

**VALENER INC.**  
**(the “Corporation”)**  
**AUDIT COMMITTEE MANDATE<sup>1</sup>**

**1. CONSTITUTION, COMPOSITION, PROCEDURE AND INVITEES**

To assist it in discharging its oversight responsibilities pertaining to accounting and financial reporting processes, internal control systems, financial management and the management of risks associated with all of the preceding, the Board of Directors of the Corporation (the “**Board**”) formed an Audit Committee (the “**Committee**”) of which it appoints the members and the Chair.

*Composition* - The Committee shall be composed of a minimum of three (3) Directors, each of whom must be “financially literate” within the meaning of the applicable securities laws and regulations and the rules of any stock exchange on which the Corporation’s securities are listed for trading. For instance, a Committee member will be considered financially literate if he 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 financial statements. Should any Committee member not be financially literate, he must become financially literate within a reasonable period of time after his or her appointment to the Committee.

The Committee shall be composed of Directors who are “independent” (as such term is defined from time to time in the requirements or guidelines for audit committee under applicable securities laws and regulations and the rules of any stock exchange on which the Corporation’s securities are listed for trading, including *Regulation 52-110 Respecting Audit Committees* (as amended from time to time) (“**Regulation 52-110**”) of the Canadian Securities Administrators (“**CSA**”)).

**2. FUNCTIONING**

*Meetings* - The Board shall decide on the frequency and location of the Committee’s regular meetings. The Committee determines the time and place of its special meetings according to its needs.

*Chair of Meetings* - If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.

*Outsiders May Attend Meetings* - Representatives of the external auditors (the “**External Auditors**”), representatives of the Corporation and of the Manager<sup>2</sup> (“**Manager**” refers to the Manager as a legal entity or to its officer(s) or other representative(s), as the case may be) and

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<sup>1</sup> Revision approved by the Board of Directors on November 22, 2018.

<sup>2</sup> Pursuant to an Administration and Management Support Agreement between Valener and Énergir, L.P. dated September 30, 2015, Énergir, L.P. acts as manager of Valener.

any person whose presence is considered relevant may attend all or part of the Committee's meetings as requested by the Committee or by a Committee member.

The minutes of a meeting shall be submitted for approval by the members at the following Committee regular meeting, unless unexpected events arise.

*Adoption of Policies and Procedures* - The Committee may adopt policies and procedures as it deems necessary for carrying out its responsibilities.

### **3. POWERS AND AUTHORITY**

In discharging its responsibilities, the Committee may examine the books, records and accounts of the Corporation and discuss any other matter concerning the financial situation of the Corporation, or any other matter related to its mandate, with the Manager, the External Auditors and the Corporation's other external advisors.

The Committee may communicate directly with the External Auditors. The External Auditors shall report directly to the Committee and attend all of the meetings of the Committee at which reports or financial statements reviewed by them or public communications based on their review of these reports or statements must be reviewed or approved by the Committee. They can also be invited to other meetings. The Chair of the Committee shall call a meeting of the Committee if requested to do so by the External Auditors or an officer of the Manager.

The Committee may at any time communicate with a Manager's employee or with a Corporation employee (if any) to enquire about the financial data or internal controls of the Corporation, or about any other matter that falls within the scope of its mandate. When apprised of any complaint or concern raised by an employee or an interested party in accounting, internal accounting controls or auditing matters, the Committee shall examine the matter.

The Committee may retain the services of outside consultants to assist it in exercising its mandate and has the authority to ensure their fees and disbursements are paid.

### **4. DELEGATION**

The Committee may delegate from time to time any of the Committee's responsibilities that lawfully may be delegated to one or more of its members, including the authority to pre-approve external non audit services to be provided by the External Auditors; provided such approval is submitted to the Committee at its first regular meeting after the approval has been given.

### **5. GENERAL MANDATE**

The Committee shall perform any function assigned to it by the Board. Among other things, it shall be responsible for ensuring that quality financial information is reported by the Corporation and that the Manager has taken appropriate measures to identify and manage the financial risks that may affect the Corporation. It shall report to the Board any matter relating to the quality and integrity of the financial statements of the Corporation, compliance with laws and regulations, the performance and independence of the External Auditors.

In general, the Committee shall ensure that:

- a) the Corporation complies with the Canadian standards applicable to audit committees, in particular Regulation 52-110;
- b) the Manager complies with the applicable accounting principles, standards and rules as well as the laws, regulations and policies of the CSA governing financial reporting;
- c) the personnel assigned to the external audit and, to the extent applicable, to the internal audit, are competent and sufficient in numbers to discharge their responsibilities;
- d) the financial information communicated to the Board and to public investors is reliable, clear, complete and objective, and that it is disclosed in accordance with the laws, regulations and policies of the CSA;
- e) the internal controls are effective;
- f) there is an adequate financial risk management program for protecting the assets of the Corporation; and
- g) the Manager maintains a constructive and open dialogue with the Committee and the External Auditors.

## **6. SPECIFIC RESPONSIBILITIES**

Without limiting the generality of the foregoing, the Committee's specific responsibilities shall include the following:

### **◆ External Audit**

- (a) recommending to the Board, following consultation with the Manager, the External Auditors for the Corporation for appointment by the shareholders;
- (b) recommending, if needed, to the Board the dismissal of any public accounting firm whose services were retained to prepare or issue an audit report;
- (c) overseeing the work of the External Auditors whose services are retained to prepare or issue an audit report or to render other audit, review or attestation services to the Corporation. The External Auditors shall report directly to the Committee;
- (d) ensuring the External Auditors are a participating audit firm within the meaning of *Regulation 52-108 respecting Auditor Oversight* of the CSA and that they comply, where applicable, with any directive or restriction issued by the Canadian Public Accountability Board;
- (e) reviewing the public reports and information bulletins of the Canadian Public Accountability Board published for audit committees and received from the External Auditors, along with any significant findings arising from the inspection of the Corporation's audit file;
- (f) at least once a year, reviewing the written report prepared by the External Auditors describing:

- (i) any significant issues regarding the External Auditors or audit file of the Corporation arising during any peer controls or reviews, information requests, or inquiries carried out by a government, regulatory or professional authority, as well as any steps taken in this regard; and
  - (ii) internal quality-control procedures implemented by the External Auditors, including any significant issues raised during the latest internal review of the former, as well as any steps taken in this regard.
- (g) ensuring the External Auditors are independent and in this regard:
- (i) reviewing the existing or proposed relationships between the Corporation, the Manager, their respective personnel or consultants and the partners, employees, former partners and former employees of the External Auditors;
  - (ii) as applicable, reviewing and approving the Corporation's hiring policy with respect to partners, employees, former partners and former employees of the present and former External Auditors of the Corporation and supervising its application; and
  - (iii) as applicable, reviewing and approving any policy or procedure for preliminary approval of non-audit services, and supervising its application;
- (h) evaluating at least once a year the competence, service quality and independence of the External Auditors;
- (i) ensuring there is a rotation of the engagement partner, the reference partner and other audit partners within the standards prescribed by the regulatory authorities and the applicable securities and governance laws and regulations;
- (j) ensuring a smooth transition when there is a change in External Auditors;
- (k) reviewing and approving the audit plan and related budget proposed by the External Auditors as well as any change thereto;
- (l) recommending to the Board the compensation to be paid to the External Auditors for their services;
- (m) reviewing the scope of the audit, the External Auditors' reports following their interim reviews and annual audits, their letter of recommendations with the Manager's comments and the follow-up done by the Manager;
- (n) asking the Manager and the External Auditors about any important issue dealing with financial information they have discussed and the solution retained;
- (o) reviewing any problems encountered by the External Auditors in the course of their engagement, in particular any restrictions that may have been placed on them by the Manager;

- (p) resolving, if possible, any disagreements between the Manager and the External Auditors concerning financial information;
- (q) reviewing any events (disagreements, unresolved matters and consultations) that have to be disclosed pursuant to applicable laws and regulations or requirements of the CSA;
- (r) reviewing the External Auditors' recommendation letter with respect to internal controls, the Manager's responses thereto and the steps taken by the Manager to implement the recommendations in such letter;
- (s) ensuring that the Manager informs the Committee of any engagement pertaining to an external audit or an external audit-related mandate that has or will be given to a public accounting firm other than the External Auditors;
- (t) from time to time asking the External Auditors about the competence and performance of the Manager's personnel responsible for finance, accounting and internal controls and the Corporation's personnel responsible for finance, accounting and internal controls, if applicable;

◆ **Financial Information**

- (u) ensuring that the Manager establishes and maintains controls and procedures to ensure it receives important information for investors and establishes and maintains internal controls with respect to financial reporting;
- (v) reviewing the adequacy and effectiveness of the accounting and internal control policies and procedures through inquiry and discussions with the External Auditors, the Manager and the internal auditor;
- (w) reviewing the interim and annual financial statements and the External Auditors' reports thereon with the Manager and recommending they be approved by the Board;
- (x) reviewing the financial forecasts communicated by the Manager to the Board and ensuring that adequate controls and procedures are established and maintained by the Manager to ensure the integrity of these financial forecasts;
- (y) reviewing the impact of any proposed changes in significant accounting policies or securities regulations dealing with the accounting policies and the presentation of financial information with the Manager and the External Auditors;
- (z) ensuring the financial information complies with the applicable securities laws, regulations and policies;
- (aa) reviewing before publication any draft financial reporting, such as the annual information form, prospectuses, interim financial statements, interim management's discussion and analysis, annual financial statements, annual management's discussion and analysis and press releases involving financial information and relating to the declaration of dividends and recommending they be approved by the Board;

- (bb) reviewing the Declaration of the Manager's Chief Financial Officer regarding the quarterly dividend declaration and recommending that the Board approve the quarterly dividend;
- (cc) ensuring there are adequate procedures for reviewing public disclosures of financial information extracted or derived from its financial statements and evaluating the adequacy of these procedures from time to time;
- (dd) reviewing all non-routine correspondence with the regulatory authorities with the Manager, and any complaint or published information that raises issues with respect to the financial statements, the financial information or the accounting policies;
- (ee) each quarter reviewing copies of the minutes of the audit committees of the subsidiaries, as applicable;

◆ **Internal Audit**

- (ff) reviewing the quarterly report on the work performed by the Manager's internal auditors;

◆ **Financial Risk Management**

- (gg) reviewing from time to time the Manager's report with respect to the identification and analysis of the main financial risks generally affecting the business of the Corporation, and ensuring that there is an adequate risk management policy to identify, manage and control those financial risks;
- (hh) reviewing other risk management issues that the Board may, from time to time, specifically delegate to the Committee;
- (ii) each quarter reviewing a report on the tax issues and the related follow-up being done, and reviewing the major disputes with tax authorities;
- (jj) each quarter reviewing a report on disputes and threats to the Corporation's operations and the related follow-up being done and reviewing significant or potential disputes with third parties;

◆ **Certifications and Compliance Reports**

- (kk) receiving on a timely basis and reviewing the certifications of the Chief Executive Officer and the Chief Financial Officer of the Manager;
- (ll) receiving from the Manager a report on compliance with applicable financial reporting standards and securities laws and regulations;

◆ **Complaints and Concerns**

- (mm) establishing procedures concerning:

- (i) receipt, retention and treatment of complaints received by the Corporation or the Manager regarding accounting, internal accounting controls or auditing matters; and
- (ii) receipt of confidential and anonymous correspondence from employees of the Corporation (if any) or from employees of the Manager about concerns regarding questionable accounting, accounting controls or auditing matters;

◆ **Other Responsibilities**

The Committee shall periodically:

- (nn) evaluate and review its effectiveness and report thereon to the Board;
- (oo) review and revise its mandate and make its recommendations to the Board;
- (pp) prepare an annual work plan that it shall revise during the year if necessary;
- (qq) review the corporate policies, in particular with respect to financial reporting;
- (rr) review and make recommendations to the Board concerning the financial structure, condition and strategy of the Corporation and its subsidiaries, as applicable, including with respect to annual budgets, long-term financial plans, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of stock;
- (ss) review or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and financial obligations of the Corporation; and

When it deems it appropriate to do so, the Committee:

- aaa) holds separate meetings with the Manager, the internal and External Auditors, and, as the case may be, the external legal counsel with regards to audit and financial risk management matters that are not listed.

**7. REPORTING**

The Committee shall report to the Board at the Board meeting following its own meeting. The Chair of the Committee shall report verbally on the items that are of immediate interest to the Board and submit the Committee's recommendations for approval by the Board. The Chairman of the Committee shall also present, at least once a year, a report of the Committee's work in fulfilling its mandate and adhering to its annual work plan.

**8. IN CAMERA SESSIONS**

The Committee shall have a number of in camera sessions at the end of each meeting, including with the External Auditors, the internal auditor (if any), with and without representatives of the Manager invited to attend the Meeting.