



Yukon Energy Corporation

Terms of Reference

ESG Committee

Approved May 11, 2022

A. PURPOSE

The Environmental, Social and Governance Committee (Committee) assists the board of directors (Board) of Yukon Energy Corporation (YEC) in:

- Providing oversight and ensuring effective oversight of the management of YEC's sustainability program and environmental and social matters relating to YEC
- Ensuring YEC's and the Board's governance matters are consistently managed in a way that supports the fulfilment of YEC's purpose and strategy in compliance with YEC's policies, standards and legal and regulatory obligations. Specifically, the Committee assists the Board in the oversight and assessment of the environmental, social, and governance matters outlined in the Duties and Responsibilities below (collectively, "ESG Matters").

In fulfilling these responsibilities, the Committee is supported by the CEO and other members of management as determined appropriate by the CEO and the Committee Chair.

B. GUIDELINES FOR COMMITTEES

In carrying out its role and responsibilities, and in determining its composition, the Committee follows the Committee Operating Guidelines.

C. DUTIES AND RESPONSIBILITIES

The Committee assists the Board in the oversight of ESG Matters and the monitoring of the strategic plan implementation, ensuring there is a coordinated approach to such matters. For ESG Matters, it is recognized that there may be overlap with some of the responsibilities delegated to the Board's other committees where such committees may have oversight responsibility for specific aspects of such matters. The Committee coordinates or interacts as necessary with such committees.

The Committee specifically has the following responsibilities:

Overall

- Oversee and make recommendations¹ concerning the development of YEC's approach to long-term sustainability, including YEC's environmental management and social engagement strategies (ESG-

¹ Where recommendations are referred to, recommendations are to the Board unless otherwise indicated.

related strategies), goals, and performance targets, ensuring YEC consistently exhibits and promotes ethical, transparent, and responsible behaviour

- Oversee YEC’s sustainability program and maintenance of YEC’s “Sustainable Electricity Company” designation granted by the Canadian Electricity Association
- Monitor the implementation and effectiveness of YEC’s ESG-related strategies against established goals and performance targets

Environment

Oversee and make recommendations concerning YEC’s goals, strategies, policies, and practices relating to:

- Sustainable development and the monitoring and management of YEC’s environmental impact
- Addressing climate change within the context of YEC’s purpose and strategy, including assessment of the impact of climate change as it relates to YEC, the methodology of assessment, and the development and implementation of YEC’s climate change adaptation plan
- Ensuring a renewable energy focus, including renewable electricity plans in keeping with the Yukon government’s regulations, directions, and strategies

Social

Oversee and make recommendations concerning YEC’s goals, strategies, and key policies relating to social responsibility and ethical matters, considering operational and organizational risks, including:

Health and Safety

- Health, safety, well-being and security of YEC’s employees and contractors and of the communities in which YEC operates

Reconciliation

- The development and implementation of YEC’s plan for reconciliation with First Nations

People and Ethical Responsibility

- Responsible management of the broader external social and human rights impacts of the activities of YEC
- The reputational impacts of YEC’s policies and initiatives to ensure appropriate safeguards are in place for dealing fairly and ethically with parties impacted by YEC’s activities

External Relationships and Community

- YEC’s relationship, engagement, and alignment with its shareholder and the Yukon government
- Oversee maintenance of YEC’s “Progressive Aboriginal Relations (PAR)” designation
- In the context of YEC’s purpose and strategy, YEC’s overall approach to engagement, relationships, collaboration, and communication with:
 - YEC’s First Nations partners, including the First Nations investment framework and First Nations participation in YEC’s projects
 - Regulators

- YEC's external partners, local communities, and stakeholders
- The contribution of YEC to the development of vibrant communities and sustainable livelihoods

Sponsorship

- The annual review and implementation of YEC's Donations and Sponsorship Policy

Governance

- At least annually, review the approach to governance and governance framework for YEC, including the Board manual, and advise the Board regarding:
 - Areas of concern
 - Best practices
 - Recommended changes
- Annually review the composition of the Board as a whole and recommend, if necessary, changes to the Board Skills and Experience Profile
- Assist the Board annually to review the skills and experience required on the Board, update the Board Skills and Experience Profile, identify any gaps that should be filled in new Director candidates, also taking into consideration desired skills and experience in ESG Matters
- Ensure robust programs are in place for new Director orientation and ongoing Director professional development
- Ensure a robust orientation program is in place for orientation of Committee members to the ESG Committee, and lead such orientation
- Approve Director participation at conferences and education sessions that fall within the Directors' education budget and provide support to their role as Directors
- Recommend the process for, and support, the annual review processes for evaluating the effectiveness of the Board, Committees, the Board Chair, Committee Chairs and Directors
- Oversee compliance with and annually coordinate the process for Directors to review and sign the Code of Conduct and conflict of interest policy
- Review and monitor legislation and/or litigation affecting the duties, responsibilities, and potential liability of Directors

Compliance, Audits and Investigations, And Reporting

- In collaboration with the Audit Committee², monitor compliance by YEC with applicable laws, regulations, principles, and policies relating to ESG Matters
- In collaboration with the Audit Committee, monitor material investigations and litigation related to ESG Matters as appropriate

² The Audit Committee has primary responsibility for oversight of the overall approach and frameworks related to compliance, investigations, material litigation, regulatory audits, and risk management. As such, "Collaboration with the Audit Committee" means that the ESG Committee has primary responsibility for overseeing the specific area only insofar as it relates to ESG matters and will report to the Audit Committee on its oversight of such matters.

- In collaboration with the Audit Committee, monitor material regulatory audits, findings, orders, reports and/or recommendations issued by or to YEC related to ESG Matters or issues, together with Management's response thereto
- Oversee any reporting on YEC's approach to sustainability and related ESG Matters, including any integrated ESG reporting or separate reports

Strategy Monitoring

- Monitor progress against the strategic plan and achievement of strategic objectives against established key performance measures, including goals and objectives related to ESG Matters

Risk Management

- In collaboration with the Audit Committee, oversee the regular review of management's systems, control plans, and steps to assess and manage material risks and exposures relating to ESG matters as identified in YEC's enterprise risk management framework and delegated to the Committee

Policy Oversight

- Review key organizational policies related to ESG Matters and recommend any required changes

Other

- Participate in engagement activities as suggested by YEC's management and determined appropriate by the Committee