

# PENNTEX MIDSTREAM PARTNERS, LP

## GOVERNANCE GUIDELINES

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The Board of Directors (the “Board”) of PennTex Midstream GP, LLC, (“the General Partner”), the general partner of PennTex Midstream Partners, LP (the “Partnership” and, together with its subsidiaries and the General Partner, the “Partnership Group”), has adopted the Governance Guidelines to provide an effective framework for the functioning of the Board and its committees. These Governance Guidelines are subject to amendment from time to time by the Board.

The NASDAQ Global Market (“NASDAQ”) has recognized the distinctive characteristics of partnerships in the application of the exchange’s listing standards regarding corporate governance. In light of the foregoing, the Board has adopted these Governance Guidelines.

### 1. DIRECTOR QUALIFICATIONS

- a. Board Membership and Independence. Subject to applicable transition periods, the Board will have at least three directors who meet the criteria for independence as defined under the independence standards established by the Securities and Exchange Commission (the “SEC”) and NASDAQ. In order to determine whether a director qualifies as “independent,” the Board will consider all relevant facts and circumstances, and will apply the standards set forth in Rule 5605(a)(2) of the NASDAQ Listing Rules.
- b. Service on Other Boards. No member of the Board shall serve on so many other public or private company boards that his or her ability to devote the necessary time and attention to his or her duties to the Board or to the Partnership Group’s affairs would be comprised. Determination of the existence of such a situation shall be subject to the discretion of the Board.

### 2. DIRECTOR RESPONSIBILITIES

- a. General. Each director shall exercise his or her business judgment and act in accordance with respective the organizational documents of the General Partner and the Partnership. In discharging this obligation, directors are entitled to rely on the honesty and integrity of the Partnership Group’s senior executives and its outside advisors and auditors.
- b. Code of Business Conduct and Ethics. The Partnership’s Code of Business Conduct and Ethics (the “Code of Conduct”) sets forth the standards of business conduct for all officers, employees, agents and representatives and members of the Board and the Partnership.
- c. Attendance and Participation. Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. Attendance at Board and committee meetings should be considered in assessing each director's performance.

- d. Meetings of the Board. The Board shall meet at least four times a year. Additional meetings may be scheduled as necessary or appropriate in light of the circumstances. The Chairman of the Board, assisted by the Chief Executive Office of the General Partner ("CEO"), the Secretary and/or other members of management of the Partnership Group as requested by the Chairman of the Board, shall prepare an annual schedule of meetings for the Board and the standing committees.
- e. Meeting Agendas. The Chairman of the Board, together with the CEO, shall establish the agenda for each Board meeting. Each Board member is invited to suggest the inclusion of items on the agenda. The Board shall review the Partnership Group's long-term strategic plans and the principal issues that the Partnership Group will face in the future during at least one Board meeting each year.

### **3. BOARD COMMITTEES**

- a. General. The Board will have at all times an Audit Committee. However, the Board may, from time to time, establish and maintain additional committees as necessary or appropriate, including a Conflicts Committee. All of the members of the Audit Committee and Conflicts Committee must satisfy the applicable independence and experience requirements detailed in their respective committee charters.
- b. Committee Charters. Each committee will have its own charter. The charters will set forth the authority and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure, and operations and committee reporting to the Board. The charters will also provide that each committee will evaluate its performance.
- c. Annual Performance Evaluation of the Committees. The Board will perform an annual performance review of the Board's committees. As part of this process, the Chairman will request that the chairman of each committee report to the Board regarding such committee's annual evaluation of its performance and charter (to the extent such committee's charter requires such an annual evaluation).

### **4. DIRECTOR ACCESS TO OFFICERS, EMPLOYEES AND OTHER ADVISORS**

Directors shall have full and free access to officers and any employees of the Partnership Group; provided that the directors shall use their judgment to ensure that any such contact is not disruptive to the business operations of the Partnership Group and shall, to the extent practical, copy the CEO on any written communications (including e-mail) between a director and an officer or employee of the Partnership Group. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO, the General Counsel or made directly by the director. The Board also welcomes regular attendance by senior officers of the Partnership Group at each Board meeting. To the extent they consider it necessary and appropriate, directors also shall have access to the Partnership Group's independent advisors in consultation with the General Counsel using the same procedures.

## **5. DIRECTOR COMPENSATION**

The Board will determine the form and amount of compensation for its members, including reimbursement for actual travel costs incurred by each director to attend meetings of the Board. The Board will determine the form and amount of any additional compensation for each director that serves on any committee of the Board. Other than travel expense reimbursement, directors who are employees of the Partnership Group or its affiliates shall not be separately compensated for their services as directors. The Board shall consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Partnership Group makes substantial charitable contributions to organizations with which a director is affiliated or if the Partnership Group enters into consulting contracts with or provides other indirect forms of compensation to a director or an organization with which a director is affiliated.

## **6. CHAIRMAN OF THE BOARD**

The Board has no policy requiring either that the positions of the Chairman of the Board and the CEO be separate or that they be occupied by the same individual. The Board believes that this issue is properly addressed as part of the succession planning process and that it is in the best interests of the Partnership Group for the Board to make a determination on this subject whenever it elects a CEO or at other times when consideration of the matter is warranted by circumstances.

## **7. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

- a. Orientation Program. Each new director should participate in an informal orientation program, which should be conducted promptly after his or her initial election or appointment. This orientation may include materials and presentations by senior management to familiarize new directors with the Partnership's operations, its risk management issues, its compliance programs, the Code of Conduct, its principal officers, and its independent auditors. The Board is responsible for developing and evaluating an orientation and continuing

education program for directors, and for making appropriate recommendations for final Board action regarding this program.

- b. Continuing Education. The Board believes it is appropriate for directors to have access to educational programs related to their duties as directors to enable them to better perform their duties and to recognize and deal appropriately with issues that arise.

## **8. CEO EVALUATION AND SUCCESSION PLANNING**

- a. CEO Evaluation. The Board will annually review and approve corporate goals and objectives for the Partnership and evaluate the performance of the CEO based on achievement of these goals and objectives.
- b. CEO Succession. The Board will review CEO succession planning, including succession planning in the event of an emergency or the retirement of the CEO, and identify succession needs. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **9. OTHER**

- a. Board Performance Evaluations. The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively.
- b. Review of Guidelines. The Board will periodically review and reassess the adequacy of these Governance Guidelines and recommend any proposed changes to the Board for approval. The review will include management's monitoring of the Partnership Group's compliance programs and Code of Conduct as well as new regulatory developments.

## **10. GOVERNANCE GUIDELINES POSTING**

The Partnership Group will post these Governance Guidelines, the charters of each standing Board committee and the Code of Conduct on the Partnership's website to the extent required by applicable rules and regulations.