he is no longer an executive officer, he remains an employee of ours and his Employment Agreement remains valid. Amounts shown are the full amounts that would have been payable under his Employment Agreement.
- (3) Aggregate payout value with respect to the LTIP for the 2013 plan year and PSUs for the 2014 and 2015 plan years. The payout value for the LTIP 2013 plan year is the amount that vested during 2015. See "Executive Compensation – Incentive Plan Awards – Value Vested or Earned During the Year". The payout value for PSUs under the 2014 and 2015 plan years is zero and is determined by multiplying the Market Value of \$9.0942 by the TPR Performance Factor for each applicable plan year under the LTIP (0.00 for each of the 2014 and 2015 plan years) and multiplying the result by the number of target shares held for the account of each NEO under the LTIP for each plan year, respectively, all as of December 31, 2015.
- (4) The RSU payout value is the determined by calculating the number of RSUs that would vest at December 31, 2015, being the amount of RSUs held by the executive pro-rated for the period of time that the executive was employed by us during the applicable LTIP performance period, and then multiplying such vested RSUs by the Market Value of \$9.0942.
- (5) The DSU payout value is the determined using the Market Value of \$9.0942 multiplied by the aggregate number of unvested DSUs held for the account of each NEO under the DSU plan. All unvested DSUs would vest upon the occurrence of the event, all as of December 31, 2015.
- (6) For all NEO's other than Ms. Spomer, this represents a benefit premium calculated as 15% times the Multiplier, then multiplied by the NEO's annual base salary amount. For Ms. Spomer, this represents a benefit premium calculated as 15% of her annual base salary amount.
- (7) Assumes the employment of each of the NEOs is terminated for "Good Reason" following the Change of Control.

Performance Graph

The following performance graph compares the yearly percentage change in the cumulative total return of the Class A Units of our predecessor, Fort Chicago Energy Partners L.P. (from December 31, 2010 until January 5, 2011) and the Common Shares (from January 5, 2011 until December 31, 2015) commencing on December 31, 2010 and ending on December 31, 2015 (assuming a \$100 investment was made on

December 31, 2010 at the closing price of the Class A Units on the TSX of \$11.88 and assuming the reinvestment of distributions and dividends, as applicable) with the cumulative total return of the S&P/TSX Composite Index, assuming reinvestment of dividends or distributions, during the same period.

The performance graph also compares the aggregate compensation of our NEOs (determined in a manner consistent with the calculation of total compensation of each of our NEOs in this Information Circular, being the aggregate of base salary, payments under short-term incentive plans, the grant date fair value of LTIP Units and DSUs awarded and all other compensation) for the same periods. We have shown the total compensation of our NEOs in a manner consistent with the methodology of how we depict the total cumulative total return of our Common Shares/Class A Units and the cumulative total return of the S&P/TSX Composite Index, as an index from \$100 as at December 31, 2010. With the exception of 2015, the total compensation of our NEOs has generally tended to follow the trend in the change in the total return of the Common Shares/Class A Units over the period depicted in the graph, however the total compensation of the NEOs has increased at a rate substantially less than the change in the total return of the Common Shares/Class A Units. In 2015, due to a significant decrease in the trading price of our Common Shares, and the inclusion of an additional NEO for a substantial portion of 2015 as compared to the prior year, the total compensation of our NEOs increased significantly relative to the change in total return of our Common Shares over the same period.



	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
◆ Veresen Inc.	\$100	\$138	\$115	\$150	\$205	\$106
▲ NEO Total Compensation	\$100	\$113	\$124	\$106	\$146	\$192
■ S&P/TSX Composite Index (Total Return)	\$100	\$91	\$98	\$111	\$122	\$112

Compensation of Our Directors

Annual Fees and Meeting Fees

The Human Resources and Compensation Committee annually reviews the compensation paid to our directors and makes any recommendations for compensation changes to our Board. Director compensation was increased effective January 1, 2015 to reflect the growth and increased complexity of our company. The Human Resources and Compensation Committee recommended that no additional changes be made to the compensation arrangements of our directors in 2015 and the Board accepted that recommendation.

Our non-executive directors are compensated with an annual cash retainer and fees for each meeting of the Board and committee they attend. The Chair of the Board and each committee are paid an additional annual cash retainer. In addition, each non-executive director receives an annual long-term incentive award of DSUs. Each non-executive director may also elect, prior to the commencement of the applicable year, to receive DSUs in place of some or all of the annual cash retainers payable to them for serving as a director or as Chair of the Board or a committee of our directors. Directors may redeem DSUs for cash when they retire from the Board.

The following table sets forth our 2015 director compensation arrangements.

<u>Compensation Component</u>	<u>Role</u>	<u>Fees</u>
Annual Board Retainer	Regular Board Member	\$50,000
	Non-Executive Chair	\$100,000
Committee Chair Retainer	Audit Committee	\$20,000
	Other Committees	\$10,000
Meeting Fee	Board	\$1,500
	Committee	\$1,500
Equity Award	Regular Board Member	\$110,000 in DSUs
	Non-Executive Chair	\$150,000 in DSUs

We pay fees in the amounts described above in U.S. dollars to Ms. Rebecca A. McDonald and Mr. Bertrand A. Valdman, each of whom is a resident of the United States. Mr. Thierry Vandal became a resident of the United States on July 5, 2015. Fees paid to Mr. Vandal after that date were converted to U.S. dollars on the payment date.

No director compensation is paid to any member of management of the Corporation who serves as a director.

Long-Term Award

Non-executive directors receive an annual award of DSUs in an amount determined by the Human Resources and Compensation Committee, as noted in the above table. DSUs are credited to the account of each director in quarterly installments on the last business day of each fiscal quarter of the Corporation based on one quarter of the amount of the annual equity award, divided by the Market Value on that date. Each non-executive director may also elect, prior to the commencement of the applicable year, to receive DSUs in place of some or all of the annual cash retainers payable to them for serving as a director or as Chair of the Board or a committee of our directors.

In January of the following calendar year, the number of DSUs is increased by an amount to reflect the dividends accruing on the Common Shares for the prior calendar year, on a monthly compounded basis, as if the DSUs had been Common Shares with dividends reinvested.

All DSUs granted to directors vest upon being awarded. Vested DSUs may only be redeemed at Market Value once the individual has ceased to be a director of the Corporation. The departing director may elect one or two separate dates on which all or a portion of their DSUs will be redeemed. This election must occur before the individual ceases to be a director and the redemption date or dates shall not occur later than December 15th in the year following the director's departure from the Board. If no redemption date is selected, all DSUs will automatically be redeemed 6 months from the directors departure date. DSUs may be redeemed for cash, or at the election of the Corporation, subject to any regulatory approvals required, payment may be made in the form of Common Shares issued either from treasury or purchased on the open market.

The following table summarizes compensation paid to each of our non-executive directors during the year ended December 31, 2015:

Name	Fees Earned ⁽¹⁾ (\$)	Share-Based Awards ⁽²⁾ (\$)	Total (\$)
J. Paul Charron	34,500	170,000	204,500
Maureen E. Howe	31,500	167,500	199,000
Robert J. Iverach ⁽³⁾	34,500	160,000	194,500
Rebecca A McDonald	110,028 ⁽⁴⁾	110,000	220,028
Stephen W. C. Mulherin	31,500	250,000	281,500
Henry W. Sykes	61,500	140,000	201,500
Bertrand A. Valdman	142,552 ⁽⁴⁾	110,000	252,552
Thierry Vandal	68,256 ⁽⁴⁾⁽⁵⁾	82,500	150,756

Notes:

- (1) Amount of meeting and retainer fees paid in cash.
- (2) Represents the aggregate of the annual DSU award made to each director along with any additional amount of DSUs the director elected to receive in lieu of payment of some or all of a cash retainer otherwise payable to the director for serving as a director or as Chair of the Board or a committee of the Board during 2015. See "Compensation of Our Directors - Long-Term Award".
- (3) Mr. Iverach is not standing for re-election at the Meeting.
- (4) Fees to these directors are paid in U.S. dollars. Amounts were converted to Canadian dollars at the December 31, 2015 noon-day exchange rate, as reported by the Bank of Canada, of 1.00 USD = 1.384 CADs.
- (5) Mr. Vandal became a U.S. resident on July 5, 2015. Fees paid to Mr. Vandal after that date were converted to U.S. dollars on the payment date.

The following table sets out the value of all DSUs held for the account of each non-executive director under the DSU plan as at December 31, 2015.

Outstanding Share-Based Awards

Name	Number of Shares or Units that have not Vested	Market or Payout Value of Share-Based that have not Vested (\$)	Market or Payout Value of Vested Share- Based Awards not paid out or distributed ⁽¹⁾ (\$)
J. Paul Charron	Nil	Nil	277,845
Maureen E. Howe	Nil	Nil	349,727
Robert J. Iverach	Nil	Nil	311,648
Rebecca A. McDonald	Nil	Nil	233,154
Stephen W. C. Mulherin	Nil	Nil	510,638
Henry W. Sykes	Nil	Nil	311,715
Bertrand A. Valdman	Nil	Nil	233,154
Thierry Vandal	Nil	Nil	64,614

Note:

- (1) The amounts shown in this table reflects the value of DSUs held for the account of each of the directors under the DSU plan as of December 31, 2015. The amounts represent the Market Value as of December 31, 2015 of \$9.0942 multiplied by the number of DSUs held for the account of the director under the DSU plan. All DSUs granted to directors vest upon being awarded. See "Compensation of Our Directors – Long-Term Award".

Board and Committee Attendance

The following table sets forth the attendance of our directors at Board and committee meetings during the year ended December 31, 2015:

Name	Board Meetings Attended	Committee Meetings Attended ⁽¹⁾			
		Audit	Corporate Governance and Nominating	Human Resources and Compensation	Environmental, Health & Safety
Don Althoff ⁽²⁾	13/13	5/5	3/3	6/6	4/4
J. Paul Charron	13/13	2/2	2/2	6/6	--
Maureen E. Howe	13/13	5/5	2/2	--	1/2
Robert J. Iverach	13/13	2/2	3/3	3/3	2/2
Rebecca A. McDonald	12/13	2/3	1/1	--	3/4
Stephen W. C. Mulherin ⁽³⁾	13/13	5/5	3/3	6/6	4/4
Henry W. Sykes	13/13	--	1/1	3/3	4/4
Bertrand A. Valdman	13/13	5/5	1/1	3/3	--
Thierry Vandal	10/10	3/3	--	--	2/2

Notes:

- (1) Attendance is shown for meetings held while the individual was a member of the applicable committee.

- (2) Mr. Althoff is not a member of any committees, however, as a matter of course he regularly attends committee meetings. A portion of each meeting is conducted *in-camera*, without Mr. Althoff present.
- (3) Mr. Mulherin is a member of the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee. At the invitation of the Chair of each other committee he regularly attends all committee meetings.

Share Ownership Guidelines

Share ownership guidelines have been established by the Board to encourage all directors to have a meaningful equity stake in our company. Directors can acquire equity for purposes of meeting the share ownership guidelines by making personal investments in our Common Shares or other equity securities and by earning DSUs. For 2015, non-executive directors must hold at least three times (including the Chair of the Board) the aggregate of their annual board retainer in Canadian dollars (\$50,000/\$100,000) and the annual base amount of any long-term incentive award made to non-executive directors in Canadian dollars (\$110,000/\$150,000 DSU award), making the current target ownership for directors the amount of \$480,000 (\$750,000 for the Chair of the Board). Target ownership is required to be met within five years from the introduction of the guidelines or following appointment as a director, whichever is later. The following table sets forth the relevant information as at the date hereof for each of our non-executive directors:

Name	Number of Common Shares Beneficially Owned or Controlled	Number of DSUs Owned	Aggregate Value of Common Shares and DSUs Owned ⁽¹⁾	Share Ownership Guideline Amount	Value Owned as a Percentage of Share Ownership Guideline Amount ^{(2) (3)}
J. Paul Charron	35,000	30,552	\$519,827	\$480,000	100%
Maureen E. Howe	8,500	38,456	\$372,361	\$480,000	100%
Robert J. Iverach	5,600	34,269	\$316,161	\$480,000	100%
Rebecca A. McDonald	500	25,638	\$207,274	\$480,000	43%
Stephen W. C. Mulherin	50,000	56,150	\$841,770	\$750,000	100%
Henry W. Sykes	16,000	34,276	\$398,689	\$480,000	100%
Bertrand A. Valdman	7,241	25,638	\$260,730	\$480,000	54%
Thierry Vandal	3,230	7,105	\$81,957	\$480,000	17%

Note:

- (1) Value of Common Shares and DSUs is determined by multiplying the aggregate number of such Common Shares and DSUs by the closing trading price of our Common Shares on March 14, 2016 of \$7.93.
- (2) Director compensation was increased effective January 1, 2015. Directors have five years following such increase to achieve the Share Ownership Guideline Amount.
- (3) The Share Ownership Guidelines provide that once a director satisfies the Share Ownership Guideline Amount, he or she will be deemed to remain in compliance even in the event of negative fluctuations in the trading price of our Common Shares thereafter.

Diversity Policy and Practice

We and our Board believe that a diverse workforce provides us with a competitive advantage. Therefore, we have adopted a company-wide diversity policy (Diversity Policy) that emphasizes all facets of diversity including ethnicity, gender, age, sexual orientation, religion, physical ability, thinking styles, experience, and education. The Diversity Policy applies to directors, officers, employees, contract workers, consultants and agents of Veresen Inc. and our subsidiaries. Our Diversity Policy guides our,

and our Board's, approach to recruitment, retention and rewarding of our people, however, our primary focus for all levels of recruitment is to find the best qualified candidate given the needs of the position to be filled. The level of representation of women on the Board and in executive officer positions is a factor considered by the Board when identifying and nominating candidates for election to the Board and making executive officer appointments, respectively.

We have not established a target percentage or range of representation for women on our Board or in management as our Board does not believe doing so would be the most effective way of ensuring diversity or finding the most qualified candidates. Our nine member Board includes two women (22%) and three women have roles on our eight member executive leadership team (38%). Management of the Corporation and the Corporate Governance and Nominating Committee assess the Diversity Policy and its effectiveness annually.

Statement of Corporate Governance Practices

Our Board and management recognize that effective corporate governance is central to our prudent direction and operation in a manner that ultimately enhances shareholder value. The following discussion outlines our system of corporate governance, including with respect to various matters addressed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (Disclosure Instrument) and National Policy 58-201 – *Corporate Governance Guidelines* (Guidelines).

Our corporate governance practices and policies have been developed under the general stewardship of the Corporate Governance and Nominating Committee. Because of evolving laws, policies and practices, the Corporate Governance and Nominating Committee continuously reviews our practices and policies to ensure that we comply with all applicable requirements. In this regard, the Corporate Governance and Nominating Committee has developed and implemented, and continues to develop, implement and refine, formal policies and procedures that reflect our commitment to exemplary corporate governance.

Board Terms of Reference and Composition

Terms of Reference

Our Board has plenary power to manage and supervise our business and operations and has the duty to act in our best interest and the best interests of our shareholders. In respect of their duties and responsibilities to us, our Board acts in accordance with the ABCA, our articles of incorporation and by-laws, the terms of reference of each of the committees of our Board and applicable laws. Before implementation, our Board approves all significant decisions that affect us. Our Board also supervises the implementation of such decisions and monitors the results. Our Board is responsible for:

- (i) adopting our strategic planning process;
- (ii) identifying and understanding the principal risks of our business and overseeing management's implementation of systems to manage those risks;
- (iii) appointing our senior management, including the Chief Executive Officer;
- (iv) monitoring and assessing the performance of our senior management and management succession planning;
- (v) ensuring that our management maintains an effective communication program that provides for timely communication by us with our shareholders; and

- (vi) implementing and maintaining as appropriate our internal controls and information systems.

Appended to this Information Circular as Appendix B is a copy of the terms of reference of our Board. The terms of reference are also available on our website, www.vereseninc.com.

Composition of our Board

Our Board currently consists of nine directors who provide a wide diversity of business experience. Our Board has determined to fix the number of directors to be elected at the Meeting at nine. One of the current nine directors, Mr. Robert J. Iverach, is not standing for re-election as a director. Mr. Doug Arnell is being nominated as a director for the first time at the Meeting. Eight of the nine individuals standing for election are independent as defined under applicable Canadian securities legislation. Mr. Althoff is not independent as he is our President and Chief Executive Officer. In accordance with such legislation, our Board considers a director to be "independent" if he or she has no direct or indirect material relationship with us, as determined by our Board in consultation with the Corporate Governance and Nominating Committee. A "material relationship" is a relationship that, in our Board's view, could be reasonably expected to interfere with the exercise of a director's independent judgment. In addition, in accordance with regulatory requirements, our Board considers an individual to have a material relationship with us in certain specified circumstances.

Board Committees

Our Board has four standing committees, the Audit Committee, the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee, and the Environmental, Health and Safety Committee. All of the members of the four committees are independent directors. Each of the members of the Audit Committee is financially literate as defined under applicable Canadian securities legislation. The terms of reference for each of the four committees are summarized below and the full text of the terms of reference of each committee can be found on our website, www.vereseninc.com. Each of the committees is responsible for reviewing and assessing the adequacy of its terms of reference on an annual basis and for making recommendations to the directors regarding any proposed amendments thereto.

Audit Committee

Chair:	Bertrand A. Valdman
Members:	Maureen E. Howe Rebecca A. MacDonald Thierry Vandal

The Audit Committee is responsible for:

- (i) assessing the independence of its members on at least an annual basis and for determining whether or not new members are financially literate;
- (ii) reviewing and recommending to our Board for approval, our annual financial statements and related management's discussion and analysis;
- (iii) reviewing and approving our interim financial statements and related management's discussion and analysis;

- (iv) supervising the preparation and filing of the certification by our officers of our annual and interim filings and financial statements;
- (v) reviewing and approving, as prescribed, among other things, all of our earnings press releases and all other financial information before such information is publicly disclosed;
- (vi) recommending to our Board the auditor to be nominated and the compensation of the auditor;
- (vii) reviewing and approving the terms of the engagement of the auditor as well as any non-audit services the auditor is to perform;
- (viii) reviewing all audit processes and for overseeing the work of the auditor;
- (ix) interviewing the auditor independently of management and ensuring the auditor is independent of us;
- (x) reviewing our internal control procedures to determine their effectiveness and to ensure compliance with our policies and avoidance of conflicts of interest;
- (xi) supervising the identification and understanding of the principal risks of our business and overseeing management's implementation of systems to manage these risks;
- (xii) supervising our disclosure controls and procedures, and internal control over financial reporting; and
- (xiii) establishing procedures for the receipt, retention and treatment of complaints regarding our accounting, internal accounting controls or auditing matters, details of which are on our website, www.vereseninc.com.

For information concerning the Audit Committee, including the text of the terms of reference of the Audit Committee, see "Audit Committee Information" in the AIF. See "Additional Information" for details regarding how to obtain a copy of the AIF.

Human Resources and Compensation Committee

For details of the membership, along with a summary of the terms of reference, of the Human Resources and Compensation Committee, see "Compensation Discussion and Analysis – Compensation Governance".

Corporate Governance and Nominating Committee

- Chair: Maureen E. Howe
- Members: J. Paul Charron
Robert J. Iverach
Stephen W.C. Mulherin

The Corporate Governance and Nominating Committee is responsible for:

- (i) developing and overseeing our corporate governance practices, monitoring the relationship between our Board and management and making appropriate recommendations to our Board;
- (ii) assessing annually the independence of each director and the effectiveness of our Board as a whole, its committees and the contributions of individual directors;
- (iii) reviewing annually the size and composition of our Board and each committee and recommending nominees for election to our Board;
- (iv) reviewing and recommending for approval by our Board the descriptions contained in any public disclosure documents concerning governance matters in respect of compliance with applicable legislation, regulatory and/or stock exchange requirements and guidelines;
- (v) considering and, if thought fit, approving requests from directors or committees for the engagement of special advisors from time to time; and
- (vi) developing an orientation and continuing education program for new directors.

Environmental, Health and Safety Committee

Chair: Henry W. Sykes

Members: Robert J. Iverach
Rebecca A. McDonald
Thierry Vandal

The Environmental, Health and Safety Committee is responsible for:

- (i) considering and recommending policies, practices, procedures and strategies in the areas of the environment, health and safety;
- (ii) monitoring existing policies, practices and procedures to ensure compliance with applicable legislation regulating the environment, health and safety;
- (iii) considering and monitoring policies, practices and procedures to prevent loss or injury to employees, third parties and property and to minimize adverse environmental impacts;
- (iv) reviewing reports and recommendations regarding environmental, health and safety issues and risks including those related to operational process and regulatory compliance;
- (v) reviewing material environmental, health and safety incidents and management's approach to such incidents;
- (vi) monitoring and considering environmental, health and safety legislation on an as needed basis; and
- (vii) reporting to our Board as necessary regarding environmental, health and safety matters.

Report of the Corporate Governance and Nominating Committee

The following is a summary of some of the procedures undertaken by the Corporate Governance and Nominating Committee and recommendations recently made to our Board, all of which recommendations were accepted by our Board.

- Through a questionnaire that each director completes annually, the Corporate Governance and Nominating Committee conducted an evaluation of the effectiveness of our Board as a whole, its committees and the contributions of individual directors. The Corporate Governance and Nominating Committee was satisfied that, among other things, each member of our Board (other than the President and Chief Executive Officer) is independent, the conduct of our Board is ethical and each committee has properly discharged its responsibilities as set out in their respective terms of reference. The Corporate Governance and Nominating Committee also expressed satisfaction with the contributions of individual directors.
- The Corporate Governance and Nominating Committee reviewed the terms of reference of each committee of our Board and the terms of reference of our Board to assess their appropriateness having regard to the views of our Board as to the appropriate roles and responsibilities of each of the committees and the directors. The Corporate Governance and Nominating Committee also considered any recent and proposed legislative and regulatory amendments. The Corporate Governance and Nominating Committee has also proposed a detailed review and evaluation process for the Board's and each committee's terms of reference this year. The terms of reference of each of the committees of our Board and the terms of reference of our Board can be found on our website, www.vereseninc.com. A copy of the terms of reference of our Board is appended to this Information Circular as Appendix B.
- The Corporate Governance and Nominating Committee reviewed:
 - o the Code of Business Conduct and Ethics for our Board, officers and employees;
 - o the terms of reference for the Chair of our Board, the President and Chief Executive Officer and the committee chairs; and
 - o our Disclosure Policy, Privacy Policy and Diversity Policy, having regard to any changes to such materials deemed to be desirable or necessary due to our experience and the experience of our Board in dealing with such materials and having regard to any recent and proposed legislative and regulatory amendments.

All of these documents may be viewed on our website, www.vereseninc.com.

- The Corporate Governance and Nominating Committee determined to identify at least one new candidate for election or appointment to our Board with the goal of increasing breadth and expertise in the energy sector on our Board. After canvassing potential nominees in search of the desired skill-set, Mr. Doug Arnell was selected and is standing for election to our Board on May 4, 2016.
- The Corporate Governance and Nominating Committee monitors the development of new corporate governance and audit committee legislation, and develops for approval by our

Board any further policies, or revisions to current policies, or takes such steps as may be necessary or recommended to ensure compliance with such new legislation.

Corporate Governance Disclosure and Compliance with Corporate Governance Guidelines

The Disclosure Instrument requires us to disclose the corporate governance practices adopted, while the Guidelines provide guidance on corporate governance practices. In this regard, a brief description of our system of corporate governance, with reference to the items set out in the Disclosure Instrument and the Guidelines, is described in the table appended to this Information Circular as Appendix C.

Interest of Informed Persons in Material Transactions

None of our directors or executive officers, nor any director or executive officer of a subsidiary of ours and no person who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any associate or affiliate of such person, has had any material interest, direct or indirect, in any transaction since the commencement of our last completed financial year or in any proposed transaction which has materially affected, or would materially affect, us or any of our subsidiaries.

Additional Information

Additional information about us, including each of the documents listed below, is available on our website, www.vereseninc.com or on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Financial information is provided in our comparative financial statements and management's discussion and analysis for the year ended December 31, 2015.

Appendix A

VERESEN INC.

LONG-TERM INCENTIVE PLAN

(AS AMENDED AND RESTATED JANUARY 1, 2016)

ARTICLE 1 INTRODUCTION AND INTERPRETATION

1.1 Purposes of the Plan

The purposes of the Plan are to:

- (a) promote a greater alignment of interests between the employees of Corporate Group and the shareholders of the Corporation;
- (b) provide a compensation system for Eligible Employees that is reflective of the responsibility, commitment and performance of the duties required of such employees; and
- (c) serve as a tool to encourage the retention of employees, to recognize key contributors and to ensure that the Corporation's total compensation packages are competitive with those of its peers.

Non-employee directors of the Corporation are not entitled to participate in the Plan.

1.2 Definitions

Wherever used in the Plan, the following words and terms have the respective meanings set out below unless the context otherwise requires:

- (a) "**Account**" means a PSU Account or a RSU Account as the context requires and "**Accounts**" means both;
- (b) "**Affiliate**" means any corporation, partnership or other entity that is an affiliate of the Corporation and includes a "subsidiary", each as defined in National Instrument 45-106 – *Prospectus Exemptions* as amended from time to time;
- (c) "**Applicable Law**" means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Exchange Rules;
- (d) "**Applicable Withholding Taxes**" has the meaning set out in Section 3.4;
- (e) "**Beneficiary**" means, subject to Applicable Law, an individual who has been designated by an Eligible Employee, in such form and manner as the Committee may determine, to receive benefits payable under the Plan upon the death of the

Eligible Employee, or, where no such designation is validly in effect at the time of death, the Eligible Employee's legal representative;

- (f) "**Blackout Period**" has the meaning set out in Section 5.6;
- (g) "**Board**" means the board of directors of the Corporation;
- (h) "**Calendar Year**" means a one-year period commencing January 1 and ending December 31;
- (i) "**Cause**" shall mean the occurrence of any of the following:
 - (i) any improper conduct by the Eligible Employee which is materially detrimental to the Corporation or an Affiliate or willful failure of the Eligible Employee to properly carry out his or her duties or any material breach of employment by the Eligible Employee; or
 - (ii) for an Eligible Employee other than a US Taxpayer, any other acts that would constitute "Just Cause" as would be determined by a court of law to be just cause for dismissal/discharge;
- (j) "**Change of Control**" in respect of the Corporation means, or shall be deemed to have occurred, upon:
 - (i) the purchase or acquisition of any Shares and/or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Shares and/or Convertible Securities such that, assuming the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Shares carrying the right to cast more than 50% of the votes attaching to all Shares; or
 - (ii) approval by the Holders of Shares of:
 - (A) an arrangement, merger or other consolidation or combination of the Corporation with another entity or entities pursuant to which the Holders of Shares immediately thereafter do not own securities of the successor or continuing entity which would entitle them to cast more than 50% of the votes attaching to all securities in the capital of the successor or continuing entity which may be cast directly or indirectly to elect directors, or to assume effective management, of that entity;
 - (B) the liquidation, dissolution or winding-up of the Corporation; or
 - (C) the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
 - (iii) the completion of any transaction or series of transactions which would have the same or similar effect or result as any transaction or series of transactions referred to in subsections (i) or (ii) above;

- (k) "**Code**" means the United States Internal Revenue Code of 1986, as amended;
- (l) "**Committee**" means the Human Resources and Compensation Committee of the Board or any successor committee;
- (m) "**Convertible Securities**" means any securities issued by the Corporation or any other entity convertible or exchangeable into Shares or carrying the right or obligation to acquire Shares;
- (n) "**Corporate Group**" means the Corporation and its Affiliates;
- (o) "**Corporation**" means Veresen Inc. and any predecessor or successor to Veresen Inc.;
- (p) "**Disability**" means in respect of an Eligible Employee such employee commences receiving, or is eligible to receive, disability benefits under the Corporation's or an Affiliate's long-term disability plan;
- (q) "**Dividend Equivalent Unit**" has the meaning set out in Section 3.2;
- (r) "**Dividend Payment Date**" has the meaning set out in Section 3.2;
- (s) "**Early Retirement**" means retirement by an Eligible Employee from the Corporation or an Affiliate at or after age fifty-five (55) and after at least five (5) completed years of service to the Corporation or an Affiliate, or, an earlier date provided that retirement on such an earlier date is accepted by the Corporation or Affiliate pursuant to a letter from the Corporation or Affiliate granting the Eligible Employee retirement status and confirming the Eligible Employee's date of retirement;
- (t) "**Eligible Employee**" means an individual who is Employed by the Corporate Group who is selected by the Committee to receive a Grant under the Plan and any individual deemed to be an Eligible Employee by the Committee for purposes of the Plan;
- (u) "**Employed**" means, with respect to an Eligible Employee, that he or she is:
 - (i) performing work for the Corporation or an Affiliate; or
 - (ii) not performing work for the Corporation or an Affiliate due to:
 - (A) maternity or parental leave;
 - (B) absence for less than thirty (30) consecutive days which the Corporation or such Affiliate has approved.

For greater certainty, except as expressly provided herein, an individual whose employment has been terminated without Cause by the Corporation or an Affiliate shall not be considered to be "Employed" for purposes of the Plan during any statutory, contractual or common law notice period and shall be considered to have ceased to be "Employed" for purposes of the Plan on the date that the Corporation or an Affiliate, as

the case may be, states in a notice to the individual is his or her last day of employment (provided that such notice of termination is delivered to the individual on or before such date);

- (v) "**Exchange**" means the Toronto Stock Exchange, or if the Shares are not listed on the Toronto Stock Exchange, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market;
- (w) "**Exchange Rules**" means the applicable rules of any Exchange upon which the Shares are listed;
- (x) "**Fair Market Value**" means, with respect to any particular date, the volume weighted average price of a Share on the Exchange on the twenty (20) Trading Days including and immediately preceding such date;
- (y) "**Good Reason**", as it applies to:
 - (i) an Eligible Employee other than a US Taxpayer, shall mean any occurrence of any event without the Eligible Employee's consent that would be considered constructive dismissal/constructive discharge by a court of competent jurisdiction under the common law;
 - (ii) a US Taxpayer, shall mean the occurrence of any of the following without the Eligible Employee's prior written consent:
 - (A) the demotion or substantial downward change in reporting responsibilities, or significant diminishment of the Eligible Employee's responsibilities or authority; or
 - (B) a reduction in the Eligible Employee's base salary except as part of a general reduction of the base salary of all or substantially all of the Eligible Employees; or
 - (C) a material change of fifty miles or more in the geographic location at which the Eligible Employee must perform services.

In order for a termination of employment to constitute termination for Good Reason, an Eligible Employee must notify the Corporation or Affiliate, as applicable, in writing of termination for Good Reason, specifying the event constituting Good Reason, within 30 days after the occurrence of the event that the Eligible Employee believes constitutes Good Reason. Failure for any reason to give written notice of termination of employment for Good Reason in accordance with the foregoing will be deemed a waiver of the right to voluntarily terminate the Eligible Employee's employment for that Good Reason event. The Corporation or Affiliate, as applicable, will have a period of 30 days after receipt of such notice in which to cure the Good Reason. If the Good Reason is cured within this period, the Eligible Employee will not be entitled to terminate for Good Reason under the Plan. If the Corporation or Affiliate, as applicable, waives its right to cure or does not, within the 30 day period, cure the Good Reason, the Eligible Employee will be entitled to terminate for Good Reason under the Plan subject to the terms and conditions hereof, and such Eligible Employee's actual Termination Date will be determined in the sole discretion

of the Corporation or Affiliate, as applicable, but in no event will it be later than 30 calendar days from the date the Corporation or Affiliate, as applicable, waives its right to cure or the end of the 30-day period during which the Corporation or Affiliate, as applicable, may cure the Good Reason, whichever is earlier;

- (z) "**Grant**" means a grant of PSUs or RSUs, as applicable, made to an Eligible Employee pursuant to the Plan;
- (aa) "**Grant Agreement**" means an agreement between the Corporation and an Eligible Employee under which a Grant is made under the Plan, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan;
- (bb) "**Grant Date**" means the effective date of a Grant;
- (cc) "**Holder**" means any person or group of persons acting jointly or in concert, or associated or affiliated within the meaning of the *Business Corporations Act* (Alberta), with any other person or group of persons;
- (dd) "**Insider**" means an "insider" of the Corporation as defined in Part I of the Toronto Stock Exchange Company Manual as amended from time to time or any successor or replacement provision thereto;
- (ee) "**Leave of Absence**" means a leave from the Corporation or Affiliate in excess of thirty (30) consecutive days, pursuant to a letter from the Corporation or Affiliate granting the Eligible Employee leave of absence status;
- (ff) "**Normal Retirement**" means retirement by an Eligible Employee from the Corporation or an Affiliate where the sum of their age and years of service to the Corporation or an Affiliate equals at least sixty-five (65) provided they have achieved a minimum age of fifty-five (55) and at least five (5) completed years of service, or an earlier date provided that retirement on such an earlier date is accepted by the Corporation or Affiliate pursuant to a letter from the Corporation or Affiliate granting the Eligible Employee retirement status and confirming the Eligible Employee's date of retirement;
- (gg) "**Performance Condition**" means such performance criteria as may be determined by the Committee in respect of a Grant of PSUs to any Eligible Employee and set out in a Grant Agreement;
- (hh) "**Performance Factor**" means a number between zero and two as determined by the Committee based on the satisfaction of the applicable Performance Condition for the applicable Performance Period and which is used to determine the number of PSUs that become Vested Units;
- (ii) "**Performance Period**" means, except as set forth in the applicable Grant Agreement, the three-year period beginning on January 1st of the Plan Year and ending on December 31st of the second Calendar Year after the Plan Year. For example, if a Grant is made to an Eligible Employee on February 10, 2016, the Performance Period would begin on January 1, 2016 and end on December 31, 2018;

- (jj) "**Plan**" means this Long-Term Incentive Plan, as amended from time to time;
- (kk) "**Plan Year**" means the Calendar Year in which a Grant is made to an Eligible Employee;
- (ll) "**Pro-Rata Fraction**" means a fraction (A) the numerator of which is the number of whole months the Eligible Employee was Employed by the Corporation or an Affiliate between the first day of the Plan Year and the Vesting Date and (B) the denominator of which is the number of whole months in the Performance Period;
- (mm) "**PSU**" means a performance share unit granted to an Eligible Employee represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date shall be equal to the Fair Market Value;
- (nn) "**PSU Account**" has the meaning set out in Section 3.1;
- (oo) "**RSU**" means a restricted share unit granted to an Eligible Employee represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date shall be equal to the Fair Market Value;
- (pp) "**RSU Account**" has the meaning set out in Section 3.1;
- (qq) "**Settlement Date**" means, with respect to a Grant, the date that the Eligible Employee receives a payment in the form of cash or Shares or distribution for his or her Vested Units at the time specified pursuant to the terms of the Plan and the applicable Grant Agreement, as may be extended from time to time pursuant to Section 5.6;
- (rr) "**Share**" means a common share of the Corporation;
- (ss) "**Tax Act**" means the *Income Tax Act* (Canada) and any regulations thereto, as may be amended from time to time;
- (tt) "**Termination Date**" means, in respect of an Eligible Employee, the date on which the Eligible Employee ceases to be Employed by the Corporation or any Affiliate for any reason;
- (uu) "**Trading Day**" means any day on which the Exchange is open for the trading of Shares and on which Shares are actually traded;
- (vv) "**Unit**" means either a PSU or RSU, as the context requires, and "**Units**" means PSUs and RSUs;
- (ww) "**US Taxpayer**" means an Eligible Employee who is a citizen or permanent resident of the United States for the purposes of the Code or for whom Units granted under the Plan would otherwise be subject to United States federal income taxation under the Code;
- (xx) "**Vested Unit**" has the meaning set out in Section 4.1;

- (yy) **"Vesting Date"** means the date or dates on which Units become Vested Units in accordance with Article 4 and the terms of the applicable Grant Agreement. Unless otherwise provided in the applicable Grant Agreement, the last day of the Performance Period shall be the Vesting Date for Units granted pursuant to the Plan; and
- (zz) **"Vesting Percentage"** means the percentage of Units granted to a Participant that become vested on the applicable Vesting Date as specified in the applicable Grant Agreement.

1.3 Construction and Interpretation

- (a) In the Plan, all references to the masculine include the feminine; references to the singular shall include the plural and vice versa, as the context shall require.
- (b) The headings of all articles, sections and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Plan. References to "Article", "Section" or "Paragraph" mean an article, section or paragraph contained in the Plan unless expressly stated otherwise.
- (c) In the Plan, "including" and "includes" mean including or includes, as the case may be, without limitation. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to the Plan as a whole and not to any particular article, section, paragraph or other part hereof.
- (d) Whenever the Committee is to exercise discretion in the administration of the terms and conditions of the Plan, the term "discretion" and similar expressions means the sole and absolute discretion of the Committee.
- (e) For greater certainty, and notwithstanding any other provisions of the Plan, the Grant to any Eligible Employee under the Plan shall be in addition to, and not in substitution for or in lieu of, ordinary salary and wages received by such Eligible Employee in respect of his or her services to the Corporation or an Affiliate.

1.4 Effective Date

The Plan was effective as of January 1, 2014, was amended and restated on January 1, 2015, and is hereby further amended and restated effective January 1, 2016. The Committee shall review and confirm the terms of the Plan from time to time.

ARTICLE 2 UNIT GRANTS

2.1 Grant of Units

Each Eligible Employee may receive a Grant of PSUs and/or RSUs in such number as may be specified by the Committee, with effect from such date(s) as the Committee may specify.

2.2 Grant Agreement

- (a) Each Grant and the participation of an Eligible Employee in the Plan shall be evidenced by a written Grant Agreement issued by the Corporation or an Affiliate containing such terms and in such form as may be prescribed by the Committee. Each Grant Agreement shall set forth, at a minimum and as applicable, the Grant Date, the number and type of Units subject to such Grant, any Performance Conditions, any Performance Factor and the Performance Period(s).
- (b) The Committee may prescribe terms for Grant Agreements in respect of Eligible Employees who are subject to the laws of a jurisdiction other than Canada in connection with their participation in the Plan that are different than the terms of the Grant Agreements for Eligible Employees who are subject to the laws of Canada in connection with their participation in the Plan, and/or deviate from the terms of the Plan set out herein, for purposes of compliance with Applicable Law in such other jurisdiction or where in the Committee's opinion such terms or deviations are necessary or desirable to obtain more advantageous treatment for the Corporation, an Affiliate or the Eligible Employees in respect of the Plan under the Applicable Law of the other jurisdiction.
- (c) Notwithstanding the foregoing, the terms of any Grant Agreement shall be consistent with the Plan to the extent practicable having regard to the Applicable Law of the jurisdiction in which such Grant Agreement is applicable.

2.3 Units

Each PSU and RSU granted will give an Eligible Employee the right, subject to Sections 3.3 and 3.4, to receive Shares or a cash payment in an amount determined in accordance with the Plan and such Grant Agreement, provided such Unit becomes a Vested Unit in accordance with the terms of the Plan and the applicable Grant Agreement. For greater certainty, an Eligible Employee or Beneficiary shall have no right to receive any Shares or payment, and no payment shall be made as compensation, damages, or otherwise, with respect to any Units that are forfeited or otherwise do not become Vested Units.

2.4 Waiver or Change of Performance Conditions

The Committee may, without the consent of any Eligible Employee, subsequent to the making of a Grant:

- (a) waive any Performance Condition applicable to such Grant, or determine that it has been satisfied;
- (b) change or replace any Performance Condition or modify the weighting as between different Performance Conditions applicable to a particular Grant as the Committee sees fit in the event of a material change affecting the Corporation or an Affiliate including a material acquisition, disposition, change in Applicable Law or change in accounting standards applicable to the Corporation or an Affiliate provided that the Committee reasonably determines that (i) the change or replacement is required to preserve the rights of the Eligible Employees under the Plan on a basis substantially proportionate to that which existed prior to the event giving rise to the change or

replacement, or (ii) that the change or replacement will not materially adversely affect the likelihood of vesting or amount of any Grant.

2.5 Other Terms and Conditions

- (a) Subject to the terms of the Plan, the Committee may, in its sole discretion, determine other terms or conditions of any Units which shall be set out in the applicable Grant Agreement. In addition, the Committee may, in its sole discretion, authorize the vesting of Units granted or credited to an Eligible Employee hereunder that would, in the absence of such authorization, be forfeited pursuant to the Plan or accelerate the Settlement Date for all or any Units at any time and from time to time (except to the extent that such acceleration would result in a violation of Section 409A of the Code).
- (b) For greater certainty, no term or condition imposed under a Grant Agreement may have the effect of causing settlement (in cash or in Shares) of any of an Eligible Employee's Units to occur after December 31 of the third Calendar Year following the Plan Year during which such Unit was granted.
- (c) The Plan and the payments made pursuant to the Plan are intended to be interpreted and operated to the fullest extent possible so that the payments and benefits under the Plan shall be exempt from the requirements of Section 409A of the Code or, if determined to not be exempt from Section 409A of the Code, shall comply with the requirements of Section 409A of the Code. Payments payable under the Plan triggered by a termination of employment that are deferred compensation subject to (but not otherwise exempt from) Section 409A of the Code shall be made if such termination of employment constitutes a separation from service within the meaning of Section 409A of the Code and if such payments are subject to the signing of a General Release during the sixty-day period following such separation from service and such sixty-day period begins in one Calendar Year and ends in the next Calendar Year, such payments will not be made prior to the first day of such second Calendar Year. Notwithstanding any other provision in the Plan to the contrary, if the US Taxpayer is a "specified employee" on the date of his or her separation from service within the meaning of Section 409A of the Code and Treasury Regulation 1.409A-1(h), payments and benefits payable under the Plan due to a separation from service that are deferred compensation subject to (but not otherwise exempt from) Section 409A of the Code that would otherwise be paid or provided during the six-month period commencing on the separation from service, will be deferred until the first day of the seventh month following the separation from service if such deferral is necessary to avoid the additional tax under Section 409A of the Code.

ARTICLE 3 ACCOUNTS AND DIVIDEND EQUIVALENTS

3.1 Account

An account, called a "**PSU Account**" and a "**RSU Account**", as applicable, shall be maintained by the Corporation, or an Affiliate, as specified by the Committee, for each Eligible Employee and will be credited with the Grants received by an Eligible Employee pursuant to Section 2.1 and Dividend Equivalent Units in accordance with Section 3.2. Where Sections 4.4, 4.5, 4.6 or 4.7 apply, the number of applicable Units recorded in the Eligible Employee's Account will be

decreased accordingly by multiplying such Eligible Employee's Units by the Pro-Rata Fraction or as otherwise described in such Sections. Units that fail to vest in an Eligible Employee's Account pursuant to Article 4 and are forfeited, or that are settled in accordance with Article 5, shall be cancelled and shall cease to be recorded in the Eligible Employee's Account as of the date on which such Units are forfeited or settled, as the case may be.

3.2 Dividend Equivalent Units

Unless otherwise determined by the Committee in its sole discretion or as may otherwise be set out in the applicable Grant Agreement, on the first date in a Calendar Year that cash dividends are paid on the Shares, or such later time as reasonably determined by the Committee but in no event later than the applicable Settlement Date for the corresponding PSUs or RSUs, additional PSUs and/or RSUs, as applicable, will be credited to the Eligible Employee's Account in accordance with this Section 3.2 to reflect cash dividends paid on the Shares during the prior Calendar Year ("**Dividend Equivalent Units**"). The number of Dividend Equivalent Units will be calculated (to two decimal places) by dividing the cash dividends that would have been paid to the Eligible Employee if the Units recorded in the Eligible Employee's Account had been Shares by the Fair Market Value on the date that dividends are paid on the Shares ("**Dividend Payment Date**"). The immediately foregoing calculation will be completed on a compounded basis, meaning as though on each Dividend Payment Date additional PSUs or RSUs, as applicable, were in fact allocated to the Eligible Employee's Account. Unless otherwise determined by the Committee in its sole discretion, upon vesting of the Units, pursuant to Sections 4.4, 4.5, 4.6 or 4.7 or upon termination of the Plan pursuant to Section 7.2, each Eligible Employee's Account shall be credited with Dividend Equivalent Units, as applicable.

3.3 Adjustments

In the event of any stock dividend, stock split, combination or exchange of shares, capital reorganization, consolidation, spin off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other similar changes affecting the Shares, a proportionate adjustment to reflect such change or changes shall be made with respect to the number of Units outstanding under the Plan, or securities into which the Shares are changed or are convertible or exchangeable may be substituted for Shares under the Plan, on a basis proportionate to the number of Units in the Eligible Employee's Account or some other appropriate basis, all as determined by the Committee in its sole discretion, subject to, where applicable, Exchange approval.

3.4 Withholdings

- (a) Neither the Corporation nor any Affiliate is liable for any tax or other liabilities or consequences imposed on any Eligible Employee (or any Beneficiary) as a result of the granting or crediting, holding, surrender or settlement of any Units or Dividend Equivalent Units under the Plan, whether or not such costs are the primary responsibility of the Corporation or any Affiliate. It is the responsibility of the Eligible Employee (or Beneficiary) to complete and file any tax returns which may be required under any applicable tax laws within the period prescribed by such laws.
- (b) The Corporation or any Affiliate is authorized to deduct or withhold from any Unit or Dividend Equivalent Unit granted, from any payment due or transfer made under any Unit or Dividend Equivalent Unit or under the Plan or from any compensation or other amount owing to an Eligible Employee such amount as may be necessary so

as to ensure the Corporation and any Affiliate will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions (the "**Applicable Withholding Taxes**"), and to take any other action as may be necessary in the opinion of the Corporation or Affiliate, acting reasonably, to satisfy all obligations for the payment of those Applicable Withholding Taxes, including, for greater certainty, requiring an Eligible Employee, as a condition to the settlement of a Unit or Dividend Equivalent Unit, to pay or reimburse the Corporation or Affiliate, as applicable, for any Applicable Withholding Taxes. The Corporation or Affiliate may sell any Shares, other securities or property withheld, in such manner and on such terms as it deems appropriate, and shall apply the proceeds of such sale to the payment of Applicable Withholding Taxes or other amounts, and shall not be liable for any inadequacy or deficiency in the proceeds received or any amounts that would have been received, had such Shares, other securities or property been sold in a different manner or on different terms.

ARTICLE 4 VESTING OF UNITS

4.1 Vested Units

Vesting of Units granted to an Eligible Employee shall be determined in accordance with this Article 4. Units and Dividend Equivalent Units that vest are referred to herein as "**Vested Units**". Units which do not become Vested Units shall be forfeited by the Eligible Employee and the Eligible Employee will have no further right, title or interest in such Units. Except as otherwise provided below, the number of RSUs which shall become Vested Units on the applicable Vesting Date shall be determined by multiplying the total number of RSUs granted as specified in the applicable Grant Agreement and any Dividend Equivalent Units in respect of such RSUs by the Vesting Percentage for such Vesting Date. Except as otherwise provided below, the number of PSUs which shall become Vested Units on the Vesting Date shall be determined by multiplying the total number of PSUs granted as specified in the applicable Grant Agreement and any Dividend Equivalent Units in respect of such PSUs by the Vesting Percentage for such Vesting Date further multiplied by the Performance Factor.

4.2 Continued Employment

- (a) Except as otherwise provided in accordance with the terms of this Article 4 and the applicable Grant Agreement, Units that are the subject of a Grant to an Eligible Employee and Dividend Equivalent Units in respect thereof shall vest on the Vesting Date in an amount determined by multiplying the number of such Units by the Vesting Percentage, provided that the Eligible Employee remains Employed throughout the Performance Period through to the Settlement Date. The Settlement Date for any Units which become Vested Units pursuant to the terms of this Section 4.2 is expected to be between January 1st and March 31st of the Calendar Year following the Calendar Year during which the applicable Vesting Date occurs.
- (b) For greater certainty, an Eligible Employee shall not be considered to have ceased being Employed for purposes of this Section 4.2 where, during a Performance Period or Calendar Year, he or she ceases employment with the Corporation and immediately commences employment with an Affiliate or ceases employment with

an Affiliate and immediately commences employment with the Corporation or another Affiliate.

- (c) The Committee will have the sole discretion to determine:
 - (i) whether an Eligible Employee has ceased active employment with the Corporate Group and the effective Termination Date; and
 - (ii) notwithstanding anything in the Plan, whether the Plan will continue to apply to any person.

4.3 Termination of Employment for Cause or Voluntary Resignation

Notwithstanding anything to the contrary in the Plan or a Grant Agreement, if an Eligible Employee's Termination Date occurs before the Settlement Date due to an involuntary termination for Cause or a voluntary resignation (other than a Retirement), all Units previously granted to such Eligible Employee, including Vested Units and unvested Units, and any Dividend Equivalent Units in respect of such Units, shall be forfeited and the Eligible Employee will have no further right, title or interest in such Units or Dividend Equivalent Units.

4.4 Termination of Employment without Cause

Subject to Section 4.8, if an Eligible Employee's Termination Date occurs prior to a Vesting Date due to an involuntary termination of employment without Cause by the Corporation or an Affiliate, the Vesting Date for all unvested Units and Dividend Equivalent Units, except as otherwise determined by the Committee, shall be the Termination Date and the number of such Units and any Dividend Equivalent Units in respect of such Units granted to such Eligible Employee which shall become Vested Units shall be equal to the total number of such Units granted to an Eligible Employee, and any Dividend Equivalent Units in respect of such Units, multiplied by a Vesting Percentage equal to 100% and further multiplied by the Pro-Rata Fraction. For PSUs held by such Eligible Employee and any Dividend Equivalent Units in respect of such PSUs, the number of PSUs which became Vested Units determined pursuant to the previous sentence shall be further multiplied by the Performance Factor. For purposes of this Section 4.4, the Performance Factor will be deemed to be 1.0 unless an exception is approved by the Committee taking into account the performance of the Corporation and the Eligible Employee to the Termination Date. Any Units held by such Eligible Employee which do not become Vested Units as of the date of such Eligible Employee's Termination Date pursuant to this Section 4.4 and any Dividend Equivalent Units in respect of such Unit shall be forfeited and the Eligible Employee will have no further right, title or interest in such Units or Dividend Equivalent Units. The Settlement Date for all Vested Units shall be no later than the sixty-day anniversary of the Termination Date of such Eligible Employee.

4.5 Termination of Employment due to Death

Subject to Section 4.8, if an Eligible Employee's Termination Date occurs prior to a Vesting Date due to death, the Vesting Date for all unvested Units and Dividend Equivalent Units, except as otherwise determined by the Committee, shall be the Termination Date. The number of such Units and any Dividend Equivalent Units in respect of such Units granted to such Eligible Employee which shall become Vested Units shall be equal to the sum of:

- (a) for each completed Plan Year but where the Performance Period has not yet been completed, the total number of such Units granted to an Eligible Employee, and any Dividend Equivalent Units in respect of such Units, and
- (b) for each Plan Year not yet completed, a prorated amount calculated by multiplying the number of such Units granted to an Eligible Employee, and any Dividend Equivalent Units in respect of such Units, by a fraction (i) the numerator of which is the number of whole months such Eligible Employee was Employed during such Plan Year, and (ii) the denominator of which is the number of whole months in such Plan Year.

For PSUs held by such Eligible Employee, the number of PSUs which became Vested Units as determined pursuant to (a) and (b) above shall be further multiplied by the Performance Factor. For purposes of this Section 4.5 the Performance Factor will be deemed to be 1.0 unless an exception is approved by the Committee taking into account the performance of the Corporation and the Eligible Employee to the Termination Date. Any Units held by such Eligible Employee which do not become Vested Units as of the date of such Eligible Employee's Termination Date pursuant to this Section 4.5 and any Dividend Equivalent Units in respect of such Units shall be forfeited and the Eligible Employee will have no further right, title or interest in such Units or Dividend Equivalent Units. The Settlement Date for all Vested Units shall be no later than the sixty-day anniversary of the Termination Date of such Eligible Employee.

4.6 Termination of Employment due to Retirement

- (a) Subject to Section 4.8, if an Eligible Employee's Termination Date occurs prior to a Vesting Date due to Early Retirement, the Vesting Date for all unvested Units and Dividend Equivalent Units, except as otherwise determined by the Committee, shall be as set forth in the applicable Grant Agreement and the number of such Units and any Dividend Equivalent Units in respect of such Units granted to such Eligible Employee which shall become Vested Units shall be equal to the total number of such Units granted to an Eligible Employee, and any Dividend Equivalent Units in respect of such Units, multiplied by the Pro-Rata Fraction.
- (b) Subject to Section 4.8, if an Eligible Employee's Termination Date occurs prior to a Vesting Date due to Normal Retirement, the Vesting Date for all unvested Units and Dividend Equivalent Units, except as otherwise determined by the Committee, shall be as set forth in the applicable Grant Agreement and the number of such Units and any Dividend Equivalent Units in respect of such Units granted to such Eligible Employee which shall become Vested Units shall be equal to the total number of such Units granted to an Eligible Employee, and any Dividend Equivalent Units in respect of such Units.
- (c) In the case of both Early Retirement and Normal Retirement, the number of PSUs and Dividend Equivalent Units which became Vested Units as determined pursuant to (a) or (b) above shall be further multiplied by the Performance Factor. For purposes of this Section 4.6, the Performance Factor will be determined in accordance with the applicable Grant Agreement. Any Units held by such Eligible Employee which do not become Vested Units pursuant to this Section 4.6 and any Dividend Equivalent Units in respect of such Units shall be forfeited and the Eligible Employee will have no further right, title or interest in such Units or

Dividend Equivalent Units. The Settlement Date for all Vested Units shall be no later than the sixty-day anniversary of the Vesting Date of such Eligible Employee.

4.7 Leave of Absence and Disability

If an Eligible Employee is not Employed for more than thirty (30) consecutive days due to a Leave of Absence or a Disability prior to a Vesting Date, except as otherwise determined by the Committee, the number of such Units granted to such Eligible Employee and any Dividend Equivalent Units in respect of such Units which shall become Vested Units as determined pursuant to Section 4.1 shall be further multiplied by the Pro-Rata Fraction.

4.8 Release of Claims

Prior to receiving the settlement of the Vested Units, whether in cash or Shares, the Eligible Employee shall be required to execute and deliver to the Corporation:

- (a) an acknowledgment of receipt and release in a form acceptable to the Corporation releasing the Corporation from any claim arising under the Plan for the Plan Year related to the settlement (the "**Specific Release**"); or
- (b) in the event the Eligible Employee's employment with the Corporation has been terminated for any reason prior to the Settlement Date, a release in a form acceptable to the Corporation releasing the Corporation from any claims arising under the Plan for the Plan Year related to the settlement and any claim arising under the Plan following completion of the Plan Year related to the settlement (the "**General Release**"), provided that the Vested Units shall be settled only after any period during which the Eligible Employee may revoke such General Release has expired (and the General Release is not revoked) and not later than the sixty-day anniversary of the Termination Date; provided further that if the General Release is not effective prior to the sixty-day anniversary of the Termination Date, all Units previously granted to such Eligible Employee, whether or not Vested Units, and any Dividend Equivalent Units in respect of such Units, shall be forfeited and the Eligible Employee will have no further right, title or interest in such Units.

ARTICLE 5 PURCHASE OF SHARES AND SETTLEMENT OF VESTED UNITS

5.1 Settlement of Vested Units

The value of the Vested Units to be settled in respect of an Eligible Employee as of a Settlement Date shall be based upon the Fair Market Value on such Vesting Date and shall, subject to Section 5.2, be paid by the Corporation to the Eligible Employee (or if the Eligible Employee has died, to the Eligible Employee's Beneficiary) in the form of a lump sum cash payment, less Applicable Withholding Taxes, on the Settlement Date specified in Article 4 or the applicable Grant Agreement.

5.2 Discretion to Settle in Shares

- (a) Subject to Sections 3.4, 5.3 and 5.5, and the receipt of the approval of the Exchange and all necessary shareholder approvals as required under the Exchange Rules, the

Corporation shall have the right, in its sole discretion, to require that the cash value of any Vested Units in respect of an Eligible Employee be:

- (i) applied to the subscription price for Shares to be issued from treasury to the Eligible Employee or the Eligible Employee's Beneficiary, as applicable, at a price per Share equal to the Fair Market Value on the Settlement Date; or
 - (ii) used to purchase on behalf of such Eligible Employee or the Eligible Employee's Beneficiary, as applicable, Shares on the open market in accordance with the provisions of Section 5.3.
- (b) On delivery or credit of Shares issued or purchased on behalf of an Eligible Employee or the Eligible Employee's Beneficiary, as applicable, in accordance with Section 5.2(a) to or for the account of the Eligible Employee or the Eligible Employee's Beneficiary, as applicable, the Corporation shall be fully discharged of its obligations pursuant to the Plan in so doing and the Units in respect of which such payment was made shall be cancelled and no further payments shall be made from the Plan in respect of such Units.

5.3 Purchase of Shares

In the event the Corporation exercises its right under Section 5.2(a)(ii), the Committee shall notify a broker as to the cash value of such Units in the Eligible Employee's Account, after deduction of Applicable Withholding Taxes as provided herein, to be used by the broker to purchase Shares on behalf of the Eligible Employee on the open market. As soon as practicable thereafter the broker shall purchase on the open market the maximum number of Shares possible at such time with the cash value disclosed by the Committee and shall notify the Committee of: (i) the number of Shares purchased; (ii) the aggregate purchase price of the Shares; (iii) the purchase price per Share or, if the Shares were purchased at different prices, the average purchase price (computed on a weighted average basis) per Share; (iv) the amount of any related brokerage commission; and (v) the settlement date for the purchase of the Shares.

5.4 Payment of Balance Remaining on Share Purchase

If, after the Corporation or the broker applies the value of Units in an Eligible Employee's Account, as applicable, to the subscription for whole Shares from treasury as provided for in Section 5.2(a)(i), or the purchase of whole Shares as provided for in Section 5.3, an amount remains payable under the Plan in respect of the Eligible Employee, the Corporation shall pay such amount in cash to the Eligible Employee or the Eligible Employee's Beneficiary, as applicable.

5.5 Shares Available for Issuance and Insider Participation Limits

- (a) The aggregate number of Shares available for issuance from the treasury of the Corporation pursuant to the Plan shall, in the aggregate, not exceed 9,000,000 Shares, subject to adjustment for any subdivision, consolidation or distribution of Shares as contemplated by, and in accordance with, Section 3.3.
- (b) The aggregate number of Shares which may be reserved for issuance to Insiders under the Plan and all other security based compensation arrangements of the

Corporate Group shall not, in the aggregate, exceed ten percent (10%) of the number of Shares then issued and outstanding.

- (c) During any one year period, the Corporation shall not issue to Insiders pursuant to the Plan and all other security based compensation arrangements of the Corporate Group, in the aggregate, a number of Shares exceeding ten percent (10%) of the number of Shares then issued and outstanding.
- (d) For purposes of the Plan, "security based compensation arrangement" shall have the meaning set out in Part VI of the Toronto Stock Exchange Company Manual as amended from time to time or any successor or replacement provision thereto.
- (e) For greater certainty, the number of Shares outstanding shall mean the number of Shares outstanding on a non-diluted basis on the date immediately before the proposed Grant Date.
- (f) No fractional Shares may be issued under the Plan, but shall instead be rounded to the nearest whole number.
- (g) All Shares issued pursuant to Section 5.2(a)(i) shall be issued as fully paid and non-assessable Shares.
- (h) If Units or Dividend Equivalent Units shall expire or terminate for any reason without having been settled, any unissued Shares to which such Units or Dividend Equivalent Units relate shall again be available for purposes of the Plan.
- (i) This Section 5.5 and the Corporation's right to issue Shares under Section 5.2(a)(i) will be effective only upon receipt of the approval of the Exchange and all necessary shareholder approvals as required by the Exchange Rules.

5.6 Blackout Periods

In the event that the Corporation determines to issue Shares pursuant to Section 5.2(a)(i) and the Settlement Date for the affected Units occurs during a Blackout Period applicable to the relevant Eligible Employee, or within ten (10) business days after the expiry of such Blackout Period, then the Settlement Date for those Units shall be the date that is the tenth (10th) business day after the expiry date of such Blackout Period. For purposes of this Section 5.6, "**Blackout Period**" means the period during which the relevant Eligible Employee is prohibited from trading in any securities of the Corporation due to trading restrictions imposed by the Corporation in accordance with its trading policies affecting trades by directors, officers and employees of the Corporation's securities.

ARTICLE 6 CHANGE IN CONTROL

- 6.1** In the event of a Change of Control, subject to compliance with Treas. Reg. 1.409A-3(j)(4)(ix)(B) for any Units that are deferred compensation subject to (but not otherwise exempt from) Section 409A of the Code, the Plan will terminate and the Corporation will immediately vest and settle all Units previously granted that have not yet been forfeited or settled as of the date of such Change of Control and all Dividend Equivalent Units in respect of such Units. In the event of the termination of the Plan, the following shall apply: (a) for PSUs held by an Eligible Employee and

any Dividend Equivalent Units in respect of such PSUs, based on actual performance as of the date of the Change of Control, the Committee will determine satisfaction of any Performance Conditions relating to such Grant through such Change of Control and the number of PSUs which became Vested Units shall be further multiplied by the Performance Factor achieved as of the date of the Change of Control; (b) any Units held by an Eligible Employee which do not become Vested Units as of the date of such Change of Control shall be forfeited and the Eligible Employee will have no further right, title or interest in such Units; and (c) the Settlement Date for any Units which become Vested Units shall be no later than the sixty-day anniversary of the Change of Control.

- 6.2** In the event of a Change of Control, the Committee shall, in the manner it determines equitable in its sole discretion and subject to, where applicable, Exchange approval, adjust Units to reflect the transaction. Actions by the Committee may include: (i) adjustment of the number and kind of shares which may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding Units; and (iii) any other adjustments that the Committee determines to be equitable (which may include, without limitation, replacement of Units with other awards which the Committee determines have comparable value and which are based on shares of a company resulting from the transaction).

ARTICLE 7 GENERAL

7.1 Plan Administration

The Plan shall be administered by the Committee under the authority of, and notwithstanding anything in the Plan subject also to any requirements by, the Board. Subject to the rules, regulations and policies of the Exchange, the Committee retains full discretion to interpret, terminate or amend the Plan, determine timing of Grants, set target and allocation rules, change or rescind rules and regulations for its administration and otherwise make all other determinations necessary or advisable for the administration of the Plan, except that shareholder approval must be obtained for any amendment that would have the effect of:

- (a) increasing the number of Shares or the percentage of issued and outstanding Shares reserved for issuance pursuant to the Plan;
- (b) removing or increasing the Insider participation limits as set forth in Section 5.5;
- (c) extending the Performance Period of any outstanding Units granted to Insiders;
- (d) amending Section 7.6 of the Plan permitting transferability of Units other than for estate planning or settlement purposes;
- (e) materially modifying the eligibility requirements for participation in the Plan, including a change which would have the potential of broadening or increasing participation by Insiders; or
- (f) amending the amendment provision contained in this Section 7.1.

The Committee may amend the Plan to correct, remedy or reconcile any inconsistency in the Plan or in any Grants to the extent it shall be deemed desirable to carry the Plan into effect. The determinations of the Committee in the administration of the Plan shall be final and conclusive.

Notwithstanding the above, no such amendment or termination shall have any retroactive effect which would prejudice any rights previously granted or conferred hereunder. Further and notwithstanding the foregoing, any amendment of the Plan shall be such that the Plan and any Units credited thereunder continuously meet the requirements under paragraph (k) of the Salary Deferral Arrangement definition in subsection 248(1) to the Tax Act or any successor to such paragraph.

The Committee may delegate obligations to be performed under the Plan to the Corporation as the Committee determines appropriate.

7.2 Plan Termination

- (a) The Committee may terminate the Plan at any time, but no such termination shall, without the consent of any Eligible Employee affected or unless required by Applicable Law, adversely affect the rights of an Eligible Employee with respect to Units to which the Eligible Employee is then entitled under the Plan. Notwithstanding the foregoing, termination of the Plan shall be such that Units continuously meet the requirements under paragraph (k) of the Salary Deferral Arrangement definition in subsection 248(1) to the Tax Act or any successor to such paragraph.
- (b) If the Committee terminates the Plan, no new Units will be credited to the Account of an Eligible Employee, provided that the Account of each Eligible Employee shall, where applicable, be credited with Units pursuant to Sections 3.2 and 3.3 of the Plan.
- (c) If the Committee terminates the Plan, prior grants of Units shall remain outstanding and in effect and shall be settled in due course in accordance with the terms and conditions of the Plan and Grant Agreements. The Plan will finally cease to operate for all purposes when there are no longer any outstanding Units.

7.3 Compliance with Applicable Law

The administration of the Plan shall be subject to and made in conformity with all Applicable Law.

7.4 Reorganization of the Corporation

Subject to Section 3.3, the existence of any Units shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or to create or issue any bonds, debentures, shares or other securities of the Corporation or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation, or any amalgamation, combination, merger or consolidation involving the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

7.5 Assignment

- (a) Rights and obligations under the Plan may be assigned by the Corporation to a corporate successor in the business of the Corporation, any corporation resulting

from any amalgamation, reorganization, combination, merger or arrangement of the Corporation, or any corporation acquiring all or substantially all of the assets or business of the Corporation.

- (b) In no event may the rights or interests of an Eligible Employee under the Plan be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a Beneficiary upon death of an Eligible Employee pursuant to the terms of the Plan.

7.6 Units Non-Transferable

Units are non-transferable. Certificates representing Units will not be issued.

7.7 No Additional Rights

- (a) The participation of any Eligible Employee in the Plan shall not be interpreted as conferring upon such Eligible Employee any rights or privileges other than those rights and privileges expressly provided in the Plan.
- (b) Without limiting the generality of Section 7.7(a), neither participation in the Plan nor any action taken under the Plan shall give or be deemed to give any Eligible Employee a right to continued service to or employment with the Corporation or an Affiliate.
- (c) Without limiting the generality of Section 7.7(a), nothing in the Plan or the Eligible Employee's opportunity to participate in the Plan shall be construed to provide the Eligible Employee with any rights whatsoever to participate or to continue participation in the Plan, or to receive a Grant under the Plan, or to compensation or damages in lieu of a Grant or participation or the right to participate in the Plan, following the Termination Date regardless of the reason for termination of employment (including, without limitation, any breach of contract by the Corporation or an Affiliate) or in consequence of any other circumstances whatsoever.

7.8 No Shareholder Rights

Under no circumstances shall Units be considered Shares or other securities of the Corporation, nor shall they entitle any Eligible Employee to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Corporation, including, without limitation, voting rights, dividend entitlement rights (other than as provided in Section 3.2) or rights on liquidation, nor shall any Eligible Employee be considered the owner of Shares by virtue of the award of Units, until and unless Shares have been issued or transferred to the Eligible Employee upon settlement of his or her Units.

7.9 Unfunded and Unsecured Plan

Unless otherwise determined by the Committee, the Plan shall be unfunded and the Corporation will not secure its obligations under the Plan. To the extent any Eligible Employee or his or her Beneficiary holds any rights by virtue of a Grant under the Plan, such rights shall be no greater than the rights of an unsecured creditor of the Corporation.

7.10 Market Fluctuations

- (a) No amount will be paid to, or in respect of, an Eligible Employee under the Plan or otherwise, to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, an Eligible Employee (or a person with whom the Eligible Employee does not deal at arm's length within the meaning of the Tax Act) for such purpose.
- (b) The Corporation makes no representations or warranties to Eligible Employees with respect to the Plan or the Units whatsoever. In seeking the benefits of participation in the Plan, an Eligible Employee agrees to exclusively accept all risks associated with a decline in the Fair Market Value of Shares and all other risks associated with the holding of Units.

7.11 Currency

All cash payments and benefits under the Plan shall be determined in the lawful currency of Canada and paid in the local currency of the Eligible Employee's country of residence using the currency exchange rate available to the Corporation at the time of payment.

7.12 Governing Law

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein, without regard to principles of conflict of laws.

7.13 Severability

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

Appendix B

VERESEN INC. BOARD OF DIRECTORS

TERMS OF REFERENCE

PART I

COMPOSITION AND PROCEDURE

1.1 Composition

The board of directors (the "Board") of Veresen Inc. (the "Company") shall consist of such number of directors as may be fixed from time to time by the Board, not being less than three (3) nor more than fifteen (15). At least one quarter of the members of the Board shall be resident Canadians. Each director elected holds office until the next annual meeting of the holders of Common Shares ("Shares") of the Company (the "Shareholders") or until his or her successor is duly elected or appointed. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, such nominee will be removed from the list of nominees to be recommended to the Shareholders.

At the first meeting of the Board held following the annual meeting of Shareholders, the Board shall elect a chairperson to preside at all meetings of the Board. Where it is not appropriate to appoint an independent director as chairperson, an independent director shall be appointed as lead director.

1.2 Meetings

The Board meets at least five times a year and as many additional times as it considers necessary to carry out its responsibilities effectively. The Secretary of the Company is the Secretary of the meetings. The Board shall meet separately at each meeting without management (including any member of management who is a director) present.

1.3 Decisions

Decisions of the Board shall be evidenced by resolutions passed at meetings of the Board and recorded in the minutes of the meeting or by a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Board.

1.4 Minutes

A copy of the draft minutes of each meeting of the Board shall be transmitted promptly by the Secretary to each director for adoption at the next meeting. A copy of any written resolutions evidencing decisions of the Board shall be transmitted promptly by the Secretary to each director.

1.5 Authority to Engage Advisors

Each director shall be enabled, subject to the approval of the Corporate Governance and Nominating Committee, to engage outside advisers, including counsel, as he or she determines necessary to carry out his or her duties as a member of the Board. The Company shall provide appropriate funding to compensate any such adviser, as determined by the Corporate Governance Committee in its capacity as a committee of the Board.

PART II

BOARD OF DIRECTORS MANDATE

2.1 Board Responsibilities

The *Business Corporations Act* (Alberta) requires directors to manage, or supervise the management of, the business and affairs of the Company. The Board carries out this responsibility through a stewardship role. The day to day management is delegated to the officers of the Company. In fulfilling this stewardship role the Board has the responsibility to:

- (a) Oversee the development and implementation of the annual strategic, financial and operating plans, including annual targets for the Company.
- (b) Oversee the development and implementation by management of a strategic planning process to identify, manage and monitor the opportunities and principal risks of the Company's business and ensure the implementation of appropriate systems to manage these risks.
- (c) Ensure that management implements and maintains appropriate internal controls and management information systems for the Company.
- (d) Ensure that management maintains an effective communication program that provides for timely communication by the Company with its Shareholders, debentureholders and other stakeholders including effective means to enable Shareholders, debentureholders and other stakeholders to provide feedback and communicate with senior management and the Board, and which communication program conforms to current practices for publicly traded entities in Canada.
- (e) Appoint the President and Chief Executive Officer and other officers of the Company.
- (f) Assess the performance of the President and Chief Executive Officer on at least an annual basis taking into account the recommendations of the Human Resources and Compensation Committee and any goals and responsibilities established for the President and Chief Executive Officer.
- (g) Approve the compensation of the President and Chief Executive Officer, taking into account the recommendations of the Human Resources and Compensation Committee.
- (h) Appoint an Audit Committee comprised of independent directors, a Corporate Governance and Nominating Committee, a Human Resources and Compensation Committee, and an Environmental, Health and Safety Committee and such other committees as the Board considers advisable to assist in carrying out its responsibilities

effectively and to delegate to such committees any of the powers of the Board it is entitled to delegate pursuant to the *Business Corporations Act* (Alberta). The Board shall establish written Terms of Reference for each of any committees appointed by it and shall review such Terms of Reference on at least an annual basis.

- (i) Appoint a chairperson for each committee of the Board.
- (j) Ensure that all new directors receive a comprehensive orientation to the Board and the Company. The Board and the Company shall provide continuing education opportunities for all directors to maintain and enhance their skills and abilities as directors as well as to ensure knowledge and understanding of the Company's business environment remains current.
- (k) Conduct regular assessments to evaluate the effectiveness and contributions of the individual directors and the Board as a whole.
- (l) Comply with the Company's by-laws and the statutory and fiduciary obligations which generally exist for directors of publicly traded companies in Canada.
- (m) Comply with and conduct periodic assessments of the Company's Code of Business Conduct and Ethics and oversee compliance therewith within the Company.
- (n) Satisfy itself, to the extent feasible, as to the integrity of the President and Chief Executive Officer and other executive officers of the Company and ensure that senior management creates a culture of integrity throughout the Company.
- (o) Establish and maintain a set of governance principles for the Company including practices that ensure that the Board functions independently of management.

PART III

RESPONSIBILITIES OF DIRECTORS

3.1 Director Responsibilities

The *Business Corporations Act* (Alberta) requires directors in exercising their powers and discharging their duties to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. As a member of the Board, each director should:

- (a) Be prepared for and strive to attend all Board meetings, to participate fully and frankly in the deliberations and discussions of the Board.
- (b) Exercise good judgment with integrity and with the benefit of his or her abilities and experience. Oversee the development and implementation of the annual strategic, financial and operating plans, including annual targets for the Company.
- (c) Identify and disclose any conflict of interest to allow appropriate review.
- (d) Respect confidentiality.

- (e) Devote the necessary time and attention to be able to make an informed decision on issues.
- (f) Ask for all the information he or she believes is necessary to make informed decisions.
- (g) Be generally knowledgeable of the Company's operations and the industry within which it operates.
- (h) Have an understanding of the regulatory, legislative, business, social and political environments within which the Company operates.
- (i) Be an available resource to management.
- (j) Be an effective ambassador and representative of the Company.
- (k) Become acquainted with the officers and senior management of the Company.
- (l) When appropriate, communicate with the Chair of the Board and the President and Chief Executive Officer between meetings.
- (m) Encourage free and open discussion at the meetings of the Board.
- (n) Participate on committees, be knowledgeable of the mandate of the committee and ensure that the committee's activities are consistent with, and fulfill, the mandate.

Appendix C

Corporate Governance Disclosure and Compliance with Corporate Governance Guidelines

Disclosure Item	Comments
1. Directors	
• Independence	<p>Our Board considers a director to be "independent" if he or she has no direct or indirect material relationship with us, as determined by the directors in consultation with the Corporate Governance and Nominating Committee. A "material relationship" is a relationship that, in our Board's view, could reasonably be expected to interfere with the exercise of a director's independent judgment. In addition, in accordance with regulatory requirements, our Board considers an individual to have a material relationship with us in certain specified circumstances.</p> <p>Our Board is responsible for determining whether each director is an independent director. To fulfill this responsibility, our Board analyzes all the relationships of each of our directors with us. Our Board is presently comprised of nine directors, with one director not standing for re-election and one new director standing for election this year. Eight of the director nominees are independent. None of these directors receive any fees from us other than as a director. We do not have a significant shareholder.</p> <p>Mr. Don Althoff is not independent as he is our President and Chief Executive Officer. Mr. Althoff does not receive any fees in his capacity as a director.</p> <p>For further details about each of our nine nominees standing for election or re-election, see the information under the heading "Election of Directors".</p>
• Other Directorships	<p>Several of our directors are presently directors of other reporting issuers (or the equivalent) in Canada and the United States. For further details, see the information about each director under the heading "Election of Directors".</p>
• <i>In-Camera Sessions</i>	<p>Our Board held <i>in-camera</i> sessions at each meeting during 2015, at which non-independent directors and members of management were not in attendance. The Audit Committee meets <i>in-camera</i> with our auditor at each meeting without the presence of management and meets <i>in-camera</i> at each meeting without the presence of either management or the auditor. The Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee and the Environmental, Health and Safety Committee generally conduct <i>in-camera</i> sessions without the presence of management at each meeting. For further details on the number of meetings of our Board and its committees held during 2015, see "Compensation of Our Directors – Board and Committee Attendance".</p>
• Board Chair	<p>The Chair of our Board, currently Mr. Stephen W.C. Mulherin, is an independent director. The role and responsibilities of the Chair of our Board is described in the position description for the Chair, which is available on our website, www.vereseninc.com.</p>
• Board Attendance Record	<p>For information concerning the attendance record of each director for all directors and committee meetings held during 2015, refer to the chart under the heading "Compensation of Our Directors – Board and Committee Attendance".</p>

Disclosure Item	Comments
2. Board Mandate	A copy of the terms of reference of our Board is appended to this Information Circular as Appendix B and is available on our website, www.vereseninc.com .
3. Board Tenure and Renewal	Our Board does not believe it should adopt a term limit for Board membership or a mandatory retirement age. While fixed terms and age limits could help ensure that fresh ideas and views are available to the Board, they have the disadvantage of losing experience, continuity and potentially valuable contribution of directors who have developed increased insight into our company, business and operations as a result of an arbitrary limit. In addition, we regularly assess the effectiveness of our Board and contribution of its members through our annual Board questionnaire.
4. Position Descriptions	
<ul style="list-style-type: none"> ● Board Chair and Committee Chairs 	Our Board, in consultation with the Corporate Governance and Nominating Committee, has developed written position descriptions for the Chair of our Board and for each committee chair. Each of these position descriptions is available on our website, www.vereseninc.com
<ul style="list-style-type: none"> ● President and Chief Executive Officer 	Our Board, in consultation with the Corporate Governance and Nominating Committee, has developed a written position description for the President and Chief Executive Officer. This position description is available on our website, www.vereseninc.com .
5. Orientation and Continuing Education	The Corporate Governance and Nominating Committee provides new directors with certain important information regarding Veresen Inc. including, among other things, historic public information about us and other relevant business and operational information. Senior management gives regular presentations to our Board and Committees regarding our business and operations, and periodically outside experts such as accountants, auditors, legal counsel, financial advisers or others provide information. These presentations are held in committee meetings, with attendance of directors reflected by the attendance record referred to above on items of particular interest to the Board and its Committees, such as new accounting standards.
6. Ethical Business Conduct	
<ul style="list-style-type: none"> ● Code of Business Conduct 	<p>We have adopted a Code of Business Conduct and Ethics governing the behaviour of our directors, officers and employees. The Code of Business Conduct and Ethics is available on our website, www.vereseninc.com, and on the SEDAR website, www.sedar.com.</p> <p>Our Board monitors compliance with the Code of Business Conduct and Ethics through both the Corporate Governance and Nominating Committee and the Audit Committee. Each such committee receives an update on matters relating to the Code of Business Conduct and Ethics at its regularly scheduled meetings.</p> <p>No material change reports have been filed since January 1, 2015 that pertain to any conduct of a director or executive officer that constitutes a departure from the Code of Business Conduct and Ethics.</p> <p>Our Board, in consultation with the Corporate Governance and Nominating</p>

Disclosure Item	Comments
	<p>Committee, has developed and approved a Disclosure Policy in order to promote consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market, in accordance with applicable securities legislation.</p> <p>The Audit Committee has also developed and approved Whistleblowing Procedures to provide for the receipt, retention and treatment of complaints received regarding: (i) accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by our employees or non-employees of concerns regarding questionable accounting or auditing matters.</p> <p>The Disclosure Policy and the Whistleblowing Procedures are available on our website, www.vereseninc.com.</p>
<p>7. Nomination of Directors</p>	
<ul style="list-style-type: none"> ● Nomination Process 	<p>The Corporate Governance and Nominating Committee reviews from time to time the composition of our Board and its committees and, when considered appropriate, makes recommendations to the directors with respect to the composition of our Board and its committees. The Corporate Governance and Nominating Committee may engage the services of a third party search firm to assist with this process.</p> <p>In identifying and assessing new candidates as directors, the Corporate Governance and Nominating Committee considers what competencies and skills our Board as a whole should possess and the competencies and skills of each existing director. For each new candidate, the Corporate Governance and Nominating Committee considers the competencies and skills, the independence and ability to devote sufficient time and resources to his or her duties that the candidate will bring to our Board.</p>
<ul style="list-style-type: none"> ● Nominating Committee 	<p>Our Board has appointed a Corporate Governance and Nominating Committee, which consists of four independent directors. The terms of reference of the Corporate Governance and Nominating Committee are available on our website, www.vereseninc.com. For further information concerning the responsibilities, powers and operation of the Corporate Governance and Nominating Committee, see "Statement of Corporate Governance Practices – Board Committees – Corporate Governance and Nominating Committee".</p>
<p>8. Compensation</p>	
<ul style="list-style-type: none"> ● 	<p>Other than Mr. Don Althoff, who receives or receive compensation only in his capacity as our President and Chief Executive Officer, our directors receive their compensation in the form of cash and DSU awards.</p>
<ul style="list-style-type: none"> ● Compensation Determination for Officers 	<p>The Human Resources and Compensation Committee is responsible for reviewing and recommending for approval to our Board the compensation to be paid to our President and Chief Executive Officer, and for reviewing and approving the compensation to be paid to our other executive officers. For further information concerning the process by which it reviews and determines the compensation paid to our executive officers, see "Compensation Discussion and Analysis – Compensation Governance".</p>

Disclosure Item	Comments
<ul style="list-style-type: none"> ● Human Resources and Compensation Committee 	<p>Our Board has appointed a Human Resources and Compensation Committee, which consists of four independent directors. The terms of reference of the Human Resources and Compensation Committee are available on our website, www.vereseninc.com. For further information concerning the responsibilities, powers and operation of the Human Resources and Compensation Committee, see "Statement of Corporate Governance Practices – Board Committees – Human Resources and Compensation Committee".</p>
<ul style="list-style-type: none"> ● Compensation Consultants 	<p>From time to time, the Human Resources and Compensation Committee retains independent human resources consultants to provide expert advice and opinions on compensation and other matters.</p> <p>During 2015, the Human Resources and Compensation Committee retained Mercer (Canada) Limited to provide comparative survey data for the compensation of our executive officers. For further details of the services provided by Mercer, and the amounts paid to Mercer for its services, see "Compensation Discussion and Analysis – Compensation Advisor".</p>
<p>9. Other Board Committees</p>	<p>Our Board does not have any standing committees other than the Audit Committee, the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee and the Environmental, Health and Safety Committee.</p>
<p>10. Board and Committee Assessments</p>	<p>The Corporate Governance and Nominating Committee annually assesses the effectiveness of our Board as a whole, its committees and the contribution of individual directors and makes recommendations to our Board. This assessment is done primarily by surveying directors to provide feedback in respect of each of these matters.</p> <p>For further information concerning the annual assessment of our Board, its committees and the contributions of individual directors by the Corporate Governance and Nominating Committee, see "Statement of Corporate Governance Practices – Board Committees – Corporate Governance and Nominating Committee". See also "Statement of Corporate Governance Practices – Report of the Corporate Governance and Nominating Committee".</p>
<p>11. Diversity Policy</p>	<p>For information regarding our Diversity Policy, See "Diversity Policy and Practice".</p> <p>We have two women on our nine member Board (22%) and three women have roles on our eight member executive leadership team (38%).</p> <p>Management of the Corporation and the Corporate Governance and Nominating Committee will monitor the implementation and assess the effectiveness of the Diversity Policy on an annual basis.</p>

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