



## NORTHLAND POWER INC.

### AUDIT COMMITTEE CHARTER

#### **Purpose of the Audit Committee**

The Audit Committee (the “**Audit Committee**”) is appointed by the Board of Directors (the “**Board**”) to assist the Board in fulfilling its oversight responsibilities for Northland Power Inc. (the “**Corporation**”) with respect to the accounting and financial reporting requirements, the systems of internal controls, management information systems, financial risks and risk management, the external audit, and monitoring compliance with laws and regulations applicable to the Corporation, any other corporations, trusts, partnerships or other entities which may be owned or controlled by the Corporation (the “**Entities**”), and any other duties as set out in this Charter or delegated to the Audit Committee by the Board.

The Audit Committee shall also report the results of its activities to the Board, as well as report its recommendations to the Board with respect to the financial statements and other certifications and filings of the Corporation, the appointment of auditors and the compensation of the auditors.

#### **Meetings and Procedures**

The Audit Committee shall observe and adhere to the composition framework and meeting procedures for Committees set out in the Mandate of the Board of Directors. The Audit Committee shall meet at least four times a year or more frequently as it deems necessary to fulfil its responsibilities.

The Audit Committee will hold in camera sessions without management present, including with internal and external auditors, as may be deemed appropriate by the Audit Committee.

#### **Audit Committee Responsibilities**

- (i) *Review of Financial Statements and Other Filings*

The Audit Committee shall review the Corporation’s financial statements, management’s discussion and analysis, annual and interim earnings press releases and other press releases disclosing financial information, prospectuses, and disclosures of forward-looking financial information, and shall determine whether



to recommend approval thereof to the Board before such documents are publicly disclosed by the Corporation.

The Audit Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, financial forecasts, and must assess the adequacy of such procedures on an annual basis.

(ii) *Review of Environmental, Social and Governance and Climate Change Related ("Sustainability") Disclosure*

The Audit Committee shall review the Corporation's reports disclosing Sustainability related information and oversee third-party assurance of such information.

(iii) *Annual Review of Audit Committee Charter*

The Audit Committee shall maintain this Committee Charter which sets out the Audit Committee's mandate and responsibilities, and review at least annually this Charter to ensure that it conforms to the requirements of National Instrument 52-110 (the "**Audit Committee Rule**") and the requirements of any other relevant securities regulations.

(iv) *The External Auditor*

Management is responsible for the preparation of the financial statements of the Corporation and, as applicable, the Entities. The external auditor is responsible for auditing those financial statements.

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report, or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting any restrictions on the scope of the external auditor's activities or on access to requested information. The Audit Committee must recommend to the Board:

- (A) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and the Entities; and
- (B) the compensation of the external auditor.

The Audit Committee shall require the external auditor to report directly to the Audit Committee and shall monitor the independence and performance of the external auditor of the Corporation through annual assessments. Based upon the annual assessments, the Audit Committee shall recommend the re-appointment or replacement of the auditors to the Board for approval by the Corporation's shareholders at its annual general meeting. The Audit Committee must review and approve the hiring policies, as applicable, of the Corporation and the Entities regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

(v) *Pre-Approval of All Audit and Non-Audit Services*

The Audit Committee shall approve all audit and pre-approve all non-audit services to be provided to the Corporation and, as applicable, the Entities by the Corporation's external auditor. The Audit Committee satisfies the pre-approval requirement if it adopts specific policies and procedures for the engagement of the non-audit services, provided that: (a) the pre-approval policies and procedures are detailed as to the particular service; (b) the Audit Committee is informed of each non-audit service; and (c) the procedures do not include delegation of the Audit Committee's responsibilities to management. The Audit Committee may delegate to one or more of its members the authority to pre-approve all non-audit services, provided that such pre-approval must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee satisfies the pre-approval requirement if: (i) the aggregate amount of non-audit services that were not pre-approved is reasonably expected to be no more than 5 per cent of total fees paid to the external auditor during the fiscal year in which the services are provided; (ii) the services were not recognized as non-audit services by the Corporation at the time of the engagement; and (iii) the services are immediately brought to the attention of the Audit Committee and approved, prior to the completion of the audit.

(vi) *Internal Controls and Integrity of Financial Statements and Processes*

The Audit Committee shall oversee the Corporation's systems of internal controls, including IT systems and information security risk management, and shall monitor the integrity of the financial statements, including any confidential or other disclosures of potential fraud. The Audit Committee is responsible for:

- Reviewing the adequacy and effectiveness of the accounting and internal control policies and procedures, including internal controls over financial

reporting, and the extent to which the scope of the internal and external audit plans can be relied upon to detect material weaknesses in internal controls and material fraud or other illegal acts.

- Review the effectiveness of procedures for the receipt, retention and resolution of complaints regarding accounting, internal controls or auditing matters, and review any complaints raised by employees or others regarding accounting, internal controls, financial reporting, auditing matters or otherwise relating to matters within the Audit Committee's mandate.
- Review management's periodic reports on the adequacy and effectiveness of the disclosure control policies and procedures of the Corporation.

(vii) *Review of Financial Matters*

The Audit Committee will review management's plans and strategies around treasury risk management, corporate finance and financial capital allocation, including, subject to the thresholds set out in the Delegation of Decision Making Powers to Management, reviewing financing transactions at the corporate and project development level, such as offerings, redemptions or repurchases of debt and equity securities and obtaining, amending or extending credit facilities, and recommending the same to the Board.

(viii) *Compliance with Laws, Regulations and Code of Business Conduct and Ethics*

The Audit Committee shall review management's reports with respect to compliance with taxation laws and regulations, other laws and regulations, and the Corporation's Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy and Code of Business Conduct and Ethics.

(ix) *Complaints and "Whistleblowers"*

The Audit Committee shall establish procedures for:

- (A) the receipt, retention and treatment of complaints received by the Corporation and the Entities regarding accounting, internal accounting controls, or auditing matters; and
- (B) the confidential, anonymous submission by employees of the Corporation or of the Entities of concerns regarding questionable financial reporting, accounting or auditing matters.

(x) *Financial Risk Management and Insurance*

The Audit Committee shall review and report to the Board at least annually significant financial risks, financial and market risk management strategies, and financial and market risk management policies for the Corporation and the Entities in the following areas and such other areas as the Audit Committee may deem appropriate from time to time:

- (A) financial and market risk management exposures, strategies, policies and board reporting, including foreign currency, interest rate, liquidity and commodity hedging risks; and
- (B) insurance coverage.

(xi) *Related Party Transactions*

The Audit Committee shall review, discuss with management and with others as it deems appropriate, and approve all transactions between the Corporation and: (A) any executive officers, directors, principal shareholders or immediate family members of any of the foregoing; and (B) any of the Entities or their respective executive officers, directors, principal shareholders or immediate family members of any of the foregoing.

**Composition of the Audit Committee**

(i) *Number of Members*

The Audit Committee shall observe and adhere to the composition framework for Committees set out in the Mandate of the Board of Directors.

(ii) *Financial Literacy*

Every member of the Audit Committee must be financially literate. At least one member must have experience as a certified public accountant, chief financial officer, corporate controller, or demonstrably meaningful experience overseeing such financial functions as a senior executive officer. A Committee member who is not financially literate may be appointed to the Audit Committee, provided that such a member becomes financially literate within a reasonable period of time following his or her appointment.

**“Financially literate”** means having 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 financial statements.

(iii) *Independence*

Each member of the Audit Committee must be a director who is independent for the purpose of the Audit Committee Rule, that is a director who has no direct or indirect material relationship with the Corporation or the Entities, as applicable, other than interests and relationships arising from the holding of shares of the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Appendix I to this Charter describes in greater detail the requirements under the Audit Committee Rule and other applicable securities laws in effect as at the date of this Charter concerning the circumstances in which an individual is considered to have a material relationship with an issuer.

(iv) *Position Description - Audit Committee Chair*

The fundamental responsibility of the Chair of the Audit Committee is to effectively manage the duties of the Audit Committee with respect to the Corporation:

Key Responsibilities of the Chair

- ensure that the Audit Committee is properly organized, functions effectively and meets its obligations and responsibilities;
- establish the frequency of Audit Committee meetings and review such frequency from time to time, as considered appropriate, or as requested by the Board or the Audit Committee;
- call and preside at Audit Committee meetings;
- establish the agenda for all Audit Committee meetings and review briefing materials for such meetings;
- prepare a workplan for the Audit Committee which would be reviewed and updated at minimum on an annual basis;
- liaise and communicate with the Chair of the Board and the chairs of the other Board committees as necessary to co-ordinate input from the Audit Committee for Board and committee meetings;

- liaise and communicate with the Corporation's external auditors, internal auditors and internal control service providers as necessary;
- on behalf of the Audit Committee, report to the Board on Committee meetings;
- serve as a person to whom confidential disclosures, including possible fraud, may be made under the Corporation's Whistleblower Policy;
- oversee the processes for investigating Whistleblower reports and reporting to the Board; and
- monitor the effectiveness of the Audit Committee and ensure that it has the support necessary from the Corporation's external advisors to fulfill its responsibilities.

#### **Authority and Resources of the Audit Committee**

The Audit Committee has the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties. For greater certainty the Audit Committee has the authority to retain, at the Corporation's expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee. The Corporation or the Entities shall at all times make adequate provisions for the payment of all fees and other compensation, approved by the Audit Committee, to the external auditor in connection with the issuance of its audit report, or to any consultants or experts employed by the Audit Committee;
- (c) communicate directly with the internal and external auditors and external internal control service providers; and
- (d) conduct any investigation which it considers appropriate, and to communicate directly with and have direct access to the internal and external auditor as well as officers and employees of the Corporation and the Entities, as applicable.



The Audit Committee may form and delegate authority and duties to subcommittees as it deems appropriate.

This Charter will be reviewed on an annual basis.

Confirmed by the Board of Directors on December 10, 2024.



## **APPENDIX I**

### **MEANING OF INDEPENDENCE**

#### **Part A: Meaning of Independence**

1. An Audit Committee member is independent if he or she has no direct or indirect material relationship with the issuer.
2. For the purposes of subsection (1), a “**material relationship**” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement.
3. Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - (c) an individual who:
    - (i) is a partner of a firm that is the issuer’s internal or external auditor,
    - (ii) is an employee of that firm, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual;
    - (i) is a partner of a firm that is the issuer’s internal or external auditor,

- (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
  - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
4. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
5. For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
  - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
6. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
- (a) has previously acted as an interim chief executive officer of the issuer, or

- (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- 7. For the purpose of Part A, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

**Part B: Additional Independence Requirements**

1. Despite any determination made under Part A, an individual who
  - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
  - (b) is an affiliated entity of the issuer or any of its subsidiary entities,is considered to have a material relationship with the issuer.
2. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
  - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
  - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
3. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.