



**MANDATE OF THE BOARD OF DIRECTORS**  
CAPSTONE INFRASTRUCTURE CORPORATION  
UPDATED AUGUST 2019

## **CAPSTONE INFRASTRUCTURE CORPORATION**

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

The term “Corporation” herein shall refer to Capstone Infrastructure Corporation and the term “Board” shall refer to the Board of Directors of the Corporation. “Capstone Infrastructure Group” means, collectively, the Corporation and each subsidiary entity of the Corporation (a “Subsidiary”). The term “Management” herein shall refer to senior management of the Corporation and all Subsidiaries.

The Board is elected by the shareholders and is responsible for the stewardship of the affairs of the Corporation. The directors shall act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board seeks to discharge such responsibility by supervising and reviewing the Corporation’s investments, conducting the affairs of the Corporation and monitoring the stewardship of any Subsidiaries.

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the Corporation’s affairs. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of Management and by overseeing Management to ensure a culture of integrity is maintained.

Although directors may be elected by the shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation must be paramount at all times.

The Corporation is a publicly listed vehicle which must comply with the applicable securities laws and the Board is responsible for overseeing such compliance by the Corporation.

### **INDEPENDENCE OF DIRECTORS**

At least three of the directors must be independent of the Corporation and the business of Capstone Infrastructure Group and there may be only two independent directors if a third director is exempt from the independence requirement and otherwise fulfills the requirements set out under National Instrument 52-110 – *Audit Committees*. In order to be “independent”, the director must qualify as independent as defined in National Instrument 52-110 – *Audit Committees*, and as set out in the Corporation’s Corporate Governance Guidelines. However, the fact that a director is also a director of a Subsidiary shall not disqualify the director from being considered to be an “independent director” of the Corporation if the director would otherwise meet the foregoing tests.

### **MEETINGS**

The Board will meet at least once in each quarter, with additional meetings held as deemed advisable. The chair of the Board (the “Chair”) is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by, any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The independent directors will hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of Management are not present.

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

## **DUTIES OF DIRECTORS**

The Board discharges its responsibilities both directly and through its committees, the Audit Committee and the Corporate Governance & 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. In addition to the Board's primary roles of supervising the activities and managing the investments and affairs of the Corporation, principal duties include, but are not limited to the following categories:

### **Oversight of the Corporation's Governance**

1. The Board is responsible for acting for, voting on behalf of and representing the Corporation as a holder of shares, notes and other securities of Subsidiaries.
2. The Board is responsible for reviewing the performance of the directors of the Corporation and, at least biennially, conducting an effective evaluation of the directors of the Corporation.
3. Annually, the directors of the Corporation will collectively review and, if appropriate, update this mandate.
4. The Board is responsible for ensuring the directors of Subsidiaries provide reports on operational matters pertaining to the Corporation's investments to the Board and reports on performance matters pertaining to the management of the Corporation's investments.
5. The Board is responsible for conducting a review of the performance of the Corporation against the goals and objectives as set out in the strategic plan and budget of the Corporation.
6. The Board may delegate to Board committees matters it is responsible for, but the Board retains its oversight function and ultimate responsibility for all delegated responsibilities.
7. The Board is responsible for reviewing, at least annually, the succession plans of the Corporation for the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.
8. The Board is responsible for ensuring that the composition and organization of the Board, including: the number, qualifications and remuneration of directors, the number of Board meetings; Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings comply with the requirements of the *Business Corporations Act* (British Columbia), the *Securities Act* (Ontario) and the Articles of the Corporation, subject to any exemptions or relief that may be granted from such requirements.

9. The Board is responsible for ensuring that each director has an understanding of the Corporation's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership.

### **Monitoring of Financial Performance and Other Financial Reporting Matters**

10. The Board will review, provide input and approve the Corporation's strategic plan and budget.
11. The Board is responsible for considering appropriate measures it may take on behalf of the Corporation if the performance of Capstone Infrastructure Group and the assets under Management's authority to manage, supervise and/or operate do not meet the Corporation's goals or other special circumstances warrant.
12. The Board shall be responsible for approving the Corporation's annual and interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, as well as the Corporation's annual information form.
13. The Board is responsible for reviewing and approving material transactions involving the Corporation and the Board is required to approve the payment of dividends, the purchase and issuance of securities, acquisitions and dispositions of material assets by the Corporation and material expenditures by the Corporation.

### **Policies and Procedures**

14. The Board is responsible for:
  - (a) maintaining records on the Corporation's affairs and investments;
  - (b) approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;
  - (c) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
  - (d) enforcing obligations of the directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations.
15. The Board is responsible for approving an External Communications Policy respecting communications to the public and an Insider Trading Policy respecting insider trading and reporting matters.

### **Communications and Reporting**

16. The Board is responsible for:

- (a) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;
- (b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting or other applicable standards and related legal disclosure requirements;
- (c) taking steps to ensure the timely disclosure of any other developments that have a significant and material impact on the Corporation;
- (d) overseeing annual reporting to shareholders for the preceding year;
- (e) overseeing the provision to shareholders of all such information as is required by applicable law;
- (f) overseeing the investor relations and communications strategy of the Corporation;  
and
- (g) overseeing the Corporation's ability to accommodate feedback from shareholders.

#### **Professional Advisors for Directors**

17. Each director and the Board as a whole shall have the ability to take independent professional advice where that director or the Board considers it necessary to carry out their duties and responsibilities. Any costs incurred as a result of the director or the Board consulting an independent expert will be borne by the Corporation, subject to the estimated costs being approved by the Chair in advance as being reasonable and the procedures as set out in the Corporation's Corporate Governance Guidelines being followed.