

# BORALEX

*Beyond*  
RENEWABLE ENERGY



## Corporate Governance Manual

Approved by the Board of Directors on August 7, 2012

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BORALEX 



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# 1. Overview of Boralex

Boralex Inc. (“**Boralex**” or the “**Corporation**”) is a power generation company dedicated to the development, construction and operation of renewable energy facilities in Canada, France, the United Kingdom and the United States. A major player in the renewable energy sector, Boralex specializes in wind, solar and hydroelectric power, as well as energy storage.

Boralex’s head office is located in Canada at 36 Lajeunesse Street, Kingsey Falls, Quebec J0A 1B0. Boralex can be found online at [www.boralex.com](http://www.boralex.com). The Corporation’s shares trade on the Toronto Stock Exchange (the “**TSX**”) under the ticker symbol BLX.

Boralex attaches great importance to good corporate governance practices, which are intended to enhance long-term shareholder value. The Corporation’s directors and officers rely on the structure and processes adopted by Boralex’s Board of Directors (the “**Board**”) to steer and manage the Corporation’s business and internal affairs.

The Corporation’s governance practices, outlined in the pages that follow, comply fully 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 the “**Canadian Corporate Governance Standards**”).

The Corporation discloses its governance practices annually in the Management Information Circular (the “**Circular**”) provided in connection with the annual meeting of shareholders. The Circular is available on Boralex’s website.

## 2. Board of Directors

### 2.1. Composition of the Board

According to the Corporation's articles, the Board may comprise a maximum of 20 directors. The Board currently has 11 directors, ten of whom are independent.

To determine whether a director is "independent," as defined by the Canadian Corporate Governance Standards, the Board, with the assistance of its Governance, Environment, Health and Safety Committee (the "**GEHS Committee**"), considers all direct and indirect material relationships that the director may have or have had with Boralex, particularly those arising from i) positions held within the Corporation by the director, ii) positions held within the Corporation by members of the director's immediate family, iii) ties between the director and the Corporation's auditors, and iv) any compensation received other than remuneration for serving as a member of the Board or a Board committee. The Board may also take into account interlocking directorates (i.e., when a Board director serves on several Boards or is an officer of other companies). To this end, the Board analyzes information provided by directors and nominees when the Circular is prepared.

For a director who sits on the Corporation's Audit Committee (the "**Audit Committee**") to be considered independent, he or she must also meet the independence criteria outlined in the applicable Canadian Corporate Governance Standards and may not, except in his or her capacity as a member of the Board or a Board committee and subject to the exceptions provided in Canadian legislation and regulations, accept directly or indirectly any consulting, advisory or other compensatory fee from Boralex or any subsidiary of Boralex (other than remuneration for serving as a member of the Board or a Board committee) or be an affiliated entity of Boralex or any of its subsidiaries entities.

In addition, all members of the Audit Committee must be "financially literate," as defined by the Canadian Corporate Governance Standards. The Board considers whether the director has 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 all independent Board members are disclosed annually in the Circular.

The GEHS Committee, in consultation with the Board Chair, regularly reviews the size and composition of the Board and its committees in the interest of effective decision-making. The GEHS Committee evaluates the competencies, skills, business backgrounds and diversity 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

The GEHS Committee, in consultation with the Board Chair, annually reviews the credentials of nominees for directors and determines whether they are eligible under applicable Canadian laws and the Canadian Corporate Governance Standards. If nominees are already serving directors of Boralex, the GEHS Committee examines previous evaluations of their skills, effectiveness and performance as Board members, including their attendance at Board and Board committee meetings.

The GEHS Committee then submits a report to the Board Chair, who, in turn, presents it to the Board. The Board approves the final list of nominees for election by shareholders.

In proposing nominees for Board directors, the GEHS Committee and the Board Chair follow the process outlined below:

- The GEHS Committee, in consultation with the Board Chair, identifies the competencies, skills, business backgrounds and diversity that the members of the Board and its committees must have in order to understand the Corporation's business and fulfill their mandates; the GEHS Committee may modify the skills matrix as needed.
- The GEHS Committee recommends improvements to be made to the director nomination process based on the results of the most recent evaluations of each director's performance, competencies, skills and personal qualities.
- The GEHS Committee, in consultation with the Board Chair, conducts a search for candidates with the desired profiles, taking into consideration the recommended improvements as well as Board membership requirements such as independence and availability.
- The GEHS Committee may retain the services of an executive search and consulting firm to assist it in its search.
- Once candidates are identified, the Board Chair reviews the nominations and may, if he or she deems necessary, meet with each candidate. The Board Chair then advises the GEHS Committee of the outcome of his or her assessment.
- Based on the recommendations of the GEHS Committee, the Board Chair submits to the Board, for review and approval, a list of nominees for election as directors at the annual meeting of shareholders.

Nominees recommended by the GEHS Committee and the Board Chair, and approved by the Board, are put to a vote of shareholders. The term of office for elected directors expires at the close of the next annual meeting of shareholders. The Board may fill any vacancies that arise between annual meetings of shareholders in accordance with the foregoing process and applicable laws.

According to the Corporation's articles, the Board may appoint one or more additional directors who will hold office for a term expiring no later than the next annual meeting of shareholders, as long as the total number of directors so appointed is not greater than one-third of the number of directors elected at the previous annual meeting of shareholders.

## Director Tenure Policy

The Board has adopted a director tenure policy to ensure that the Board refreshment process balances the advantages of new perspectives with the benefits of experience as well as the need for continuity and a seamless handover of the roles and responsibilities of the Board and its committees. A director who receives positive annual performance evaluations and who is re-elected annually by shareholders may serve as a director of the Corporation for a maximum of 15 years. The policy exceptionally allows the Board to authorize, on a case-by-case basis and on the recommendation of the GEHS Committee, an independent director who has served the maximum tenure to be nominated for election to the Board. In addition, the years during which a director was also President and Chief Executive Officer of the Corporation do not count for the purpose of calculating a director's total time in office.

## Board Diversity Policy

The Board has adopted a board diversity policy. Under this policy, the GEHS Committee, which is responsible for recommending nominees for directors to the Board Chair, will use objective criteria to assess candidates while also taking into account the benefits of including diverse individuals who allow the Board to better reflect the communities in which the Corporation operates in terms of characteristics such as, but not limited to, gender, age and place of origin. The GEHS Committee will also make efforts to include individuals who identify as Aboriginal, as having a disability or as being members of visible or ethnic minorities or members of the 2SLGBTQI+ community (collectively, "members of other designated groups"). In conducting its search, the GEHS Committee will strive to draw on resources from diversity-promoting organizations in Canada and abroad, and to request input from experienced third-party consultants as needed. As part of the search process, initial lists of qualified candidates will include women and members of other designated groups. In 2022, the Board set the target of having self-identified women and self-identified men each represent at least 40% of Board members. In 2023, the Board amended the policy to add the target of having at least one director who is a member of other designated groups.

## 2.3. Mandate of the Board

The Board of Directors has clearly defined its role as well as that of management. The Board's role is to monitor, control and evaluate the management of the business and internal affairs of the Corporation in the best interests of Boralex and its shareholders. Management's role is to oversee Boralex's day-to-day operations. Management is responsible for preparing and, following Board approval, implementing the Corporation's strategic plan, as approved by the Board.

The Board approves all matters expressly within its jurisdiction as set out in this manual, the *Canada Business Corporations Act* and any other applicable law, and the Corporation's articles and by-laws. The Board may, if permitted by applicable laws, delegate some of its powers to its committees. Recommendations made by Board committees are generally subject to Board approval.

Board meetings are held at least every three months and additionally as needed. 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.

Independent directors meet routinely without the presence of non-independent directors and members of management after each regular Board meeting. As well, an additional in camera Board meeting, 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, however, to invite any non-independent director or member of management to attend all or 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 when it deems appropriate.

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

### A. Strategy

- Adopt a strategic planning process, approve the strategic plan and monitor management's implementation of the plan while taking into account Boralex's risks and opportunities.

### B. Corporate Social Responsibility

- Evaluate Boralex's strategy, performance and risks with respect to corporate social responsibility, and assess whether Boralex manages its resources ethically, for the benefit of its stakeholders and in a manner that increases shareholder value.
- Review and approve Boralex's corporate responsibility plan and its approach to environmental, social and governance (ESG) factors, and ensure the integration of these ESG factors into such aspects as the Corporation's operational and business decision-making.
- Review Boralex's policies and practices relating to ESG performance, communication and commitment to ensure that Boralex meets its obligations and targets effectively as a responsible corporate citizen.



## C. Financial Matters, Risk Management and Internal Controls

- Ensure that a process to identify and assess the key risks related to Boralex's activities is in place and oversee the implementation of appropriate systems to manage these risks.
- Adopt and periodically review the Corporation's integrated risk management policy and disclosure policy.
- Monitor the evolution of risks that are relevant to the Board's mandate or that have been assigned to the Board and ensure that appropriate action plans are implemented.
- Approve and periodically review risk appetite statements and targets for key risks.
- Ensure that the risk management framework and risk management processes take ESG-related risks into account.
- Review the risk management report produced by management on a quarterly basis.
- Ensure the effectiveness of the Corporation's internal controls over financial reporting as well as disclosure control and procedures.
- Establish a mechanism for receiving 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 in accordance with policies in effect.
- Approve annual and interim consolidated financial statements and related reports, including any other documents relating to continuous disclosure as required by the Canadian Corporate Governance Standards.

## D. Human Resources and Succession Planning

- Appoint, evaluate and set compensation and employment conditions for executive officers, taking into consideration the Board's expectations and objectives.
- Ensure that a process is in place to train and develop the desired skills set for each executive officer, and that a succession plan is in place for them.

## E. Governance

- Ensure that the size and composition of the Board and its committees promote effective decision-making.
- Approve Board director nominees for election by shareholders and fill Board vacancies.
- Ensure, to the extent possible, that the Chief Executive Officer and other executive officers behave ethically and create a culture of integrity within Boralex.
- Develop a vision for governance by adopting, at a minimum, a set of governance principles and guidelines, and reviewing Boralex's Corporate Governance Manual as needed.
- Develop an onboarding program for new Board directors and offer all directors continuing education opportunities in accordance with the Corporate Governance Manual.

- Specify the Board's expectations and each director's responsibilities regarding attendance of, and time and effort devoted to, Board and Board committee meetings.
- Ensure that the performance and effectiveness of the Board, its committees and individual directors are regularly evaluated, and set compensation for directors.
- Take the following steps, as well as any additional reasonable steps, to ensure adherence to the highest ethical standards within the Corporation: review the Code of Ethics (applicable to regular, temporary, contractual, full- or part time employees, officers and members of the Board of the Corporation); monitor compliance with the Code; approve waivers of compliance with the Code for directors and executive officers; and ensure that such waivers are disclosed appropriately in accordance with the provisions of the Code and applicable legal requirements.

## F. Environment, Health and Safety

- Monitor Boralex's compliance with environmental and occupational health and safety policies.
- Monitor and review, as needed, the Corporation's policies and practices relating to the environment and occupational health and safety.

In performing their duties, Board members are expected to act with integrity, in good faith and in the best interests of the Corporation and to exercise the same degree of care, diligence and skill that a reasonable person would exercise in comparable circumstances.

The Board may, from time to time and at Boralex's expense, hire independent advisors and experts to support it in the performance of its duties.

The Board will review the adequacy of its mandate once per year.

## 2.4. Board Performance Evaluation

The Board, with assistance from the GEHS Committee and the Board Chair, evaluates the performance and effectiveness of the Board, its committees and its directors on an annual basis. The procedure for this annual evaluation involves the steps outlined below:

- The following documents are prepared in collaboration with the office of the Corporate Secretary, taking into account current issues, previous years' findings and input from the Board, and are then approved by the GEHS Committee:
  - An annual questionnaire about the performance of the Board and its committees
  - An annual self-evaluation questionnaire for directors.
- Both questionnaires are sent to all directors. The responses to the Board and committee performance questionnaire are submitted to the GEHS Committee Chair while the responses to the director self-evaluation questionnaire are submitted to the Board Chair.
- Following receipt of the completed Board and committee performance questionnaires, the GEHS Committee Chair compiles the results and prepares a summary for the Board Chair and the GEHS Committee.

- Following receipt of the completed director self-evaluation questionnaires, the Board Chair contacts each director to discuss his or her responses and notes any additional comments that he or she may have.
- The Board Chair prepares a comprehensive report that includes suggestions to improve the effectiveness of the Board, Board committees and individual directors, and presents it to the entire Board.

## 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 that the Board fulfills its responsibilities effectively and that it understands and respects the boundaries between the responsibilities of the Board and those of management.

The responsibilities of the Board Chair include the following:

#### A. Leadership and Board Effectiveness

- Exercise leadership and take all reasonable steps to ensure that the Board works as a cohesive group.
- Take reasonable steps to ensure that the resources available to the Board (in particular, timely and relevant information) are appropriate and allow it to do its work well.

#### B. Board Management

- Preside over Board and shareholder meetings.
- Set the agenda of Board meetings in consultation with the President and Chief Executive Officer and the Corporate Secretary.
- Work with the GEHS Committee to regularly review the size and composition of the Board and its committees to favour effective decision-making.
- In consultation with the GEHS Committee, recommend candidates for committee chairs to the Board.
- Take all reasonable steps to ensure that sufficient time is allocated at Board meetings for serious, in-depth discussion of the business under consideration.
- Adopt working methods that allow the Board to conduct its work effectively and efficiently.

#### C. Board Quality and Succession Planning

- In consultation with the GEHS Committee, develop a competency grid to help with the selection of board members.
- Meet with the GEHS Committee to evaluate the performance of the Board, Board committees and committee chairs, and to discuss the list of nominees for directors to be submitted to the Board for approval.
- In consultation with the GEHS Committee, review and revise, as required, Boralex's onboarding and continuing education programs for directors.

## **D. Communication Between Board and Management**

- Ensure a constructive relationship between the Board and management by working closely with the President and Chief Executive Officer and the Corporate Secretary to promote a healthy governance culture.

# 4. Committee Chairs

## 4.1. Role

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

The responsibilities of the committee chair include the following:

### A. Leadership and Committee Effectiveness

- Exercise leadership and take all reasonable steps to ensure that the committee works as a cohesive group.
- Take all reasonable steps to ensure that the resources available to the committee are appropriate and allow it to do its work.

### B. Committee Management

- Preside over committee meetings.
- Set the agenda of committee meetings, in consultation with the Corporate Secretary.
- Adopt working methods that allow the committee to conduct its work effectively and efficiently.
- Take all reasonable steps to ensure that committee meetings are conducted in a manner conducive to discussion and that sufficient time is allocated for serious, in-depth discussion of the business under consideration.
- Ensure that the committee fulfills 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 leading and managing Boralex in accordance with the Corporation's by-laws and policies. The President and Chief Executive Officer assumes all responsibilities entrusted to him or her by the Board and represents Boralex before 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 internal 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 evaluation, leadership development and succession planning of management personnel, subject to the approval of the Board when executive officers are involved.
- Ensure compliance with the Corporation's legal, accounting, ethics, environmental, and health and safety policies and work with the Corporate Secretary to 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 the effective utilization of Boralex resources to enable the Corporation to achieve its strategic objectives.

### C. Communication

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

## 5.2. Performance Objectives and Assessment

The Human Resources Committee (the “**HR Committee**”), in consultation with the President and Chief Executive Officer, sets annual objectives for the latter 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 evaluation. The HR Committee Chair then reports to the Board on the results of the evaluation and submits recommendations concerning the President and Chief Executive Officer’s objectives for the following year for Board approval.

In accordance with the Canadian Corporate Governance Standards, only independent directors, by way of the HR Committee, may submit a recommendation to the Board regarding the President and Chief Executive Officer’s compensation.



## 6. Corporate Secretary

The Corporate Secretary facilitates communication and the smooth flow of information between the Board, management and shareholders. The Corporate Secretary receives information from management and takes reasonable steps to ensure that it is formulated in a way that facilitates effective assessment, discussion and decision-making by the Board and its committees. The Corporate Secretary informs management of comments and decisions by the Board and its committees and is responsible for maintaining corporate records.

The office of the Corporate Secretary handles the logistics of Board and committee meetings.

The Corporate Secretary provides expert advice to the GEHS Committee on new developments in corporate governance and best practices.

The Corporate Secretary takes all reasonable steps to continually ensure the relevance of the Corporation's articles, by-laws, administrative resolutions, policies, 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 decisional authority unless otherwise required by law. The Board may, from time to time, delegate all or part of its decisional authority to a committee or to an individual, subject to applicable laws.

The Board has the following standing committees: Audit Committee, GEHS Committee, HR Committee and Investment and Risk Management Committee (the "**IRM Committee**").

The Board Chair, in consultation with the GEHS Committee, recommends to the Board the members and chair of each committee. The members of a given committee are chosen based on their skills and qualifications such that the committee is able to adequately fulfill the responsibilities delegated to it 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 Charter

#### 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 meeting the requirements of 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, accept directly or indirectly any fee from Boralex or any subsidiary of Boralex, or be an affiliated entity of Boralex or any of its subsidiaries.
- Each member must be deemed "financially literate" by the Board.
- A majority of the members constitutes quorum.

#### 7.1.2. Committee Meetings

- The committee meets at least four times a year and additionally as needed.
- Committee members meet before or after every meeting without the presence of management.
- The committee regularly reports 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:

- Integrated risk management framework and policy

- Accuracy and completeness of the Corporation's consolidated financial statements and related information
- Financial reporting and disclosure process
- Internal controls over financial reporting as well as disclosure controls and procedures
- Appointment, qualifications, performance, independence and compensation of auditors
- Compliance with legal and regulatory requirements
- Any other duty or responsibility that the Board may delegate to the committee from time to time, including the review of financial data or figures in the Corporate Social Responsibility report.

The Audit Committee oversees, on behalf of the Board, the Corporation's accounting and financial disclosure processes and the audits of Boralex's consolidated financial statements, and regularly reports to the Board on its own activities.

Management is responsible for the preparation, presentation and integrity of the Corporation's consolidated financial statements and for the effectiveness of the Corporation's internal controls. Management is bound to apply sound accounting, financial reporting and internal control principles and policies to ensure that Boralex complies with widely accepted accounting standards and applicable laws and regulations.

The auditor is responsible for auditing the Corporation's annual consolidated financial statements and annually reviewing the effectiveness of disclosure controls and procedures. In addition to the audit of the annual consolidated financial statements, the auditor conducts an interim review of Boralex's consolidated financial statements.

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 attestation services for Boralex.

In performing its 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 auditor.
- Review, with management and the auditor, the Corporation's audited annual financial statements, including financial information contained in the management's discussion and analysis report, related press releases and the webcast presentation of financial results, as well as the auditor's report on the financial statements prior to their publication and filing with securities regulators.
- Review, with management, the Corporation's unaudited consolidated financial statements, including the interim management's discussion and analysis report, related press releases and the webcast presentation of financial results prior to their publication and filing with securities regulators.
- Review the financial information contained in prospectuses, offering memoranda, annual information forms and any other public documents that contain audited or unaudited financial information submitted for Board approval.

- Review, with the auditor and management, the quality, relevance and disclosure of, and any proposed changes to, the Corporation's accounting principles and policies, underlying assumptions and reporting practices.
- Review any analyses or other written communications prepared by management or the auditor outlining significant financial reporting issues and decisions made in connection with the preparation of the consolidated financial statements, including any analysis of the effects of alternative GAAP methods on the Corporation's financial statements.
- Ensure that management certification of financial reports complies with applicable legislation.
- Review any material litigation and any regulatory or accounting issues that could have a material impact on Boralex's financial position or operational performance and determine whether it is appropriate to disclose them in the documents reviewed by the Audit Committee.
- Review the results of the audit, including any significant problems encountered in performing the audit, as well as management's response or action plan in response to the auditors' recommendations.

## **B. Risk Management Framework, Financial Risk Management and Internal Controls**

- Review the integrated risk management policy and recommend its adoption to the Board.
- Support the Board in fulfilling its responsibility to identify and evaluate key risks to Boralex activities and implement suitable systems to manage these risks.
- Monitor the evolution of risks that are relevant to its mandate or that have been assigned to it and ensure that appropriate action plans are in place, and review policies relating to financial risks, such as the hedging policy and the interest rate swap policy.
- Recommend to the Board risk appetite statements and targets for risks that are relevant to its mandate or that have been assigned to it.
- Receive, periodically, a report from the Internal Control function assessing the adequacy and effectiveness of the Corporation's internal controls over financial reporting as well as disclosure controls and procedures.
- Review the Corporation's insurance coverage annually and additionally as needed.
- Review major capital expenditures, other major spending and any other transactions, including off-balance sheet items, that could impact the Corporation's financial or organizational structure.
- Review and approve transactions with related parties, unless the review thereof has been delegated by the Board to a special committee of independent directors formed in connection with a specific related-party transaction. In carrying out its responsibilities, the Audit Committee will:
  - Receive details of all related party transactions proposed by the Corporation and existing and potential conflicts of interest relating thereto, to verify whether they are well founded and whether disclosure is appropriate.
  - If a valuation or fairness opinion is required by any applicable laws or regulations, oversee the preparation of such valuation or fairness opinion.

- If Board approval is necessary, ensure that a recommendation is provided to the Board with respect to the related party transaction.
- Assist the Board with overseeing the Corporation's compliance with applicable legal and regulatory requirements.
- Establish clear, specific procedures that allow the Corporation to receive, address and retain complaints in a confidential and anonymous manner, including complaints from employees or other parties regarding irregularities or fraud related to accounting, internal controls or the auditing process.

### C. Auditor

- Make recommendations to the Board concerning the appointment and remuneration of an auditor following an evaluation and review of the auditor's qualifications, performance and independence in accordance with Canadian Public Accountability Board standards.
- Ensure that the auditor reports directly to the committee.
- Approve all audit, review and attestation services provided by the auditor, determine which non-audit services the auditor may not provide and pre-approve any non-audit services that the auditor is authorized to provide to Boralex or its subsidiaries, divisions or joint ventures in accordance with applicable laws and regulations.
- Discuss with the auditor the acceptability as well as the quality 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 disagreements or unresolved issues between management and the auditor that could have an impact on the consolidated financial statements or on the measures and procedures implemented to remedy them.
- Review, at least once a year, the auditor's report describing the auditor's relationship with Boralex and confirming the auditor's independence and discuss with the auditor any relationship or service that may impact the quality, objectivity or independence of its auditing services.
- Approve and review, at least once a year, the Corporation's policy on auditor independence, including rules that govern the hiring of the auditor's staff.

### D. Internal Control function

- Ensure that the Head of Internal Control has a functional reporting relationship with the Audit Committee and reports directly to the Audit Committee.
- On the recommendation of management, approve the appointment, termination, and compensation of the Head of Internal Control.
- Evaluate, at least one a year and in conjunction with management:
  - (i) the objectives and performance of the Head of Internal Control;

(ii) the skills and performance of the internal control function, its responsibilities and the adequacy of its staffing and budget.

- Review and approve the internal control work plan annually.
- Hold private discussions with the Head of Internal Control to assess the independence of the function, the level of cooperation obtained from management, the degree of interaction with the auditor, as well as any unresolved differences of opinion or other disputes, with a view to remedying them, if applicable.

## **E. Corporate Social Responsibility**

- Ensure that a process is in place to assess the adequacy and effectiveness of controls over financial data and figures appearing in Boralex's corporate responsibility report.
- Review the financial data and figures in Boralex's corporate social responsibility report.

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

The committee will review the adequacy of its mandate once per year.

## 7.2. Governance, Environment, Health and Safety Committee Charter

### 7.2.1. Composition and Quorum

- The GEHS 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 quorum.

### 7.2.2. Committee Meetings

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

### 7.2.3. Mandate

The mandate of the GEHS Committee is to oversee matters related to governance, environment, health and safety, and includes the following responsibilities:

- Determine the size, composition and skills required for the Board and its committees.
- Identify candidates who have the skills required to serve as directors.
- Oversee the Board performance evaluation process.
- Develop and implement Boralex's corporate governance policies and practices.
- Evaluate and monitor Boralex's environmental and occupational health and safety policies and practices.
- Monitor Boralex's performance, risks and compliance with respect to the environment and occupational health and safety.

The responsibilities of the GEHS Committee include the following:

#### A. Board Composition and Evaluation

Together with the Board Chair:

- Review the size and composition of the Board and its committees with a view to promoting effective decision-making and make recommendations to the Board in this regard.

- Develop and review selection criteria for directors by regularly assessing the skills, abilities, business background and diversity of the members of the Board as well as the Corporation's situation and needs and prepare a skills matrix.
- Identify candidates qualified to serve as directors and, in consultation with the Board Chair, recommend to the Board the nominees for directors prior to the next annual meeting of shareholders.
- Establish criteria for evaluating the performance of the Board and its committees.
- Conduct an annual review of the effectiveness of the Board and its committees based on these criteria.
- Annually review the director tenure policy, monitor compliance and make any recommendations to the Board regarding this policy.
- Monitor the actions of the Board, Board committees and management to ensure compliance with corporate governance policies and rules and identify areas that may require review and recommendations for improvement.

## **B. Governance**

- Annually review the adequacy of the mandates of the Board and its committees and recommend any updates that may be required to the Board.
- Review the effectiveness of the structure and responsibilities of the Board, Board members and committees.
- Annually review the Code of Ethics and recommend any updates that may be required to the Board.
- Develop, update and disclose the Corporation's governance policies, principles and practices.
- Ensure that procedures and materials used for new director onboarding are appropriate.

## **C. Environment**

- Evaluate and monitor Boralex's environmental policies and practices to ensure that Boralex's operations are conducted ethically and in accordance with industry standards and applicable legislative and regulatory requirements, and, if necessary, oversee the implementation of corrective plans and measures.
- Review major environmental incidents and ensure that corrective plans and actions are put in place.
- Review audits, notices, orders, complaints, investigations, and administrative, regulatory or judicial proceedings, as well as other environmental compliance assessments that are likely to be significant for Boralex, and, if necessary, oversee the implementation of plans and corrective measures.
- Ensure that Boralex has implemented and maintains appropriate systems to effectively and ethically manage environmental issues and ensure that adequate standards for employee training and communication are developed and implemented.
- Monitor Boralex's environmental performance and compliance with regard to GHG emissions, climate change, biodiversity, use of resources and other matters.



## **D. Health and Safety**

- Evaluate and monitor Boralex's occupational health and safety policies and practices to ensure that Boralex's operations are conducted ethically and in accordance with industry standards and applicable legislative and regulatory requirements, and, if necessary, oversee the implementation of corrective plans and measures.
- Review major workplace incidents and ensure that corrective plans and actions are put in place.
- Review audits, notices, orders, complaints, investigations, and administrative, regulatory or judicial proceedings, as well as other compliance assessments relating to occupational health and safety that are likely to be significant for Boralex, and, if necessary, oversee the implementation of corrective plans and measures.
- Ensure that Boralex has implemented and maintains appropriate systems to effectively and ethically manage occupational health and safety issues and ensure that adequate standards for employee training and communication are developed and implemented.
- Monitor performance and compliance related to occupational health and safety.

## **E. Risks Management**

- Monitor the evolution of risks that are relevant to its mandate or that have been assigned to it and ensure that appropriate action plans are implemented.
- Recommend to the Board risk statements and targets for risks that are relevant to its mandate or that have been assigned to it.

If necessary, the GEHS Committee may retain, at Boralex's expense, independent advisors to assist it in fulfilling its responsibilities and may set the fees and other terms of engagement of such advisors.

The committee will review the adequacy of its mandate once per year.

## 7.3. Human Resources Committee Charter

### 7.3.1. Composition and Quorum

- The HR 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 quorum.

### 7.3.2. Committee Meetings

- The committee meets at least four times a year and additionally as needed.
- Meetings may be 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 regularly reports on its activities to the Board and makes recommendations as appropriate.

### 7.3.3. Mandate

The mandate of the HR Committee is to assist the Board in overseeing matters relating to human resources and compensation.

The responsibilities of the HR Committee include the following:

#### A. Executive Compensation

- Evaluate the performance of the President and Chief Executive Officer and review the evaluations of other executive officers.
- Review annual compensation for management personnel and make recommendations to the Board in this regard in accordance with the Corporation's compensation policy.
- Review the Corporation's compensation policy, including pay structure and short- and long-term incentive plans, and make recommendations to the Board in this regard.
- Review the Corporation's incentive plans, including short- and long-term incentive plans and restricted stock unit plans.
- Review share ownership guidelines and monitor compliance.
- Review and make recommendations to the Board regarding individuals who are entitled to receive options or share units under the incentive plans, as well as the vesting and exercising conditions of the options or units granted, in accordance with the terms and conditions of the incentive plans under the Corporation's compensation policy.

- Review and make recommendations to the Board regarding the annual corporate objectives of management personnel, including the President and Chief Executive Officer, in accordance with the short-term incentive plan.

## **B. Succession Planning**

- Annually review the organizational structure of the Corporation's management.
- Annually review and make recommendations to the Board on the Corporation's succession plan for management personnel.

## **C. Director Compensation**

- Review the director compensation policy and make recommendations to the Board regarding compensation of directors who are not part of management.

## **D. Human Resources**

- Monitor levels of employee engagement.
- Review Boralex's commitment to inclusion and diversity.
- Monitor the evolution of risks that are relevant to its mandate or that have been assigned to it, including, but not limited to, those related to Boralex's compensation practices and policies, and ensure that appropriate action plans are implemented.
- Recommend to the Board risk statements and targets for risks that are relevant to its mandate or that have been assigned to it.

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

The committee will review the adequacy of its mandate once per year.

## 7.4. Investment and Risk Management Committee Charter

### 7.4.1. Composition and Quorum

- The IRM 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 quorum.

### 7.4.2. Committee Meetings

- The committee meets at least four times a year and additionally as needed.
- Meetings may be 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 regularly reports on its activities to the Board and makes recommendations as appropriate.

### 7.4.3. Mandate

The mandate of the IRM Committee is to assist the Board in overseeing Boralex's strategic initiatives and major investment activities, and to identify and manage the associated risks.

The responsibilities of the IRM Committee are as follows:

- Review investment strategies related to portfolio of projects and proposed transactions for which the Board is responsible in order to, among other things, ensure that they are in line with Boralex's strategic plan, submit its conclusions to the Board and, if appropriate, make recommendations for Board approval.
- Ensure that the risks inherent in implementing such investment strategies, such as, but not limited to, community consultation and climate change, are clearly identified and under the desirable risk thresholds established by the Board and ensure that the steps taken by management to mitigate these risks are appropriate.
- Ensure that sufficient financial resources are allotted to the implementation of such investment strategies.
- Review the energy sales marketing strategy for market-related activities every year.
- Review management's reporting following the commissioning of projects and transactions over \$100 million in investment that have reached their second anniversary of commissioning or closing within the last 12 months.
- Review management reporting on the execution of high-impact projects to ensure, among other things, that they are in line with the financial forecasts presented and with risk appetite.

- Periodically review Boralex's capital structure and financial situation, ensure that both can support the proposed strategic initiatives and investment activities, and submit observations and conclusions to the Board.
- Monitor the evolution of risks that are relevant to its mandate or that have been assigned to it and ensure that appropriate action plans are implemented.
- Recommend to the Board risk statements and targets for risks that are relevant to its mandate or that have been assigned to it.

If necessary, the IRM Committee may retain, at Boralex's expense, independent advisors to assist it in fulfilling its responsibilities and may set the fees and other terms of engagement of such advisors.

The committee will review the adequacy of its mandate once per year.

## 8. Onboarding and Continuing Education Programs

Borex has developed an onboarding program for new Board members, consisting of the following:

- A presentation by members of Borex management on the Corporation's organizational structure and the nature and operation of the Corporation's business. This presentation includes a review of the current strategic plan and may include a visit to Borex facilities in order to allow new directors to become familiar with the Corporation's business.
- A review, with the Board Chair, of the Corporation's operating procedures and the roles and responsibilities of the Board and its committees, the Board performance evaluation process, meeting procedures and other elements essential to the Board's effectiveness (such as the Corporate Governance Manual).
- A discussion on the contribution expected from each director.
- A summary of the legal and ethical responsibilities of Board members, including a review of the Corporation's Code of Ethics, which applies to the Corporation's directors, officers and employees.
- Access to other relevant information or resources, taking into consideration new directors' experience on other boards as well as their responsibilities as a member of the Board and its committees.
- Designation of a mentor to facilitate knowledge sharing.
- Participation on all Board committees on a voluntary basis for the first 12 months of service.

The Board Chair will ensure that, in addition to the Board's onboarding program for new directors, Board members have access to the following:

- Members of management;
- Presentations relating to a particular business unit or to new developments or events;
- Membership in the Institute of Corporate Directors (ICD) and the National Association of Corporate Directors (NACD), which provide continuing education for their members through publications, seminars and conferences; and
- Visits to key Borex facilities.

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

## 9. Executive Compensation

### 9.1. Clawback Policy

The Board has adopted a policy regarding the recovery of compensation paid to executives, which impacts compensation paid after December 31, 2017, under the Corporation's short- and long-term incentive plans. This policy was amended on February 29, 2024.

This policy, which applies to all executives, provides that the Board has complete discretion, insofar as applicable laws allow and the Board considers it is in the Corporation's best interests to do so, to require under certain circumstances the full or partial reimbursement of the annual incentive compensation paid to an executive or former executive. The Board may request an executive or former executive to reimburse all or part of his or her incentive compensation when:

- The incentive compensation was calculated on the basis of, or subject to, certain financial results of Boralex, that were subsequently amended due to the restatement of all or part of Boralex's financial statements, to the extent that incentive compensation would have been less had the financial results been properly reported.
- The executive officer committed a gross fault or fraud that had a material effect on Boralex's business, reputation or financial condition. In such a case, the recovery would only apply to the person having perpetrated the fault of fraud.

### 9.2. Advisory Vote

The Board has adopted a policy to the effect that the Corporation provides its shareholders, at the annual meeting of shareholders (the "**Annual Meeting**"), the opportunity to vote on a non-binding advisory resolution on the Corporation's approach to executive compensation as disclosed in the "Executive Compensation" section of the Management Information Circular prepared in connection with the Annual Meeting. This section describes the Corporation's compensation philosophy, policies and programs, which are influenced by a number of factors, such as strategic direction, financial performance and creation of shareholder value.

The results of this advisory resolution are not binding. However, the HR Committee considers the results of the vote when reviewing the Corporation's philosophy, policies and programs relating to executive compensation.

# 10. Director Compensation

The Board sets the compensation of directors based on the recommendations of the HR Committee, which annually reviews the form and amount of compensation of directors, including the Board Chair.

The Board has adopted guidelines according to which each director is required to hold shares or deferred share units having a value equal to at least three times their annual base retainer (the “**holding target**”). Directors have until February 27, 2025, or within five years of taking office, to meet the holding target. For the purpose of determining whether the holding target has been met for a given year, the value of the shares and deferred share units is calculated based on the greater of (i) the sum of the shares and deferred share units held multiplied by the closing price of the Corporation’s share on the Toronto Stock Exchange on December 31 of the previous year, or (ii) the number of shares held on that date multiplied by their weighted average cost, plus the value of the deferred share units on that date.

Until the holding target is reached, directors must receive at least 50% of their annual base retainer in the form of deferred share units. Once the holding target is reached, directors may choose to receive up to 100% of their annual base retainer in deferred share units.

Directors who are also executive officers of Boralex do not receive additional compensation for their services as directors.



# 11. Shareholder Engagement Principles

The Board believes that interaction with shareholders is a good corporate governance practice and promotes greater transparency. At any time, shareholders may provide their views on governance or raise other issues relating to the Corporation.

On February 27, 2020, the Board adopted shareholder engagement principles. These principles describe how shareholders can communicate with the Board and management.

These shareholder engagement principles are available on Boralex's website.

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