

Procurement Policy

NORTH AMERICA

October 2, 2017



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1. Overview

Brookfield Renewable's North American platform (the "Organization" or "Brookfield Renewable, NA") is committed to ethical business practices and a comprehensive system of internal controls. This Procurement Policy (the "Policy") commits the Organization and every individual involved in purchasing and supply management processes within the Organization, to conduct purchasing and contracting activities in a manner that is:

- › Compliant with laws, regulations and the Organization's policies and procedures;
- › Accountable and auditable;
- › Ethical, environmentally and socially responsible; and
- › Cost effective.

1.1 Purpose/Objectives

The purpose of the Policy is to establish guidelines for all procurement activities, including the planning, acquisition and management of goods, supplies, expendable property, plant and equipment and services by the Organization (each such procurement activity governed by this Policy, a "Procurement Activity" and each third party providing such products, goods or services governed by this Policy, a "Supplier"). The principal objectives of the Policy are the following:

- › Providing a framework for disciplined procurement decision-making that focuses on value enhancement and cost reduction that aligns corporate social responsibility (including operating health, safety, security and environmental protection requirements) with investment risk and meets the needs of external and internal clients;
- › Defining responsibilities for Procurement Activities;
- › Implementing appropriate internal controls and audit trail processes, including regular reporting of Procurement Activity to assess performance; and
- › Promoting strong corporate governance and effective oversight across all Procurement Activities.

1.2 Scope and Exclusions

This Policy applies to Brookfield Renewable's North American platform, which includes Brookfield BRP Canada Corp. and Brookfield Energy Marketing Inc. and all of their controlled subsidiaries, employees, and consultants when conducting any Procurement Activity, regardless of dollar value, with the exception of the following:

- › **Energy Marketing and Trading Transactions:** all power, natural gas and related products, and all hedging and financial instrument transactions in connection with the purchase and sale of energy products that are governed by Brookfield Renewable, NA's Risk Management Policy and/or Brookfield Energy Marketing LP ("BEM LP")'s Risk Management Policy;
- › **Regulatory Charges:** purchases or payments to comply with regulatory requirements that are not negotiable, such as standard utility expenses, land taxes, license fees, filing fees, etc.;
- › **Travel and Entertainment:** purchases made that are governed by the Travel & Entertainment Policy;
- › **Purchases permitted to be made via a Brookfield Renewable Purchasing Card:** these purchases are detailed in and governed by Section 5 of this Policy and the Procurement Card Procedures;

- › **Legal Services:** purchases made for legal services, including but not limited to, corporate entity management fees, agent for service fees and external legal counsel fees, under \$1 million on a per matter and per Supplier basis;
- › **Financial Services:** placement agents' fees and any other purchases made for financial services, including credit rating services, in the context of a financing transaction under \$3 million on a per transaction and per Supplier basis;
- › **Other policies:** any other procurement activity covered under policies providing exceptions to this Policy that have been approved by the Chief Financial Officer of Brookfield Renewable, NA ("CFO").

1.3 Related Policies and Forms

This Policy should be read in conjunction with the various related Brookfield Renewable, NA policies and procedures, where applicable, including but not limited to:

- › Brookfield Renewable Partners, L.P. ("BEP")'s Code of Business Conduct and Ethics;
- › BEP's Delegation of Authority and Commitment Policy ("DOA Policy");
- › BEP's Anti-Bribery and Anti-Corruption Policy and related procedures and guidelines;
- › Brookfield Renewable, NA's Procurement Card Procedures;
- › BEP's Travel and Entertainment Expense Policy;
- › BEP's Health, Safety, Security and Environmental Policy including Contractor's Health, Safety, Security and Environmental Obligations;
- › Brookfield Renewable, NA's and BEM LP's Risk Management Policies; and
- › Brookfield Renewable, NA's Charitable Giving Guidelines.

1.4 Currency

All monetary values presented in this Procurement Policy 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.

1.5 Functional Responsibilities

Each Procurement Activity undertaken pursuant to this Policy should involve the following three functional departments which should be collaborating with one another throughout the process:

1. **The department with which the request for the Procurement Activity originates (the "Requestor")**
 - Makes the initial request for the Procurement Activity, provides guidance and direction as to objectives and parameters of the Procurement Activity; and
 - Ensures the Procurement Activity conducted by the department adheres to this Policy and all other policies of the Organization and reflects the corporate strategy and objectives of the Organization, with a focus on operating risk mitigation, cost reduction and strong internal controls.

2. Procurement Department

- Establishes and maintains the Brookfield Renewable, NA procurement strategy and objectives under the direction and oversight of the CFO and the other members of Brookfield Renewable, NA's senior management;
- Designs and executes objective procurement processes which are consistent with this Policy and the procurement strategy and objectives of the Organization; and
- Leverages BEP's global business to optimize processes.

3. Legal Department

- Participates in the procurement process with the above departments and provides legal advice as necessary or required;
- Drafts, reviews and participates in the negotiation of legal and commercial terms for Procurement Activity contracts as set out herein; and
- Creates and maintains templates for Procurement Activity contracts containing the Organization's preferred terms and conditions.

2. Overall Procurement Process

2.1 Overview of the Procurement Process

The general steps applicable to any Procurement Activity are as follows. All Procurement Activities conducted pursuant to this Policy should be made through the Organization's ERP system ("IFS") and in compliance with this Policy and should not be made using cash or cash equivalents. If petty cash funds are necessary, they should be disbursed in accordance with the guidelines authorized by the CFO.

2.1.1 Step One – Kick-off/Launch meeting

For a Procurement Activity of a value of more than \$100,000, the Requestor shall advise the Procurement Department of such Procurement Activity, at which time, the Procurement Department will schedule a kick-off meeting with representatives from the Requestor's department and the Legal Department. If the value of the Procurement Activity is less than \$100,000, the Requestor may choose to skip this Step One.

2.1.2 Step Two – Supplier Selection

The Requestor, with the support of the Procurement Department as applicable, will determine and conduct the appropriate Supplier selection process pursuant to Section 3 below, based on the estimated value of the Procurement Activity.

2.1.3 Step Three – Approvals

A) Investment Requisition Form ("IRF")

If the Procurement Activity requires an approved IRF, the Requestor is responsible for completing and obtaining the appropriate approvals to an IRF, in accordance with the DOA Policy.

IRF requirements are reproduced from the DOA Policy below for convenience, however, the Requestor should refer to the DOA Policy for completeness and accuracy:

All requisitions for good and services for investments in the business and the strategic deployment of capital must have a completed and approved IRF in accordance with the DOA Policy, where such requisitions involve a contract value of \$20,000 or more and relate to the following activities:

- › *Development and Construction Projects;*
- › *Due Diligence and Mergers and Acquisitions;*
- › *Operational Capital and Major Maintenance;*
- › *Information Technology Projects and Expenditures; and*
- › *Dispositions.*

An approved IRF does not replace the additional approval requirements required pursuant to this Policy.

B) Purchase Requisition (“P.R.”)

A P.R. should be created by the Requestor for all Procurement Activities. The P.R. is created in IFS and serves as the initial creation of the Procurement Activity in IFS. The P.R. precedes the creation of a Purchase Order and contains information such as the Requestor, the purchase price of the goods or services procured, coding and a description of the goods/ services being procured.

C) Purchase Order (“P.O.”)

Once the Supplier selection process is complete and a P.R. has been created, the Procurement Department should create a P.O. The P.O. is created in IFS and includes information similar to the information appearing on the P.R., but also includes Supplier information, the project number and IRF number, if applicable. The P.O. triggers approvals required pursuant to the DOA Policy. Note that approvals pursuant to the DOA Policy are required for both the IRF and the P.O.

2.1.4 Step Four – Contract Drafting and Execution

Once the above steps have been completed, the contract applicable to the Procurement Activity should be prepared in accordance with Section 4 below.

3. Supplier Selection Process

The applicable process for selecting Suppliers is based on the value and nature of the goods or services being procured. There are two main Supplier selection processes to be employed for Procurement Activities covered by this Policy: competitive proposal procurement and sole source procurement. Whenever possible, competitive proposal procurement is encouraged.

Unless otherwise justified pursuant to this Policy, Procurement Activities that have a total value of more than \$50,000 should be subject to a competitive proposal process. The number of proposals required is set forth in the table below.

| Total Value of Contract | Minimum Number of Proposals |
|----------------------------|-------------------------------------|
| < 50 000\$ | 1 Proposal (Sole source authorized) |
| ≥ 50 000\$ and < 100 000\$ | 2 Proposals |
| ≥ 100 000\$ | 3 Proposals |

Aggregate value of Procurement Activity cannot be split up to avoid bid requirements.

Dividing the value of a Procurement Activity in two or more parts to evade a limit of authority is prohibited and is a violation of this Policy and the DOA Policy. A series of reasonably related Procurement Activities shall be treated as a single transaction for purposes of determining approval and authority levels required under this Policy.

Changes to a Procurement Activity

If a change to a Procurement Activity, including by way of change order or otherwise, results in the total value of the contract related to such Procurement Activity being increased such that additional bids would have been required pursuant to this section, the Requestor should seek advice from the head of the Procurement Department who should make a determination as to whether the Requestor should apply a different Supplier selection process for the additional goods and services to be procured.

3.1 Contracts exceeding \$50,000 – Competitive Procurement Process

3.1.1 General Process and Objectives

A competitive procurement process requires a formal written proposal to be solicited from a minimum of two (2) Suppliers. The purpose of the competitive procurement process is to ensure the lowest total acquisition cost for significant Procurement Activities while providing fair opportunities to Suppliers submitting proposals. The detailed steps applicable to a competitive procurement process can be found in the Procurement Process Procedures. All documentation related to Supplier selection in a competitive procurement process should be retained in accordance with the Procurement Process Procedures.

3.1.2 Overview of Roles

The following is a general overview of the roles of each party in the competitive procurement process:

Requestor:

- › Provide Procurement Department with list of suggested Suppliers
- › Provide technical requirements and support
- › Support bids analysis and negotiations
- › Conduct the applicable functions of the Procurement Department set out below if the value of Procurement Activity is under \$100,000

Procurement Department:

- › Manage competitive process if the value of the Procurement Activity is above \$100,000
- › Support selection of the Supplier based on factual technical and commercial elements using the comparative grid described in the Procurement Process Procedures (“Comparative Grid”)
- › Develop the negotiation mandate to ensure internal Stakeholder alignment and buy-in (Technical requirements, budget, contractual expectations)
- › Gather legal requirements, obtain form of agreement from the Legal Department
- › Drive the commercial negotiations and assist the legal department in the negotiation of legal terms and support the technical discussions
- › Create Contract Execution Request Form
- › Create PO Summary form for executive approval

Legal Department:

- › Provide legal advice as required and provide support as set out in Section 4 below.

3.1.3 Ethical and fairness considerations

The Organization is committed to conducting fair and ethical competitive procurement processes. An offer to submit a proposal should only be extended to Suppliers whom the Organization believes has the knowledge and capability to perform the work required by the opportunity. The Procurement Process Procedures include guidelines and processes that reflect the following principles, among others:

- › Objective, unbiased and fair processes as between potential Suppliers relating to: disclosure of Procurement Activity information, requirements/deadlines, access to Organization, Q&A;
- › Protection of Suppliers' confidential information;
- › Compliance with the Organization's ABC Policy;
- › Ethical, environmentally and socially responsible

3.2 Sole Source Procurement Process

3.2.1 General Process and Objectives

Sole source procurement is a procurement process by which a contract is entered into with a Supplier in connection with a Procurement Activity without a competitive procurement process taking place. Sole source procurement is typically the preferred procurement process across the Organization for securing goods or services of a low dollar value. Sole source procurement is authorized under this Policy for any Procurement Activity where the total contract value is under \$50,000. The detailed steps applicable to a sole source procurement process can be found in the Procurement Process Procedures.

Where the total contract value for a Procurement Activity is over \$50,000, sole source procurement must be authorized and documented pursuant to Section 3.3. below.

3.2.2 Overview of Roles

The following is a general overview of the roles of each party in the sole source procurement process:

Requestor:

- › Complete the Procurement Deviation Justification Form for Procurement Activity over \$50,000 as set out in Section 3.3 below
- › Provide technical requirements and support
- › Support negotiations
- › Conduct the functions of the Procurement Department set out below if the value of Procurement Activity is under \$100,000

Procurement Department:

- › Manage the sole source procurement process if Procurement Activity is over \$100,000:
- › Develop the negotiation mandate to ensure internal stakeholder alignment and buy-in (technical requirements, budget, contractual expectations)
- › Gather legal requirements, obtain form of agreement from the Legal Department
- › Drive the commercial negotiations and assist the legal department in the negotiation of legal terms and support the technical discussions
- › Create Contract Execution Request Form
- › Create PO Summary form for executive approval

Legal Department:

- › Provide legal advice as required and provide support as set out in Section 4 below.

3.3 Exceptions to Supplier Selection Process

Procurement Activities may deviate from the requirements with respect to the Supplier selection process set forth in this Section 3 in the following circumstances:

- › **Deviation Justification:** A Requestor may request a deviation to the Supplier selection processes set forth in this Section 3 (e.g. reducing the minimum number of bids required or sole sourcing above \$50,000) by filling out a Procurement Deviation Justification Form and getting it approved by the head of the Requestor's function (VP level) and the Vice President of Procurement if the value of the Procurement Activity is under \$250,000. If the value of the Procurement Activity exceeds \$250,000, the CFO and the Senior Management Team head of function must approve the Procurement Deviation Justification Form. If the value of the Procurement Activity exceeds \$1,500,000, the CFO, the Senior Management Team head of function and the Chief Executive Officer of Brookfield Renewable, NA must approve the Procurement Deviation Justification Form. All Procurement Deviation Justification Forms should be saved in accordance with the Procurement Process Procedures. A new Procurement Deviation Justification Form should be filled out and approved for each deviation requested, even if a Procurement Activity is undertaken with a Supplier in respect of which a deviation has been approved in the past.
- › **Emergency Procurement:** In the event of an emergency situation where the requirements set forth in this Policy cannot be complied with (such as in the case of a credible threat to health, safety, security, the environment or the maintenance of essential company services) and response to the emergency requires the immediate procurement of goods and/or services, such goods and/or services as is deemed necessary to remedy the emergency situation, may be procured by the department responding to the emergency. Such emergency procurement should be approved verbally or via email in accordance with the DOA Policy. The relevant details surrounding the emergency, along with the approved requisitions, should then be included in a report and submitted to the individual who approved the emergency procurement and the appropriate head of the function that conducted the emergency procurement. Best efforts should be used to deliver the emergency procurement report within 48 hours following the event. The Vice President of Procurement and the CFO shall also be notified within 48 hours of the event.

3.4 Supplier Creation

The Organization should only select and enter into procurement contracts with Suppliers who have been appropriately vetted and who meet the Organization's requirements, including those relating to corporate social responsibility (including health, safety, security and protection of the environment), anti-bribery and anti-corruption prevention.

The Requestor and, where applicable the Procurement Department, are responsible for complying with all of the Organization's policies when contracting with any Supplier, including the Organization's ABC Policy.

Once selected, the Supplier should be vetted and recorded in IFS pursuant to the Procurement Process Procedures. Prior to entering into a contract with a selected Supplier, the Requestor is responsible for determining whether the Supplier is already recorded in IFS. If the Supplier is a new Supplier, the Requestor is responsible for filling out the Supplier Master Request Form in order to create the Supplier in IFS.

4. Contracting and Legal Requirements

4.1 Overview of the Contractual Process

Whether the selection of a Supplier is conducted through sole source procurement or a competitive procurement process, a contract setting out the terms and conditions of the arrangement should be entered into between the parties. For Procurement Activities of a total value of less than \$100,000, a Purchase Order with terms and conditions may be used. For Procurement Activities of a total value of more than \$100,000, a more fulsome contract should be prepared. Once the procedures set out in this Section are completed, the contract should be ready for execution. In order to get the contract ready for execution, the Procurement Department should fill out a Contract Execution Request Form and contact the Legal Department to request the execution of the contract.

4.2 Contractual Terms

The Organization's General Counsel may authorize the use of certain form agreements which may be utilized by the Requestor or the Procurement Department without legal counsel review. The Legal Department is responsible for establishing and maintaining standard form procurement agreement templates containing the Organization's preferred terms and conditions. Whenever possible and appropriate, these standard form of agreements should be used.

Any modifications to approved standard form agreements must be approved by the Organization's internal legal counsel prior to execution.

The Legal Department is also responsible for reviewing Supplier contract terms where the Organization's standard terms cannot be used. In such a case, the Legal Department should be consulted and is responsible for drafting and providing an appropriate form of contract or approving the form of contract proposed by the Supplier. All contracts related to Procurement Activities of a total value of more than \$100,000 must be provided, reviewed and approved by the Legal Department.

In situations where a standard form of agreement was modified by the Legal Department in the context of a particular Procurement Activity, the revised agreement may not be used for any subsequent Procurement Activity without the prior approval of internal legal counsel.

5. Procurement Cards

Procurement cards ("P-Cards) are Brookfield Renewable selected credit cards assigned to authorized cardholders as a convenient method of purchasing select items for business purposes. The P-Card enables the cardholder to purchase items directly from Suppliers without having to comply with the requirements of the procurement process set out in this Policy, including the issuance of a purchase order.

P-Cards are permitted and issued to streamline administrative activities associated with purchasing of non-travel and entertainment (T&E), high volume, low dollar transactions to reduce the bureaucratic and procedural burden of processing these types of transactions. P-Cards are limited to business use only and may not be used for items of a personal nature or for certain prohibited transactions. P-Cards may be issued upon the approval of the CFO and the Senior Management Team head of the applicable function (or VP of an operational region) and may only be issued to individuals who report to an individual with approval authority under the DOA Policy. Procurement Card Procedures have been put in place outlining the parameters, responsibilities and restrictions applicable to the P-Cards at Brookfield Renewable, NA.

6. Roles and Responsibilities

6.1 Policy Owner

The owner of this Policy is the CFO; any amendments or deviations to this Policy must be approved by the CFO, except as otherwise expressly provided herein.

6.2 Policy Accountability

Department managers are tasked with the responsibility to ensure that all Procurement Activity in their departments are conducted pursuant to this Policy.

6.3 Compliance

All employees are expected to understand the requirements of this Policy and, where applicable, their approval limits as defined in the DOA Policy.

If you witness behavior on the part of the Organization's personnel that you believe may represent a violation of this Policy you should promptly report it. Internal reporting is important to the Organization and it is both expected and valued. Reports should in the first instance be made to the Chief Risk Officer, NA, internal legal counsel or your supervisor who will ensure that the information is properly handled and escalated as necessary. In the event that this does not appear to be an appropriate avenue because of the nature or the content of the report, it should be made to the Ethics Reporting Line or Ethics Reporting Website. The Ethics Reporting Line is managed by an independent third party called Navex and allows anyone to anonymously report suspected unethical, illegal or unsafe behavior, in English, French, Portuguese, Spanish and other languages, toll-free, 24 hours a day, 7 days a week. Anonymous reports can also be made online using the Ethics Reporting Website, which is also managed by Navex and is offered 24 hours a day, 7 days a week in the same languages as the telephone line. Please see Appendix "A" for the contact details of the Ethics Reporting channels.

Brookfield Renewable will impose disciplinary measures on individuals found to have breached this Policy in a manner that is fair, consistent and that reflects the nature and facts of the violation.

APPENDIX A

ETHICS REPORTING

Ethics Reporting Line:

North America: 1-800-665-0831

Brazil: 0800-777-0772

UK: 0-808-234-2210

Ireland: 1-800-94-6551

Portugal: 800-78-4717

Colombia: 01 8000 41 00 27 / +57 (4) 361 53 20

Worldwide: 770-613-6339

Ethics Reporting Website:

<https://brookfieldrenewable.tnwreports.com/>

Note: The type of reports that can be made to the Ethics Reporting Line may be restricted in certain jurisdictions under applicable local law. Please contact Navex for further details on such restrictions.