



# Governance Manual

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# 1. OVERVIEW OF BORALEX

Boralex Inc. ("**Boralex**" or the "**Corporation**") is a power producer whose core business is the development, construction and operation of renewable energy power stations. Boralex operates in Canada, France, the United Kingdom and the United States. Boralex is known for its vast experience at optimizing its asset base in four power generation sources—wind, hydroelectric, thermal and solar.

Boralex registered office is located at 36 Lajeunesse Street, Kingsey Falls, Québec J0A 1B0. Boralex can be found online at [www.boralex.com](http://www.boralex.com). Boralex shares and convertible debentures trade on the Toronto Stock Exchange (the "**TSX**") under the ticker symbols BLX and BLX.DB.A, respectively.

Boralex attaches great importance to good corporate governance practices, which are designed to enhance long-term shareholder value. The Corporation's Board members and management team rely on the structure and processes adopted by the Boralex Board of Directors (the "**Board**") to guide and manage the Corporation's business and affairs.

Described in the pages that follow, the Corporation's governance practices fully comply with the disclosure and listing requirements of the TSX and with applicable Canadian legislation and related regulations such as National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, National Instrument 52-110 - *Audit Committees* and the Canadian Securities Administrators' National Policy 58-201 - *Corporate Governance Guidelines* (collectively "**Canadian Corporate Governance Standards**").

Disclosure of the Corporation's governance practices is made annually in the Management Proxy Circular (the "**Circular**") provided in connection with the annual meeting of shareholders. The Circular is available on the Boralex website.



## 2. BOARD OF DIRECTORS

### 2.1. Composition of the Board

The Corporation's Articles provide that its Board shall consist of a maximum of twenty (20) directors. The Board currently has eleven (11) directors, of which ten (10) are independent.

In determining whether a director is "independent," as that term is defined in Canadian Corporate Governance Standards, the Board, with the assistance of its Nominating and Corporate Governance Committee (the "**Nominating and Corporate Governance Committee**"), considers all direct and/or indirect material relationships that a director may have or have had with Boralex, in particular those arising from i) positions held within the Corporation, ii) positions held by members of the director's immediate family, iii) ties the director has with the Corporation's auditors, and iv) compensation received other than director or committee fees. The Board may also take interlocking directorship into account (i.e. when directors serve together on the Board of another reporting issuer). To help it with this process, the Board analyzes the information provided by the directors or nominees when the Circular is prepared.

To be considered independent, a member of the Corporation's Audit Committee (the "**Audit Committee**") must also meet the independence criteria under applicable Canadian Corporate Governance Standards, and as such may not, other than in his or her capacity as a director or member of a Board committee and subject to the exceptions provided in Canadian legislation and regulations, directly or indirectly accept any consulting or other fees from Boralex or any subsidiary of Boralex, or be an affiliated person of Boralex or any subsidiary of Boralex.

In addition, all members of the Audit Committee must be "financially literate." In determining whether or not a director is "financially literate," the Board considers the applicable criteria set out in Canadian Corporate Governance Standards; in this regard, all directors must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's consolidated financial statements.

The names of the independent Board members are disclosed annually in the Circular.

In the interest of effective decision-making, the Nominating and Corporate Governance Committee reviews, in consultation with the Board Chair, the size and composition of the Board and its committees. The Nominating and Corporate Governance Committee evaluates the respective competencies, skills and qualities of the directors and, using a skills matrix, determines whether the Board, as a whole, has the competencies, skills and qualities required to understand the Corporation's business.

### 2.2. Appointment of Directors

In consultation with the Board Chair, the Nominating and Corporate Governance Committee annually reviews the credentials of nominees for election as members of the Board. It considers their qualification under applicable Canadian laws and Canadian Corporate Governance Standards. For nominees who are already directors of Boralex, the Nominating and Corporate Governance Committee relies on the assessment of their skills, effectiveness and performance as members of the Board, including their attendance at Board and committee meetings.

The Nominating and Corporate Governance Committee then submits a report to the Board Chair, which, in turn, presents it to the Board. The Board approves the final selection of nominees for election by the shareholders.

In proposing the nominees, the Nominating and Corporate Governance Committee and the Board Chair are guided by the following process:

- a. The Nominating and Corporate Governance Committee, identifies, in consultation with the Board Chair, the competencies, skills and qualities that the members of the Board and its committees must have to understand the Corporation's business and fulfill their mandates and, if necessary, modifies the skills matrix;
- b. Based on the results of the most recent director performance assessment and its knowledge of the competencies, skills and personal qualities of each director, the Nominating and Corporate Governance Committee recommends improvements to be made to the director nomination process;
- c. Based on the required improvements recommended by the Nominating and Corporate Governance Committee, and considering Board membership requirements such as those of independence and availability, the Nominating and Corporate Governance Committee, in consultation with the Board Chair, conducts a search for candidates with the desired competencies;
- d. Once these candidates are identified, the Board Chair reviews the nominations and may, if deemed necessary, meet with each candidate. The Board Chair then advises the Nominating and Corporate Governance Committee of the results;
- e. Following this process and based on the recommendations of the Nominating and Corporate Governance Committee, the Board Chair submits to the Board for review and approval, a list of potential candidates for election as Boralex directors at the annual meeting of shareholders.

The term of office of each director expires at the close of the next annual meeting of shareholders. Board nominees, as recommended by the Nominating and Corporate Governance Committee and the Board Chair and approved by the Board, are put to a vote of shareholders. The Board may fill any vacancies that may occur during the course of the year in accordance with the foregoing process and applicable laws.

In accordance with the Corporation's Articles, the Board may appoint one or more additional directors, who shall hold office for a term expiring no later than the next annual meeting of shareholders, provided, however, that the total number of directors so appointed does not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

The Board has adopted a Majority Voting Policy providing that a nominee for election as a director of Boralex who receives a greater number of votes "withheld" from his or her election than votes "for" such election will not be considered to have the support of the Corporation's shareholders and shall promptly tender his or her resignation to the Board Chair and the Chair of the Nominating and Corporate Governance Committee. Such resignation shall only take effect on acceptance by the Board. The Nominating and Corporate Governance Committee will consider such tendered resignation and will make a recommendation to the Board whether such resignation should be accepted or refused. The Board will make and announce its decision in a press release within 90 days following the meeting of shareholders. Any director who tenders his or her resignation shall not participate in the deliberations of the Nominating and Corporate Governance Committee or the Board regarding acceptance or refusal of his or her resignation. This policy only applies in circumstances involving an uncontested election of Boralex directors. Subject to the provisions of the *Canada Business Corporations Act*, in the case where the Board accepts a director's resignation, the Board may, at its discretion, i) fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, ii) leave the vacancy unfilled until the next annual meeting of shareholders, or iii) call a special meeting of shareholders to elect a new director to fill the vacant position.

The Board also adopted a policy on the tenure of Boralex's directors to ensure a process of Board renewal and succession-planning for directors, in order to balance the benefits of experience with the need for new perspectives to the Board, while maintaining an appropriate degree of continuity and adequate opportunity for transition of Board and Board Committee roles and responsibilities. Directors who receive positive annual performance assessments and who are annually re-elected by shareholders in accordance with the Corporation's Majority Voting Policy may serve as a director of the Corporation for a maximum of 15 years, provided that a director whose tenure at the date of approval of this policy is more than 15 years but less than 20 years may serve as a director of the Corporation for a maximum of 20 years. The policy exceptionally allows the Board, on a case-by-case basis and on recommendation of the Nominating and Corporate Governance Committee, to authorize an independent director who has reached the applicable term limit to be nominated for election to the Board for up to a maximum of two (2) additional years. In addition, years during which a director was simultaneously acting as President and CEO of the Corporation are not considered when calculating the number of years as a director.



## 2.3. Board Meetings

Meetings of the Board are held at least every three months and as necessary. A meeting is also held at least once a year to approve the annual operating and capital budgets and to approve or review the Corporation's strategic plan.

The independent directors routinely meet without the presence of non-independent directors and members of management after each regular Board meeting. As well, an additional in camera session, reserved exclusively for independent directors, is held at least once a year. These meetings are chaired by the Board Chair. The independent directors reserve the right to invite any non-independent director or member of management to the meeting or to a part of the meeting.

Lastly, the Board may excuse certain members of the Board or management from attending all or part of a meeting when a conflict of interest may arise or if it deems it appropriate.

## 2.4. Mandate of the Board

The Board of Directors has clearly defined its role and the role of management. The Board's role is to monitor, control and evaluate the management of the business and affairs of the Corporation, in the best interests of Boralex and its shareholders. Management's role is to manage the Corporation's day-to-day activities in order to attain this objective. Management is responsible for preparing and implementing the Corporation's strategic plan, which, however, must first be submitted to the Board for approval.

The Board approves all matters expressly within its jurisdiction hereunder, under the *Canada Business Corporations Act* and any other applicable law, as well as under the Articles and By-laws of the Corporation. The Board may, if permitted by applicable laws, delegate some of its powers to the committees of the Board. Recommendations made by the committees of the Board are generally subject to Board approval.

As part of its stewardship responsibility, the Board advises management on important business matters and has the following responsibilities:

### A. Strategy

- Adopt a strategic planning process; approve and review, at least annually, a strategic plan that takes into account, among other things, the opportunities and risks of the business, and monitor the implementation of such plan by management.

### B. Financial matters, risk management and internal controls

- Ensure the implementation of appropriate risk assessment systems to identify and manage the principal risks of the Corporation's business;
- Ensure the integrity of the Corporation's internal accounting controls and management information systems;
- Adopt a disclosure policy and regularly review such policy;
- Establish a process to receive feedback from Boralex shareholders and other stakeholders;
- Approve annual operating and capital budgets, the issuance of securities and any material transactions outside the course of normal business, including i) any acquisition or sale of assets or businesses whose price exceeds \$10 million, ii) any unbudgeted acquisition of tangible assets exceeding \$5 million, iii) any form of debt exceeding \$10 million, and iv) any transaction with a related party;
- Approve annual and interim consolidated financial statements and related reports, including any other documents relating to continuous disclosure required under Canadian Corporate Governance Standards.

## C. Human resources and succession planning

- Appoint, evaluate and fix the compensation and conditions of employment of the Corporation's officers taking into consideration the Board's expectations and objectives;
- Ensure Boralex has a process in place that provides for the training, development and retention of corporate officers (succession plan).

## D. Governance matters

- Monitor the size and composition of the Board and its committees to favour effective decision-making;
- Approve the Board nominees for election by shareholders and fill Board vacancies;
- Ensure, to the extent possible, that the Chief Executive Officer and other executive officers are ethical and create a culture of integrity within Boralex;
- Develop a vision for governance by adopting, among other things, a set of principles and guidelines on governance, and reviewing, as required, the Corporation's Governance Manual;
- Propose an orientation program for new Board directors and offer all directors continuing education opportunities in accordance with the principles set out in the Governance Manual.
- Specify the Board's expectations and each director's responsibilities with regard to attendance at Board and Board committee meetings as well as the time and efforts to be devoted thereto;
- Ensure regular assessment of the performance and effectiveness of the Board, its committees and individual directors, and fix their compensation;
- Take all reasonable steps to ensure the highest level of ethics, including reviewing the Code of Ethics applicable to the directors, officers, staff and consultants of the Corporation, monitor compliance with such Code, approve any waiver of compliance with the Code for directors and officers, and ensure appropriate disclosure of any such waiver in accordance with the provisions of the Code or applicable legal requirements.

## E. Environment, health and safety

- Monitor and review, as the case may be, the Corporation's environmental and health and safety policies and practices.

Board members are expected to act honestly, in good faith and in the best interests of the Corporation in performing their duties and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board may, from time to time, hire independent advisors and experts to help it perform its duties.

Once a year, the Board reviews the adequacy of its mandate.



## 2.5. Board Performance Assessment

The Board, with assistance from the Nominating and Corporate Governance Committee and the Board Chair, evaluates the performance and effectiveness of the Board on an annual basis. The procedure for this annual assessment comprises the following steps:

- a.** The following questionnaires are prepared in consultation with the office of the Corporate Secretary and approved by the Nominating and Corporate Governance Committee, taking into account current issues, previous years' findings and input from the Board:
  - i) a biannual Board and Committee performance assessment questionnaire; and
  - ii) a director's annual self-assessment questionnaire.
- b.** Each questionnaire is then sent to every director. The responses to the Board and committee performance assessment questionnaire are forwarded to the Chair of the Nominating and Corporate Governance Committee while the responses to the director self-assessment questionnaire are forwarded to the Board Chair.
- c.** Following receipt of the completed questionnaires, the Nominating and Corporate Governance Committee Chair compiles the results and prepares a summary for the Board Chair and members of the Nominating and Corporate Governance Committee.
- d.** Following receipt of the completed self-assessment questionnaires, the Board Chair contacts each director to discuss their responses and notes any additional comment they may have.
- e.** A full report is then made by the Board Chair to the Board, with suggestions to improve the effectiveness of the Board, its committees and individual directors.

## 3. BOARD CHAIR

### 3.1. Role

The Board Chair is a director appointed by the Board. The primary role of the Board Chair is to take all reasonable steps to ensure the Board effectively fulfills its responsibilities and clearly understands and respects the boundaries between Board and management responsibilities.

The responsibilities of the Board Chair include the following:

#### A. Board leadership and effectiveness

- Take reasonable steps to ensure the Board works as a cohesive group and exercise the necessary leadership in this regard;
- Take reasonable steps to ensure that the resources available to the Board (in particular timely and relevant information) are adequate to support its work.

#### B. Management

- Preside over Board and shareholder meetings;
- Set the agenda of Board meetings in consultation with the the President and Chief Executive Officer and the Corporate Secretary;
- Regularly review with the Nominating and Corporate Governance Committee the size and composition of the Board and its committees to favour effective decision-making;
- Recommend committee chairs to the Board, in consultation with the Nominating and Corporate Governance Committee;
- Take all reasonable steps to ensure that sufficient time is allotted at Board meetings for serious, in-depth discussion of the business under consideration;
- Adopt procedures allowing the Board to conduct its work effectively and efficiently.

#### C. Communication

- Ensure a constructive relationship between the Board and management by working closely with the President and Chief Executive Officer and the Corporate Secretary to take all reasonable steps to foster a healthy governance culture;
- In consultation with the Nominating and Corporate Governance Committee, develop a skills matrix for Board membership.



## 4. COMMITTEE CHAIRS

### 4.1. Role

The primary role of each committee chair is to take all reasonable steps to ensure the committee fully executes its mandate.

The responsibilities of the committee Chair include the following:

#### A. Leadership and effectiveness of the committee

- Take all reasonable steps to ensure the committee works as a cohesive group and exercise the necessary leadership in this regard;
- Take all reasonable steps to ensure that the resources available to the committee are adequate to support its work;

#### B. Management

- Preside over committee meetings;
- Set the agenda of committee meetings, in consultation with the Corporate Secretary;
- Adopt procedures allowing the committee to conduct its work effectively and efficiently;
- Take all reasonable steps to ensure that the conduct of committee meetings encourages discussion and provides sufficient time for serious, in-depth discussion of the business under consideration;
- Ensure the committee fully exercises its responsibilities.

Each committee Chair reports to the Board on the deliberations of the committee and on any decisions or recommendations it may make.

# 5. PRESIDENT AND CHIEF EXECUTIVE OFFICER

## 5.1. Role

The President and Chief Executive Officer is responsible for the direction and management of Boralex in accordance with its By-laws and policies. The President and Chief Executive Officer takes on all responsibilities entrusted to him or her by the Board and represents Boralex to its shareholders, its employees and the public.

The responsibilities of the President and Chief Executive Officer include the following:

### A. Management and leadership

- Manage the business and affairs of the Corporation;
- Demonstrate leadership and vision in managing the Corporation, particularly as regards establishing and implementing the Corporation's values, mission, strategic priorities and organizational structure;
- Assume responsibility for the recruitment, compensation, performance assessment, leadership development and succession planning of management resources, subject to the approval of the Board when senior management is involved;
- Ensure compliance with the Corporation's legal, accounting, ethics, environmental, health and safety policies and, with the Corporate Secretary, ensure that Boralex fully complies with applicable laws and regulations;
- Foster a corporate culture that promotes ethical practices, integrity and a sense of social responsibility.

### B. Strategy

- Ensure effective utilization of Boralex resources to further the Corporation's strategic objectives.

### C. Communication

- Serve as the Corporation's key spokesperson by communicating effectively with all stakeholders and ensure that information communicated to the public accurately describes the Corporation's position.

## 5.2. Objectives and Performance Assessment

The Human Resources Committee ("**HR Committee**"), together with the President and Chief Executive Officer, sets annual objectives for the President and Chief Executive Officer and submits them to the Board for review and approval. The President and Chief Executive Officer is evaluated based on whether he or she has attained these objectives and on any other criteria deemed relevant.

After the HR Committee has evaluated the performance of the President and Chief Executive Officer, the latter meets with the HR Committee Chair and the Board Chair to discuss the assessment. The HR Committee Chair then reports to the Board on the results of the assessment and submits recommendations for Board approval concerning the President and Chief Executive Officer's objectives for the following year.

Only independent directors, through the HR Committee, take part in the recommendation submitted to the Board regarding the compensation of the President and Chief Executive Officer, in accordance with Canadian Corporate Governance Standards.



## 6. CORPORATE SECRETARY

The Corporate Secretary provides a communication and information link between the Board, management and shareholders, with particular emphasis on facilitating the flow of information. The Corporate Secretary receives information from management and takes reasonable steps to ensure it is formulated in such a way as to facilitate effective Board and committee assessment, discussion and decision-making. The Corporate Secretary advises management of Board and committee comments and decisions and is the custodian of the corporate records.

The Corporate Secretary handles Board and committee meeting logistics.

The Corporate Secretary serves as a source of expertise and advice to the Nominating and Corporate Governance Committee on new developments in corporate governance and best practices.

The Corporate Secretary takes all reasonable steps to continuously ensure the relevance of the Corporation's Articles, By-laws, administrative resolutions and policies, as well as of its corporate Governance Manual and Code of Ethics.

## 7. Board Committees

It is the Corporation's policy that, as a general rule, committees make recommendations to the Board, which has decision authority unless otherwise required by law. The Board may, from time to time, delegate its decision authority or part thereof to a committee or an individual, subject to applicable laws.

The Board has the following committees: Audit Committee, Nominating and Corporate Governance Committee, Human Resources Committee, Environment, Health and Safety Committee and Investment and Risk Management Committee.

The members and chairs of the committees are recommended to the Board by the Board Chair in consultation with the Nominating and Corporate Governance Committee. Committee members are chosen based on their skills and qualifications so as to enable the committees to adequately fulfill the responsibilities delegated to them by the Board.

The Board has adopted, and annually reviews, the charters describing the mandates and responsibilities of the Board committees.

### 7.1. Audit Committee

#### 7.1.1. Composition and quorum

- The Audit Committee consists of a minimum of three directors appointed by the Board;
- Only independent directors, as determined by the Board and following Canadian securities legislation and regulations, may serve on the Audit Committee. A member of the Audit Committee may not, other than in his or her capacity as a director or member of a Board committee and subject to the exceptions provided in Canadian laws and regulations, directly or indirectly accept any fee from Boralex or any subsidiary of Boralex or be an affiliated person of Boralex or any subsidiary of Boralex;
- Each member must be deemed "financially literate" by the Board;
- A majority of the members constitutes a quorum.

#### 7.1.2. Committee meetings

- The Committee meets as needed but at least four times a year;
- Committee members meet before or after every meeting without the presence of management;
- The Committee reports regularly on its activities to the Board and makes recommendations as appropriate.

#### 7.1.3. Mandate

The primary duty of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the following:

- Accuracy and completeness of the Corporation's consolidated financial statements and related information;
- Financial reporting and disclosure process;
- Internal controls and financial controls systems;
- Appointment, qualifications, performance, independence and compensation of auditors;
- Compliance with legal and regulatory requirements; and
- Any other duty or responsibility the Board may delegate to the Committee from time to time.

While the Audit Committee has the responsibilities and powers stated below, its members acknowledge that the Committee's role is to oversee, on behalf of the Board, the Corporation's accounting and financial disclosure processes and the auditor's work, and to regularly report to the Board on its activities.

Management is responsible for the preparation, reporting and integrity of the Corporation's consolidated financial statements and for the effectiveness of its internal controls over financial reporting. Management is



responsible for applying and maintaining appropriate principles and policies with respect to accounting, reporting and internal controls that allow Boralex to comply with accounting standards, laws and regulations.

The auditors are responsible for planning and conducting audits of the Corporation's annual consolidated financial statements and annually reviewing the effectiveness of internal controls over financial reporting and other auditing procedures.

The Audit Committee is directly responsible for overseeing the work of the auditor retained for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Boralex.

In performing their duties, Audit Committee members must engage in constructive and open discussions with the Board, the auditor and management.

The responsibilities of the Audit Committee include the following:

## A. Financial reporting

- Review the quality and integrity of the Corporation's accounting, reporting and disclosure processes through discussions with management and the auditors;
- Review with management and the auditor, the Corporation's annual audited financial statements, including the management report, related press releases and auditor's report on the annual audited financial statements prior to their distribution and filing with securities regulators;
- Review with management, the Corporation's unaudited consolidated financial statements, including the interim management report and related press releases prior to their distribution and filing with securities regulators;
- Review the financial information in prospectuses, offering memoranda, annual information form and any other public documents that contain audited or unaudited financial information submitted for Board approval;
- Review, with the auditor and management, the quality, appropriateness and disclosure of the Corporation's accounting principles and policies, underlying assumptions, reporting practices, and any proposed changes thereto;
- Review any analyses or other written communications prepared by management or the auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the consolidated financial statements, including the effects of alternative GAAP methods on the Corporation's financial statements;
- Review the compliance of management certification of financial reports with applicable legislation;
- Review any material litigation and any regulatory or accounting initiatives that could have a material effect on the financial position or operating results of the Corporation and the appropriateness of their disclosure in the documents reviewed by the Audit Committee;
- Review the results of the audit, any significant problems encountered in performing the audit and management's response or action plan in response to the auditors' recommendations.

## B. Financial risk management and internal controls

- Receive, periodically, management's report assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures and internal control systems;
- Review the Corporation's insurance coverage each year and as required;
- Review the Corporation's major financial risk assessment and management policies, including hedging, financing, investment and credit policies;
- Review major capital expenditures and other major spending, transactions between related parties and any other transactions that could change the Corporation's financial or organizational structure, including off-balance sheet items;
- Assist the Board with the oversight of the Corporation's compliance with applicable legal and regulatory requirements;
- While ensuring confidentiality and anonymity, establish clear, precise procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal

accounting controls or auditing matters (i.e. irregularities or fraud), including employee concerns regarding accounting or auditing matters.

## C. Auditor

- Make recommendations to the Board concerning the appointment and remuneration of the auditor following its evaluation and review of its qualifications, performance and independence in accordance with the Canadian Public Accountability Board standards;
- Ensure that the auditor reports directly to the Committee;
- Approve and oversee the disclosure of all audit, review or attest services provided by the auditor; determine which non-audit services the auditor may not provide, and pre-approve and oversee the disclosure of permitted non-audit services provided to Boralex or its subsidiaries, divisions or joint ventures in accordance with applicable laws and regulations;
- Discuss with the auditor the quality and not just the acceptability of the Corporation's accounting principles, including i) all critical accounting policies and practices used, ii) any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the treatment preferred by the auditor, and iii) any other material written communication between management and the auditor;
- Resolve any disagreement or unresolved issue between management and the auditor that could have an impact on the consolidated financial statements or on the existing measures and procedures to remedy it;
- Review, at least once a year, the auditor's report describing the auditor's relationship with Boralex and confirming its independence, and discuss with it any relationship or service that may impact the quality of its auditing services, its objectivity or independence;
- Approve and review, at least once a year, the Corporation's policy on auditor independence, including the rules for hiring the auditor's personnel.

If necessary, the Audit Committee may retain, at the Corporation's expense, independent advisors to assist it in fulfilling its responsibilities and may fix the fees and other hiring terms of such advisors.

Once a year, the Committee reviews the adequacy of its mandate.



## 7.2. Nominating and Corporate Governance Committee

### 7.2.1. Composition and quorum

- The Nominating and Corporate Governance Committee consists of a minimum of three directors appointed by the Board;
- Only independent directors may serve on the Committee;
- A majority of the members constitutes a quorum.

### 7.2.2. Committee meetings

- The committee meets as needed but at least three times a year;
- Meetings are held at the request of the Board Chair, Committee Chair or one of its members;
- Committee members meet before or after every meeting without the presence of management;
- The Committee reports regularly on its activities to the Board and makes recommendations as appropriate.

### 7.2.3. Mandate

In general, the mandate of the Nominating and Corporate Governance Committee consists in developing and monitoring the Corporation's approach to corporate governance, identifying possible Board nominees and assisting the Board in reviewing and assessing the size, composition, skills and abilities of the Board and its committees, including, without limiting the generality of the foregoing, the following:

#### A. Composition and performance of the Board and its committees

- Together with the Board Chair:
  - (i) Monitor the size and composition of the Board and its committees to favour effective decision-making and make recommendations to the Board in this regard;
  - (ii) Develop and review the director selection criteria by regularly assessing the skills, abilities, business background and diversified experience of the members of the Board as well as the Corporation's situation and needs and prepare a skill matrix;
  - (iii) Identify candidates who have the requisite skills to fill the position of director and recommend the Board nominees in anticipation of the next annual meeting of shareholders;
  - (iv) Establish criteria for evaluating the performance of the Board and its committees;
  - (v) Conduct an annual review of the effectiveness of the Board and its committees based on these criteria;
  - (vi) Prepare, for recommendation to the Board, the Director Tenure Policy, oversee its implementation and make any recommendation to the Board pursuant to this Policy;
  - (vii) Monitor the actions of the Board, its committees and of management to ensure compliance with policies and rules of corporate governance, and identify areas that could be subject to review and recommendations.

#### B. Governance matters

- Recommend to the Board the appointment of a lead director, when the Board Chair is not independent;
- Annually review the adequacy of the Board and Board committee mandates and make recommendations to the Board for their update;
- Review the effectiveness of the structure and responsibilities of the Board, Board members and committees;
- Annually review the Code of Ethics and make recommendations to the Board for its update;
- Develop, update and disclose the Corporation's governance policies, principles and practices;
- Ensure the appropriateness of processes and materials used for new director orientation.

If necessary, the Nominating and Corporate Governance Committee may retain, at the Corporation's expense, independent advisors to assist it in fulfilling its responsibilities and may fix the fees and other hiring terms of such advisors.

## 7.3. Human Resources Committee

### 7.3.1. Composition and quorum

- The Human Resources Committee consists of a minimum of three directors appointed by the Board;
- Only independent directors may serve on the Committee;
- A majority of the members constitutes a quorum.

### 7.3.2. Committee meetings

- The Committee meets as needed but at least four times a year;
- Meetings are held at the request of the Committee Chair, a Committee member or the President and Chief Executive Officer;
- Committee members meet before or after every meeting without the presence of management;
- The Committee reports regularly on its activities to the Board and makes recommendations as appropriate.

### 7.3.3. Mandate

The responsibilities of the Human Resources Committee include the following:

#### A. Executive compensation

- Assess the performance of the President and Chief Executive Officer and review the performance of the other executive officers;
- Review the annual executive compensation and make recommendations to the Board in this regard, in accordance with the Corporation's compensation policy;
- Review the components of the Corporation's compensation policy, more specifically, the pay structure and the short- and long-term incentive pay plans and make recommendations to the Board in this regard;
- Review and recommend to the Board the individuals who are eligible to receive options or units under the incentive compensation plans, and the conditions regarding the vesting and exercising of the options or units granted in accordance with the terms and conditions of the incentive compensation plans forming part of the Corporation's compensation policy;
- Oversee the identification of the risks related to the Corporation's compensation practices and policies and implement practices to manage such risks in order to mitigate them.

#### B. Succession planning

- Annually review the executive organizational structure of the Corporation;
- Annually review the Corporation's executive succession plan and make recommendations to the Board in this regard.

#### C. Director compensation

- Review director compensation and make recommendations to the Board in this regard, including the directors' remuneration policy and the deferred share units plan.

If necessary, the HR Committee may retain, at the Corporation's expense, independent advisors to assist it in fulfilling its responsibilities and may fix the fees and other hiring terms of such advisors.

Once a year, the Board reviews the adequacy of its mandate.



## 7.4. Environment, Health and Safety Committee

### 7.4.1. Composition and quorum

- The Environment, Health and Safety Committee consists of a minimum of three directors appointed by the Board;
- The Committee must be composed of a majority of independent directors;
- A majority of the members constitutes a quorum.

### 7.4.2. Committee meetings

- The Committee meets as needed but at least four times a year;
- Meetings are held at the request of the Committee Chair, a Committee member or the President and Chief Executive Officer;
- Committee members meet before or after every meeting without the presence of management;
- The Committee reports regularly on its activities to the Board and makes recommendations as appropriate.

### 7.4.3. Mandate

The responsibilities of the Environment, Health and Safety Committee are as follows:

- Review the development and application of policies, procedures and guidelines for the management of environmental, health and safety matters;
- On a regular basis, review the Corporation's environmental, health and safety practices and their effectiveness to ensure all its operations, including any project in development, are carried out in accordance with industry standards and legislative and regulatory requirements, and if necessary, implement a corrective action plan;
- Obtain timely reports concerning important notices issued, complaints filed, investigations launched and steps taken by government or other authorities, as well as any judgments or orders relating to environmental, health and safety issues; and
- Ensure the development and implementation of appropriate standards for employee training and for communication with employees.

If necessary, the Environment, Health and Safety Committee may retain, at the Corporation's expense, independent advisors to assist it in fulfilling its responsibilities and may fix the fees and other hiring terms of such advisors.

Once a year, the Board reviews the adequacy of its mandate.

## 7.5. Investment and Risk Management Committee

### 7.5.1. Composition and quorum

- The Investment and Risk Management Committee consists of a minimum of three directors appointed by the Board;
- Only independent directors may serve on the Committee;
- A majority of the members constitutes a quorum.

### 7.5.2. Committee meetings

- The Committee meets as needed but at least four times a year;
- Meetings are held at the request of the Committee Chair, a Committee member or the President and Chief Executive Officer;
- Committee members meet before or after every meeting without the presence of management;
- The Committee reports regularly on its activities to the Board and makes recommendations as appropriate.

### 7.5.3. Mandate

The mandate of the Investment and Risk Management Committee consist in assisting the Board in its duty to oversee Boralex's strategic initiatives and important investment activities, and to identify and manage the risks inherent thereto.

The responsibilities of the Investment and Risk Management Committee are as follows:

- Review Boralex's investment strategies, operations or transaction projects to be approved by the Board, to ensure they are in line with Boralex's strategic plan, submit its observations and conclusions to the Board and, as the case may be, its recommendations for approval by the Board;
- Ensure that the risks inherent to the implementation of such investment strategies, operations or transaction projects be clearly identified, that they remain within the levels of acceptability established by the Board and review the measures taken by management to adequately handle such risks;
- Ensure that sufficient resources be allotted to the implementation of such investment strategies, operations or transaction projects;
- Review management's accountability relating to the implementation of investment strategies, and to the retrospective analysis of the results of operations or transaction projects;
- Periodically review Boralex's capital structure and financial situation, ensure that they can support proposed strategic initiatives and investment activities and submit its observations and conclusions to the Board.

If needed, the Investment and Risk Management Committee can retain, at Boralex's expense, independent advisors to assist in the execution of its responsibilities and can determine the fees and other retention terms of such advisors.

On an annual basis, the Committee shall review its mandate to determine if it remains adequate.



## 8. ORIENTATION AND CONTINUING EDUCATION PROGRAM

Boralex has developed an orientation program for new members of the Board, consisting of the following:

- A presentation by Boralex management on the Corporation's organizational structure and the nature and operation of the Corporation's business, including a review of the current strategic plan. Such presentation may include a visit of the facilities in order to acquaint the new director with the Corporation's business activities;
- A review with the Board Chair, of the method of operation and the roles and responsibilities of the Board and its committees, including the Board performance assessment process, meeting format and other elements essential to the Board's effectiveness (including access to the corporate Governance Manual);
- A discussion on the contribution individual directors are expected to make;
- Access to a summary of the legal and ethical responsibilities of Board members, including a review of the Corporation's Code of Ethics applicable to the Corporation's directors, management and employees;
- Access to other relevant information or resources, considering the new director's experience on other boards and responsibilities both on the Boralex Board and its committees.

In addition to the orientation program for new directors, the Board Chair ensures that Board members have access on an ongoing basis and as required to:

- Boralex management;
- Presentations to ensure they remain up to speed on specific business units and facts or events as they occur;
- Visits of key Boralex facilities.

Boralex also encourages its directors to attend seminars or other educational programs, paid for by Boralex provided they are approved by the Corporate Secretary.