

# DELEGATION OF AUTHORITY AND COMMITMENT POLICY

NORTH AMERICA, BEM AND CORPORATE GROUP

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# 1 OVERVIEW

## 1.1. Introduction

This Delegation of Authority & Commitment Policy (the “**DOA**”) is established to define the limits of authority designated to specified positions of responsibility within the North American platform and the Corporate Group of Brookfield Renewable Energy Partners L.P. (“**BREP**”), as well as Brookfield Energy Marketing L.P. (“**BEM**”), and all of their subsidiaries and their General Partners (collectively, “**Brookfield Renewable**”, “**we**”, “**us**”, “**our**” or “**the Organization**”). In this DOA, BEM is to be considered an operating platform.

Certain affiliates of Brookfield Asset Management Inc. (collectively, the “**Service Provider**”) provide services to the Organization pursuant to an amended and restated Master Services Agreement. The Service Provider and employees, officers and directors of the Service Provider when providing such services to the Organization are also subject to this DOA.

## 1.2. Application

The DOA applies to the approval of all commitments, transactions and contracts on behalf of the Organization (collectively, “**Commitments**”) other than those specifically excluded herein. It also contains additional procedures with respect to certain types of Commitments. Procedures that complement this DOA can be found in the Organization’s Procurement Policy, Travel, Business and Entertainment Policy and other policies as implemented from time to time including those listed in Appendix A hereto.

## 1.3. Scope

In this DOA, the approval of Commitments is divided into two categories: Financial Commitments and Contractual Commitments.

**Financial Commitments** mean Commitments that involve or will involve the transfer or exchange of funds from or to (revenue or expenditure) the Organization to or from a third party or affiliate of Brookfield Asset Management (other than within the Organization) as well as the transfer or exchange of funds between two affiliated entities within the Organization.

**Contractual Commitments** refer to contracts, agreements or other legally binding documents negotiated and entered into by the Organization with a third party or with an affiliated entity.

For clarity, many of the Organization’s Commitments will involve both categories – Financial and Contractual, for example a contract for the provision of services for a fee. In such a case, approval needs to be sought for the Financial Commitment portion and for the Contractual Commitment portion as outlined in this DOA.

## 1.4. Jointly Owned Assets

Entities which are not owned 100% by Brookfield Renewable may have other approval requirements before making Financial Commitments or Contractual Commitments. Operating platform CEOs, CFOs and COOs are required to understand these requirements and obtain the necessary approvals.

## 1.5. Objectives

Authorization limits and their delegations within the Organization help to ensure consistent good business practice and corporate governance. The DOA aligns with the procurement objectives and procedures and contributes to the safeguarding of the Organization’s assets.

The principal objectives of the DOA are the following:

- To identify and inform employees of their responsibilities and authority limits for entering into Commitments in the course of conducting the Organization's business;
- To ensure that appropriate internal control and audit trails are being maintained;
- To standardize and optimize the approval process across the Organization, consistent with the Organization's procurement strategy; and
- To establish authority limits appropriate to empower management to be able to act effectively and make decisions in relation to the Organization and their respective responsibilities.

#### **1.6. Effective Date**

This DOA is effective January 15, 2016. The scope and content of this DOA will be periodically reviewed and may be updated under the authority of the CFO of the Organization.

#### **1.7. Compliance**

Compliance with the DOA is the responsibility of the CEO, CFO and General Counsel of the Organization as well as the CEO of each operating platform through the implementation of procedures and controls to ensure all personnel comply with this DOA. All employees are expected to (a) understand their authorization limits, as well as those of their direct reports, along with related processes and procedures set out herein, and (b) exercise a duty of care with respect to decisions made and Commitments entered into on behalf of the Organization.

#### **1.8. General Principles**

The following general principles are applicable to this DOA generally:

##### ***1.8.1. Valuating Commitments***

Dividing a Commitment into two or more parts to evade a limit of authority is prohibited and is a violation of this DOA. A series of reasonably related Commitments shall be considered as a single transaction for purposes of determining approval and authority levels required by this DOA. Total estimated cost for the full life cycle of the final Commitment should be considered the relevant amount when evaluating the appropriate approval thresholds.

##### ***1.8.2. Subject Matter Authority***

Unless otherwise specified herein, authorization limits are applicable to Commitments within the department of the person providing the approval. For example, a Vice President of Human Resources should not be approving a project construction invoice.

##### ***1.8.3. Vacancies or Absences***

In the event that a particular department has a vacancy or absence resulting in the inability to obtain the approval of a Financial Commitment as required by the Authority Limits (as defined below), the approval required shall be elevated to the next level of authority in that department according to the Authority Limits.

##### ***1.8.4. Compliance Documentation***

Employees executing contracts and approving Commitments are required to ensure that all appropriate approvals and reviews required by this DOA and any other applicable policies and procedures have been obtained, and to ensure that appropriate documentation of these approvals is retained for audit purposes. Appropriate documentation can take various forms, including electronic system approvals, the initialling of final contracts, approval forms or memorandums and shall follow the requirements established by the CEO of the applicable operating platform or the corporate group. All documentation should be maintained in accordance with any then effective document retention policies of the Organization.

### 1.8.5. Currency

All monetary values presented in this DOA represent US dollars or Canadian dollars as applicable in the particular circumstance, unless otherwise indicated. The currency that will apply in each case will be the currency in which the expense or commitment is incurred or set to be incurred.

### 1.8.6. Operating Platform Thresholds

The approval limits defined in this DOA are the maximum allowed by the Organization and may not be exceeded. The operating platform CEOs and CFOs may apply lower and/or additional approval requirements, as appropriate. Operating platform CEOs and CFOs must define the employees' authority for authorizations of purchase requisitions, purchase orders and contracted expenditures in accordance with this DOA.

## 2 FINANCIAL COMMITMENTS

### 2.1. Authorization

Other than as set out in Section 2.2, all Financial Commitments by the Organization must be approved according to the authorization limits set out below ("**Authority Limits**"). If a Financial Commitment is denominated in a currency other than US dollars or Canadian dollars, the amount of the Financial Commitment will be converted to US dollars or Canadian dollars as applicable using the exchange rate applied in the ERP tool (IFS) when entered in the ERP.

Level	Authority Limit
Manager <b>OR</b> Senior Manager <sup>1</sup>	Up to \$20,000
Director <b>OR</b> Senior Director <sup>1</sup>	Up to \$100,000
Vice President <sup>1</sup>	Up to \$250,000
Senior Vice President <sup>1</sup>	Up to \$350,000
CFO <b>OR</b> COO of Operating Platform	Up to \$500,000
CFO <b>AND</b> COO <b>OR</b> SVP of Operating Platform	Up to \$1,500,000
CEO of Operating Platform <sup>2</sup>	Up to \$3,000,000
General Counsel of Brookfield Renewable	Up to \$3,000,000
CFO of Brookfield Renewable	Up to \$3,000,000
CEO <b>AND</b> CFO of Brookfield Renewable	Up to \$50,000,000 <sup>3</sup>
Board of Directors of BREP or a Holdco	Greater than \$50,000,000 <sup>3</sup>

<sup>1</sup> Refers to individuals with such titles in the operating platforms or in the corporate group. These levels may include other position titles at equivalent authority limits, if pre-approved by CFO of the operating platform.

<sup>2</sup> For BEM, Financial Commitments above \$3,000,000 will require approval from the Board of Directors of Brookfield Energy Marketing inc.

<sup>3</sup> The threshold for these levels should be considered in US dollars or the equivalent in Canadian dollars, based on the prevailing exchange at the time of approval.

### **2.1.1. Budget Limits**

Approval of any Financial Commitment must be within the budget limits under which it is approved.

**A) Platform Budget:** Each platform CEO is responsible for maintaining the aggregate of Financial Commitments within its platform within the limits of its approved overall annual budget. Any Financial Commitment in excess of such overall annual budget must be approved by the CEO and CFO of Brookfield Renewable.

**B) Functional Budgets:** Each head of function is responsible for maintaining his/her respective functional budget. The aggregate Financial Commitments within that function may not exceed that function's budget and substitutions within that function's budget are only permitted up to an amount equal to 10% of that budget per occurrence. Any Commitment in excess of the foregoing must be approved by the CEO or CFO of the operating platform or by the CEO or CFO of Brookfield Renewable for the corporate group's functions.

## **2.2. Exceptions to Authority Limits**

The following are types of Financial Commitments in which some exceptions to the Authority Limits will apply, provided however, that all other DOA requirements apply including requirements relating Contractual Commitments related to these matters.

### **2.2.1. Financings, Affiliate Transfers & Treasury Matters**

Financings, internal transfers between affiliated entities and financial instruments such as foreign exchange contracts, interest rate hedges, letters of credit, guarantees, etc., and the Financial Commitments that relate to them shall be approved and managed in accordance with the Treasury Policy and not in accordance with the Authority Limits.

### **2.2.2. Sales Taxes and Property Taxes**

The payment of sales taxes and property taxes shall be approved in accordance with the Authority Limits provided that the platform CEO, as it relates to its platform, shall have the authority to approve such taxes in excess of their Authority Limit without further approvals.

### **2.2.3. Litigation Settlements**

Any settlement of litigation or legal dispute involving consideration (financial, tangible or intangible) of \$50,000 or more must and may only be approved by the General Counsel of Brookfield Renewable. Such approval shall be sought in writing by the General Counsel of the relevant operating platform (with the prior approval of the CEO of such operating platform) in the form prescribed by the General Counsel of Brookfield Renewable.

### **2.2.4. Energy Sales and Agency Arrangements**

All sales of energy or agency arrangements for the sale of energy are managed and approved by the Organization through the application of ancillary policies and agreements such as risk management policies, energy revenue agreements, power purchase agreements, etc.

## **2.3. Additional Requirements for Certain Financial Commitments**

### **2.3.1. Investment Transactions**

Certain categories of Commitments, referred to as "Investment Transactions" (as defined in Appendix B) which relate to investments that require the contribution of additional capital by or the return of capital to BREP, Brookfield Renewable Energy L.P. or its direct subsidiaries may only be approved pursuant to this DOA **following** a recommendation of the investment committee of Brookfield Global Renewable Energy Advisor Limited (the "BREG Investment Committee") to the relevant Board of Directors or an employee or officer of the Organization in accordance with this DOA and the Investment Decision Framework. See Appendix B for further details on approvals of Investment Transactions. Prior to being presented to the BREG Investment Committee, all Investment Transactions shall first be approved by the Organization's Capital Committee.

**2.3.2. Fund Entity Commitments**

Notwithstanding section 2.3.1 above and any other provision of this DOA, Fund Investment Transactions (as defined in Appendix B), do not need to be approved under this DOA but rather require approvals in accordance with the applicable Fund's requirements and procedures. However, underlying Commitments in furtherance of the completion of Fund Investment Transactions that have been approved by the Fund and subsequent Commitments of Fund Entities (defined as entities in which a Fund has a direct or indirect investment) that are not Fund Investment Transactions must be approved in accordance with this DOA.

**2.3.3. Charitable Giving Guidelines and US Political Contributions**

In addition to the Authority Limits set out herein, any charitable donations or political contributions must comply with the Charitable Giving Guidelines and US Political Contributions Policy.

**2.3.4. Travel and Entertainment Policy**

In addition to the Authority Limits set out herein, any Commitment relating to travel and entertainment must comply with the Travel and Entertainment Policy.

**2.4. Approval Process**

The approval process for the approval of Financial Commitments will depend on the type of Financial Commitment as set out below.

**2.4.1. General (other than Covered Items)**

Financial Commitments that relate to ordinary course business expenses, operating costs and other costs that are not a Covered Item (as defined below) must be approved according to the Authority Limits and follow the requirements of the Organization's Procurement Policy, as applicable.

**2.4.2. Covered Items**

"Covered Items" are Financial Commitments that have a total commitment value for the entire transaction or full lifecycle of the commitment of at least \$20,000 **AND** fall into the following categories (each as further described herein):

- Development and Construction Projects;
- Mergers and Acquisitions and related matters;
- Sustaining Capital and Major Maintenance;
- Information Technology Projects and Expenditures; and
- Dispositions.

For greater certainty, operational expenditures (other than major maintenance items) are not Covered Items. Financial Commitments that are Covered Items must first be approved by way of an Investment Request Form ("IRF") as described in Section 3 of this DOA.

**2.5. Emergency Purchases**

The necessary steps in the event of emergency purchases are documented in the Procurement Policy. Emergency purchases require approvals consistent with this policy within 48 hours.

## 3 IRF APPROVAL PROCESS

### 3.1. Approval of Covered Items

All Covered Items (as defined in Section 2.4 above) must be approved through an IRF and in accordance with the Authority Limits. If a Covered Item is also an Investment Transaction, evidence of BREG Investment Committee recommendations, as applicable, will be noted by the signature of the CEO, CFO, COO or General Counsel of Brookfield Renewable on the IRF, together with the date of relevant meeting(s).

IRFs must be completed in the form prescribed by the operating platform or corporate group, together with any additional information as required by the Procurement Policy or other policies in place within the Organization, as applicable from time to time. Depending on the level of approval required pursuant to the Authority Limits, a presentation and/or additional documents may be required by the responsible party granting approval.

### 3.2. Project Sponsor

All Covered Items should have an identified project sponsor who is responsible for ensuring that all steps of the approval process are followed including (but not limited to) obtaining necessary approval(s) and preparation of supporting documentation. The project sponsor should be the person with accountability for the scope, schedule and budget of the Covered Item. In the case of a Covered Item of \$3,000,000 or more, the project sponsor shall be the CEO of the relevant operating platform. Once a Covered Item has obtained the required approvals under an IRF, underlying Financial Commitments that relate to such Covered Item such as invoices, purchase orders, etc. will be processed and funds will be disbursed pursuant to the procedures set out in the Procurement Policy, always in accordance with the Authority Limits, except that the project sponsor has authority to approve any underlying Financial Commitments that form part of an approved IRF, regardless of whether such Financial Commitment exceeds that individual's Authority Limit, provided that such Financial Commitment formed part of the approved IRF.

### 3.3. Process

#### 3.3.1. Commitment of Funds

Funds, including processing of purchase orders, invoices, etc. can only be committed to a Covered Item once the IRF has been approved based on the Authority Limits. The IRF must be approved prior to making any purchase commitments or the commencement of any work. Irrespective of the accounting treatment; total costs of a project must be tracked for management reporting purposes. Once the IRF is approved, a project number will be assigned to the project. This project number must be referenced in all subsequent approvals relating to that particular project in accordance with the Procurement Policy. Sustaining capital, profit improvement and IT replacement capital projects must consider and include any assets that will be written-off as part of the project. These must be clearly identified in the IRF for approval.

#### 3.3.2. Routing of IRF

For purposes of approval, a routing page must be attached to the IRF. It is the responsibility of the project sponsor to indicate on the routing sheet the required signatures. It is also its responsibility to ensure that all necessary signatures are obtained and retained, including for entities which are not owned 100% by the Organization that may have other approval requirements for financial expenditures. While it is desirable to obtain signatures for all levels of authority up to the final required approval, certain circumstances may render this impossible. The requirement to obtain signatures of all prior levels on the routing sheet shall be at the discretion of those granting the final required approval.

### 3.3.3. Cost Overrun and Scope Change

When a material change in scope or a Covered Item's forecasted cost indicates that the total cost will exceed the approved IRF by more than 10%, a supplementary IRF must be prepared reflecting the new scope or total cost. If the increase in total cost is such that the next approval level would be required for the total cost of the Covered Item, the supplementary IRF must be submitted for the approval of the next signatory in the Authority Limits.

Example:

- (1) A sustaining capital project was approved for \$1,300,000, and cost overruns are expected to push the total cost to \$1,443,000 (an 11% overrun), a supplementary IRF for \$1,443,000 must be prepared for approval by the individuals who first approved the IRF (the CFO **AND** COO or SVP of the operating platform).
- (2) A sustaining capital project was approved for \$1,400,000, and cost overruns are expected to push the total cost to \$1,554,000 (an 11% overrun), a supplementary IRF for \$1,554,000 must be prepared for approval by the individuals who first approved the IRF (the CFO **AND** COO or SVP of the operating platform) **AND** the CEO of the relevant operating platform (as the total cost of the project now exceeds the limit of authority of the CFO/COO/SVP of \$1,500,000).

Causes of the variation must be clearly explained in the supplementary IRF and supporting documentation. If there are additional cost overruns, an additional supplementary IRF must be prepared when the additional cost overruns will exceed the initial supplementary IRF by more than 10%.

### 3.3.4. Additional Specifics

Further specifics and requirements for the approval of an IRF in respect of each category of Covered Items can be found in the Procurement Policy.

## 4 CONTRACTUAL COMMITMENTS

### 4.1. Scope

The following sets forth the requirements applicable to the Organization in respect of the approval, negotiation, review and execution of Contractual Commitments. A Contractual Commitment may only be executed on behalf of the Organization IF:

- (i) any financial obligation (i.e. Financial Commitment) in the Contractual Commitment has been approved in accordance with Sections 2 and 3 (including related policies referenced therein if applicable); **AND**
- (ii) it has been reviewed and approved (if applicable) in accordance with this Section 4.

### 4.2. Review and Approval of Contractual Commitments

All Contractual Commitments must be reviewed and approved by internal legal counsel of the applicable operating platform or corporate group in which the contracting entity belongs prior to execution.

Notwithstanding the foregoing, any of the Organization's General Counsel or the General Counsel of any of the Organization's operating platforms (with respect to his or her platform) may authorize the use of certain form agreements which may be utilized without prior legal counsel review. Any such approved standard forms shall be listed on a schedule to the Procurement Policy. Any amendments to approved standard form agreements must be approved by the Organization's internal legal counsel prior to execution.

### **4.3. Execution Authority**

#### ***4.3.1. Execution of Contractual Commitments***

Contractual Commitments shall be executed as authorized by the contracting entity's by-laws or other constating documents. In general, the constating documents of the Organization's entities require that Contractual Commitments be signed by two officers or directors of the contracting entity, unless specifically authorized otherwise by a resolution of the Board of Directors or other governing body of the contracting entity.

Unless it is impracticable in the circumstances, at least one signatory signing a Contractual Commitment on behalf of the Organization should have knowledge of the subject matter of the Contractual Commitment.

#### ***4.3.2. Contractual Commitment Execution Request***

All Contractual Commitments ready for execution must be well explained and submitted for execution with advance notice that is reasonable in the circumstances.

For the execution of Contractual Commitments, the Organization's legal department will complete a Contract Execution Request Form, which shall be provided to the signatories being asked to sign the Contractual Commitment.

### **5. Deployment of Funds**

Once a Financial Commitment has been properly approved according to this DOA and the Procurement Policy or other ancillary policies as applicable, the treasury department and accounts payable department of the applicable platform will make the payments required by the Financial Commitment as described by the Treasury Policy.

# APPENDIX A

## RELATED POLICIES

- Anti-Bribery and Anti-Corruption Policy
- Charitable Giving Guidelines
- Investment Decision Framework
- Procurement Policy
- Travel and Entertainment Policy
- Treasury Policy
- US Political Contributions Policy

# APPENDIX B

## INVESTMENT TRANSACTIONS

An “Investment Transaction” is any transaction that involves the investment by BREP, Brookfield Renewable Energy L.P. or its direct subsidiaries (collectively herein, the “Service Recipients”) of new capital or that results in the return of a material amount of capital to the Service Recipients, including, without limitation:

- a) Acquisitions: new investments or the acquisition of new assets or businesses, other than “bolt-on” acquisitions to existing businesses that do not require the investment of new capital by Service Recipients;
- b) Greenfield Investments: any greenfield investment involving equity funding, where Service Recipients are providing a contribution to the required equity funding;
- c) Private Fund: any matter requiring investment of new capital by Service Recipients into a private fund of which a Service Recipient is an investor;
- d) Additional Funding: any decision that requires additional equity funding to an existing business where a Service Recipient is providing a contribution to the required equity funding;
- e) Divestments: divestment of all or a material part of an existing business or asset where the result is a return of a material amount of capital to a Service Recipient; and
- f) Capital projects: any one-off (non-maintenance) capital expenditure project in an existing business where a Service Recipient is providing a contribution to the capital cost,

but, for the avoidance of doubt, an “Investment Transaction” does not include:

- i. any investment by an operating business that is funded from within the operating business, for example, from operating cash flow, existing reserves, working capital or drawings under non-recourse credit facilities at the operating company level, in each case in the ordinary course of business; or
- ii. distributions, capital contributions or returns of capital derived from cashflow of operating businesses or non-material dispositions by or refinancings at operating businesses in the ordinary course of business; or
- iii. any transaction referred to above when such transaction is conducted through the participation by Brookfield Renewable in a Brookfield sponsored or managed fund (a “Fund”) where the total commitment to such Fund has been previously approved by Brookfield Renewable (a “Fund Investment Transaction”).

All Investment Transactions regarding a matter with a value of US \$50,000,000 or above require the prior approval of the relevant Board of Directors on the recommendation and advice of the BREG Investment Committee. All Investment Transactions regarding a matter with a value under US \$50,000,000 require the prior recommendation of the BREG Investment Committee followed by the approval by the appropriate employee or officer of the Organization in accordance with the DOA.

Where an Investment Transaction relates to an investment in securities (i.e. the decision to buy, sell, vote or take similar actions with respect to securities), the BREG Investment Committee shall provide such advice and recommendation with respect to such investment to Brookfield Renewable Investments Limited (“Investco”) if the Investment Transaction is over US \$50,000,000 and to an officer or director of Investco if the Investment Transaction is under US \$50,000,000.

With respect to the review of Investment Transactions by the BREG Investment Committee, coordination with the CEO or the President of Brookfield Renewable is required to ensure that the BREG Investment Committee has sufficient time and advance notice to review the proposed transaction.

