



CORPORATE GOVERNANCE GUIDELINES

1.0 Introduction:

As a publicly-traded company, Pinnacle Renewable Holdings Inc. (together with its subsidiaries, “Pinnacle” and its operating entities.

The board of directors (the “**Board**”) of Pinnacle Renewable Holdings Inc. (the “**Company**”) is committed to adhering to the high standards in its corporate governance practices.

The Board has approved the following corporate governance guidelines (the “**Corporate Governance Guidelines**”) which, together with the mandate of the Board (the “**Board Mandate**”), the charters for the committees of the Board, the position descriptions for the Board chair and committee chairs, and the nomination rights agreement dated February 6, 2018 (the “**Nomination Rights Agreement**”) provide the general framework for the governance of the Company. In the event of any conflict between these Corporate Governance Guidelines and the Nomination Rights Agreement, the Nomination Rights Agreement shall prevail. The Board intends that these guidelines will continue to evolve to address all applicable regulatory and stock exchange requirements relating to corporate governance and will be modified and updated as circumstances warrant.

2.0 Board and Committees:

Board and Committee Mandates

The Board is responsible for the stewardship of the Company and has adopted the Board Mandate setting out the Board’s responsibilities with respect to the stewardship and oversight of the Company and providing for the establishment of standing committees of the Board. Committees currently consist of the Audit Committee, the Governance, Nominating and Compensation Committee (the “**GN&C Committee**”) and the Risk Committee). The mandates of each Board committee are set out in their respective charters. The Board shall review or may delegate to the GN&C Committee to review and assess the adequacy of the Board and committee mandates and recommend any proposed changes to the Board for consideration.

Corporate Governance

The Board has delegated responsibility to the GN&C Committee for developing the Company’s approach to corporate governance for the Board’s approval, including recommending modifications to these Corporate Governance Guidelines for consideration by the Board.

3.0 Board Organization & Membership

Board Size

The Board has the ability to increase or decrease its size within the limits set out in the constating documents of the Company (the “**Constating Documents**”) and the Nomination Rights Agreement. The Board will determine its size with regard to the best interests of the Company. The Board believes that the size of the Board should be sufficient to provide a diversity of expertise and opinions and to allow effective committee organization, yet small enough to enable efficient meetings and decision-making and maximize full Board attendance.

Independence

The Board shall review and make a determination on the independence of each member of the Board (each a “**Director**” and collectively, the “**Directors**”) as required under applicable securities laws and rules of any stock exchange upon which the securities of the Company are listed, including National Instrument 52-110 – *Audit Committees*. The company will publicly disclose the determination of independence of the Directors in accordance with applicable securities laws.

Director Selection Criteria and Diversity

The GN&C Committee is required under the GN&C Committee Charter to review the characteristics, qualities, skills and experience, which form the criteria for candidates to be considered for nomination to the Board, all in light of the governance framework required under the Nomination Rights Agreement. The objective of this review will be to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of the Company. All Directors are required to possess fundamental qualities of intelligence, honesty, integrity, ethical behavior, fairness and responsibility and be committed to representing the long-term interests of the shareholders. They must also have a genuine interest in the Company and be able to devote sufficient time to discharge their duties and responsibilities effectively.

The GN&C Committee believes that having a diverse Board can offer a breadth and depth of perspectives that enhance the Board’s performance. The GN&C Committee values diversity of abilities, experience, perspective, education, gender, background, race and national origin. Recommendations concerning Director nominees are based on merit and past performance as well as expected contribution to the Board’s performance and, accordingly, diversity is taken into consideration. The GN&C Committee is mandated to identify qualified candidates for nomination as Directors and to make recommendations to the Board. When identifying candidates to nominate for election to the Board, the primary objectives of the GN&C Committee are to ensure consideration of individuals who are highly qualified, based on their talents, experience, functional expertise and personal skills, character and qualities, having regard to the Company’s current and future plans and objectives, as well as anticipated industry and market developments.

In furtherance of the Company’s commitment to diversity, the GN&C Committee will balance these objectives with the need to identify and promote individuals who are reflective of diversity for nomination for election to the Board. In particular, the GN&C Committee will consider the level of

representation of women and other diverse candidates on the Board when making recommendations for nominees to the Board. As the Company has been successful in recruiting and retaining qualified female Directors and senior executives under its existing recruitment policies and processes, the Company has not adopted any specific targets, but will promote its objectives through the initiatives set in the guidelines hereto with a view to continuing to identify and foster the development of a suitable pool of candidates for nomination or appointment.

Election by Shareholders

The Directors shall be elected each year by the shareholders of the Company at the annual general meeting of shareholders. Following a recommendation by the GN&C Committee, the Board will propose individual nominees to the shareholders for election to the Board at each such meeting, subject at all times to the nomination rights contained in the Nomination Rights Agreement. Between annual meetings of shareholders, the Board may appoint Directors to serve until the next such meeting in accordance with the Constatng Documents and the Nomination Rights Agreement.

Majority Voting

In an uncontested election (as defined below) of Directors, each Director should be elected by the vote of a majority of the shares represented in person or by proxy at the shareholders meeting convened for such election of Directors. Accordingly, if any nominee for the Board receives a greater number of votes “withheld” from his or her election than votes “for” such election, that Director shall promptly tender his or her resignation to the chair of the Board following the meeting.

The GN&C Committee shall consider any such offer of resignation and recommend to the Board whether or not to accept it. Any Director who has tendered his or her resignation shall not participate in the deliberations of either the GN&C Committee or the Board. In its deliberations, the GN&C Committee may consider any stated reasons as to why shareholders “withheld” votes from the election of the relevant Director, the effect such resignation may have on the Company’s ability to comply with any applicable governance rules and policies, the dynamics of the Board, and any other factors that the members of the GN&C Committee consider relevant.

The Board shall act on the GN&C Committee’s recommendation within 90 days following the applicable shareholders meeting and announce its decision through a press release, a copy of which shall be concurrently delivered to the Toronto Stock Exchange, after considering the factors identified by the GN&C Committee and any other factors that the Board considers relevant. The Board must accept the resignation except in situations where exceptional circumstances would warrant the Director continuing to serve on the Board. However, if the Board declines to accept the resignation, it should fully state the reasons for its decision in the press release. The resignation of a Director will be effective when accepted by the Board.

Subject to any applicable corporate law restrictions or requirements, the Nomination Rights Agreement and the articles of the Company, if a resignation is accepted, the Board may leave the resulting vacancy unfilled until the next annual general meeting of shareholders. Alternatively, it may fill the vacancy through the appointment of a new Director whom the Board considers to merit the confidence of the shareholders, or it may call a special meeting of shareholders at which there will be presented a management nominee or nominees to fill the vacant position or positions.

For these purposes, an “uncontested election” means an election of Directors where the number of nominees for election as a Director equals the number of Directors to be elected. It shall not apply where an election involves a proxy battle i.e., where proxy materials are circulated, a solicitation of proxies is carried out and/or other public communications are disseminated in support of one or more nominees who are not part of the Director nominees supported by the Board or public communications are disseminated, against one or more nominees who are supported by the Board.

4.0 Selection of Chair of the Board

The chair of the Board (the “**Chair**”) will be determined in accordance with **the Nomination Rights Agreement**. The Board has adopted and will periodically review the position description for the Chair.

Lead Director

The Board may have an independent Director to carry out the functions of a lead director (the “**Lead Director**”). If the Company has a non-executive Chair, then the role of the Lead Director will be filled by the non-executive Chair. The Lead Director or non-executive Chair will chair regular meetings of the independent Directors and assume other responsibilities that the independent Directors as a whole have designated. The primary responsibilities of the lead Director will be to seek to ensure that appropriate structures and procedures are in place so that the Board may function independently.

Term Limits for Directors

The Board has determined that fixed term limits for Directors should not be established. The Board is of the view that such a policy would have the effect of forcing Directors off the Board who have developed, over a period of service, increased insight into the Company and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of Board renewal as may be appropriate from time to time and shall consider any recommendations made by GN&C Committee in that regard.

5.0 Board Committees

Board Committees

The Board has determined that there should be three standing committees of the Board: (i) the Audit Committee; (ii) the GN&C Committee; and (iii) the Risk Committee. The Board may amend the Board committee structure and authorize and appoint other committees as it considers appropriate.

Committee Charters and Responsibilities

The Board shall approve a written charter for each standing committee of the Board, which written charter shall set forth the purpose, authority, duties and responsibilities of each committee.

Membership of Committees

The Board has determined that the GN&C Committee and the Risk Committee shall be comprised of a minimum of 3 (three) Directors, of whom at least 2 (two) shall be determined by the Board to be

independent, and that the Audit Committee shall be comprised of a minimum of 3 (three) Directors determined by the Board to be independent. In addition, all members of the Audit Committee shall be financially literate and if required by applicable laws, rules and regulations, at least one member will be a financial expert.

Subject to the requirements of the Nomination Rights Agreement, the Board shall appoint the members of the committees from time to time and as necessary to fill vacancies, and shall appoint the chair of each committee. Members of the committees will hold office at the pleasure of the Board.

Oversight of Committee Functions

The committees shall assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for all matters assigned to a Board committee. Except as may be explicitly provided in the charter of a Board committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board for the Board's approval of matters considered by the Committee. Each Director will have access to minutes of committee meetings, regardless of whether the director is a member of such committee.

6.0 Board Meetings & Materials

Meeting Agendas

The Chair in consultation with the chair of any applicable committee and other Directors, as appropriate, shall establish the agenda for Board meetings.

Meeting Materials

Board and committee meeting materials will be provided to Directors, to the extent possible, before each Board or committee meeting in sufficient time to ensure adequate opportunity exists for review.

Meetings of Independent Directors

The independent Directors of the Board may hold in camera meetings as required from time to time before or after any meeting of the Board.

7.0 Director Responsibilities & Performance

Director Responsibilities

Directors are expected to use their skill and experience to provide oversight over the business and affairs of the Company. Directors have a statutory duty to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would in comparable circumstances.

Attendance at Meetings

Directors are expected to attend all Board and committee meetings either in person or by conference call. A Director shall notify the Chair or the chair of a committee or committee secretary if the Director will not be able to attend or participate in a meeting. The Company is required to publicly disclose the Directors' attendance record on an annual basis.

Board and Committee Meeting Materials

To the extent possible, Directors are expected to review and be familiar with Board and committee meeting materials, which have been provided in sufficient time for review prior to a meeting. Directors may advise the Chair or the chair of a committee of matters, which they believe should be added to a meeting agenda.

Outside Advisors for Individual Directors

Any Director who wishes to engage an independent advisor to assist on matters involving the discharge of his duties and responsibilities as a Director at the expense of the Company should review the request with, and obtain the authorization of the GN&C Committee.

Conflicts of Interest

Directors have a statutory responsibility to disclose all actual or potential conflicts of interest and generally, to abstain from voting on matters in which the Director has a conflict of interest. A Director will recuse himself or herself from any discussion or decision on any matter in which the Director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

8.0 Code of Conduct:

The Company's policy is that all its activities be conducted with honesty and integrity and in compliance with all legal and regulatory requirements. The Company's Code of Ethics (the "Code") sets out the guidelines and principles for ethical conduct.

The Board shall review the Code to consider whether to approve changes in the Company's standards and practices. Compliance with the Code is monitored by the Board through its GN&C Committee, which receives regular reports on any non-compliance issues from the Company's CFO. The Code is posted on the Company's website, www.pinnaclepellet.com and is filed on SEDAR at www.sedar.com.

9.0 Disclosure:

Certain documents and information referred to in these Corporate Governance Guidelines may be accessed through the Company's website: www.pinnaclepellet.com. As required by applicable law, certain information is included in the Company's annual information form and management proxy circular and posted on SEDAR at www.sedar.com.

The Board may, from time to time, permit departures from the terms of these Corporate Governance Guidelines, either prospectively or retrospectively. These Corporate Governance Guidelines are not

intended to give rise to civil liability on the part of the Company or its Directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

Dated: January 22, 2018
Approved by: Governance, Nominating and Compensation Committee
Board of Directors of the Company