

## **NORTHLAND POWER INC.**

### **MANDATE FOR THE BOARD OF DIRECTORS**

As provided in its articles, Northland Power Inc. (the “**Corporation**”) shall have a board of directors (the “**Board**”) consisting of a minimum of five and a maximum of nine directors.

#### **DUTIES OF DIRECTORS**

The Board is responsible for the stewardship of the affairs of the Corporation and all of the corporations, trusts, partnerships and other entities, which may be owned or controlled by the Corporation (the “**Entities**”). The Board seeks to discharge such responsibility by supervising the actions of the management of the Corporation and the Entities.

The Board discharges its responsibilities both directly and through its committees, the Audit Committee, the Governance and Nominating Committee and the Compensation Committee. In addition to these standing committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. The Board’s primary role is to oversee the performance of management in order to meet the Corporation’s strategic objectives to enhance and preserve the business of the Corporation. Other principal duties include, but are not limited to, the following matters:

#### **Board Organization**

- The Board will respond to recommendations received from the Governance and Nominating Committee, but retains responsibility for managing its own affairs, the selection of the Chair of the Board, candidates nominated for election to the Board (other than those elected by the Class A shareholders and Class C Convertible shareholders), committee and committee chair appointments, committee charters and director compensation.
- The Board may delegate to Board committees matters for which it is responsible, including the approval of compensation of the Board, the conduct of performance evaluations of directors and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

#### **Strategic Planning, Acquisitions and Investments**

- The Board has responsibility to oversee a management-driven strategic planning process consistent with the investment objectives of the Corporation and the Board is responsible for approving on at least an annual basis, a strategic plan which takes into account the opportunities and risks of the business.

- The Board is responsible for reviewing, discussing and approving all material contracts, transactions, acquisitions and investments.
- The Board is responsible for providing input to management on emerging trends and issues and on management objectives and goals.

### **Monitoring of Financial Performance and Financial Statements**

- The Board is responsible for monitoring the financial performance of the Corporation and for approving the level of distributions paid by the Corporation.
- The Board is responsible for approving the Corporation's audited financial statements, interim financial reports and the notes and Management's Discussion and Analysis accompanying such financial statements.

### **Risk Management**

- The Board is responsible for the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Corporation and achieving a proper balance between the risks incurred and the potential return to the Corporation.

### **Policies and Procedures**

- The Board is responsible for:
  - approving and monitoring compliance with all significant policies and procedures by which the business of the Corporation is operated.
  - approving policies and procedures designated to ensure that the Corporation and all Entities operate at all times within applicable laws and regulations and in accordance with ethical and moral standards.

### **Communications and Reporting**

- The Board has approved and will revise from time to time as circumstances warrant a disclosure policy to address communications with shareholders, employees, financial analysts, investors, governments and regulatory authorities, the media and the Canadian and international communities.
- The Board is responsible for:
  - overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other securityholders and regulators on a timely and regular basis

- overseeing that the financial results of the Corporation are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements
- taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Corporation
- approving all prospectuses, financial statements, the Corporation's annual information form and management information circular.

#### **MINIMUM NUMBER OF SHARES TO BE HELD BY A BOARD MEMBER**

A director must hold, from a reasonable period following his or her election or appointment, a minimum of 500 Common Shares or Class A Shares of the Corporation.

#### **CHAIR OF THE BOARD**

##### **Introduction**

The Board selects its chair (the “**Chair**”) from among its members to lead the Board in the course of its work. The Chair is responsible for the overall process involved in the work of the Board, as well as the development and effective performance of the Board.

The Chair provides advice and counsel to senior management of the Corporation on issues of importance to senior management or the Board.

##### **Key Responsibilities of the Chair**

- reviews the preparation of the agendas for all Board and, if required, shareholder meetings
- presides at all Board and shareholder meetings
- ensures that the Board receives regular updates on all issues important to the Corporation
- ensures that Board members understand major issues, strategy and risks
- works closely with the chairs of the Board's committees to ensure that all of the committees' responsibilities are carried out
- works collectively and individually with members of the Board to ensure optimum performance of the Board

## **LEAD DIRECTOR**

### **Appointment**

The lead director (the “**Lead Director**”) is appointed by the Board annually. The Lead Director must always be an independent director within the meaning of National Instrument 58-101, as amended from time to time.

### **Responsibilities**

The Lead Director shall:

- ensure that the Board functions independently of management
- ensure that independent directors have adequate opportunities to meet to discuss issues without representatives of management present
- chair separate meetings of the independent directors
- be available to Board members who have concerns that cannot be addressed through the Chair or meetings of the Board
- chair meetings of the Board in the absence of the Chair
- as requested by the Board act as a liaison between the Board and management
- in consultation with the Chair and management set the agenda for Board meetings
- ensure the Board has the requisite resources to support its work effectively
- ensure a process is in place to monitor legislated and best practices which relate to the responsibilities of the Board
- ensure the process is in place to regularly assess the effectiveness of the Board, its committees and individual Board members.

Approved by the Board of Directors as of January 1, 2011