



Notice of Meeting

Annual Meeting of Shareholders

Veresen Inc. is holding its annual meeting of shareholders.

The details are:

Date: Wednesday, May 3, 2017 at 2:30 p.m. (Calgary time)

Place: The Metropolitan Conference Centre, Strand Room
333 - 4th 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, 2016 and 2015, 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. Approve the continuation and the amendment and restatement of our shareholder rights plan.
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, 2017, 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 2:30 p.m. (Calgary time) on Monday, May 1, 2017 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, 2017

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Information Circular

Annual Meeting of Shareholders

In this Information Circular, any references to *Veresen, the Corporation, we, our* or *us* refer to Veresen Inc. The information in this Information Circular is as of March 14, 2017, 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 for the annual meeting (Meeting) of holders of common shares of Veresen (Common Shares) and for any adjournment of the Meeting. The Meeting will be held on Wednesday, May 3, 2017 at 2:30 p.m. (Calgary time) at The Metropolitan Conference Centre, Strand Room, 333 - 4th 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 2:30 p.m. (Calgary time) on Monday, May 1, 2017 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 1, 2017, 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; and
- (ii) voted for, or withheld from voting for, the appointment of our auditor for the following year; and
- (iii) voted for or against the continuation and the amendment and restatement of our shareholder rights plan.

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, 2017, there were 313,628,855 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, 2017, 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, 2017 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, 2017.

Election of Directors

General

Pursuant to its articles, Veresen 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 at the annual meeting of holders of Common Shares held on May 4, 2016.

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 providing for majority voting in director elections at any meeting of the Corporation's shareholders where an "uncontested election" of directors is held. For the purposes of the policy, an "uncontested election" of directors means an election where the number of nominees for directors is equal to the number of directors to be elected. The policy provides that if the number of Common Shares voted in favour of the election of a particular director nominee is not at least a majority (50% + 1 vote) of the votes cast with respect to his or her election, the director nominee is required to immediately tender his or her resignation to our Board following the meeting, which resignation shall be effective upon the acceptance thereof by our Board.

The Corporate Governance and Nominating Committee will consider the director's offer to resign and will make a recommendation to our Board regarding whether or not to accept the resignation. With the exception of exceptional circumstances that would warrant the continued service of the director on our Board, the Governance and Nominating Committee is expected to recommend acceptance of the resignation by our Board. In considering whether or not to accept the resignation, the Corporate Governance and Nominating Committee will consider all factors that it considers to be relevant.

Our Board will consider the recommendation by the Corporate Governance and Nominating Committee and such additional information and factors that it considers to be relevant and make a decision regarding whether to accept the director's resignation within 90 days of the date of the meeting. With the exception of exceptional circumstances that would warrant the continued service of the director on our Board, our Board is expected to accept the resignation.

Following our Board's decision on the resignation, it will promptly disclose, via press release, its decision whether to accept or reject the director's resignation including the reasons for rejecting the resignation, if applicable, and a copy of the press release will be provided to the Toronto Stock Exchange (TSX). If the resignation is accepted, our Board may appoint a new director to fill the vacancy created by the resignation as provided for in the Corporation's articles or by-laws or reduce the size of our Board.

Advance Notice Bylaw

At the annual and special meeting of shareholders of the Corporation held on May 6, 2015, the shareholders approved the adoption of By-law No. 3 relating to the advance notice of nominations of directors of the Corporation (Advance Notice By-law). The Advance Notice By-law provides a procedure requiring advance notice to be given to the Corporation by any shareholder who intends to nominate any person for election as a director of the Corporation at an annual or special meeting of shareholders. Among other things, the Advance Notice By-law fixes a deadline by which a shareholder must notify the Corporation in writing of an intention to nominate directors prior to any meeting of shareholders at which directors are to be elected and sets forth the information that such shareholder must include in the notice in order for it to be valid. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in the Advance Notice By-law. The Board may, in its sole discretion, waive any requirement in the Advance Notice By-law.

As at the date of this Information Circular, the Corporation has not received notice of any director nominations in connection with the Meeting. Accordingly, the only persons eligible to be nominated for election to the Board at the Meeting are the nominees indicated below.

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.

<p>Don Althoff Calgary, Alberta, Canada (Age: 60)</p>		
	<p><i>Biography:</i></p>	<p>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. Prior to joining Veresen in November 2012, 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 and has completed financial management studies at Indiana University and management programs at Stanford and Harvard universities.</p>
<p>Director Since: November 8, 2012</p>	<p><i>Principal Occupation:</i></p>	<p>President and Chief Executive Officer of Veresen</p>
<p>Common Shares Owned: 72,786</p>	<p><i>Committee Membership:</i></p>	<p>N/A</p>
<p>DSUs/RSUs Held: 82,748</p>	<p><i>2016 Board and Committee Meeting Attendance:</i></p>	<p>100%</p>
<p>PSUs Held: 254,122</p>	<p><i>Director Voting Results 2016 – Votes in Favour:</i></p>	<p>99.87%</p>
	<p><i>Other Public Directorships:</i></p>	<p>Alliance Pipeline Ltd.</p>

Doug Arnell
Vancouver, British Columbia, Canada
(Age: 50)



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.

Principal Occupation:

President and Chief Executive Officer of Helm Energy Advisors Inc.

Committee Membership:

Corporate Governance and Nominating Committee
 Environmental Health and Safety Committee

Director Since:
 May 4, 2016

Common Shares Owned:
 500

2016 Board and Committee Meeting Attendance:

100%

DSUs Held:
 8,828

Director Voting Results 2016 – Votes in Favour:

99.83%

Other Public Directorships:

Methanex Corporation

J. Paul Charron
Calgary, Alberta, Canada
(Age: 59)



Biography:

Paul Charron was the Chairman and Chief Executive Officer of CanEra Inc., a private oil and gas company from October 2014 to March 2017. Previously, from September 2010 to May 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 company. 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.

Principal Occupation:

Businessman

Committee Membership:

Human Resources and Compensation Committee (Chair)
 Corporate Governance and Nominating Committee

Director Since:
 January 17, 2011

Common Shares Owned:
 35,000

2016 Board and Committee Meeting Attendance:

89%

DSUs Held:
 49,823

Director Voting Results 2016 – Votes in Favour:

98.58%

Other Public Directorships:

None

Maureen E. Howe
Vancouver, British Columbia, Canada
 (Age: 59)



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. Ms. Howe 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

Common Shares Owned:
 8,500

DSUs Held:
 58,542

Principal Occupation:

Retired Businesswoman

Committee Membership:

Corporate Governance and Nominating Committee (Chair)
 Audit Committee

2016 Board and Committee Meeting Attendance:

100%

Director Voting Results

2016 - Votes in Favour:

99.85%

Other Public Directorships:

None

Rebecca A. McDonald
Houston, Texas, U.S.A.
 (Age: 64)



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, with 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

Common Shares Owned:
 500

DSUs Held:
 38,712

Principal Occupation:

Retired Businesswoman

Committee Membership:

Audit Committee
 Environmental, Health and Safety Committee

2016 Board and Committee Meeting Attendance:

100%

Director Voting Results

2016 - Votes in Favour:

99.82%

Other Public Directorships:

ITT Corporation (U.S.)

Stephen W.C. Mulherin
Calgary, Alberta, Canada
(Age: 60)



Biography:

Steve Mulherin is a partner at Polar Asset Management Partners, a private investment firm. Mr. Mulherin joined Polar in 1997. 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. 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.

Principal Occupation:

Partner of Polar Asset Management Partners

Committee Membership:

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

Director Since:
 October 9, 1997

Common Shares Owned:
 50,000

2016 Board and Committee Meeting Attendance:

93%

DSUs Held:
 85,647

Director Voting Results 2016 - Votes in Favour:

98.37%

Other Public Directorships:

Journey Energy Inc.

Henry W. Sykes ⁽¹⁾
Calgary, Alberta, Canada
(Age: 58)



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.

Principal Occupation:

Corporate Director

Committee Membership:

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

Director Since:
 January 17, 2011

Common Shares Owned:
 18,000

2016 Board and Committee Meeting Attendance:

100%

DSUs Held:
 48,242

Director Voting Results 2016 - Votes in Favour:

98.72%

Other Public Directorships:

None

Notes

(1) Mr. Sykes was a director of Parallel Energy Trust (Parallel) from March 2011 to February 2016. On or about November 9, 2015, Parallel filed an application in the Alberta Court of Queen's Bench for creditor protection under the *Companies' Creditors Arrangement Act* and voluntary petitions for relief under Chapter 11 of the United States Code. In the Chapter 11 proceedings, the Bankruptcy Court approved the sale of the assets of Parallel and the sale closed on January 28, 2016. Further, on March 3, 2016, the Canadian entities of Parallel filed for bankruptcy under the *Bankruptcy and Insolvency Act*.

Bertrand A. Valdman
Medina, Washington, U.S.A.
(Age: 54)



Director Since:
July 3, 2008

Common Shares Owned:
7,241

DSUs Held:
38,712

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.

Principal Occupation:

President and Chief Executive Officer of Optimum Energy

Committee Membership:

Audit Committee (Chair)
Human Resources and Compensation Committee

2016 Board and Committee Meeting Attendance:

100%

Director Voting Results 2016 - Votes in Favour:

98.57%

Other Public Directorships:

None

Thierry Vandal
New York, New York, U.S.A.
(Age: 56)



Director Since:
May 6, 2015

Common Shares Owned:
3,540

DSUs Held:
18,269

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, Mr. Vandal 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. Mr. Vandal 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.

Principal Occupation:

President of Axium Infrastructure U.S. Inc.

Committee Membership:

Audit Committee
Environmental Health and Safety Committee

2016 Board and Committee Meeting Attendance:

100%

Director Voting Results 2016 - Votes in Favour:

99.84%

Other Public Directorships:

Royal Bank of Canada

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, 2017 (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 the Continuation and the Amendment and Restatement of the Shareholder Rights Plan

Background

On January 1, 2011, Veresen implemented a shareholder rights plan (Existing Rights Plan), the terms and conditions of which are set out in the Shareholder Rights Plan Agreement dated as of January 1, 2011 (2011 Rights Plan Agreement) between Veresen and Computershare, as rights agent (Rights Agent). At the annual meeting of shareholders of Veresen held on May 6, 2014, the shareholders approved the continuation of the Existing Rights Plan until the termination of the annual meeting of shareholders in the year 2017 and the Amended and Restated Shareholder Rights Plan Agreement dated as of May 6, 2014 (2014 Rights Plan Agreement) between Veresen and the Rights Agent, which amended and restated the 2011 Rights Plan Agreement, and continued the rights issued thereunder. The 2014 Rights Plan Agreement provides that it will terminate following the termination of the annual meeting of shareholders in the year 2017 unless the continued existence of the Existing Rights Plan is ratified at such annual meeting.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve an ordinary resolution (Rights Plan Resolution), the text of which is set forth below under "*Proposed Resolution and Board Recommendation*", to continue the Existing Rights Plan until the termination of the annual meeting of shareholders in the year 2020. The Rights Plan Resolution also authorizes Veresen to enter into an amended and restated shareholder rights plan agreement with the Rights Agent, which amends and restates the 2014 Rights Plan Agreement and continues the rights issued thereunder.

Certain amendments to the Existing Rights Plan are being proposed as described below under "*Proposed Amendments*". The amended and restated plan is referred to herein as the "Rights Plan". With the exception of the amendments described herein, the Rights Plan is identical to the Existing Rights Plan.

Purpose of the Shareholder Rights Plan

As described in more detail below, the Rights Plan is designed to make sure shareholders are treated fairly if there is an acquisition of a controlling position by a shareholder or a group of shareholders acting

together. Among other things, the Rights Plan ensures every shareholder has an equal opportunity to participate in any take-over bid.

Take-over bids may be structured in such a way as to be coercive or discriminatory in effect. Such offers may result in shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in Veresen. The Rights Plan is intended to provide all shareholders with an equal opportunity to share in any premium paid upon an acquisition of control of Veresen. While existing securities legislation has substantially addressed many concerns of unequal treatment, exemptions to take-over bid legislation can allow a shareholder or group of shareholders to acquire control of an issuer without making a formal take-over bid to all shareholders. For example, control of an issuer may be acquired pursuant to one or more private agreements pursuant to which a small group of shareholders dispose of their shares at a premium to the market price which premium is not shared by other shareholders. In addition, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all shareholders. These scenarios could result in a shareholder or group of shareholders acquiring control without paying fair value to all shareholders, sometimes referred to as a "creeping bid". The Rights Plan addresses these concerns as it applies to all acquisitions greater than 20% of the Common Shares to better ensure that all shareholders receive equal treatment.

Historically, the Rights Plan also gave the Board more time to assess alternatives for maximizing shareholder value than was provided for under applicable Canadian securities laws. Applicable Canadian securities laws were amended, effective May 9, 2016, to, among other things, extend the minimum time that a take-over bid must generally remain open for in Canada to 105 days from 35 days essentially replacing the provisions of the Rights Plan affording the Board more time to assess alternatives. However, these amendments to Canadian securities laws do not prevent offerors from making the creeping bids described above without also making an offer to all shareholders. The Rights Plan protects against creeping bids.

The Rights Plan addresses creeping bids by requiring offerors to:

- make permitted bids under the Rights Plan, which give shareholders an opportunity to participate in the transaction – a permitted bid meets specific conditions (for example, it must be made to all shareholders and remain open for acceptance for at least 105 days, or the minimum period that a formal take-over bid is required to remain open for in the relevant circumstances under current Canadian securities laws if less than 105 days); or
- make an offer that does not qualify as a "permitted bid" but is negotiated with Veresen and has been exempted by the Board from the application of the Rights Plan in light of the opportunity to bargain for agreed terms and conditions to the offer that are believed to be in the best interests of shareholders.

The Rights Plan discourages an offeror from taking an approach that is not consistent with either of the above two approaches by creating the potential of significant dilution to any such offeror. This potential is created through the issuance to all shareholders of contingent rights to acquire additional Common Shares at a significant discount to the then-prevailing market prices, which could, in certain circumstances, become exercisable by all shareholders other than an offeror and its associates, affiliates and joint actors with the potential of significantly diluting the value of the offeror's shares.

The continuation of the Existing Rights Plan until the termination of the annual meeting of shareholders in the year 2020 is not being proposed in response to, or in anticipation of, any pending, threatened or proposed acquisition or take-over bid that is known to management of Veresen. In addition, the proposed

continuation of the Existing Rights Plan is not intended as a means to prevent a take-over of Veresen, to secure the continuance of management or the Board in their respective offices, or to deter fair offers for the Common Shares. The rights of shareholders under existing law to seek a change in the management or to influence or promote action of management in a particular manner are not affected by the Rights Plan. In addition, the Rights Plan does not affect the duty of the Board to act honestly and in good faith with a view to the best interests of Veresen and its shareholders.

Proposed Amendments

Pursuant to its terms, the Existing Rights Plan will expire upon the termination of the Meeting unless its continuation is ratified by the shareholders at the Meeting in accordance with its provisions. Management reviewed the terms of the Existing Rights Plan in the context of the amendments made to the applicable Canadian securities laws which became effective in 2016 and is proposing certain amendments as a result. Management also reviewed the shareholder rights plans of other public corporations in Canada and, with the exception of the proposed amendments described below, determined that there have been few, if any, other apparent changes to shareholder rights plans generally since the shareholders approved the continuation of the Existing Rights Plan in 2014.

The following are the proposed amendments to the Existing Rights Plan contained within the proposed Rights Plan:

- changing the periods that "Permitted Bids" and "Competing Permitted Bids" are required to remain open, to match the periods that would apply to formal take-over bids in the relevant circumstances under the amendments to applicable Canadian securities laws which became effective in 2016;
- the definition of "Expiration Time" has been revised to specify that Rights Plan will expire at the termination of annual meeting of shareholders in the year 2020 unless it is otherwise terminated in accordance with its terms prior thereto provided, however, if the continuation of the Rights Plan is ratified by the requisite shareholder approval at such annual meeting, the Rights Plan will continue until the termination of the annual meeting of shareholders in the year 2023 unless it is otherwise terminated in accordance with its terms prior thereto;
- changing the definition of "controlled" to clarify that persons who hold directly or indirectly more than 50% of the voting interests of an entity (which is not a corporation) are considered to control such entity (the reference to equity interests has been removed); and
- certain other amendments of a non-substantive, "housekeeping" nature have been made to provide for greater clarity and consistency.

As previously noted, other than the amendments as described above, the Rights Plan is identical to the Existing Rights Plan. For a summary of the key terms and conditions of the Rights Plan, refer to Appendix A to this Information Circular. The 2014 Rights Plan Agreement is available under Veresen's SEDAR profile at www.sedar.com. The 2014 Rights Plan Agreement and the amended and restated version thereof in draft form are both available on our website at www.vereseninc.com under "*Invest – Shareholder Rights Plan*".

We may further amend the terms of the Existing Rights Plan prior to the Meeting pursuant to any comments it receives from any applicable regulatory authorities or as any of its directors or officers may consider necessary or advisable.

Proposed Resolution and Board Recommendation

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve the following ordinary resolution:

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

1. the continuation of the shareholder rights plan (the "Rights Plan") of Veresen (the "Corporation") is hereby ratified, confirmed and approved, and the Corporation is hereby authorized to enter into an Amended and Restated Shareholder Rights Plan Agreement to be dated as of May 3, 2017 with Computershare Trust Company of Canada, as rights agent, which amends and restates the Shareholder Rights Plan Agreement dated as of May 6, 2014 (the "Rights Plan Agreement") and continues the rights issued thereunder;
2. the making on or prior to May 3, 2017 of any other amendments to the Rights Plan Agreement as any director or officer of the Corporation may consider necessary or advisable to satisfy the requirements of any applicable regulatory authorities or any professional commentators in order to give effect to the amendments to the Rights Plan Agreement or to conform the Rights Plan to versions of shareholder rights plans then prevalent for public corporations in Canada is hereby approved; and
3. any director or officer of the Corporation is hereby authorized to execute and deliver, whether under corporate seal or otherwise, the agreement referred to above and any other agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other 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."

Shareholder approval to continue the Existing Rights Plan, as amended as described herein, is required under the Existing Rights Plan. To pass, the Rights Plan Resolution must be approved by a simple majority of the votes cast by (i) all shareholders, and (ii) if applicable, the "Independent Shareholders" (as defined in the 2014 Rights Plan Agreement), in each case present in person or by proxy at the Meeting. Veresen is not currently aware of any shareholder whose votes will be ineligible to be counted towards the Rights Plan Resolution or any shareholders that would not qualify as Independent Shareholders.

The Board has unanimously determined that it is appropriate and in the best interests of shareholders to continue the Existing Rights Plan until the termination of the annual meeting of shareholders in the year 2020 and to amend the Existing Rights Plan as described above under "*Proposed Amendments*". **The Board unanimously recommends that you vote FOR the Rights Plan Resolution.**

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 2016 pay decisions and the processes related to those decisions.

For the financial year ended December 31, 2016, our Named Executive Officers (NEOs), as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*, were:

<u>Name</u>	<u>Position</u>
Don Althoff	President and Chief Executive Officer
Theresa Jang	Senior Vice President, Finance and Chief Financial Officer
Elizabeth Spomer	Executive Vice President, Veresen and President & CEO, Jordan Cove LNG LLC
Darren Marine	Senior Vice President, Business Joint Ventures
Kevan King	Senior Vice President, General Counsel

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 programs. 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.

Some of the significant corporate events that influenced executive compensation decisions for the year ended December 31, 2016 include:

Strong delivery from our Businesses, including:

- maintaining our exceptional health and safety performance and continuing to exceed our corporate targets;
- exceeding initial market guidance for the year by approximately 14% through generating Distributable Cash per Common Share of \$1.15;
- successfully transitioning Alliance Pipeline to its new operating model while realizing meaningful cost savings, resulting in a 20% increase of Distributable Cash;

- bringing the Aux Sable propane expansion online under initial budget; and
- despite the setback of the Federal Energy Regulatory Commission denial to our Jordan Cove LNG project, we announced commitments with high-quality buyers for at least three million tons per annum of the terminal capacity, gained commercial control of Pacific Connector Gas Pipeline and completed the FEED study;

Advancing our strategy, including:

- expanding our contracted growth under construction to over \$1.4 billion net to Veresen by securing the sanction of a significant number of incremental projects for Veresen Midstream, including:
 - Saturn Phase II processing facility for \$930 million (\$440 million net to us);
 - South Central and Tower Liquids Hub Projects for \$195 million (\$90 million net to us); and
 - Hythe Liquids Recovery Project for \$25 million (\$12 million net to us);

Funding our Balance Sheet, including:

- investing \$671 million (proportional consolidated) in construction projects, the most ever in our history;
- securing \$650 million in new credit facilities for the Veresen Midstream business;
- delivering a solution to fund our future growth by agreeing to sell our Power Business assets;
- enabling go-forward growth on a per share basis by suspending the Premium Dividend™ and Dividend Reinvestment Plan; and
- taking meaningful steps to ensure company value is reflected in the capital markets by focusing on engaging existing shareholders, including hosting our first-ever investor day, and receiving public recognition for this investor relations progress.

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.

Name	Independent	Relevant Education and Experience
J. Paul Charron (Chair)	Yes	Mr. Charron has been a member of our Board since January 2011, and has 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 short- and long- term incentive 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.
Henry Sykes	Yes	Mr. Sykes has been a member of our Board since January 2011 and has 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 substantial experience in addressing executive compensation matters.
Bert Valdman	Yes	Mr. Valdman has been a member of our Board since July 2008 and has 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 and has previously served as a senior executive with other large organizations. 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 generally responsible for assisting our Board in its oversight of:

- (i) compensation of directors;
- (ii) appointment, performance evaluation and compensation of the President and Chief Executive Officer and any other designated executive officers;
- (iii) executive officer succession and development; and
- (iv) philosophy and principles of company-wide human resources and compensation programs, including the identification, assessment and management of the associated risks in alignment with our enterprise risk management plan.

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 comparator group of peer 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 long-term incentive plan (LTIP) encourages value creation over the long-term in both absolute terms and in relation to a comparator group of peer entities. Executive officers are awarded a combination of Performance Share Units (PSUs) and Restricted Share Units (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 comparator group of peer 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 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 make a significant investment in the Corporation over time.

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

Our current compensation consultant, Mercer (Canada) Limited (Mercer), was initially retained in 2012. For 2016, the Human Resources and Compensation Committee continued to engage Mercer as its compensation consultant to review the market competitiveness of our compensation programs as they pertain to executive employees and directors. In 2016, Mercer also provided analysis on our existing LTIP including guidance on improving its alignment with our business and compensation philosophy, as well as our comparator group of peer entities. Mercer also 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>2016</u>	<u>2015</u>
Executive Compensation-Related Fees ⁽¹⁾	\$72,416	\$62,614
All Other Fees ⁽²⁾	\$335,952	\$368,290
Total	\$408,368	\$430,904

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 and providing general salary information that was used by us for assessing the compensation elements for the general employee population in the amount of \$18,021 in 2016 and \$38,070 in 2015. It also includes aggregate fees billed by Marsh, an affiliate of Mercer, for insurance brokerage services and risk assessment services in the amounts of \$317,931 in 2016 and \$330,200 in 2015.

Comparator 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 to assist in the setting of compensation for 2016. The Human Resources and Compensation Committee, in consultation with Mercer, reviews the comparator group annually to ensure that it continues to be appropriate. The following criteria are used to determine the companies in the comparator 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 comparator group used for 2016 was unchanged from the comparator group established in late 2014. The Human Resources and Compensation Committee, with the assistance of Mercer, collected proxy and Mercer survey data, where appropriate and available, for the comparator group targeting total direct compensation at the 50th percentile. The comparator group used for 2016 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 September 30, 2015 for market capitalization and enterprise value, Mercer determined that the rankings for certain financial parameters of Veresen, as compared to the 2016 comparator group, were as set forth in the following table:

(\$ millions, except percentiles)	Total Assets	Market Capitalization	Enterprise Value
25 th Percentile	\$3,513	\$1,119	\$2,637
Median	\$4,999	\$3,779	\$4,637
75 th Percentile	\$6,890	\$6,208	\$7,964
Veresen	\$4,427	\$2,990	\$4,617
Veresen Percentile Rank	40%	54%	49%

In late 2016, after significant discussion and analysis, the Human Resources and Compensation Committee revised the comparator group to reflect the impending sale of our Power Business. As such, Capital Power Corporation will be removed from the comparator group to be used for 2017 pay decisions. In addition, Paramount Resources Ltd. will be removed from the comparator group to be used for 2017 pay decisions due to its smaller asset size resulting from a recent divestiture.

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.

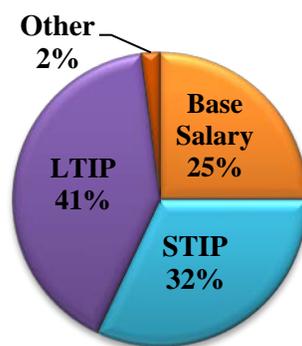
We believe our compensation philosophy aligns the interests of our executive officers with our shareholders and positions us to achieve our business goals. See "*Executive Compensation – Summary of Executive Compensation*".

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 equally upon performance of the organization and individual performance.
LTIP	3 years	Compensation to reward executive officers for the long-term performance of the organization and encourage 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 2016 that was base salary, STIP, LTIP, and all other compensation. It indicates that a substantial portion (73%) 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 solely to the value of our Common Shares over a three-year period, including re-investment of dividends. Payments under the LTIP with respect to PSUs are subject to pre-established Performance Conditions and are further objectively determined based upon the total return of the Common Shares compared to the total returns of a comparator group of companies over a three-year period.

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 also considers the recommendations of the President and Chief Executive Officer regarding the compensation of the executive officers. The Human Resources and Compensation Committee reviews base salaries annually and makes recommendations to the Board.

The table below sets out the 2015 and the 2016 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	2015 Base Salary (\$)	2016 Base Salary (\$)	Change between 2015 and 2016 ⁽¹⁾
Don Althoff President and Chief Executive Officer	561,000	561,000	0%
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	306,000	336,000	9.8%
Elizabeth Spomer ⁽²⁾ Executive Vice President of Veresen and President and CEO of Jordan Cove LNG LLC	657,400	637,783	0%
Darren Marine Senior Vice President, Business Joint Ventures	306,000	306,000	0%
Kevan King Senior Vice President, General Counsel	318,810	318,810	0%

Notes:

- (1) Due to market conditions, we implemented a salary freeze for 2016, other than for Ms. Jang who received an increase to align her salary with persons holding similar positions in the comparator group.
- (2) Ms. Spomer is employed in our Houston, Texas office and her compensation is paid in U.S. currency. Ms. Spomer's base salary in each of 2015 and 2016 was US\$475,000. Ms. Spomer did not receive a salary increase in 2016. 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. Her base salary for 2016 has been converted to Canadian dollars based on the Bank of Canada noon exchange rate published on December 30, 2016 of 1.00 USD = 1.3427 CAD.

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. 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 2016 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 2016 plan year, the STIP TPR, expressed as a percentage of salary, for each of the NEOs was as follows:

Name and Position	2016 STIP TPR
Don Althoff President and Chief Executive Officer	75%
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	60%
Elizabeth Spomer Executive Vice President of Veresen 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%

For the 2016 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 factor categories and reason for selecting each performance factor for the 2016 STIP are set forth in the following table:

STIP Corporate Performance Factors	Reason for Selecting
Distributable Cash ⁽¹⁾ per Common Share for 2016 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 - 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, 2016.

Threshold, target and maximum amounts for the Distributable Cash per Common Share performance factor were set by the Human Resources and Compensation Committee at the time awards were made under the STIP based on our 2016 budget approved by the Board in December 2015. Threshold, target and maximum amounts for the Environmental, Health and Safety (EH&S) 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 EH&S goals for the year, taking into account recommendations of the EH&S Committee of the Board.

In making the recommendations, the EH&S Committee considered comparative industry statistics for EH&S 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 EH&S Training 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 2016, 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 2016 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 on 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, 2016, being \$1.15 per Common Share. The Human Resources and Compensation Committee relied on the advice of the EH&S Committee as to the performance of the Corporation in matters related to EH&S performance in 2016.

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

Corporate Performance Factor							
Performance Measure	Threshold	Target	Max	Actual	STIP Factor ⁽¹⁾	STIP Weight	Weighted STIP Factor ⁽²⁾
Distributable cash per Common Share	\$0.94	\$1.01	\$1.08	\$1.15	1.50	30%	0.45
Total Recordable Incident Frequency (Employees/Contractors)	1.13	1.03	0.93	0.60	1.50	7%	0.11
Environmental Regulatory Frequency Rate	0.45	0.41	0.37	0.60	0.00	7%	0.00
EH&S Training	30%	40%	50%	100%	1.50	3%	0.05
On Time Action Item Close Out	85%	90%	95%	100%	1.50	3%	0.05
Strategic Initiatives	—	—	—	—	1.26	50%	0.63
Total Corporate Performance Factor							1.28

Notes:

- (1) On a scale of 0 to 1.50.
- (2) Numbers may not add due to rounding.

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 2016 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	1.7	2.18
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	1.5	1.92
Elizabeth Spomer Executive Vice President of Veresen and President and CEO of Jordan Cove LNG LLC	1.2	1.54
Darren Marine Senior Vice President, Business Joint Ventures	1.8	2.30
Kevan King Senior Vice President, General Counsel	1.3	1.66

Notes:

- (1) On a scale of 0 to 2.0.
- (2) Individual Performance Factor multiplied by the Total Corporate Performance Factor of 1.28.

Payments under the STIP to each of the NEOs for the 2016 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.

Long-Term Incentive Plan Awards

Our LTIP provides two types of awards (Unit Awards) under the plan, PSUs and RSUs. PSUs are 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. RSUs provide 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. This is calculated by multiplying the participant's annual salary by the participant's LTIP TPR and then 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 2014, 2015, 2016 and 2017 plan years.

<u>Year</u>	<u>Market Value of Target Shares</u>
2014	\$13.9512
2015	\$15.6731
2016	\$9.0942
2017	\$12.4678

Each of the NEOs receives 80% of their LTIP award in PSUs and 20% of their LTIP award in RSUs. Our executive officers receive a greater amount of their LTIP award in PSUs as they have the greatest ability in our organization to impact our performance which bests aligns our performance with the interests of our shareholders. For 2016, 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>2016 LTIP TPR</u>	<u>2016 PSU Award</u>	<u>2016 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 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%

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. 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 2016 plan year, the comparator group of entities under the LTIP, which was unchanged from the comparator group for the 2014 and 2015 plan years, 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. The TR Performance Factor is determined on a quartile approach. If our relative ranking is in the fourth 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 first quartile results in a TR Performance Factor of 2, as set forth in the following table:

<u>Quartile</u>	<u>TR Performance Factor</u>
4	0
2 & 3	Linear 0.01 – 1.99
1	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 are 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 "*Executive Compensation – Long Term Awards – Summary of Long-Term Incentive Plan*".

For the 2014 LTIP plan year, which vested at the end of 2016, over that three year period the performance of our Common Shares compared to our comparator group was in the fourth decile, at 18 out of 23 representing a total return of 10.86%. Therefore, for the 2014 LTIP plan year the TR Performance Factor is 0.00 and therefore no payouts will occur with respect to the 286,499 PSUs outstanding for that plan year. For the 2014 LTIP plan year, based on a Market Value at December 31, 2016 of \$12.4678, a total payout of \$1.649 million for the 132,244 RSUs outstanding for that plan year will occur. In March, 2017, 2014 LTIP plan awards for Vice Presidents and above level participants will be settled with the issuance

of Common Shares from treasury and 2014 LTIP plan awards for all other participants will be settled in cash.

In late 2016, after significant discussion and analysis, the Human Resources and Compensation Committee revised the comparator group to reflect the impending sale of our Power Business. As such, the comparator group that will be used for the 2017 plan year will be comprised of the following eight companies:

AltaGas Ltd.	Gibson Energy Inc.	Pembina Pipeline Corp.
Enbridge Inc.	Inter Pipeline Ltd.	TransCanada Corp.
Enbridge Income Fund Holdings Inc.	Keyera Corp.	

In addition, in late 2016, the Human Resources and Compensation Committee decided to add a second performance measure, in addition to relative total return, to future PSU grants. In 2017, PSU grants will have two performance measures, each weighted at 50%. The performance measures will be relative total return and Distributable Cash per Common Share. The decision to add a second performance measure was based on a desire to better align with our peers and emerging market and best practices while still maintaining a focus on achieving strong returns for our shareholders and appropriately rewarding participants for their performance. We also believe that the addition of a second performance measure will mitigate the risk of having a small PSU peer group for relative total return.

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, therefore all outstanding DSUs held by executive officers are vested.

Summary of Long-Term Incentive Plan

Background

On March 9, 2016, our Board approved amendments to our LTIP, primarily to allow existing and future awards to be settled, at our election, in cash, Common Shares purchased on the open market and/or Common Shares issued from treasury. The LTIP was subsequently confirmed by our shareholders at the annual meeting of shareholders held on May 4, 2016.

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 RSU awards (RSU Awards) and/or 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.

Common Shares Reserved for Issuance

The 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 LTIP currently represents approximately three percent of our issued and outstanding Common Shares.

As at March 14, 2017, we have an aggregate of 670,717 RSU Awards and 1,312,993 PSU Awards outstanding under our LTIP. If we elect to settle all of these Unit Awards in Common Shares issued from treasury at March 14, 2017, we would issue a minimum of 1,803,778 Common Shares (assuming a payout multiplier of one applicable to the PSU Awards and including an estimated number of Common Shares in respect of dividend equivalent Unit Awards), representing approximately 0.6 percent of our issued and outstanding Common Shares as at March 14, 2017.

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

The aggregate number of Common Shares which may be reserved for issuance to insiders under the 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 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 determines the performance criteria that will be attached to such PSUs (Performance Condition) and also determines a performance factor (Performance Factor) that will be a number between zero and two at the time of payout, based on the satisfaction of the applicable Performance Condition for the applicable LTIP Performance Period. The Performance Factor is used to determine the number of PSUs that become vested on the vesting date specified in the applicable grant agreement.

RSU Awards generally do not have performance conditions attached to them. The number of RSUs which vest on any specified vesting date is determined by multiplying the total number of RSUs granted and any

RSUs credited in respect of dividends paid on the Common Shares 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 is the vesting date for PSUs and RSUs granted pursuant to the LTIP. Following the vesting date, RSUs and PSUs which have become vested will be settled by us. The LTIP provides that as a default, Unit Awards will be settled based on the fair market value (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 and/or Common Shares purchased on the open market. The 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.

The 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 LTIP.

Effect of Certain Transactions

A "Change of Control", as defined in the LTIP, will generally result in termination of the LTIP and immediate vesting and settlement of Unit Awards then outstanding under the 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 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 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 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 such Unit Awards vest. In the case of termination of employment without cause or due to death, settlement will occur as soon as possible, but in any event within 60 days of such termination. In the case of termination due to retirement, settlement will occur in the ordinary course. Where an LTIP plan year has not been completed at the time of termination without cause, due to

death or early retirement (as defined in the 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 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 LTIP. Where PSUs are to be settled in connection with termination without cause or due to death, the Performance Factor is deemed to be one 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 LTIP, determine timing of grants, set target and allocation rules, change or rescind rules and regulations for 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 LTIP; (b) materially modify the eligibility requirements for participation in the 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 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 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 LTIP are also subject to the requirements of the TSX.

The LTIP contains standard adjustment and anti-dilution provisions in the event of changes in our capital structure. 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 holder. The 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 holder 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 LTIP will be subject to applicable withholding tax requirements.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information about our compensation plans under which Common Shares are authorized for issuance as at December 31, 2016:

Plan category	Number of securities to be issued upon exercise of outstanding PSUs and RSUs (a)	Weighted-average exercise price of outstanding PSUs and RSUs (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders ⁽¹⁾	2,019,956	n/a	6,980,044 ⁽²⁾
Equity compensation plans not approved by securityholders	-	-	-
Total	2,019,956	n/a	6,980,044 ⁽²⁾

Notes:

- (1) The only compensation plan under which equity securities are authorized for issuance as at December 31, 2016 is the LTIP. See "Executive Compensation – Long Term Awards – Summary of Long-Term Incentive Plan".
- (2) The 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 are approved to issue Common Shares from treasury. The 9,000,000 Common Shares reserved for issuance from treasury under the LTIP currently represents approximately three percent of our issued and outstanding Common Shares. As at December 31, 2016, we had an aggregate of 705,693 RSU Awards and 1,314,264 PSU Awards outstanding under our LTIP. If we elected to settle all of these Unit Awards in Common Shares issued from treasury as at December 31, 2016, we would have issued a minimum of 2,019,957 Common Shares (assuming a payout multiplier of one applicable to the PSU Awards, which we have assumed throughout the table above and including an estimated number of Common Shares in respect of dividend equivalent Unit Awards).

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. The aggregate value of PSUs 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 Meses. Jang and Spomer is twice their base salary. The following table sets forth the relevant information as of the date hereof for each of the NEOs:

<u>Name and Position</u>	<u>Number of Common Shares Beneficially Owned or Controlled</u>	<u>Number of DSUs / RSUs Held ⁽¹⁾</u>	<u>Number of PSUs Held</u>	<u>Aggregate Value of Common Shares, DSUs, RSUs and PSUs Held ^{(2) (3)}</u>	<u>Share Ownership Guideline Amount</u>	<u>Value Owned as a Percentage of Share Ownership Guideline Amount</u>
Don Althoff President and Chief Executive Officer	72,786	82,748	254,122	\$2,677,778	\$1,683,000	100%
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	44,174	24,576	98,335	\$1,268,694	\$672,000	100%
Elizabeth Spomer Executive Vice President of Veresen and President and CEO of Jordan Cove LNG LLC	10,000	49,585	223,829	\$1,442,815	\$1,275,566	100%
Darren Marine Senior Vice President, Business Joint Ventures	Nil	13,416	59,230	\$487,270	\$612,000	80%
Kevan King Senior Vice President, General Counsel	24,872	24,143	67,766	\$883,791	\$637,620	100%

Notes:

- (1) Includes DSUs which only Messrs. Althoff and King hold.
- (2) Value of PSUs and RSUs for grants made for the 2014 plan year is the value of the award to be paid to the NEO in the first quarter of 2017. 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, and RSUs and PSUs for the 2015 and 2016 plan years by the closing trading price of our Common Shares on March 14, 2017 of \$13.64. The actual value of any LTIP award upon vesting will be subject to adjustment in accordance with the terms of the LTIP.
- (3) The aggregate value of PSUs owned by each NEO is capped at 50% of the Share Ownership Guideline Amount.

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, 2016, 2015 and 2014:

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	2016	561,000	1,122,000	915,552	44,880	2,643,432
	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
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	2016	328,500	537,600	378,432	26,280	1,270,812
	2015	304,800	489,600	280,140	24,360	1,098,900
	2014	294,349	240,000	330,234	23,548	888,131
Elizabeth Spomer ⁽⁴⁾ Executive Vice President of Veresen and President and Chief Executive Officer of Jordan Cove LNG LLC	2016	637,783	1,173,146	734,726	24,169	2,569,824
	2015	657,400	986,841	680,409	24,912	2,349,562
	2014	91,842	758,029	83,346	5,510	938,727
Darren Marine Senior Vice President, Business Joint Ventures	2016	306,000	306,000	423,014	24,480	1,059,494
	2015	304,500	306,000	336,168	24,360	971,028
	2014	268,750	160,274	292,669	21,500	743,193
Kevan King Senior Vice President, General Counsel	2016	318,810	318,810	265,250	25,505	928,375
	2015	317,247	318,810	200,659	25,380	862,096
	2014	308,838	250,047	224,217	24,707	807,809

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. The amounts shown represent the aggregate of the PSU and RSU Awards made pursuant to the LTIP for each of the 2016, 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 each of the 2016 and 2015 plan years, the LTIP TPR for Mr. Althoff was 200%, Ms. Jang was 160%, Ms. Spomer was 180%, Mr. King was 100% and Mr. Marine was 100%. For the 2014 plan year, the LTIP TPR for Mr. Althoff was 200%, Ms. Jang was 80%, Ms. Spomer was 150%, Mr. King was 80% and Mr. Marine was 60%. The actual value of any LTIP award upon vesting will be subject to adjustment in accordance with the terms of the LTIP.
- (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. Spomer was appointed Executive Vice President of Veresen, and President and Chief Executive Officer of Jordan Cove LNG LLC on November 3, 2014. All elements of Ms. Spomer's compensation are paid in U.S. currency. Ms. Spomer's base annual salary for each of 2014, 2015 and 2016 was U.S. \$475,000. With the exception of the Share-

Based Award amounts, the amounts shown for Ms. Spomer in 2014, 2015 and 2016 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, on December 31, 2015 of 1.00 USD = 1.384 CAD and on December 30, 2016 of 1.00 USD = 1.3427 CAD, respectively. In the calculation of Ms. Spomer's Share-Based Awards, 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, 1.00 USD = 1.1542 CDN at December 31, 2014 for 2015 and 1.00 USD = 1.384 CDN at December 31, 2015 for 2016.

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, 2016.

Outstanding Share-Based Awards

Name and Position	Type of Unit	Number of Shares or Units of Shares that have not vested ⁽¹⁾	Market or Payout Value of Share-Based Awards that have not vested ⁽²⁾ (\$)	Market or Payout Value of Vested Share-Based Awards not paid out or distributed ⁽³⁾ (\$)
Don Althoff	PSUs	175,279	2,185,344	Nil
President and Chief Executive Officer	RSUs	43,822	546,364	Nil
	DSUs	Nil	Nil	239,566
Theresa Jang	PSUs	81,097	1,011,102	Nil
Senior Vice President, Finance and Chief Financial Officer	RSUs	20,275	252,785	Nil
Elizabeth Spomer	PSUs	172,060	2,145,210	Nil
Executive Vice President of Veresen and President and CEO of Jordan Cove LNG LLC	RSUs	43,015	536,302	Nil
Darren Marine	PSUs	47,803	595,999	Nil
Senior Vice President, Business Joint Ventures	RSUs	11,952	149,015	Nil
Kevan King	PSUs	49,805	620,959	Nil
Senior Vice President, General Counsel	RSUs	12,453	155,262	Nil
	DSUs	Nil	Nil	89,883

Notes:

- (1) The amounts shown in this table for PSUs and RSUs reflects the aggregate number and value of PSUs and RSUs held for the account of each of the NEOs under the LTIP that had not vested as at December 31, 2016, being those awarded under the 2015 and 2016 LTIP plan years. 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. 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, 2016 of \$12.4678 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, 2016. 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, 2016 of \$12.4678 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 2016, along with the value of the STIP awards that were earned for the year ended December 31, 2016.

Incentive Plan Awards – Value Vested or Earned During the Year

Name and Position	Type of Unit	Share-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽²⁾ (\$)
Don Althoff President and Chief Executive Officer	PSUs/RSUs DSUs	245,795 16,176	915,552
Theresa Jang Senior Vice President, Finance and Chief Financial Officer	PSUs/RSUs DSUs	53,625 Nil	378,432
Elizabeth Spomer Executive Vice President of Veresen and President and CEO of Jordan Cove LNG LLC	PSUs/RSUs DSUs	81,907 Nil	734,726
Darren Marine Senior Vice President, Business Joint Ventures	PSUs/RSUs DSUs	18,259 Nil	423,014
Kevan King Senior Vice President, General Counsel	PSUs/RSUs DSUs	55,868 6,069	265,250

Notes:

- (1) The amounts shown in this column for PSUs/RSUs reflect the payments made or to be made pursuant to the LTIP for grants made for the 2014 plan year. For the 2014 plan year, the performance of the Common Shares resulted in a TR Performance Factor for the PSUs of zero and therefore the PSU amount for each NEO for the 2014 plan year is zero. The amounts shown in this column for RSUs reflects the Market Value as of December 31, 2016 of \$12.4678 multiplied by the number of RSUs held for the account of each applicable NEO that vested during the year ended December 31, 2016. 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, 2016 of \$12.4678 multiplied by the number of DSUs granted to the applicable NEO in 2016 in respect of dividends earned on the Common Shares in 2015, which DSUs vested upon being granted. 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 2016 plan year, which were or will be paid to the NEOs in cash in the first quarter of 2017. 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 and its subsidiaries are covered under directors' and officers' insurance policies. In addition, each director and officer of Veresen is indemnified in accordance with our bylaws. There are also formal indemnification agreements in place between Veresen 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. Each of the Employment Agreements provides 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 their savings plan.

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

For purposes of each of the Employment Agreements and the 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 each 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, the term "retirement" means:

- (i) "normal retirement" being retirement from employment with us where the sum of the employee's 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
- (ii) "early retirement" being retirement from employment with us at or after age 55 and after at least five 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 in the normal course 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 upon the death of the NEO will be calculated at the NEO's STIP TPR and the performance factor applicable to such NEO will be at least one 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 one, representing an assumed target performance level.

If a NEO's employment is terminated due to voluntary resignation (other than retirement) or for cause the 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 the employment of a NEO 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 one, 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 the employment of a NEO 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 vest upon the occurrence of a Change of Control, see "*Termination and Change of Control Benefits – NEO Employment Contracts*".

DSU Plan

If the employment of a NEO 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, see "*Termination and Change of Control Benefits – NEO Employment Contracts*".

Executive Termination Policy

We and Ms. Spomer have not entered into an executive employment agreement. Therefore, the terms of any termination of her employment are as set forth in our Executive Termination Policy. This policy applies to all of our Vice President and above level employees that do not have an employment agreement with us. The significant differences between our Executive Termination Policy and the executive employment agreements are:

- severance payments are capped at 12 months once the employee has been employed with us for greater than 6 months, prior thereto severance is 6 months; and
- severance payments are the sum of: base salary in effect at termination, prorated to the notice period if required; 15% of the employee's base salary to cover the cost of benefits; and a STIP amount based on the average annual payout to the employee under the STIP for the past three years, or lesser period if applicable, prorated to the notice period if required.

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, 2016, if their employment with us had been terminated in various scenarios on December 31, 2016:

	Althoff (\$)	Jang (\$)	Spomer ⁽¹⁾ (\$)	Marine (\$)	King (\$)
Involuntary (without cause)					
Salary.....	1,120,000	504,000	637,783	459,000	478,215
	<i>2 years</i>	<i>18 months</i>	<i>12 months</i>	<i>18 months</i>	<i>18 months</i>
STIP.....	1,613,415	494,403	499,494	525,926	345,063
PSUs ⁽²⁾	1,009,016	459,465	961,840	275,184	286,706
RSUs ⁽³⁾	498,022	168,493	322,369	87,060	127,556
DSUs ⁽⁴⁾	239,566	Nil	Nil	Nil	89,883
Other Benefits ⁽⁵⁾	168,000	75,600	95,667	68,850	71,732
Total Payout.....	4,648,019	1,701,961	2,517,153	1,416,020	1,399,155
Voluntary (with Good Reason)⁽⁶⁾					
Salary.....	1,120,000	504,000	637,783	459,000	478,215
	<i>2 years</i>	<i>18 months</i>	<i>12 months</i>	<i>18 months</i>	<i>18 months</i>
STIP.....	1,613,415	494,403	499,494	525,926	345,063
PSUs ⁽⁷⁾	2,687,299	1,287,616	2,809,820	732,895	763,579
RSUs ⁽⁸⁾	792,117	306,403	618,214	167,270	211,128
DSUs ⁽⁴⁾	239,566	Nil	Nil	Nil	89,883
Other Benefits ⁽⁵⁾	168,000	75,600	95,667	68,850	71,732
Total Payout.....	6,620,397	2,668,022	4,660,978	1,953,941	1,959,600
Change of Control⁽⁹⁾					
Salary.....	Nil	Nil	Nil	Nil	Nil
STIP.....	Nil	Nil	Nil	Nil	Nil
PSUs ⁽⁷⁾	2,687,299	1,287,616	2,809,820	732,895	763,579
RSUs ⁽⁸⁾	792,117	306,403	618,214	167,270	211,128
DSUs.....	Nil	Nil	Nil	Nil	Nil
Other Benefits.....	Nil	Nil	Nil	Nil	Nil
Total Payout.....	3,479,416	1,594,019	3,428,034	900,165	974,707
Death					
Salary.....	Nil	Nil	Nil	Nil	Nil
STIP.....	915,552	378,432	734,726	423,014	265,250
PSUs ⁽¹⁰⁾	2,185,349	1,011,102	2,145,214	596,000	620,955
RSUs ⁽¹¹⁾	792,117	306,403	618,214	167,270	211,128
DSUs ⁽⁴⁾	239,566	Nil	Nil	Nil	89,883
Other Benefits.....	Nil	Nil	Nil	Nil	Nil
Total Payout.....	4,132,584	1,695,937	3,498,154	1,186,284	1,187,216

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 30, 2016 of 1.00 USD = 1.3427 CAD. As Ms. Spomer does not have an Employment Agreement with us, amounts shown are calculated pursuant to our Executive Termination Policy.

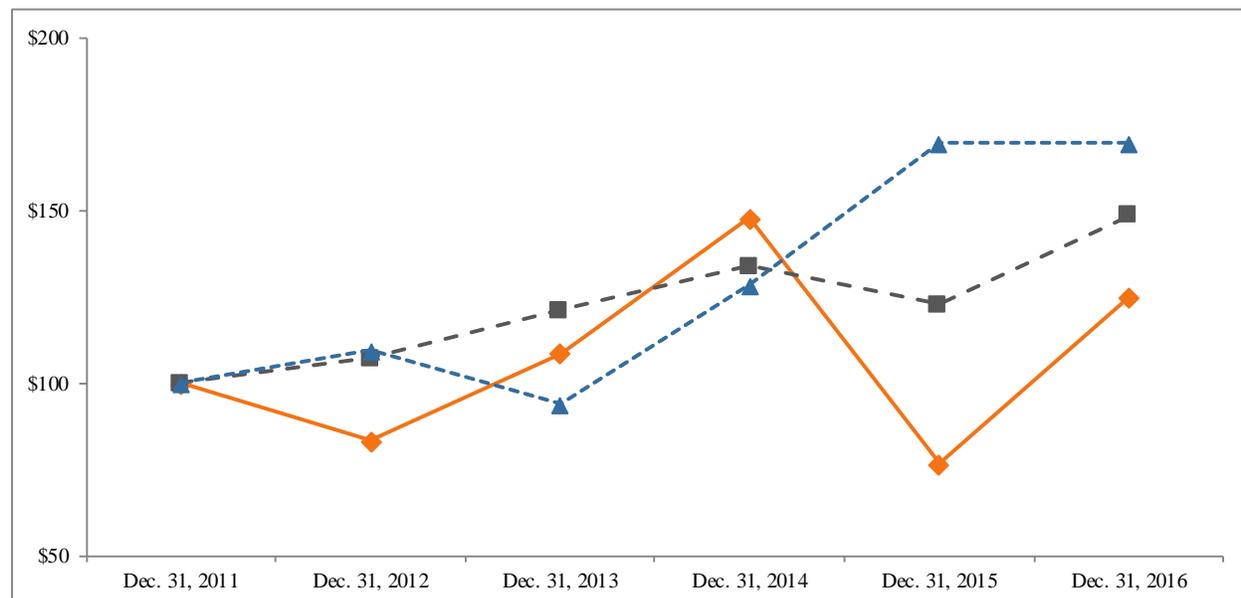
- (2) Aggregate payout value with respect to PSUs for the 2014, 2015 and 2016 plan years. The payout value is zero for PSUs under the LTIP 2014 plan year that vested during 2016. See "*Executive Compensation – Incentive Plan Awards – Value Vested or Earned During the Year*". The payout value for PSUs under the 2015 and 2016 plan years equals the Market Value of \$12.4678 multiplied by a TR Performance Factor of one for each applicable plan year under the LTIP and multiplying the result by the prorated number of target shares held for the account of each NEO under the LTIP for each plan year whereby the prorata fraction for each plan year is a numerator of which is the number of whole months employed by Veresen between the first day of the Performance Period and the vesting date and the denominator of which is the number of whole months in the Performance Period (24/36 for 2015 and 12/36 for 2016).
- (3) The RSU payout value is determined by calculating the number of RSUs that would vest at December 31, 2016, being the amount of RSUs held by the NEO prorated for the period of time that the NEO was employed by us during the applicable LTIP Performance Period, and then multiplying such vested RSUs by the Market Value of \$12.4678.
- (4) The DSU payout value is determined using the Market Value of \$12.4678 multiplied by the aggregate number of DSUs held for the account of each NEO under the DSU plan. All DSUs are vested.
- (5) For all NEOs 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.
- (6) Assumes the employment of each NEO is terminated for "Good Reason" following a Change of Control.
- (7) In the event of a Change of Control the LTIP will terminate and all outstanding PSUs vest. Aggregate payout with respect to PSUs is determined using the Market Value of \$12.4678 multiplied by a TR Performance Factor for each applicable LTIP plan year. As of December 31, 2016 the TR Performance Factor was zero for each of the 2014 and 2015 plan years and was two for the 2016 plan year.
- (8) In the event of a Change of Control the LTIP will terminate and all outstanding RSUs vest. Aggregate payout with respect to the RSUs is determined using the Market Value of \$12.4678 multiplied by the aggregate number of RSUs held for the account of the NEO under the LTIP for the 2014, 2015 and 2016 plan years.
- (9) Assumes the employment of each NEO is not terminated for "Good Reason" following the Change of Control.
- (10) In the event of death, the outstanding PSU grants for the 2014, 2015 and 2016 plan years will immediately vest. The PSU payout value is zero for the LTIP 2014 plan year which PSUs vested during 2016. See "*Executive Compensation – Incentive Plan Awards – Value Vested or Earned During the Year*". The payout value for the PSUs under the 2015 and 2016 plan years is determined using the Market Value of \$12.4678 multiplied by the aggregate number of unvested PSUs multiplied by the TR Performance Factor of one.
- (11) In the event of death, all RSUs outstanding immediately vest. The payout value is determined using the Market Value of \$12.4678 multiplied by the aggregate of the RSUs held for the account of each NEO under the LTIP for the 2014, 2015 and 2016 plan years.

Performance Graph

The following performance graph compares the yearly percentage change in the cumulative total return of the Common Shares commencing on December 31, 2011 and ending on December 31, 2016 (assuming a \$100 investment was made on December 31, 2011 at the closing price of the Common Shares on the TSX of \$15.30 and assuming the reinvestment of dividends, with the cumulative total return of the S&P/TSX Composite Index, assuming reinvestment of dividends or distributions, as applicable, 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 PSUs, RSUs 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 and the cumulative total return of the S&P/TSX Composite Index, as an index from \$100 as at December 31, 2011. For the period 2012 to 2014, the total compensation of our NEOs generally followed the trend in the change in the total return of the Common Shares. For the year ended December 31, 2015 we reported six NEOs which increased the total

compensation for that period. Total compensation also increased for each of the years ended December 31, 2014, 2015 and 2016 due to the addition of an NEO in late 2014 to lead our Jordan Cove LNG project. An increase in incentive compensation for 2016 resulted in total NEO compensation for the year ended December 31, 2016 remaining relatively flat with total NEO compensation for the year ended December 31, 2015.



		Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
◆	Veresen	\$100	\$83	\$108	\$148	\$77	\$125
▲	NEO Total Compensation	\$100	\$109	\$94	\$128	\$169	\$169
■	S&P/TSX Composite Index (Total Return)	\$100	\$107	\$121	\$134	\$123	\$149

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 2016 and the Board accepted that recommendation.

Our non-executive directors are compensated with an annual cash retainer and a fee for each meeting of the Board and committee they attend. The Chair of the Board and the Chair of 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 only redeem DSUs for cash when they retire from the Board.

The following table sets forth our 2016 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. The fees paid to Mr. Thierry Vandal, who is also a resident of the United States are the amounts described above, 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 Chair of a committee of our directors.

In January of each calendar year, the number of DSUs awarded to each director previously 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 after the director's 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, 2016:

Name	Fees Earned ⁽¹⁾ (\$)	Share-Based Awards ⁽²⁾ (\$)	Total (\$)
Doug Arnell ⁽³⁾	16,500	105,495	121,995
J. Paul Charron	25,500	170,000	195,500
Robert J. Iverach ⁽⁴⁾	15,000	80,000	95,000
Maureen E. Howe	30,000	170,000	200,000
Rebecca A McDonald	113,458 ⁽⁵⁾	110,000	194,500
Stephen W. C. Mulherin	25,500	250,000	275,500
Henry W. Sykes	93,000	110,000	203,000
Bertrand A. Valdman	136,284 ⁽⁵⁾	110,000	211,500
Thierry Vandal	84,500 ^{(5) (6)}	110,000	194,500

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 the 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 2016. See "*Compensation of Our Directors - Long-Term Award*".
- (3) Mr. Arnell was elected to the Board on May 4, 2016.
- (4) Mr. Iverach retired from our Board on May 4, 2016.
- (5) Fees to these directors are paid in U.S. dollars. Amounts were converted to Canadian dollars at the December 30, 2016 noon-day exchange rate, as reported by the Bank of Canada, of 1.00 USD = 1.3427 CADs.
- (6) Mr. Vandal is a U.S. resident. Fees paid to Mr. Vandal 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, 2016.

Outstanding Share-Based Awards

Name	Number of Shares or Units that have not vested	Market or Payout Value of Share-Based Awards that have not vested (\$)	Market or Payout Value of Vested Share- Based Awards not paid out or distributed ⁽¹⁾ (\$)
Doug Arnell	Nil	Nil	110,062
J. Paul Charron	Nil	Nil	621,184
Robert J. Iverach ⁽²⁾	Nil	Nil	Nil
Maureen E. Howe	Nil	Nil	729,889
Rebecca A. McDonald	Nil	Nil	482,653
Stephen W. C. Mulherin	Nil	Nil	1,067,830
Henry W. Sykes	Nil	Nil	601,471

<u>Name</u>	<u>Number of Shares or Units that have not vested</u>	<u>Market or Payout Value of Share-Based Awards that have not vested (\$)</u>	<u>Market or Payout Value of Vested Share-Based Awards not paid out or distributed ⁽¹⁾ (\$)</u>
Bertrand A. Valdman	Nil	Nil	482,653
Thierry Vandal	Nil	Nil	227,775

Notes:

- (1) The amounts represent the Market Value as of December 30, 2016 of \$12.4678 multiplied by the number of vested DSUs held for the account of the director under the DSU plan at December 31, 2016.
- (2) Mr. Iverach retired from our Board on May 4, 2016 at which time all of his DSUs were settled.

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, 2016:

<u>Name</u>	<u>Board Meetings Attended</u>	<u>Committee Meetings Attended ⁽¹⁾</u>			
		<u>Audit</u>	<u>Corporate Governance and Nominating</u>	<u>Human Resources and Compensation</u>	<u>Environmental, Health & Safety</u>
Don Althoff ⁽²⁾	14/14	4/4	2/2	3/3	5/5
Doug Arnell	7/7	--	1/1	--	3/3
J. Paul Charron	12/14	--	2/2	3/3	--
Robert J. Iverach ⁽³⁾	7/7	--	1/1	--	2/2
Maureen E. Howe	14/14	4/4	2/2	--	--
Rebecca A. McDonald	14/14	4/4	--	--	5/5
Stephen W. C. Mulherin ⁽⁴⁾	12/14	4/4	2/2	3/3	5/5
Henry W. Sykes	14/14	--	--	3/3	5/5
Bertrand A. Valdman	14/14	4/4	--	3/3	--
Thierry Vandal	14/14	4/4	--	--	5/5

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. Iverach retired from our Board on May 4, 2016.
- (4) 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. 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
Doug Arnell	500	8,828	\$127,234	\$480,000	27% ⁽²⁾
J. Paul Charron	35,000	49,823	\$1,156,986	\$480,000	100%
Maureen E. Howe	8,500	58,542	\$914,453	\$480,000	100%
Rebecca A. McDonald	500	38,712	\$534,852	\$480,000	100%
Stephen W. C. Mulherin	50,000	85,647	\$1,850,225	\$750,000	100%
Henry W. Sykes	18,000	48,242	\$903,541	\$480,000	100%
Bertrand A. Valdman	7,241	38,712	\$626,799	\$480,000	100%
Thierry Vandal	3,540	18,269	\$297,475	\$480,000	62% ⁽²⁾

Notes:

- (1) Aggregate value is determined by multiplying the aggregate number of Common Shares and DSUs by the closing trading price of our Common Shares on March 14, 2017 of \$13.64.
- (2) Directors have five years from the date they join our Board to accumulate the required Common Share ownership amount.

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 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 (38%) have roles on our eight member executive leadership team. 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. All of our current directors are standing for re-election as a director. 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:	Doug Arnell J. Paul Charron Stephen W.C. Mulherin

The Corporate Governance and Nominating Committee is responsible for:

- (i) Board and committee and nomination matters including:
 - (a) reviewing annually the size, composition and operation of our Board and each committee and making recommendations to the Board;
 - (b) identifying, assessing and making recommendations to the Board of new candidates for the Board, Chair of the Board, Chair of each committee and committee members and establishing and reviewing a succession plan for Chair of the Board and Chair of each committee;
 - (c) assessing annually the independence of each director and the effectiveness of our Board as a whole, its committees and the contributions of individual directors;

- (d) annually reviewing and recommending to the Board terms of reference for the Board and each committee as well as position descriptions for Chair of the Board and each committee;
- (e) considering and, if thought fit, approving requests from directors or committees for the engagement of special advisors from time to time;
- (ii) corporate governance and disclosure matters including:
 - (a) reporting on corporate governance issues, principles and guidelines, monitoring best practices and reviewing company practices with a view to maintaining a high standard
 - (b) ensuring that issues of corporate governance identified by the Board are raised with management;
 - (c) approving outside directorships of senior executives and annually reviewing director interlocks;
 - (d) 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;
 - (e) developing, reviewing and recommending to the Board various company policies such as the Code of Business Conduct and Ethics, Disclosure Policy, Privacy Policy, Whistleblower Policy and Diversity Policy and determining and reviewing share ownership guidelines;
 - (f) developing in consultation with the President & CEO and recommending to the Board a President & CEO position description and making recommendations to the Board in respect of recruitment of a President & CEO;
- (iii) Board effectiveness and assessment matters including:
 - (a) monitoring the relationship between senior executives and the Board and recommending improvements where desirable;
 - (b) assessing and conducting regular assessments to evaluate the Board and each committee's effectiveness, as a whole and on an individual director basis, with the goal to ensure continued development and effectiveness; and
 - (c) developing an orientation and continuing education program for directors.

Environmental, Health and Safety Committee

Chair: Henry W. Sykes

Members: Doug Arnell
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.

- The Corporate Governance and Nominating Committee annually conducts an evaluation of the effectiveness of our Board as a whole, its committees and the contributions of individual directors. This year the committee engaged a third party to perform the evaluation which included both a survey completed by, and a one on one interview with, each director and certain executive officers. A report was prepared independently by the third party and provided to the Corporate Governance and Nominating Committee and further discussed among all of the members of the Board. 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 proposed a detailed review and evaluation process for the Board's and each committee's terms of reference in 2016 and new terms of reference were recommended and approved for the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee. Due to time constraints, this review process was extended

to 2017 for completion of the terms of reference for the remaining committees and the Board. 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 monitors the development of new corporate governance practices and 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, 2016.

Appendix A

SUMMARY OF THE SHAREHOLDER RIGHTS PLAN

See "*Approval of the Continuation and Amendment and Restatement of the Shareholder Rights Plan*" in the Information Circular to which this Appendix is attached for a discussion of the Rights Plan and the reasons for the Board recommending its approval.

The following summary of the Rights Plan is qualified in its entirety by reference to the complete text of the Amended and Restated Shareholder Rights Plan Agreement to be dated as of May 3, 2017 (the "**Rights Plan Agreement**" or the "**Rights Plan**") between Veresen and Computershare Trust Company of Canada, as rights agent, in connection with the Rights Plan (if approved at the Meeting). The Rights Plan Agreement shall govern in the event of any conflict between the provisions thereof and this summary. The Rights Plan Agreement is available in draft form on Veresen's website located at www.vereseninc.com.

Definitions

Capitalized terms used but not specifically defined in this Appendix shall have the meanings ascribed thereto in the Rights Plan Agreement.

1. "**Convertible Securities**" shall mean at any time:
 - (a) any right (contractual or otherwise and regardless of whether such right constitutes a security) to acquire Shares; and
 - (b) any securities issued by Veresen from time to time (other than the Rights) carrying any exercise, conversion or exchange right;

which is then exercisable or exercisable within a period of 60 days from that time pursuant to which the holder thereof may acquire Shares or other securities which are convertible into or exercisable or exchangeable for Shares (in each case, whether such right is then exercisable or exercisable within a period of 60 days from that time and whether or not on condition or the happening of any contingency).

2. "**Independent Shareholders**" means Shareholders excluding:
 - (a) any Acquiring Person (as described below);
 - (b) any person that is making or has announced a current intention to make a Take-over Bid for Shares (including a Permitted Bid (as described below) and a Competing Permitted Bid (as described below), subject to certain exceptions for investment managers, trust companies or other persons who acquire or hold securities in the ordinary course of business, but excluding any such Person if the Take-over Bid so announced or made by such Person has been withdrawn, terminated or expired;
 - (c) any affiliate or associate of such Acquiring Person or persons referred to in (b) above;
 - (d) any person acting jointly or in concert with such Acquiring Person or a person referred to in clause (b) above; or
 - (e) a person who is a trustee of any employee benefit plan, Share purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of Veresen or a

subsidiary thereof, unless the beneficiaries of the plan or trust direct the manner in which the Shares are to be voted or direct whether the Shares are to be tendered to a Take-over Bid;

3. **"Offer to Acquire"** includes:

- (a) an offer to purchase, or a solicitation of an offer to sell, securities; and
- (b) an acceptance of an offer to sell securities, whether or not such offer to sell has been solicited;

or any combination thereof, and the person accepting an offer to sell shall be deemed to be making an offer to acquire to the person that made the offer to sell;

4. **"Offeror"** means a person who has announced (and has not withdrawn) an intention to make or who has made (and has not withdrawn) a Take-over Bid other than a person who has completed a Permitted Bid or a Competing Permitted Bid; and

5. **"Take-over Bid"** means an Offer to Acquire Shares or securities convertible into Shares, where the Shares subject to the Offer to Acquire, together with the Shares into which the securities subject to the Offer to Acquire are convertible, and the Offeror's securities, constitute in the aggregate 20% or more of the outstanding Shares at the date of the Offer to Acquire.

Term

Subject to earlier termination in accordance with its terms, the Rights Plan will remain in effect until the **"Expiration Time"**, which pursuant to the Rights Plan is defined as the earlier of: (a) the date which rights are redeemed due to operation of the Rights Plan; and (b) the termination of the annual meeting of Shareholders in the year 2020, unless the term of the Rights Plan Agreement is extended beyond such date by resolution passed by a majority of votes cast by each of (i) Shareholders; and (ii) Independent Shareholders (as defined below) who vote in respect thereof in accordance with the Rights Plan, in which case the Expiration Time shall mean the earlier of the date on which rights are redeemed due to operation of the Rights Plan and the termination of the annual meeting of shareholders of Veresen in the year 2023.

Issuance of Rights

One right (a **"Right"**) was issued by Veresen in respect of each Share that was outstanding at 12:01 a.m. (Calgary time) on January 1, 2011. One Right was issued for each additional Share issued after January 1, 2011 and one Right will be issued for each additional Share issued prior to the earlier of the Separation Time (as described below) and the time at which the Rights expire and terminate.

The issuance of the Rights is not dilutive and will not affect reported earnings or cash flow per Share unless the Rights separate from the underlying Shares in connection with which they were issued and become exercisable or are exercised. The issuance of the Rights will also not change the manner in which Shareholders trade their Shares, and is not intended to interfere with Veresen's ability to undertake equity offerings in the future.

The Rights

Each Right entitles the registered holder thereof to purchase from Veresen on the occurrence of certain events, one Share at a price equal to three times the average of the daily closing prices of the Shares on each of the 20 trading days immediately preceding the date of exercise, subject to adjustment (the

"Exercise Price"). The exercise price payable and the number of securities issuable upon the exercise of the Rights are subject to adjustment from time to time to prevent dilution upon the occurrence of certain corporate events affecting the Shares. If a Flip-in Event (as described below) occurs, each Right would then entitle the registered holder to receive, upon exercise thereof, that number of Shares that have a market value at the date of that occurrence equal to twice the Exercise Price. The Rights are not exercisable until the Separation Time nor may they be exercised after the Expiration Time. The Rights expire upon the earlier of the date which rights are redeemed due to operation of the Rights Plan and the termination of the annual meeting of Shareholders held in the year 2020 (or the termination of the annual meeting of Shareholders held in the year 2023 if the Rights Plan is ratified by resolution passed by a majority of votes cast by each of: (i) Shareholders; and (ii) Independent Shareholders at the 2020 annual meeting), unless earlier redeemed by the Board of Directors with the consent of Shareholders.

Certificates and Transferability of Rights

The Rights are not exercisable initially and certificates representing the Rights will not be sent to Shareholders. Until the Separation Time, the Rights will be evidenced only by outstanding Common Share Certificates (or other evidence of ownership of Shares). The Rights Plan provides that, until the Separation Time, the Rights will be transferred only with the associated Shares. Until the Separation Time, or earlier termination or expiration of the Rights, each new Share Certificate (or other evidence of ownership) issued upon transfer of existing Shares or the issuance of additional Shares, will contain a legend incorporating the terms of the Rights Plan by reference. As soon as is practicable following the Separation Time, separate certificates evidencing the Rights (the **"Rights Certificates"**) or such other written document (including a Direct Registration System statement or other book-entry confirmation) will be mailed to the Shareholders of record of Shares as of the Close of Business at the Separation Time, and thereafter the Rights Certificates alone will evidence the Rights.

Separation Time

The Rights will be exercisable and begin to trade separately from the Shares after the Separation Time. **"Separation Time"** means the Close of Business on the tenth Business Day after the earlier of:

- (a) the first date (the **"Share Acquisition Date"**) of public announcement by Veresen or a person or a group of affiliated or associated persons (an **"Acquiring Person"**) that it has acquired beneficial ownership of 20% or more of the outstanding Shares other than as a result of, among other things:
 - (i) a reduction of the number of Shares outstanding pursuant to an acquisition or redemption or conversion by Veresen of the Shares;
 - (ii) a "Permitted Bid" or a "Competing Permitted Bid" (as described below);
 - (iii) acquisitions of Shares in respect of which the Board of Directors has waived the provisions of the Rights Plan in accordance with the terms thereof, or
 - (iv) acquisitions of Shares pursuant to any dividend reinvestment plan of Veresen, a rights offering by Veresen, a distribution of Shares or a split of Shares or other event pursuant to which a person becomes the beneficial owner of Shares (as described below) on the same pro rata basis as other Shareholders, and acquisitions pursuant to a prospectus offering, private placement or plan of arrangement, amalgamation or other statutory procedure requiring the approval of Shareholders;

- (b) the date of commencement of, or the first public announcement of the intent of any person, other than Veresen or any corporation controlled by Veresen, to commence a Take-over Bid to acquire 20% or more of the outstanding Shares; and
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such;

or such later date as may be determined by the Board of Directors acting in good faith.

Acquiring Person

An Acquiring Person is, generally, a person who beneficially owns 20% or more of the outstanding Shares.

The Rights Plan provides certain exceptions to the definition of Acquiring Person, including Veresen or any subsidiary, a person who acquires 20% or more of the outstanding Shares through a Permitted Bid acquisition or certain prescribed exempt acquisitions. The Rights Plan excludes from the definition of "beneficial ownership", amongst others, a person in its capacity as investment manager, trust company or plan trustee (and clients and accounts of such persons) (in each case as defined in the Rights Plan Agreement) provided that the person is not making or proposing to make a Take-over Bid. Furthermore, a person is deemed not to be the beneficial owner of Shares where the holder of such Shares has agreed to deposit or tender its Shares pursuant to a Permitted Lock-up Agreement (as described below) to a Take-over Bid made by such person.

Permitted Lock-up Agreement

In order for an agreement to constitute a "**Permitted Lock-up Agreement**", certain conditions must be met including, among other things, that the terms of the Permitted Lock-up Agreement are publicly disclosed and the Permitted Lock-up Agreement permits the locked-up person to withdraw its Shares and/or Convertible Securities in order to deposit or tender the Shares and/or Convertible Securities to another Take-over Bid or support another transaction so long as such Take-over Bid or transaction:

- (a) offers a price or value that exceeds the price or value offered under the take-over bid referred to in the Permitted Lock-up Agreement (the "**Lock-up Bid**"); or
- (b) is for a number of Shares and/or Convertible Securities which is greater than the number of Shares and/or Convertible Securities that the Offeror has offered to purchase under the Lock-up Bid by such number as may have been agreed to in the Permitted Lock-up Agreement, provided that such agreed upon number is not greater than 7% of the number of Shares and/or Convertible Securities offered to be purchased under such Lock-up Bid at a price or value that is not less than the price or value offered under such Lock-up Bid; or
- (c) offers a price or value which is greater than the price or value offered under the Lock-up Bid by as much as or more than a specified amount provided that such specified amount is not greater than 7% of the offering price or value offered under such Lock-up Bid.

In addition, under a Permitted Lock-up Agreement, no "break up" fees, "top up" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of: (i) the cash equivalent of 2 ½% of the price or value of the consideration payable under the Lock-up Bid; and (ii) 50% of the amount by which the price or value of the consideration received by a locked-up person under another Take-over Bid or transaction exceeds what such locked-up person would have received under the Lock-up Bid can be payable by such locked-up person if the locked-up person fails to deposit or tender Shares and/or Convertible Securities to the Lock-up Bid or withdraws Shares and/or Convertible Securities previously

tendered thereto in order to deposit such Shares and/or Convertible Securities to another Take-over Bid or support another transaction.

Flip-in Event

Ten business days following a transaction that results in a person becoming an Acquiring Person (a "**Flip-in Event**"), the Rights will entitle holders to receive, upon exercise and payment of the Exercise Price, Shares with a market value equal to twice the Exercise Price of the Rights. In such event, however, any Rights beneficially owned by an Acquiring Person (including such person's associates and affiliates and any other person acting jointly or in concert with the Acquiring Person and any direct or indirect transferee of such persons) will be void. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Permitted Bid

A Take-over Bid will not trigger the dilutive provisions of the Rights Plan if it meets the Permitted Bid conditions prescribed in the Rights Plan. A "**Permitted Bid**" is a Take-over Bid, made by means of a take-over bid circular, which:

- (a) is made to all Shareholders of record, other than the Offeror;
- (b) contains, and the take-up and payment for Shares tendered or deposited is subject to, an irrevocable and unqualified condition that no Shares will be taken up or paid for pursuant to the Take-over Bid prior to the Close of Business on a date which is not less than 105 days following the date of the Take-over Bid or such shorter minimum initial deposit period that a Take-over Bid (that is not exempt from the general Take-over Bid requirements contained in Part 2 of NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104;
- (c) contains irrevocable and unqualified provisions that:
 - (i) unless the Take-over Bid is withdrawn, Shares may be deposited pursuant to the Take-over Bid at any time prior to the Close of Business on the date of first take-up or payment for Shares under the bid and that all Shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the Close of Business on such date;
 - (ii) more than 50% of the outstanding Shares held by Independent Shareholders, determined as at the Close of Business on the date of first take-up or payment for Shares under the Take-over Bid, must be deposited to the Take-over Bid and not withdrawn at the Close of Business on the date of first take-up or payment for Shares; and
 - (iii) in the event that more than 50% of the then outstanding Shares held by Independent Shareholders shall have been deposited to the Take-over Bid and not withdrawn as at the Close of Business on the date of first take-up or payment for Shares and such Shares are taken up by the Offeror or the Offeror is obligated to take-up such Shares, the Offeror will make public announcement of that fact and the Take-over Bid will be extended on the same terms for a period of not less than 10 days from the date of such public announcement.

The Rights Plan also provides for a "Competing Permitted Bid", which is a Take-over Bid made during the currency of another Permitted Bid that satisfies all of the requirements of a Permitted Bid and contains an irrevocable and unqualified condition that no Shares will be taken up or paid for pursuant to the Take-over Bid prior to the Close of Business on the date that is no earlier than the later of (i) the earliest date on which Shares may be taken up or paid for under any Permitted Bid or other Competing Permitted Bid that is then in existence, and (ii) the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to NI 62-104 after the date of the Take-over Bid constituting the Competing Permitted Bid.

Waiver and Redemption

The Board of Directors may, prior to the occurrence of a Flip-in Event, determine to waive the dilutive effects of the Rights Plan in respect of a Flip-in Event that would occur as a result of a Take-over Bid that is made by way of a take-over bid circular to all Shareholders. In such case, such waiver would be deemed also to be a waiver, on the same terms and conditions, in respect of any other Flip-in Event which occurs by reason of a Take-over Bid made by way of a take-over bid circular to all Shareholders made prior to the expiry of the Take-over Bid for which the initial waiver was given. The Board of Directors may, prior to a Flip-in Event and with the prior consent of Shareholders, waive the dilutive effects of the Rights Plan in respect of a Flip-in Event that would occur other than as a result of a Take-over Bid made by way of a take-over bid circular to all Shareholders. The Board of Directors may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Shares.

The Board of Directors may, with the prior consent of the Shareholders or holders of Rights and prior to the occurrence of a Flip-in Event, elect to redeem all, but not less than all, of the then outstanding Rights at a redemption price of \$.00001 per Right. In addition, if an offeror successfully completes a Permitted Bid, the Board of Directors shall be deemed to have elected to redeem the Rights.

Amendments

The Board of Directors may make amendments to the Rights Plan Agreement without the approval of any holders of Rights or Shares to correct any clerical or typographical error. The Board of Directors may make amendments to the Rights Plan Agreement without the approval of any holders of Rights or Shares, but subject to confirmation at the next meeting of Shareholders, (i) which are required to maintain the validity of the Rights Plan Agreement as a result of any change in any applicable legislation, or (ii) to take into account the issuance by Veresen of classes or series of shares other than the Shares. The Board of Directors may, with the prior consent of the Shareholders, at any time prior to the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of the Rights Plan Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by (i) Shareholders and (ii) Independent Shareholders.

In addition, any amendments will, if required, also be subject to the approval of the TSX.

Appendix B

VERESEN BOARD OF DIRECTORS

TERMS OF REFERENCE

PART I

COMPOSITION AND PROCEDURE

1.1 Composition

The board of directors (the "Board") of Veresen (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	
<ul style="list-style-type: none">● 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. 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 re-election, see the information under the heading "Election of Directors".</p>
<ul style="list-style-type: none">● 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>
<ul style="list-style-type: none">● <i>In-Camera Sessions</i>	<p>Our Board held <i>in-camera</i> sessions at each meeting during 2016, 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 2016, see "Compensation of Our Directors – Board and Committee Attendance".</p>
<ul style="list-style-type: none">● Board Chair	<p>The Chair of our Board, 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>
<ul style="list-style-type: none">● Board Attendance Record	<p>For information concerning the attendance record of each director for all directors and committee meetings held during 2016, refer to the chart under the heading "Compensation of Our Directors – Board and Committee Attendance".</p>
2. Board Mandate	<p>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.</p>

Disclosure Item	Comments
3. Board Tenure and Renewal	<p>Our Board does not believe it should adopt a term limit for Board membership or a mandatory retirement age. Our Board does acknowledged that turnover of directors helps ensure that fresh ideas and views are available to the Board, however fixed terms and age limits 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. Our Board has experienced regular turnover in membership with the average tenure of current members being approximately seven years. In addition, we assess the effectiveness of our Board and contribution of its members through an annual Board questionnaire and interviews with directors and certain executive officers. This assessment and review process was conducted by a third party for the 2016 assessment.</p>
4. Position Descriptions	
<ul style="list-style-type: none"> ● Board Chair and Committee Chairs 	<p>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</p>
<ul style="list-style-type: none"> ● President and Chief Executive Officer 	<p>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.</p>
5. Orientation and Continuing Education	<p>The Corporate Governance and Nominating Committee provides new directors with certain important information regarding Veresen 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.</p>
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, 2016 that pertain to any conduct of a director or executive officer that constitutes a departure from the Code of Business Conduct and Ethics.</p>

Disclosure Item	Comments
	<p>Our Board, in consultation with the Corporate Governance and Nominating 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>
7. Nomination of Directors	
<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>
8. Compensation	
<ul style="list-style-type: none"> ● Director Compensation 	<p>Other than Mr. Don Althoff, who receives 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. For further information concerning compensation to our Board see "Compensation of Our Directors".</p>
<ul style="list-style-type: none"> ● Compensation Determination for Executive 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</p>

Disclosure Item	Comments
	the compensation paid to our executive officers, see "Compensation Discussion and Analysis – Compensation Governance".
<ul style="list-style-type: none"> ● Human Resources and Compensation Committee 	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".
<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 2016, 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>
9. Other Board Committees	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.
10. Board and Committee Assessments	<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. For 2016, the Corporate Governance and Nominating Committee engaged a third party consultant to perform an assessment of Board effectiveness.</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>
11. Diversity Policy	<p>For information regarding our Diversity Policy, See "Diversity Policy and Practice".</p> <p>We have two women (22%) on our nine member Board and three women (38%) on our eight member executive leadership team.</p> <p>Management of the Corporation and the Corporate Governance and Nominating Committee monitors and assess the effectiveness of the Diversity Policy on an annual basis.</p>

VERESEN

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