



Compensation and Governance Committee

Terms of Reference

Purpose

The purpose of the Compensation and Governance Committee of the Board of Directors (the "Committee") is to assist the Board of Directors (the "Board") of Keyera Corp. in fulfilling its responsibilities in relation to (i) the compensation of officers, employees and directors; (ii) the quality and effectiveness of the governance practices and policies; and (iii) the nomination of candidates for the Board. The Committee's compensation and governance responsibilities relate to Keyera Corp. and its subsidiaries (collectively "Keyera").

Mandate

1. Compensation Matters. The Committee has overall responsibility for (i) monitoring and assessing the compensation policies of Keyera; (ii) reviewing the competitiveness and appropriateness of senior officers' and directors' compensation; and (iii) making recommendations to the Board in respect of the foregoing. The Committee shall:

- a. periodically review and recommend for approval to the Board the compensation philosophy and remuneration policy for Keyera;
- b. oversee the retention of and the relationship with executive compensation consultants;
- c. conduct, from time to time, a review of compensation of Directors for Board and Committee service, taking into account such issues as the time commitment, compensation provided by comparative organizations and responsibilities of Directors, and recommend any change in compensation to the Board for its consideration and decision;
- d. at least annually, review and recommend for approval to the Board the compensation packages and performance objectives for the Chief Executive Officer and other senior officers;
- e. at least annually, recommend for approval to the Board any incentive compensation, including participation in equity-based compensation plans, for officers and employees;
- f. review annually and recommend for approval to the Board the executive compensation disclosure of Keyera in its information circular; and
- g. review and recommend for approval to the Board any new pension programs or significant new benefit programs, as well as any significant changes to existing programs.

2. Governance Matters. The Committee has overall responsibility for developing and recommending good governance practices. The Committee also has oversight responsibility in respect of major issues of public policy relevant to Keyera and the business of Keyera. The Committee shall:

- a. assist the Board in adopting a strategic planning process and reviewing and approving a strategy which takes into account, among other things, the opportunities and risks associated with the business of Keyera;
- b. consider issues relating to succession planning, including the appointment, training and monitoring of senior officers of Keyera Corp.;
- c. review policies on business conduct, including disclosure, confidentiality and trading in securities and establish procedures to assess compliance with Keyera's code of business conduct and business conduct policies;
- d. review, from time to time, the mandate of the Board and the composition, mandates and terms of reference of the various Committees of the Board and make recommendations thereon to the Board for its consideration and decision;
- e. in conjunction with the Chair and the Independent Lead Director (as appropriate), assess the effectiveness of the working relationship and communications between the Board and management of Keyera;
- f. review, from time to time with the Chief Executive Officer, the position description for the Chief Executive Officer, including the definition of the limits to management's responsibilities and the objectives which the Chief Executive Officer is responsible for meeting;
- g. together with the Chair, the Independent Lead Director (as appropriate) and the affected Committee Chair, review, from time to time, the position descriptions for the Chair, the Independent Lead Director and each Committee Chair;
- h. in conjunction with the Board, establish the Board's annual agenda;
- i. from time to time, assess the governance practices of Keyera in light of regulatory requirements and trends in good governance practice and, based on those assessments, make recommendations to the Board, with respect to governance issues;
- j. examine any issues relating to governance which are identified by the Directors and make recommendations with respect to those issues, as appropriate;
- k. review, from time to time, major issues of public policy relevant to Keyera and to the business of Keyera;
- l. review annually and recommend for approval to the Board the governance disclosure for Keyera's information circular; and
- m. undertake such other initiatives as are necessary or desirable to provide effective governance for Keyera.

3. Nomination Matters. The Committee has overall responsibility for identifying and recommending qualified individuals as Director nominees. The Committee shall:

- a. review, from time to time, the size, composition and profile of the Board of Directors;
- b. develop a process for identifying and evaluating potential Director nominees; and
- c. consider nominees for election as Directors, including an annual review of the qualifications of persons proposed for election to the Board of Directors or to be appointed to fill any vacancies, and submit recommendations for nominees for election or appointment as Directors to the Board for its consideration and decision.

4. Board Functioning and Effectiveness. The Committee has overall responsibility for monitoring and assessing the functioning of the Board and the Committees thereof. The Committee shall:

- a. assist the Board in developing an orientation and education program for directors;
- b. in conjunction with the Chair and the Independent Lead Director (as appropriate), assess the effectiveness of the Board as a whole and make any recommendations to improve the Board's effectiveness;
- c. assess the availability, relevance and timeliness of information required by the Board;
- d. review, from time to time, the retirement age for Directors;
- e. in conjunction with the Chair and the Independent Lead Director (as appropriate), review, from time to time, the performance of the Board and, to the extent deemed necessary by the Committee, the performance of individual Directors; and
- f. from time to time in its discretion, initiate and review any surveys completed by Directors dealing with the effectiveness of the operation of the Board.

5. Other Matters.

- a. The Committee shall periodically initiate and oversee a review of Keyera's director and officer liability insurance and indemnity program and shall submit recommendations arising from this review to the Board for consideration.
- b. The Committee may, at the request of the Board or on its own initiative, investigate such other matters as it considers necessary or appropriate in the circumstances, including, without limitation, matters relating to governance and compensation.

Committee and Procedures

1. Composition of Committee

The Committee shall consist of not less than three and not more than six Directors, at least one-half of whom are resident Canadians (as defined in the Business Corporations Act (Alberta)), and all of whom are independent within the meaning of applicable laws, rules, policies, guidelines and requirements, as affirmatively determined by the Board of Directors. Members of the Committee should not have any direct or indirect relationship with the compensation consultants of Keyera and should not be an active Chief Executive Officer of any publicly-traded entity.

2. Appointment of Committee Members

Members of the Committee shall be appointed from time to time by, and shall hold office at the pleasure of, the Board.

3. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Directors.

4. Committee Chair

The Board shall appoint a Chair for the Committee.

5. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

6. Secretary of Committee

The Committee shall appoint a Secretary who need not be a Director of Keyera Corp.

7. Meetings

The Chair of the Committee, the Chair of the Board, the Independent Lead Director or any two members of the Committee may call a meeting of the Committee. The Committee shall meet at such times during each year as it deems appropriate.

8. Quorum

Two members of the Committee shall constitute a quorum.

9. Notice of Meetings

Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10. Attendance at Meetings

At the invitation of the Chair of the Committee, one or more officers of Keyera may attend any meeting of the Committee. Any independent director may attend any meeting of the Committee.

11. Procedure, Records and Reporting

Subject to any statute or articles and by-laws of Keyera Corp., the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next quarterly meeting of the Board). The minutes of its meetings shall be distributed regularly to all members of the Board. All independent Directors shall be provided with access to any materials distributed to members of the Committee.

12. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

13. Independent Advisors

The Committee has the authority to retain independent legal, compensation or other advisors to advise the Committee or a member of the Committee independently on any matter. The Committee (subject to the Board's oversight) has the authority to retain and terminate such advisors, including the authority to approve fees and other terms of the retainer.

14. Review of Terms of Reference

The Committee shall review its Terms of Reference annually or otherwise as it deems appropriate and propose recommended changes to the Board.