



# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND MANAGEMENT INFORMATION  
CIRCULAR – SOLICITATION OF PROXIES



**APRIL 9, 2019**

**INNERGEX**

Renewable Energy.  
Sustainable Development.

Dear Shareholders,

It is our pleasure to invite you to the annual meeting of shareholders of Innergex Renewable Energy Inc. to be held on May 14, 2019 at 4 p.m. (Eastern daylight time) at the Club St-James.

During the meeting you will hear about our most recent results, our 2018 performance and our future plans. You will also have the opportunity to meet and converse with the Board of Directors and Management.

This Circular contains important information on how and when to exercise your voting rights as shareholders, the matters to be discussed at the meeting as well as director compensation, director nominations, our approach to executive officer compensation and our governance practices. Please take some time to read this Circular.

We appreciate your confidence in Innergex Renewable Energy Inc. and look forward to welcoming you to the meeting.

Sincerely,

*(s) Jean La Couture*

Jean La Couture  
Chair of the Board

*(s) Michel Letellier*

Michel Letellier  
President and Chief Executive Officer

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## INNERGEX RENEWABLE ENERGY INC.

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO: Shareholders of Innergex Renewable Energy Inc.

You are invited to attend the annual meeting (the “**Meeting**”) of the shareholders of Innergex Renewable Energy Inc. (the “**Corporation**”) which will be held on May 14, 2019 at 4 p.m. (Eastern daylight time (“**EDT**”)) at the Club St-James, 1145 Union Avenue, Montréal, Province of Québec.

During the meeting we will cover the following items:

1. Receiving the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2018, together with the report of the auditor thereon;
2. Electing directors for the ensuing year;
3. Appointing the auditor of the Corporation for the ensuing year and authorizing the directors of the Corporation to fix its remuneration;
4. To consider an advisory resolution on the Corporation’s approach to executive compensation; and
5. Transacting such other business that may properly come before the Meeting or any adjournment thereof.

March 29, 2019 has been chosen as the record date for determining those shareholders of the Corporation entitled to receive notice of and to vote at the Meeting. The accompanying management information circular (the “**Circular**”) provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

In order to ensure representation at the Meeting, registered shareholders must complete the enclosed form of proxy and submit it as soon as possible but not later than 5 p.m. (EDT) on May 10, 2019 or 48 hours prior to the time of any adjournment or postponement of the Meeting (or such earlier time as required by your nominee) as set out in the accompanying Circular.

Non-registered shareholders or shareholders that hold their shares in the name of a “nominee”, such as a bank, trust company, securities broker or other financial institution, must seek instructions from their nominee as to how to complete their form of proxy and vote their shares. Non-registered shareholders will have received the accompanying Circular in a mailing from their nominee, together with the appropriate form of proxy or voting instruction form. It is important that non-registered shareholders adhere to the voting instructions provided to them by their nominee.

*Les actionnaires qui préfèrent recevoir la présente circulaire d’information de la direction en français n’ont qu’à en aviser le secrétaire de la Société.*

Dated at Longueuil, Québec, this 9<sup>th</sup> day of April, 2019. By order of the Board of Directors

**INNERGEX RENEWABLE ENERGY INC.**

*(s) Nathalie Thériberge*

Nathalie Thériberge  
Vice President – Corporate Legal Affairs and Secretary



## MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is provided in connection with the solicitation of proxies to be used at the annual meeting of shareholders of Innergex Renewable Energy Inc. (the “**Corporation**”) to be held on May 14, 2019 at 4 p.m. (EDT) at the Club St-James, 1145 Union Avenue, Montréal, Province of Québec, or at any adjournment thereof (the “**Meeting**”) for the purposes set forth in the Corporation’s notice of Meeting (the “**Notice of Meeting**”).

**The enclosed proxy is being solicited by the management of the Corporation (“Management”).** The solicitation is being made primarily by mail, but proxies may also be solicited by telephone, by facsimile, by the internet, by advertisement or by other personal contact by directors, officers and other employees of the Corporation. The entire cost of the solicitation will be borne by the Corporation.

Unless otherwise indicated, the information contained in this Circular is given as at April 5<sup>th</sup>, 2019.

## VOTING BY REGISTERED SHAREHOLDERS

A registered shareholder is a person whose shares are registered directly in its own name in the records of registered shareholders maintained for the Corporation by the transfer agent and register, AST Trust Company (Canada).

### IF YOU ARE A REGISTERED SHAREHOLDER AND IN ORDER TO ENSURE REPRESENTATION AT THE MEETING YOU MUST:

Complete, date and sign the enclosed form of proxy, or other appropriate form of proxy, and, in either case:

#### By Mail:

- Deliver the completed proxy to the Corporation’s transfer agent, AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario, Canada M5C 2V6 in the enclosed addressed, prepaid envelope; or

#### By Facsimile

- Submit the completed proxy to AST Trust Company (Canada), facsimile number 416-368-2502 or 1-866-781-3111,

by no later than 5 p.m. (EDT) on May 10, 2019 or 48 hours prior to the time of any adjournment or postponement of the Meeting as set out in the accompanying Circular

Or you may:

#### By Telephone

- Call toll free 1-888-489-7352 from a touch tone phone. Follow the instructions. You will need your control number, which appears on your proxy form. We need to receive your voting instructions before 5 p.m. (EDT) on May 10, 2019;

#### On the Internet

- Go to [www.astvotemyproxy.com](http://www.astvotemyproxy.com) and follow the instructions on screen. You will need your control number, which appears on your proxy form. We need to receive your voting instructions before 5 p.m. (EDT) on May 10, 2019; or

#### In Person

Attend the Meeting and do not complete the proxy form. When you arrive at the meeting, please see a representative of AST. Your vote will be taken and counted at the Meeting.

## VOTING BY NON-REGISTERED SHAREHOLDERS

Only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares of the Corporation (the “**Common Shares**”) can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then, in almost all cases, those Common Shares will not be registered in your name on the records of the Corporation. Such Common Shares will likely be registered under the name of your broker or an agent of your broker (each, an “**Intermediary**”) and the beneficial owner of such shares is designated as a “non-registered shareholder”. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms.

Non-registered shareholders will receive either voting instruction forms or, less frequently, forms of proxy. The purpose of these forms is to permit such shareholders to direct the voting of the Common Shares they beneficially own.

**IF YOU ARE A NON-REGISTERED SHAREHOLDER AND HAVE RECEIVED,  
AS PART OF THE MATERIAL FOR THE MEETING:**

A Voting Instruction Form, then:	A Form of Proxy, then:
<ul style="list-style-type: none"> <li>➤ If you do not wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), the voting instruction form must be completed in accordance with the directions on the form.</li> <li>➤ If you wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), you must complete the voting instruction form in accordance with the directions provided, and a proxy, giving the right to attend and vote, will be forwarded to you.</li> </ul>	<ul style="list-style-type: none"> <li>➤ If you do not wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), you must complete a proxy using one of the methods described therein.</li> <li>➤ If you wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), you must strike out the names of the persons named in the proxy and insert your (or such other person's) name in the blank space provided and return the proxy in accordance with the instructions provided by the Intermediary.</li> </ul>

There are two kinds of non-registered shareholders: (i) those who object to their name being made known to the Corporation (called “**OBOs**” for Objecting Beneficial Owners) and (ii) those who do not object to their name being made known to the Corporation (called “**NOBOs**” for Non-Objecting Beneficial Owners).

In accordance with the requirements of Regulation 54-101 *Respecting Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation will directly deliver proxy-related material to its NOBOs through the Corporation's transfer agent, AST Trust Company (Canada). With respect to the OBOs, the Corporation has caused to be distributed, and intends to pay the fees to deliver, the Notice of Meeting and this Circular to CDS and the Intermediaries for onward distribution. Intermediaries are required to forward such materials to OBOs unless a non-registered shareholder has waived the right to receive them. Usually, Intermediaries will use service companies to forward such materials to OBOs.

These securityholder materials are being sent to both registered and nonregistered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

**Non-registered shareholders should follow the instructions on the forms they receive from the Corporation or their Intermediaries and contact the Corporation or their Intermediaries promptly if they need assistance.**

## APPOINTMENT OF AUTHORIZED REPRESENTATIVE BY PROXY

The persons named in the accompanying form of proxy are directors of the Corporation. **Each shareholder has the right to appoint a person, other than a person designated in the accompanying form of proxy or voting instruction form, who need not be a shareholder of the Corporation, to attend and act on behalf of the shareholder at the Meeting. To exercise this right, a shareholder may either insert such other person's name in the blank space provided in the accompanying form of proxy or voting instruction form and strike out the names of the nominees indicated therein or complete another proper form of proxy.**

## REVOCATION OF PROXIES

A shareholder of the Corporation may revoke an instrument of proxy at any time prior to the exercise thereof. If a shareholder who has given a proxy personally attends the Meeting at which such proxy is to be voted, such shareholder may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked in writing by instrument executed by the shareholder or his authorized attorney, and deposited either (i) at the offices of the Corporation located at 1225 Saint-Charles Street West, 10th floor, Longueuil, Québec, J4K 0B9, to the attention of the Vice President – Corporate Legal Affairs and Secretary, (ii) at the offices of AST Trust Company (Canada) at the location specified above at any time up to and including 24 hours, excluding Saturdays, Sundays and Holidays, preceding the day of the Meeting or any adjournment thereof, or (iii) with the consent of the Chair of such Meeting, on the day of the Meeting or any adjournment thereof.

## EXERCISE OF VOTING RIGHTS BY PROXIES

The two directors named on the form of proxy or voting instruction form have agreed to serve as your proxyholder and will vote your Common Shares in respect of which they are appointed as proxy in accordance with your instructions given thereon. **In the absence of such instructions, Common Shares will be voted IN FAVOUR of each item identified in the Notice of Meeting.**

The enclosed form of proxy or voting instruction form confers discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to any other matter which may properly come before the Meeting. As at the date of this Circular, the Corporation is not aware of any amendments, variations or other matters proposed or likely to come before the Meeting, except those that are indicated in the Notice of Meeting. If any matters which are not known as of the date hereof should properly come at the Meeting, the persons named in the accompanying form of proxy or voting instruction form will vote on such matters in accordance with their best judgment.

## VOTING OF SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. There are currently 133,485,728 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to vote at any meeting of shareholders. All holders of Common Shares of record at the close of business on March 29, 2019 will be entitled to receive notice of the Meeting and to vote at the Meeting.

The authorized share capital of the Corporation also includes: the Cumulative Rate Reset Preferred Shares, Series A (the “**Series A Shares**”), the Cumulative Floating Rate Preferred Shares, Series B (the “**Series B Shares**”) and the Cumulative Redeemable Fixed Rate Preferred Shares, Series C (the “**Series C Shares**”). There are currently 3,400,000 Series A Shares and 2,000,000 Series C Shares issued and outstanding. No Series B Shares are currently issued and outstanding. The holders of Series A and Series C Shares are not, as such, entitled to receive notice of or to vote at the Meeting.

Unless otherwise indicated, the matters submitted to a vote at the Meeting must be approved by a majority of votes of the holders of Common Shares attending the Meeting in person or by proxy.

To the knowledge of the directors and executive officers of the Corporation, on April 5<sup>th</sup>, 2019, no person or entity beneficially owned or controlled or directed, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all Common Shares, other than the following persons or entities:

PERSON/ENTITY	APPROXIMATE NUMBER OF COMMON SHARES BENEFICIALLY OWNED OR CONTROLLED OR DIRECTED	APPROXIMATE PERCENTAGE OF ISSUED AND OUTSTANDING COMMON SHARES BENEFICIALLY OWNED OR CONTROLLED OR DIRECTED
1832 Asset Management L.P. <sup>(1)</sup>	15,661,082	11.73%

(1) 1832 Asset Management L.P. is a wealth management firm and a subsidiary of a schedule I Canadian bank.

## MATTERS TO BE ACTED UPON AT THE MEETING

As of the date hereof, to the knowledge of the directors of the Corporation, the only matters to be dealt with at the Meeting are the following:

### Presentation of Financial Statements

The Corporation's audited consolidated financial statements for the financial year ended December 31, 2018 ("**Fiscal 2018**"), together with the report of the auditor thereon will be placed before the Meeting. The annual audited consolidated financial statements are available on the Corporation's website at [www.innergex.com](http://www.innergex.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). No vote with respect thereto is required nor will be taken.

### Election of Directors

Pursuant to the Articles of the Corporation, the Board of Directors (the "**Board**") is composed of a minimum of three and a maximum of ten directors.

The Board is currently comprised of nine directors, consisting of Jean La Couture (Chair of the Board), Ross J. Beaty, Nathalie Francisci, Richard Gagnon, Daniel Lafrance, Michel Letellier, Dalton McGuinty, Monique Mercier and Ouma Sananikone. Michel Letellier, the President and Chief Executive Officer ("**CEO**") of the Corporation, is the only non-independent director on the Board.

The following are the nominees proposed for election as directors at the Meeting, namely, Jean La Couture, Ross J. Beaty, Nathalie Francisci, Richard Gagnon, Daniel Lafrance, Michel Letellier, Dalton McGuinty, Monique Mercier and Ouma Sananikone. All are currently directors of the Corporation.

**Except where the authority to vote in favour of the directors is withheld, the persons whose names are printed on the form of proxy intend to vote IN FAVOUR of the election of each of the nine proposed nominees whose names and biographies are set forth on pages 8 to 12 under the heading "Nominees" as directors of the Corporation.**

Management of the Corporation has no reason to believe that any of such nominees will be unable or unwilling to serve as a director but if either of those circumstances should occur prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion, unless the shareholder has specified in the form of proxy that his or her Common Shares are to be withheld from voting on the election of directors. Each director elected will hold office until the next annual meeting or until the election of his successor, unless he or she resigns or his or her office is vacated earlier in accordance with applicable law.

### Majority Voting Policy

The Board has adopted a written Majority Voting Policy providing that, in an election of directors, any nominee who receives a greater number of votes withheld than votes in favour of his election must tender his resignation to the Board immediately following the shareholders' meeting. Under this policy, the Board shall accept the resignation absent exceptional circumstances. It will make its final decision of whether or not to accept the resignation and announce such decision in a press release within ninety (90) days following the shareholders' meeting. A copy of the press release shall be provided to the Toronto Stock Exchange ("**TSX**"). If the Board declines to accept the resignation, the press release will fully state the reasons for that decision. A director who tenders his resignation pursuant to this policy will not participate in any meeting of the Board at which the resignation is considered. The policy does not apply in circumstances involving contested director elections.

### Advance Notice

Our By-laws contain an advance notice requirement for director nominations. Shareholders who wish to nominate candidates for election as directors must provide a notice to the Secretary of not less than 30 days or more than 65 days prior to the date of the Meeting and such notice shall include the information set forth in our By-laws. See the complete By-laws on the Corporation's website at [www.innergex.com](http://www.innergex.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## Appointment of the Auditor of the Corporation

KPMG LLP has acted as the auditor of the Corporation since May 15, 2018.

Shareholders are invited to approve the appointment of KPMG LLP as the auditor of the Corporation, for the fiscal year ending December 31, 2019 and to authorize the Board to fix its remuneration.

**The persons named in the accompanying form of proxy intend to vote IN FAVOUR of the resolution appointing KPMG LLP as auditor of the Corporation to hold office until the next annual meeting of shareholders or until its successor is appointed, and authorizing the Board to fix its remuneration, unless the shareholder who has given the proxy has directed that the Common Shares represented thereby be withheld from voting in respect of the appointment of the auditor.**

## Advisory Vote on Executive Compensation

At the Meeting, you will be asked to consider voting in favour of or against, on an advisory basis, a resolution on our approach to executive compensation as follows:

Be it resolved that, on an advisory basis, and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the Corporation's information circular delivered in advance of the 2019 annual meeting of shareholders.

Since your vote is an advisory vote, the results will not be binding on the Board. The Board remains fully responsible for its compensation decisions and is not relieved of this responsibility by a positive or negative advisory vote. However, the Board will take the result of the vote into account when considering its review of executive compensation. For information on our approach to executive compensation, see pages 23 to 41.

**The persons named in the accompanying form of proxy intend to vote IN FAVOUR of the advisory resolution on the Corporation's approach to executive compensation, unless the shareholder who has given the proxy has directed that the Common Shares represented thereby be voted against the Corporation's approach to executive compensation.**

In 2018 the advisory resolution on our approach to executive compensation received the support of 99.11% of the votes cast by shareholders.

## OUR BOARD OF DIRECTORS

### Nominees

The following table sets forth the names of all persons proposed to be nominated for election as directors (the "**Nominees**"), their place of residence, their principal occupation(s) for the preceding five years, their other directorships, the date on which they became directors of the Corporation, their age, the Board committees of the Corporation on which they serve, the 2018 voting results of their election as director and the number and value of securities and Deferred Share Units ("**DSU**")s of the Corporation beneficially owned, or over which control or direction is exercised, directly or indirectly, by each of them, as at March 29, 2019.



**JEAN LA COUTURE<sup>(1)</sup>, CHAIR OF THE BOARD****INDEPENDENT****Place of Residence, Principal Occupation & Other Directorships**

Jean La Couture, residing in Montréal, Québec, Canada, is President of Huis Clos Ltée, a management and mediation firm. He has a Bachelor's degree in Commercial Sciences and Accounting from HEC Montréal and is a Fellow of the Ordre des comptables professionnels agréés du Québec. He is Chairman of the Board of Groupe Pomerleau and is also a director at la Caisse de dépôt et placement du Québec. From May 2003 to May 2018 he served as director and Chair of the Audit Committee of Québecor Inc., a reporting issuer.

**Chair and Committee Membership:**

Chair of the Board

Member of the Audit Committee

**Director Since:**

March 2010

**Age:**

72

**Voting Result 2018:**

Votes for: 99.91%

Votes withheld: 0.09%

**Number of other Reporting Issuer Directorships:**

None

**Equity Ownership:**

Common Shares Beneficially Owned or Controlled or Directed:

49,309

DSUs:

—

Total Value of the Common Shares and DSUs Held<sup>(2)</sup>:

\$694,271

**ROSS J. BEATY****INDEPENDENT****Place of Residence, Principal Occupation & Other Directorships**

Ross J. Beaty residing in Vancouver, British Columbia, Canada, is currently chair of the boards of Equinox Gold Corp, a TSX venture issuer and of Pan American Silver Corp., a reporting issuer. Ross J. Beaty is also President of the Sitka Foundation, one of Canada's leading environmental foundations, patron of the Beaty Biodiversity Centre at the University of British Columbia and a director of a number of environmental NGO's, including Panthera and the Pacific Salmon Foundation. From 2008 to 2018, he was Chair of the Board of Directors of Alterra Power Corp. ("Alterra") Ross J. Beaty holds a M.Sc., in Mineral Exploration (with Distinction) from the Royal School of Mines, University of London, England, and an LL.B. (Law) and a B.Sc. (Honours Geology) from the University of British Columbia. In 2017, Ross J. Beaty was inducted to the Business Laureates of British Columbia Hall of Fame and appointed to The Order of Canada.

**Chair and Committee Membership:**

—

**Director Since:**

February 2018

**Age:**

67

**Voting Result 2018:**

Votes for: 99.89%

Votes withheld: 0.11%

**Number of other Reporting Issuer Directorships:**

2

**Equity Ownership:**

Common Shares Beneficially Owned or Controlled or Directed:

9,261,586

DSUs:

—

Total Value of the Common Shares and DSUs Held<sup>(2)</sup>:

\$130,403,131

**NATHALIE FRANCISCI****INDEPENDENT****Place of Residence, Principal Occupation & Other Directorships**

Nathalie Francischi ICD.D and CHRP, residing in Montréal, Québec, Canada, is a partner, Governance & Diversity for the international executive search firm Odgers Berndtson since 2013. From 2011 to 2013, she was President of the Québec chapter of the Institute of Corporate Directors and since 2011 she is also an associate professor in governance for the Director Education Program jointly developed by the Institute of Corporate Directors, Rotman University and McGill University. Prior to that, she was the founding President of Venatus Conseil, an executive search firm. Nathalie Francischi graduated from the Institut Universitaire de Technologies Paris XI in Marketing and holds the equivalent of a master's degree in Human Resources Management. She has completed the Director Education program and is a member of l'Ordre des conseillers en ressources humaines since 1999.

**Chair and Committee Membership:**

Member of the Corporate Governance Committee

Member of the Human Resources Committee

**Director Since:**

May 2017

**Age:**

48

**Voting Result 2018:**

Votes for: 99.75%

Votes withheld: 0.25%

**Number of other Reporting Issuer Directorships:**

None

**Equity Ownership:**

Common Shares Beneficially Owned or Controlled or Directed:

—

DSUs:

7,062

Total Value of the Common Shares and DSUs Held<sup>(2)</sup>:

\$99,433

**RICHARD GAGNON****INDEPENDENT****Place of Residence, Principal Occupation & Other Directorships**

Richard Gagnon, residing in Laval, Québec, Canada, has acted as a corporate director as his principal occupation since January 2017. From November 2003 to January 2017, he was President and Chief Executive Officer of Humania Assurance Inc., a Canadian health insurance company). Holding a Bachelor of Arts degree in administration, communication and law from the University Laval (1979), he is also a "Fellow Chartered Administration" since 1996. Richard Gagnon currently acts as a director of The Professionals' Financial and of l'Ordre des Ingénieurs du Québec.

**Chair and Committee Membership:** Chair of the Human Resources Committee  
Member of the Audit Committee

**Director Since:** May 2017

**Age:** 62

**Voting Result 2018:** Votes for: 99.89% Votes withheld: 0.11%

**Number of other Reporting Issuer Directorships:** None

**Equity Ownership:**

Common Shares Beneficially Owned or Controlled or Directed: —

DSUs: 7,062

Total Value of the Common Shares and DSUs Held<sup>(2)</sup>: \$99,433

**Daniel Lafrance<sup>(1)</sup>****INDEPENDENT****Place of Residence, Principal Occupation & Other Directorships**

Daniel Lafrance, residing in Kirkland, Québec, Canada, has acted as a corporate director as his principal occupation since August 2013. From February 1992 to August 2013, he was Senior Vice-President Finance and Procurement, Chief Financial Officer and Secretary of Lantic Inc., wholly owned by Rogers Sugar Inc., a reporting issuer. Holding a bachelor's degree in business (1976) and a specialty in accounting (1977) from the University of Ottawa, Daniel Lafrance is also a member of the Institute of Chartered Accountants of Ontario since 1980. He currently acts as a director and Chair of the Audit Committee of Rogers Sugar Inc., a reporting issuer and of its wholly-owned subsidiary Lantic Inc.

**Chair and Committee Membership:** Chair of the Audit Committee  
Member of the Human Resources Committee

**Director Since:** March 2010

**Age:** 64

**Voting Result 2018:** Votes for: 99.92% Votes withheld: 0.08%

**Number of other Reporting Issuer Directorships:** 1

**Equity Ownership:**

Common Shares Beneficially Owned or Controlled or Directed: 43,000

DSUs: —

Total Value of the Common Shares and DSUs Held<sup>(2)</sup>: \$605,440

**Michel Letellier****NON-INDEPENDENT****Place of Residence, Principal Occupation & Other Directorships**

Michel Letellier, residing in St-Lambert, Québec, Canada, has been the President and CEO of the Corporation since October 25, 2007. He acted as Executive Vice President and Chief Financial Officer of the Corporation from 2003 until his appointment as President and CEO of the Corporation on October 25, 2007. From 1997 to 2003, Michel Letellier was Vice President and Chief Financial Officer of Innergex GP Inc. and was responsible for the financial management of the affairs of Innergex GP Inc., Innergex, Limited Partnership and Innergex Power Income Fund. Michel Letellier holds a MBA from Université de Sherbrooke as well as a bachelor's degree in commerce (finance) from Université du Québec à Montréal. He currently acts as a director of KP Tissue Inc., a reporting issuer.

**Chair and Committee Membership:** —

**Director Since:** October 2002

**Age:** 54

**Voting Result 2018:** Votes for: 99.92% Votes withheld: 0.08%

**Number of other Reporting Issuer Directorships:** 1

**Equity Ownership:**

Common Shares Beneficially Owned or Controlled or Directed: 773,643

DSUs: —

Total Value of the Common Shares and DSUs Held<sup>(2)</sup>: \$10,892,893

**DALTON JAMES PATRICK MCGUINTY****INDEPENDENT****Place of Residence, Principal Occupation & Other Directorships**

Dalton James Patrick McGuinty, residing in Ottawa, Ontario, Canada, has been a Senior advisor consultant for Desire2 Learn since 2014, for Pomerleau Inc. since 2016 and for PriceWaterHouseCoopers Canada from January 2015 to September 2015. He was the Premier of Ontario, Canada from 2003 to 2013 and worked as an attorney at McGuinty & McGuinty law firm from 1983 to 1996. He was elected member of the Ontario Provincial Parliament in 1990 and elected leader of the Ontario Liberal Party in 1996. Dalton McGuinty was named a senior fellow for the Harvard University Weatherhead Center for International Affairs from 2013-2014. He has completed the Director Education Program jointly developed by the Institute of Corporate Directors, Rotman University and McGill University. He is a Director of the Ottawa Heart Institute. Until December 2017, he was also a member of the Board of Directors of Electrovaya Inc.

<b>Chair and Committee Membership:</b>	Member of the Corporate Governance Committee
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<b>Director Since:</b>	May 2015
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<b>Age:</b>	63
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<b>Voting Result 2018:</b>	Votes for: 99.64%	Votes withheld: 0.36%
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<b>Number of other Reporting Issuer Directorships:</b>	None
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**Equity Ownership:**

Common Shares Beneficially Owned or Controlled or Directed:	—
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DSUs:	13,116
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Total Value of the Common Shares and DSUs Held <sup>(2)</sup> :	\$184,673
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**MONIQUE MERCIER****INDEPENDENT****Place of Residence, Principal Occupation & Other Directorships**

Monique Mercier, residing in Vancouver, British Columbia, Canada, is a corporate director. She retired in December 2018 from TELUS Corporation, a large Canadian telecom company, where she was the Executive Vice-President, Corporate Affairs, Chief Legal and Governance Officer since 2014. Ms. Mercier has been a senior executive in the telecom, health and information technology industry for most of her career, including two decades at TELUS and Emergis where she led a number of corporate functions. She is a graduate of the Université de Montréal Law School and holds a master's degree in politics from Oxford University, where she was awarded the prestigious Commonwealth Scholarship. In June 2018, Ms. Mercier received the Lifetime Achievement Award at the Canadian General Counsel Awards. In 2016, she was honoured as WCT's (Women in Communications and Technology) Woman of the Year. In 2015, after being named to their Top 100 Most Powerful Women in Canada list for three consecutive years, she was inducted into the Women's Executive Network Hall of Fame. In 2002, Ms. Mercier was honoured with the Queen Elizabeth II Golden Jubilee Medal. Monique Mercier has been a member of the Board of Directors of the Canadian Cancer Research Society since 2014. Until October 2015, she was a member of the Board of Directors and Chair of the Compensation Committee of Stornoway Diamond Corporation, a reporting issuer. On September 14, 2018, she was appointed to the Board of Directors of the Bank of Canada and is a member of its Finance and Audit Committee and of its Human Resources and Compensation Committee.

<b>Chair and Committee Membership:</b>	Chair of the Corporate Governance Committee
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<b>Director Since:</b>	October 2015
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<b>Age:</b>	62
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<b>Voting Result 2018:</b>	Votes for: 99.77%	Votes withheld: 0.23%
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<b>Number of other Reporting Issuer Directorships:</b>	None
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**Equity Ownership:**

Common Shares Beneficially Owned or Controlled or Directed:	7,600
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DSUs:	14,858
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Total Value of the Common Shares and DSUs Held <sup>(2)</sup> :	\$316,209
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INDEPENDENT



**Place of Residence, Principal Occupation & Other Directorships**

Ouma Sananikone, residing in New York City, New York, United-States, has acted as a corporate director as her principal occupation since 2006. She was Chief Executive Officer of the two following entities: Aberdeen Asset Management (Australia) and EquitiLink Group (an Australian asset management group, listed on the Sydney Stock Exchange with operations in Australia, US, Canada and the UK) as well as Managing Director of BNP Investment Management (Australia). Other senior positions included Managing Director at Rothschild Asset Management (Australia), Managing Director at BT Financial Services (Westpac Group) and Managing Director, Corporate Strategy and Investments, at NRMA Insurance in Australia. Ouma Sananikone holds a BA (economics and political sciences) from the Australian National University and a Master of Commerce (economics) from the University of New South Wales. She is a recipient of the Centenary Medal from the Australian Government for services to the Australian finance industry. Currently, Ouma Sananikone serves on the Board of Directors of Macquarie Infrastructure Corporation, a reporting issuer listed on the New York Stock Exchange and is its chair of the Compensation Committee and a member of both the Audit and Governance and Nomination committees.

<b>Chair and Committee Membership:</b>	Member of the Audit Committee
<b>Director Since:</b>	February 2019
<b>Age:</b>	61
<b>Voting Result 2018:</b>	New Nominee
<b>Number of other Reporting Issuer Directorships:</b>	1
<b>Equity Ownership:</b>	
Common Shares Beneficially Owned or Controlled or Directed:	—
DSUs:	—
Total Value of the Common Shares and DSUs Held <sup>(2)</sup> :	—

(1) On March 29, 2010, Jean La Couture and Daniel Lafrance were appointed directors of the Corporation upon completion of a Plan of Arrangement whereby the Corporation was acquired by way of a reverse takeover by Innergex Power Income Fund (the "Fund"). Prior to the Arrangement, Jean La Couture and Daniel Lafrance were, since 2003, trustees of Innergex Power Trust, a wholly-owned subsidiary of the Fund.

(2) Value is based on the Common Shares price of \$14.08 at the closing of the market on March 29, 2019.

(3) The Board appointed Ouma Sananikone as a director on February 27, 2019.

## Directors Serving Together and Maximum Number of Boards

The Charter of the Board provides that the maximum number of reporting issuers' boards of directors on which each director may sit is set at four and no member of the Board may serve, together with another member of the Board, on the board of directors of more than two reporting issuers.

## The Corporation's DSU Plan

Under the Corporation's Deferred Share Unit Plan (the "DSU Plan"), Directors and Officers may elect to receive all or any portion of their compensation in DSUs in lieu of cash compensation. Directors' fees are paid on a quarterly basis and, at the time of each quarterly payment, the applicable amount is converted to DSUs. The number of DSUs to be credited is determined by dividing (a) the quarterly portion of the Director's annual fee that the Director elected to be paid in DSUs by (b) the weighted average trading price of a Common Share on the TSX during the period of five trading days ending on the Trading Day prior to the date of payment of the fees. A DSU is a unit that has a value based upon the value of one Common Share. When a dividend is paid on Common Shares, the Director's DSU account is credited with additional DSUs computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of DSUs recorded in the Director's account on the record date for the payment of such dividend, by (b) the market price of a Common Share as of the dividend payment date.

DSUs cannot be redeemed for cash until the Director leaves the Board or the Officer leaves. The cash redemption value of a DSU equals the weighted average trading price of a Common Share on the TSX during the period of five trading days ending on the Trading Day prior to the time of redemption. DSUs are not shares, cannot be converted to shares, and do not carry voting rights. DSUs received by Directors and Officers in lieu of cash compensation and held by them represent an at-risk investment in the Corporation. The value of DSUs is based on the value of the Common Shares, and therefore is not guaranteed.



## Policy Regarding Minimum Shareholding by Directors

To align director interests with those of the shareholders, each non-management director is required to acquire, over a three-year period from his or her initial election, a number of Common Shares or of DSUs having a value equal to at least three times the annual base retainer paid for directors of the Corporation. The Directors shall maintain such minimum participation as long as they remain directors of the Corporation. On the other hand, the President and CEO, the sole management director, shall acquire and maintain, as long as he occupies such position and until twelve months after he retires, a number of Common Shares or DSUs having a value equal to at least three times his annual base salary.

The investment in Common Shares or DSUs is valued under the policy at the closing price of the Common Shares at the end of the preceding fiscal year.

As at March 29, 2019, all current Board members are in compliance with the Policy Regarding Minimum Shareholding by Directors, as set forth in the following table:

DIRECTORS COMPLIANCE WITH MINIMUM SHAREHOLDING POLICY				
Annual Base Retainer Paid to Directors in 2018			\$54,000	
Minimum Shareholding Requirement for Non-Management Directors (3 times the base retainer of directors)			\$162,000	
Minimum Shareholding Requirement for the President and CEO (3 times his annual base salary)			\$1,611,777	
Directors	Number of Common Shares Held	Number of DSUs held	Investment Value <sup>(1)</sup>	Compliance with Policy
JEAN LA COUTURE	49,309	—	\$618,335	✓
ROSS J. BEATY	9,261,586	—	\$116,140,288	✓
NATHALIE FRANCISCI <sup>(2)</sup>	—	7,062	\$88,557	✓
RICHARD GAGNON <sup>(2)</sup>	—	7,062	\$88,557	✓
DANIEL LAFRANCE	43,000	—	\$539,220	✓
MICHEL LETELLIER <sup>(3)</sup>	773,643	—	\$9,701,483	✓
DALTON MCGUINITY	—	13,116	\$164,475	✓
MONIQUE MERCIER	7,600	14,858	\$281,623	✓
OUMA SANANIKONE <sup>(4)</sup>	—	—	—	✓

(1) Under the Policy Regarding Minimum Shareholding by Directors, calculation of the Investment Value shall be based on the closing price of the Common Shares on the last trading day at the end of the preceding fiscal year being on December 31, 2018 of \$12.54.

(2) Nathalie Francischi and Richard Gagnon's three-year period to reach the minimum shareholding requirement started on May 9, 2017.

(3) Michel Letellier is required to comply with his minimum shareholding requirements until twelve months after he retires.

(4) Ouma Sananikone's three-year period to reach the minimum shareholding requirement started on February 27, 2019.

## Bankruptcy, Insolvency and Cease-Trade Order

While serving as a director of Quebecor Inc., the controlling shareholder of Quebecor World Inc., Jean La Couture was asked to join the Board of Directors of Quebecor World Inc. on December 10, 2007. On January 21, 2008, Quebecor World Inc. filed for protection under the *Companies' Creditors Arrangement Act* in Canada and Chapter 11 of the U.S. *Bankruptcy Code*. Jean La Couture resigned as Director of Quebecor World Inc. on December 16, 2008.

To the knowledge of the Corporation and with the exception of the foregoing, none of the Nominees (a) is, as of the date of this Circular, nor has been within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of a corporation that (i) was subject to a cease-trade order, an order similar to a cease-trade order or an order which denied the relevant corporation access to any exemption under securities legislation which was in effect for a period of more than 30 consecutive days that was issued while the Nominee was acting in the capacity of director, chief executive officer or chief financial officer, or (ii) was subject to a cease-trade order, an order similar to a cease-trade order or an order which denied the relevant corporation access to any exemption under securities legislation that was issued after the Nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer; (b) is, as of the date of this Circular, nor has been within ten years before the date of this Circular, a director or executive officer of any corporation, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Nominee.

## Compensation of directors

The compensation of directors is designed to attract and retain highly skilled and experience persons to serve on the Corporation's Board and to recognize the time and commitment required to perform their duties.

The following table provides a summary of the compensation earned by the Directors of the Corporation (other than Michel Letellier who also acted as an officer of the Corporation in Fiscal 2018 and who did not receive any compensation for his services as a director) for services received in such capacity during Fiscal 2018.

Since December 2015, the Directors have the ability to elect to receive all or part of their cash compensation in the form of DSUs. More information about the DSU Plan is provided on page 12.

NAME	FEES EARNED (\$)	SHARE- BASED AWARDS (\$)	OPTION-BASED AWARDS (\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION (\$)	PENSION VALUE (\$)	ALL OTHER COMPENSATION (\$)	TOTAL (\$)
JEAN LA COUTURE	177,500	—	—	—	—	—	177,500
ROSS J. BEATY <sup>(1)</sup>	64,600	—	—	—	—	—	64,600
NATHALIE FRANCISCI <sup>(2)</sup>	92,000	—	—	—	—	—	92,000
RICHARD GAGNON <sup>(2)</sup>	109,500	—	—	—	—	—	109,500
DANIEL LAFRANCE	112,000	—	—	—	—	—	112,000
DALTON MCGUINITY <sup>(2)</sup>	80,000	—	—	—	—	—	80,000
MONIQUE MERCIER <sup>(2)</sup>	86,000	—	—	—	—	—	86,000

(1) Ross J. Beaty became a director of the Corporation on February 6, 2018. As Chair of the Board of HS Orka, an entity indirectly held at 53.9% by the Corporation, Ross J. Beatty also earned a fee of approximately \$67,736 in 2018 being the equivalent of ISK 5,640,000 using the average exchange rate of 0.01201 for year 2018 used in the preparation of the Consolidated Financial Statements of the Corporation as at December 31, 2018, available on the Corporation's website at [www.innergex.com](http://www.innergex.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

(2) Directors have the ability to elect to receive all or part of their fees in the form of DSUs pursuant to the DSU Plan. For Fiscal 2018, Nathalie Francischi, Richard Gagnon and Dalton McGuinity elected to receive all of their director's base compensation in DSUs and Monique Mercier elected to receive all her fees in DSUs. See the Corporation's DSU Plan on page 8 for more details.

In Fiscal 2018, Directors (other than Michel Letellier) were paid a base compensation and were paid for attendance at the Corporation's Board meetings in accordance with the amounts set out below. Michel Letellier, as a director of the Corporation, who was also an officer of the Corporation, was not entitled to remuneration for his services to the Corporation as a director. All directors were reimbursed for out-of-pocket expenses incurred in connection with their duties as directors. The Human Resources Committee conducts an annual review of all aspects of director compensation to ensure that the compensation reflects the time and effort devoted and remains appropriate. The Board determines director compensation based on the recommendations of the Human Resources Committee. This responsibility has been transferred from the Human Resources Committee to the Corporate Governance Committee effective January 1, 2019. The Board has reviewed the fees payable to directors and committee members for the financial year commencing January 1, 2019 to, among other things, adjust the overall target compensation by 2.5% based on the average 2018 salary increase announced by Canadian compensation firms and to be reasonable compared to the fees payable to the boards composing the Compensation Comparison Group which is described at page 24.

COMPENSATION	FISCAL 2018		FISCAL 2019	
	AMOUNT	TOTAL PAID	AMOUNT	TOTAL PAYABLE
Directors' Base Compensation	\$54,000	\$318,600	\$57,000	\$399,000
Chair of Board	\$177,500 <sup>(1)</sup>	\$177,500	\$182,500 <sup>(1)</sup>	\$182,500
Chair of Corporate Governance Committee	\$10,000	\$10,000	\$15,000	\$15,000
Chair of Human Resources Committee	\$15,000	\$15,000	\$15,000	\$15,000
Chair of Audit Committee	\$20,000	\$20,000	\$20,000	\$20,000
Committee Members – Audit	\$6,500	\$6,500	\$6,500	\$13,000
Committee Members – Other	\$4,000	\$16,000	\$6,500	\$26,000
Attendance at Meetings				
- in person	\$2,000 per meeting	\$158,000	\$2,000 per meeting	Determined according to number of meetings
- by conference call	\$1,000 per meeting (if less than 1 hour); \$2,000 per meeting (otherwise)		\$1,000 per meeting (if less than 1 hour); \$2,000 per meeting (otherwise)	

(1) All inclusive. No attendance fees or fees for other chair functions are paid to the Chair of the Board.

# PEOPLE BENEFIT FROM A HEALTHY PLANET

**100%**  
RENEWABLE  
ENERGY

Innergex Renewable Energy Inc. is committed to developing and operating our projects in a sustainable manner based on the values we have relied upon for almost three decades. Those values lead us to act responsibly, following rigorous governance standards. Investing in people and caring for our planet, while creating shareholder value and sharing profits, continues to drive our development strategy.

## GOVERNANCE

Good governance is key to sustaining a positive environmental record, nurturing meaningful social engagement and accruing shareholder value. Beyond requirements for publicly traded corporations, Innergex actively positions itself to be at the forefront of sound and accountable governance practices. Good governance requires that employees and other representatives know the expectations when representing Innergex. It also needs a strong oversight from leaders and Board members. To achieve it, Innergex relies on a Code of Conduct, a comprehensive set of policies and training as well as a skilled and diverse Board of Directors. We believe that Innergex can affect positive change environmentally and socially by inspiring integrity and good governance.

Guiding Innergex team members  
with training, policies and support.

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**POLICIES GUIDE  
THE CORPORATION  
IN ALL ITS ACTIVITIES.**

The Board regularly reviews existing policies and makes recommendations based on their expertise and the needs of the Corporation.

A skilled and diverse  
leadership of

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**EXPERIENCED  
BOARD MEMBERS**

work diligently to ensure corporate compliance while guiding the Corporation's strategic direction to ensure shareholder return and growth.

1 new member in  
2019, enhancing  
diversity

3 women out  
of 9 Board  
members

7 training sessions  
for Directors  
in 2018

100 Percentage of combined  
attendance at Board  
meetings in 2018

# STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation is dedicated to enhancing its corporate governance practices on an ongoing basis in order to respond to the evolution of best practices. The following table contains our disclosure on our governance practices pursuant to **Regulation 58-101 Respecting Disclosure of Corporate Governance Practices** (the “CSA Disclosure Instrument”) and **National Policy 58-201 – Effective Corporate Governance** (the “CSA Governance Policy”).

## Board of Directors

**Directors Independence** The Board has reviewed the independence of each nominee within the meaning of the CSA Disclosure Instrument in light of the information provided by each of them.

As a result of the foregoing assessment, the Board has determined, after reviewing the role and relationships of each of the directors, that eight of the nine nominees proposed for election to the Board by the Management of the Corporation are independent.

Amongst other things, the Board considered whether the independence of Mr. Ross J. Beaty was affected by the fact that he held the position of Executive Chair of Alterra prior to its acquisition by the Corporation in February 2018 (the “**Alterra Acquisition**”). The Board determined that his independence was not affected by this factor, for the following reasons: (i) upon closing of the Alterra Acquisition, Mr. Beaty ceased to be an executive of Alterra, (ii) Mr. Beaty joined the Board following the closing of the Alterra Acquisition, (iii) Mr. Beaty has never held any employment or executive position with the Corporation or its affiliated entities, (iv) Mr. Beaty does not retain any interest in Alterra as at the date of this Circular; (v) Mr. Beaty receives no compensation from the Corporation or its affiliated entities other than director fees and (vi) Mr. Beaty does not have any other material relationship with the Corporation or its affiliated entities as of the date of this Circular.

Michel Letellier, President and CEO, as an officer of the Corporation is not considered to be independent under these rules.

**Chair of the Board Independence** Jean La Couture, as Chair of the Board, is independent within the meaning of the CSA Disclosure Instrument.

**Independent Directors:** Jean La Couture (Chair), Ross J. Beaty, Nathalie Francisci, Richard Gagnon, Daniel Lafrance, Dalton McGuinty, Monique Mercier and Ouma Sananikone.

**Non Independent Director:** Michel Letellier, as President and CEO of the Corporation.

**In camera sessions (Board meetings)** Independent directors meet during or after each meeting to discuss matters of interest without the presence of non-independent directors and members of Management. Such meetings are chaired by the Chair of the Board, Jean La Couture, who is independent within the meaning of the CSA Disclosure Instrument. Eight meetings of independent directors at which non-independent directors and members of Management were not in attendance were held in Fiscal 2018.

**In camera sessions (committee meetings)** All Board committees, namely the Audit Committee, the Human Resources Committee and the Corporate Governance Committee, are composed exclusively of independent directors. The Audit Committee meets at least quarterly with the auditor, the internal auditor, the Chief Financial Officer or other members of Management in separate session to discuss any matters they believe should be discussed privately. The Audit Committee also meets with the Chief Financial Officer without other members of Management being present. The other committees meet during or after each meeting, without members of Management being present.

## Record of Attendance

Overall, the combined attendance by the Directors at Board meetings in Fiscal 2018 was 100%. The following table sets forth the record of attendance of the Directors of the Corporation for meetings of the Board and, where applicable, for meetings of the Audit Committee, the Corporate Governance Committee and the Human Resources Committee for Fiscal 2018.

DIRECTOR	NUMBER OF BOARD MEETINGS ATTENDED	NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED	NUMBER OF CORPORATE GOVERNANCE COMMITTEE MEETINGS ATTENDED	
			NUMBER OF CORPORATE GOVERNANCE COMMITTEE MEETINGS ATTENDED	NUMBER OF HUMAN RESOURCES COMMITTEE MEETINGS ATTENDED
JEAN LA COUTURE <sup>(1)</sup>	8/8	5/5	3/3	4/4
ROSS J. BEATY	8/8	-	-	-
NATHALIE FRANCISCI	8/8	-	3/3	4/4
RICHARD GAGNON	8/8	5/5	-	4/4
DANIEL LAFRANCE	8/8	5/5	-	4/4
MICHEL LETELLIER	8/8	-	-	-
DALTON MCGUINTY	8/8	-	3/3	-
MONIQUE MERCIER	8/8	-	3/3	-

(1) Jean La Couture is a member of the Audit Committee and an *ad hoc* member of all other committees.



## Board Mandate

The Board is responsible for the stewardship of the Corporation. Its mandate is to oversee the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether its resources are being managed in a manner consistent with shareholder value enhancement, ethical considerations and stakeholders' interests. The Board has adopted a formal mandate (the "**Charter**") for itself which is reproduced under Schedule "A" to this Circular.

The Charter describes the responsibilities of the Board in matters of:

- ☐ *Strategic planning*
- ☐ *Human resources and performance assessment*
- ☐ *Financial matters and internal control*
- ☐ *Risk management*
- ☐ *Corporate governance*
- ☐ *Health and safety matters*
- ☐ *Environment and corporate social responsibility matters*

## Board Committees

To help the Board perform its duties and responsibilities, the Board has three standing committees, being the Audit Committee, the Corporate Governance Committee and the Human Resources Committee, and has no other permanent standing committee. A written charter has been developed for each Committee setting their respective mandates, and each Committee reports to the Board.

## Audit Committee Disclosure

Daniel Lafrance is Chair of the Audit Committee, Jean La Couture, Richard Gagnon and Ouma Sananikone are its other current members. Each of them is independent, experienced and financially literate within the meaning of Regulation 52-110 *Respecting Audit Committees*. The specific experience of each of the members of the Audit Committee is detailed in the Annual Information Form of the Corporation for the Fiscal 2018 (the "**Annual Information Form**") available on the Corporation's website at [www.innergex.com](http://www.innergex.com) and on SEDAR at [www.sedar.com](http://www.sedar.com), except for Ouma Sananikone who was appointed as a member of the Audit Committee on March 21, 2019. The education and audit related experience of Ouma Sananikone is as follows: extensive experience as an equity analyst as well as Chief Investment Officer and Chief Executive Officer of a publicly listed company, as well as head of financial services companies, supervising financial activities, accounts and financial statements. Currently, she serves on the Board of Directors of Macquarie Infrastructure Corporation, a reporting issuer listed on the New York Stock Exchange and is its chair of the Compensation Committee and a member of both the Audit and Governance and Nomination committees.

The mandate of the Audit Committee, is attached as Schedule "B" to the Annual Information Form of the Corporation and is available on the Corporation's website at [www.innergex.com](http://www.innergex.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) explicitly describes the role and oversight responsibilities of the Audit Committee.

In particular, the mandate of the Audit Committee provides that the Audit Committee shall, inter alia:

- recommend the appointment of the external auditor, its compensation, as well as reviewing and monitoring its qualification, performance and independence;
- review the relationships between the external auditor and the Corporation, including considering the auditor's judgments about the quality, transparency and appropriateness and not just the acceptability of the Corporation's accounting principles and resolving any issues between the external auditor and Management;
- pre-approve all non-audit services to be provided to the Corporation and its subsidiaries. The Audit Committee has approved a written policy on pre-approval of non-audited services;
- review and recommend the approval of the annual and interim financial statements of the Corporation, including the Corporation's Management's Discussion and Analysis ("**MD&A**") disclosure, earnings press releases and Annual Information Form prior to their release, filing and distribution;
- oversee the implementation of adequate procedures for the review of the Corporation's public disclosure of financial information (other than the public disclosure referred to in the preceding sentence) extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;
- review the integrity of the financial reporting processes, both internal and external in consultation with the internal and external auditors;
- establish procedures for the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- review hiring policies for employees or former employees of the Corporation's firm of external auditors;
- authorize or conduct investigations into any matters that fall within its scope of responsibilities;
- if it considers appropriate, hire outside advisors and communicate directly with external or internal auditors, if applicable.

The Board has approved a whistle-blowing procedure with respect to the anonymous submission by employees of concerns regarding, *inter alia*, questionable accounting or auditing matters.

## Position Descriptions

The Board has developed a written position description for the Chair of the Board, for each Committee's chair and for the President and CEO.

**Mandate of the Chair of the Board** The mandate of the Chair of the Board states that he is responsible for the management and operation of the Board and for relations between the Board, shareholders and other interested parties. He must ensure that the Board performs the tasks related to its mandate in an efficient manner, and that directors clearly understand and respect the limits between the Board and Management's responsibilities. The mandate of the Chair of the Board also states that he shall provide leadership to enhance Board effectiveness.

**Mandate of each Committee's chair** The mandate of each Committee's chair provides that each Committee chair's key role is to manage his/her respective committee and ensure that the committee carries out its mandate effectively. Like the Chair of the Board, each Committee chair is expected to provide leadership to enhance committee effectiveness and must oversee the Committee's discharge of its responsibilities. Committee chairs must report regularly to the Board on the businesses of their respective committees.

**Mandate of the President and Chief Executive Officer** The Board has delegated to the President and CEO and his management team the responsibility for the day-to-day management while respecting the Corporation's strategic plans, operational agenda, corporate policies and financial limits approved from time to time by the Board.

The Board expects to be advised, on a regular basis, as to the results being achieved and to be presented, for approval, with alternative plans and strategies proposed to be implemented, in keeping with evolving conditions. Furthermore, the Board expects the President and CEO and his management team to review the Corporation's strategies, carry out a comprehensive budgeting process, monitor the Corporation's performance against the budget and identify opportunities and risks affecting the Corporation and find ways to deal with them. The performance of the President and CEO and his management team is assessed against the achievement of strategic objectives and budget and the financial performance of the Corporation. See "Compensation of Named Executive Officers" on page 23.

In addition to those matters which by law must be approved by the Board, or a committee of the Board to which approval authority has been delegated by the Board, Board approval is required for all matters of policy and all actions proposed to be taken by the Corporation which are not in the ordinary course of business. In particular, the Board approves major capital expenditures, all material transactions and the appointment of all officers.

## Board Assessments

The Corporate Governance Committee has the mandate to ensure that a process is in place for the annual review of the contribution and qualifications of individual directors, the performance and effectiveness of the Board as a whole and the Board committees as well as the Chair of the Board and chairs of each committee. The Corporate Governance Committee reviews and approves a performance evaluation questionnaire that is forwarded annually to directors. The questionnaires and guideline for discussions cover a wide range of issues and allows for comments and suggestions. They cover the Board as a whole, each board member, and Board committees, as well as chairs' performance. The Chair of the Board compiles responses and contacts each director, to discuss the Board and Board committee evaluations as well as individual directors' performance, including that of the Board and committee chairs. The Chair of the Board then reports the results to the Board and implement a yearly action plan to follow-up on comments and suggestions made for continuous improvement of the Board's performance and effectiveness. This formal evaluation process is performed annually.

The most recent annual evaluation, which was conducted in the fourth quarter of Fiscal 2018, showed that the Board, its Committees, Committee chairs, the Chair of the Board and individual directors were effectively fulfilling their responsibilities.

## Orientation and Continuing Education for Directors

**Orientation** In addition to having extensive discussions with the Chair of the Board and the President and CEO with respect to the business and operations of the Corporation, new directors attend orientation and training sessions provided by various members of senior management. They are provided with extensive information on the Corporation's business, its strategic and operational business plans, its corporate objectives, its operating performance, its corporate governance philosophy and its financial position. The Board further ensures that new directors nominees fully understand the role of the Board and its Committees and the contributions that individual directors are expected to make.

**Continuing Education** Presentations are made by Management and outside consultants to the Board from time to time to educate and keep Board members informed of changes and trends within the Corporation and its industry, including the competitive landscape, the regulatory, framework and requirements.

In 2018, Board members were provided with the following continuing education trainings and activities:

EDUCATION PRESENTATIONS	PARTICIPANTS
Presentation on Innovation: Battery and Storage Technology on August 13, 2018	Attended by all Board members and some senior executive management members (namely, Michel Letellier, President and CEO, Jean Trudel, CIO, Jean Perron, CFO and Nathalie Théberge, VP - Corporate Legal Affairs and Secretary)
Overview of the Governmental Affairs Landscape on August 13, 2018	Attended by all Board members and some senior executive management members (namely, Michel Letellier, President and CEO, Jean Trudel, CIO, Jean Perron, CFO, Anne Cliche, VP - Human Resources and Nathalie Théberge, VP - Corporate Legal Affairs and Secretary)
Visit of the Innovation Center of Telus Corporation in Vancouver on August 13, 2018	Attended by all Board members and some senior executive management members (namely, Michel Letellier, President and CEO, Jean Trudel, CIO, Jean Perron, CFO and Nathalie Théberge, VP - Corporate Legal Affairs and Secretary)
Presentations on Corporate Governance recent developments and trends on March, 26 and September 26, 2018	Attended by all Corporate Governance members and the Chair of the Board
Presentation on Environmental, Social and Governance Factors provided by external consultants on November 13, 2018	Attended by all Board members and some senior executive management members (namely, Michel Letellier, President and CEO, Jean Trudel, CIO, Jean-François Neault, CFO, Jean Perron, Senior VP - Management Advisor and Nathalie Théberge, VP - Corporate Legal Affairs and Secretary)
Training Program on the prevention of harassment in the workplace provided by an external consultant on November 13, 2018	Attended by all Board members and some senior executive management members (namely, Michel Letellier, President and CEO, Jean Trudel, CIO, Jean-François Neault, CFO, Jean Perron, Senior VP - Management Advisor and Nathalie Théberge, VP - Corporate Legal Affairs and Secretary)
Renewable Energy Market evolution and Trends and Innovation on December 5, 2018	Attended by all Board members and some senior executive management members (namely, Michel Letellier, President and CEO, Jean Trudel, CIO, Jean-François Neault, CFO, Jean Perron, Senior VP - Management Advisor, Peter Grover, Senior VP – Wind and Solar and Nathalie Théberge, VP - Corporate Legal Affairs and Secretary)

In addition to the foregoing, the Corporation subscribes for a Global membership for the Board with the Institute of Corporate Directors. This membership ensures that the Corporation's directors benefit from and have access to quality up-to-date information, tools and training.

## Risk Management

The Corporation is committed to proactive strong risk governance and oversight practices supported by the Board and members of the Management.

The Board is responsible to review and assess material risks associated with the Corporation's business, which may adversely affect it, its activities, its financial condition or reputation. More specifically, the Board ensures that the Corporation has implemented systems to effectively identify, manage and monitor the principal risks associated with its business and to mitigate or reduce their potential negative impacts. The oversight of certain risks may be delegated to certain Board Committees that report to the Board.

Responsibility for risk management is shared across the organisation from each segment of activities. Risk oversight also occurs at the level of operating subsidiaries of the Corporation, to ensure that risks are efficiently managed at every level of its corporate structure. New risks or important risks are identified and reported together with mitigation plans and the risk tolerance related to such risks is communicated and discussed across all levels of the Corporation's corporate structure.

The Board takes an active role discussing risk management with its committees to ensure that risks are properly identified, assessed and effectively managed at all levels of the Corporation's activities. Internal audit is an additional tool to validate the effectiveness and efficiency of risk management across all aspects of the Corporation's business.

The Board's risk management oversight aims to ensure that risks are identified, reduced and mitigated, where possible. However, these risks cannot always be identified or be completely eliminated from the Corporation's activities.

## Ethical Business Conduct

**Innergex's Code of Conduct** The Corporation has adopted a written Code of Conduct (the "Code") which was updated in 2018 and applies to each employee, director and officer of the Corporation and its subsidiaries. The purpose of the Code is to provide guidelines to ensure that the Corporation's reputation for integrity and good corporate citizenship is maintained through the adherence to high ethical standards and compliance thereto by all of those individuals. The Code includes, among other things, rules of conduct with respect to prevention of harassment and bullying in the workplace and corruption.

The Corporation's Code is available on the Corporation's website at [www.innergex.com](http://www.innergex.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). A copy is remitted to all new employees and is made available to all employees upon request to the Secretary.

- ⇒ The Board, through its Corporate Governance Committee, reviews the implementation of and compliance with the Code. In this respect, it receives regular reports from the Vice President – Corporate Legal Affairs and Secretary and written declarations as to any complaints received pursuant to the Code.
- ⇒ In 2017, we implemented the Innergex EthicLine which provides our team members with a tool to submit anonymous questions or complaints regarding ethical concerns or situation. This tool is supported by a third party provider who runs the hotline and forwards calls and reports received to the Vice-President - Corporate Legal Affairs and Secretary for investigation or alternatively to the Vice President - Human Resources. The Innergex Ethicline is available 24 hours a day, seven days a week.

**Conflicts of Interest** Our Code clearly states that directors and officers should avoid and disclose any situation that could potentially create any conflicts of interest. The Board can and does exercise independent judgement. The Board monitors the disclosure of conflicts of interest by directors and ensures that no director will vote or participate in a discussion on a matter in respect of which such director has a material interest.

**Fostering Ethical Culture** At the Board's request, the Board members, Management and employees of the Corporation attended training sessions in Fiscal 2018 with respect to the prevention of harassment in the workplace provided by an external consultant. In addition, the Vice President – Corporate Legal Affairs and Secretary provided a training to employees and Management on the other matters addressed by the Code and related policies. All directors, executive officers and active employees must sign the Code.

The Board promotes a business environment where employees are encouraged to report malfeasance, irregularities and other concerns. The Board has also adopted a whistle-blowing procedure with respect to the submission by employees of concerns regarding, *inter alia*, questionable accounting or auditing matters to manage any complaints anonymously if required. Moreover, the Board has implemented an Executive Incentive Recoupment Policy providing for the recoupment of certain incentive compensation paid to senior executive officers under certain circumstances.

## Shareholder Engagement Policy

The Board believes in the importance of open and constructive dialogue with our shareholders. To facilitate such engagement, the Board adopted, in November 2017, its Shareholder Engagement Policy. This policy outlines how the Board and Management may communicate with shareholders, how shareholders can communicate with the Board and provides an overview of how Management interacts with shareholders. The Corporate Governance Committee oversees this Policy and will review it annually and recommend any changes to the Board for its approval. The Shareholder Engagement Policy is available on the Corporation's website at [www.innergex.com](http://www.innergex.com). Shareholder's may communicate directly with the Board by email at [CA-BOD@innergex.com](mailto:CA-BOD@innergex.com).



## Nomination of Directors

The Corporate Governance Committee is responsible for identifying and recommending to the Board suitable nominees for election to the Board.

Recruiting is based on the skills and experience of the candidates in relation to the needs of the Corporation and the time commitment of individuals to the Corporation's matters. To that effect, the Board has developed a skill matrix as further described below.

The Corporate Governance Committee must comply with the Policy Regarding Board Diversity.

Final decisions are made at Board meetings.

Monique Mercier is Chair of the Corporate Governance Committee and Nathalie Francisci and Dalton McGuinty are its members, all of which are independent.

The Corporation's Corporate Governance Committee has the responsibility of reviewing the composition of the Board, defining, where appropriate, qualifications for directors and procedures for identifying possible nominees, proposing new nominees for appointment to the Board where applicable and providing orientation to new Board members.

The Charter of the Corporate Governance Committee is available on the Corporation's website at [www.innergex.com](http://www.innergex.com).

## Skill Matrix

The Corporate Governance Committee developed a skill matrix to identify the key skills and areas of strength which it believes are important to oversee the business and the growth of the Corporation, guide Management and properly manage the risks the Corporation is facing.

The skill matrix is used by the Board as an additional tool to review the appropriateness of the composition of the Board, to identify potential new candidates for appointment to the Board, based on their skills and experience to complement the current skills and experience mix of the Board. In addition to the key skills and experience identified in the skill matrix, members of the Board are selected based on their good business judgement, high level of integrity, honesty, firm commitment to the interests of all shareholders and availability to devote sufficient time to their duties as a Board member.

The table on the right illustrates, for each skill and experience, the current skills and experience mix of the Nominees to the Board. The use of the skill matrix may also serve as a guide for the Corporate Governance Committee to identify specific development needs of each Board member and of the Board as a whole.

The skill matrix is reviewed annually. In 2019, the ESG criteria was added to the skill matrix. The ESG criteria means the level of understanding of a Nominee of the potential impact, related risks and opportunities of Environment Social and Governance ("ESG") issues on the Corporation.

	Jean La Couture	Ross J. Beatty	Nathalie Francisci	Richard Gagnon	Daniel Lafrance	Michel Letellier	Dalton McGuinty	Monique Mercier	Ouma Sanankone
<b>Skills / Experience</b>									
Public Board	3	3	2	2	2	3	2	3	3
Renewable Power Industry	3	3	2	2	2	3	2	2	2
Audit / Financial	3	2	2	2	3	3	2	2	2
Human Resources / Compensation	3	3	3	3	2	2	2	3	3
Operations/ Maintenance / Construction / Engineering	3	3	1	1	2	2	2	1	2
Health & Safety	2	3	2	2	2	2	2	1	2
ESG Criteria	2	3	3	3	2	3	2	3	3
Public Affairs and Regulatory/Communication	2	3	2	3	2	2	3	2	2
Investment Banking / Financing	3	3	2	2	3	3	1	2	3
Legal	3	3	2	2	2	2	2	3	2
Mergers and Acquisitions	3	3	2	2	3	3	1	3	3
Strategic Planning	3	3	2	3	3	3	2	2	3
<b>Geographical Experience</b>									
Canada	3	3	3	3	3	3	3	3	2
USA	2	3	1	2	2	2	1	2	3
Europe	2	2	1	2	1	2	1	1	2
Latin America	1	3	1	2	2	1	1	2	2
Other Markets	2	3	1	1	1	2	1	2	2

**Legend:** 1: Nominee having no or minimal skills, experience or knowledge of this field; 2: Nominee having general skills, education or experience in this field, without being an expert or a professional thereof; 3: Nominees having great knowledge, experience or being expert or specialized in this field or market.

## Director Term Limits and Other Mechanisms of Board Renewal

The Charter of the Board provides that any director who has reached 72 years of age or has served on the Corporation's Board for a period of 15 years or more (the "**Retirement Time**") must tender his resignation to the Board on or before February 1, following the occurrence of the Retirement Time. The Board may, at its discretion, decide to accept the resignation or offer such director to continue to sit on the Board beyond the Retirement Time. In April 2018, Jean La Couture reached the Retirement Time and tendered his resignation to the Board prior to February 1, 2019. The Board decided to offer Jean La Couture to continue to sit on the Board beyond the Retirement Time. These limits do not apply to a director who is also a member of the Corporation's management. Moreover, the Corporation's Corporate Governance Committee has the responsibility of reviewing the composition of the Board which includes among other things, making recommendations in respect of the Board renewal if deemed necessary.

## Policies Regarding Board Diversity

The Corporation adopted a written policy in order to foster diversity at Board level, which, among other things, relates to the identification and nomination of women directors. The purpose of its Policy Regarding Board Diversity is to foster diversity in general and gender diversity in particular on the Board when identifying and selecting new candidates for election to the Board.

The Corporate Governance Committee is responsible for identifying and assessing potential candidates for nomination to the Board of the Corporation. To that effect, (i) in order to fill any vacancies created at the Board level, the best potential available candidates are identified, assessed and selected in order to enrich the Board with complementary skill sets and experience as identified in the Corporation's skill matrix, and (ii) in order to increase the number of women on the Board when identifying and assessing potential new candidates to fill any vacancies, the Corporate Governance Committee will strive to ensure that at least 50% of the final potential new candidates to be recommended for consideration by the Board are women.

The Corporate Governance Committee reports to the Board with respect to the process of identification and selection of new candidates in order to ensure that the Policy is implemented effectively. Since inception of the Policy in 2015, three of the six new directors appointed to the Board are women. The Corporation does not believe that targets are the right approach and, accordingly, the Corporation has not adopted a target.

## Consideration Given to the Representation of Women in Executive Officer Appointments

The Corporation values diversity of gender, ethnicity, nationality and other attributes, and is committed to supporting the increase of women in leadership positions. However, with a view to fostering diversity, the Corporation does not believe that targets are the right approach, it believes it is more positive to create an effective culture of diversity. The Corporation's first criteria in selecting candidates to an executive position is based on considerations such as experience, skill and ability.

However, while neither a written policy nor targets relating to the identification and appointment of women executives have been adopted to date and the emphasis in filling vacancies has been finding the best qualified candidates given the needs and circumstances of the Corporation, a nominee's diversity of gender, ethnicity, nationality, age, experience and other attributes has and will be considered in the assessment of officer nominees.

## Number of Women on the Board and in Executive Officer Positions

As at the date of this Circular, three women (37.5%) and five men (62.5%) sit on Board as independent directors. The Nominees proposed for election as independent directors at the Meeting include three women (37.5%) and five men (62.5%) and for the whole Board, including the non-independent director, 3 women (33.3%) and six men (67.7%).

As at the date of this Circular, the executive officers team was composed of two women (18.2%) and nine men (81.8%). The composition of Management has historically been very stable, with a very low rate of turnover.

## Compensation

The process by which the Board determines the compensation of the Corporation's officers and the Compensation Governance are described under "Compensation of Named Executive Officers" on page 23.

The process by which the Board determines the compensation of the Corporation's directors and the information on compensation received by the Directors of the Corporation is described under "Compensation of directors" on page 14.

# COMPENSATION OF NAMED EXECUTIVE OFFICERS

## Compensation Governance

The Human Resources Committee is responsible for overseeing the Corporation's compensation program on a global basis and making recommendations to the Board on executive compensation and compensation plan matters. In addition, the Committee oversees the overall strategy with respect to human capital management such as recruitment, talent development, workforce planning, employee mobilisation and satisfaction, the risks related to compensation as well as succession planning for the President and CEO and all other executive officers of the Corporation. The responsibilities, power and operation of the Human Resources Committee are further described in the Charter of the Human Resources Committee of the Corporation reproduced in Schedule "B" to this Circular.

The Members of the Human Resources Committee are Richard Gagnon (Chair), Daniel Lafrance and Nathalie Francisci, all of whom are independent directors within the meaning of Section 1.4 of Regulation 52-110 *Respecting Audit Committees*. Each Committee member has skills and experience that are relevant to his responsibilities in compensation, human capital management, organisational development, recruitment, leadership and talent development, governance and risk management gained by being a director, a current or former senior officer with oversight of compensation decision-making processes, human resources functions or executive search firms partner and by participating in related education programs.

In Fiscal 2018, the Human Resources Committee's responsibilities included, among other things:

- Overseeing the overall human capital strategy and the implementation of a plan in that respect with regular reporting from Management to the Human Resources Committee in that respect;
- Overseeing the organisational integration plan with respect to the Alterra and Cartier Acquisitions;
- Setting performance objectives for the Corporation and the President and CEO and evaluating his performance;
- Reviewing the appropriateness of the two comparison groups of the Corporation and making changes thereto;
- Reviewing and adjusting the Corporation's executive compensation program, including base remuneration, short-term and long-term incentives and all other advantages;
- Reviewing and adjusting the remuneration of the directors;
- Reviewing the Corporation's succession planning for the President and CEO and the executive officers including discussions of development plans; and
- Reviewing and assessing the risks associated with the Corporation's compensation policies and practices.

## Risk Oversight

The Human Resources Committee reviews and approves the Corporation's compensation policies and practices, taking into account any associated risks. As further described hereunder, the components of compensation include a base salary, a short-term Incentive Plan ("**Performance Bonus**") and a long-term Equity-Based Incentive Plan of the Corporation made up of the Stock Option Plan (the "**Stock Option Plan**") and the Performance Share Plan (the "**Performance Share Plan**"). The Board believes that the balanced use of these key components of the compensation program eliminates reliance on any single performance metrics thus mitigating risks related to compensation and ensuring that compensation is aligned with the interests of shareholders. During the review performed for Fiscal 2018, the Human Resources Committee has not identified any risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

As part of the compensation risk management measures, the Board has implemented, over recent years, compensation governance policies and guidelines such as anti-hedging provisions whereby the Corporation's executive officers and directors are prohibited from purchasing financial instruments relating to the Corporation's Common Shares, a Recoupment Policy that allows the Board to claw back incentive compensation from executive officers when financial results have to be materially restated or corrected because of executive fraud or misconduct, and minimum shareholding requirements for executive officers, as further described below under "Other Key Compensation Policies of the Corporation".

## Succession Planning

The Human Resources Committee oversees Management's succession planning. At least once a year, the Human Resources Committee reviews the progress, examines any gaps in the succession plan, reviews the development plan of each identified potential successor as well as the different scenarios to efficiently address any emergency replacement events. The Human Resources Committee meets at least once a year with the President and CEO and other officers to review the succession plan and identify the development needs of qualified internal candidates for filling potential future openings in key positions.

## Independent Advisors

The Human Resources Committee may hire outside advisors at the expense of the Corporation in order to assist the Committee in the performance of its duties.

In Fiscal 2017 and 2018, the Human Resources Committee did not retain the services of any compensation consultant.

## Comparison Groups

The Corporation uses two comparison groups.

As a tool for benchmarking the Corporation's senior executive and directors compensation, in general, the Corporation uses  $\Rightarrow$  the "**Compensation Comparison Group**"

To determine the vesting of a portion of the performance shares rights granted based on the ranking of the three-year average total shareholder's return of the Corporation relative to peers, the Corporation uses  $\Rightarrow$  the "**Performance Group**"

$\Rightarrow$  **Compensation Comparison Group** The Corporation uses the Compensation Comparison Group to benchmark the Corporation's senior executive compensation. It is composed of the 11 publicly-traded corporations listed below, which were selected taking into account the industry (with a focus on the Renewable Energy industry), the location with a focus on Québec based head office, the capitalization, the earnings before interest, taxes, depreciation and amortization and the total assets of each. The Compensation Comparison Group's appropriateness is reviewed on an annual basis to ensure that the inclusion criteria and the included corporations are still relevant. The Human Resources Committee reviewed the composition of the Compensation Comparison Group in 2018, which was composed of the following entities:

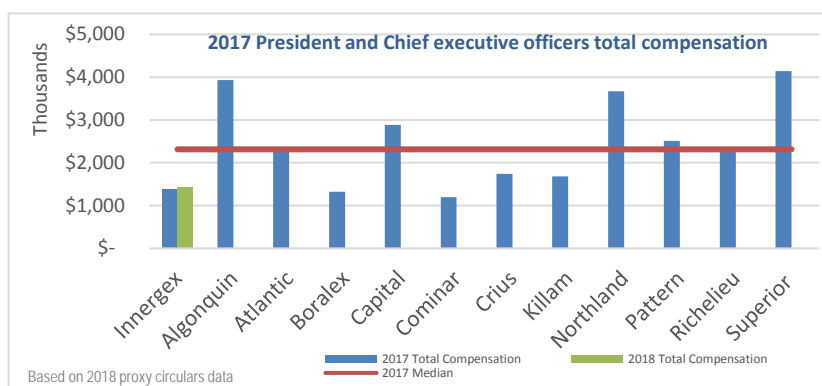
COMPENSATION COMPARISON GROUP			
Name and head office location	Activities	Market Capitalization <sup>(1)</sup> (\$M)	Total Asset Value <sup>(1)</sup> (\$M)
<b>Algonquin Power &amp; Utilities Corp.</b> Ontario, Canada	Utilities - Independent Power Producers	7,180	9,389
<b>Atlantic Power Corp.</b> Massachusetts, United States	Utilities - Independent Power Producers	3,688	1,025
<b>Borex Inc.</b> Québec, Canada	Utilities - Independent Power Producers	1,711	4,746
<b>Capital Power Corporation</b> Alberta, Canada	Utilities - Regulated	3,178	7,660
<b>Cominar Real Estate Investment Trust</b> Québec, Canada	REITs	2,149	6,544
<b>Crius Energy Trust</b> Ontario, Canada	Utilities - Regulated	494	581
<b>Innergex Renewable Energy Inc.</b> Québec, Canada	<b>Utilities - Independent Power Producers</b>	<b>1,881</b>	<b>6,481</b>
<b>Killiam Apartment Real Estate Investment Trust</b> Nova Scotia, Canada	REITs	1,734	2,824
<b>Northland Power Inc.</b> Ontario, Canada	Utilities - Independent Power Producers	4,272	10,336
<b>Pattern Energy Group Inc.</b> California, United States	Utilities - Independent Power Producers	2,887 <sup>(2)</sup>	7,109 <sup>(2)</sup>
<b>Richelieu Hardware Ltd.</b> Québec, Canada	Manufacturing - Apparel & Furniture	136	569
<b>Superior Plus Corp.</b> Ontario, Canada	Utilities - Regulated	1,977	3,650

(1) Source : Bloomberg on March 28, 2019.

(2) Amount converted from US dollars to Canadian dollars using the exchange rate of 1.3429 as at March 28, 2019.



The Fiscal 2017 and 2018 total compensation of the President and CEO was positioned below the median when compared with the total compensation of the Corporations composing the Compensation Comparison Group's 2018 proxy circulars data information, as show in the table on the right.



⇒ **Performance Group** The Corporation uses the Performance Group in order to link 50% of the performance objectives of the performance share rights granted under the Performance Share Plan to the ranking of the Corporation's total shareholders return ("TSR") among the TSR of each of the entities composing the Performance Group over three-year periods. In Fiscal 2018, it was composed of the 15 publicly-traded entities listed below, including the Corporation, plus the S&P/TSX Composite Index, which were selected since their activities, dividend yield payment profiles are similar or comparable to those of the Corporation. For consistent comparison purposes, the TSR Performance Group is reviewed on an annual basis prior to each performance share right grant to ensure that the entities or indexes included are still relevant. See the "Performance Share Plan" on page 40 for more details on each grants, the performance targets and on the calculation of the TSR and of the ranking.

PERFORMANCE GROUP			
Name and head office Location	Activities	Symbol	Dividend Yield
<b>Algonquin Power &amp; Utilities Corp.</b> Ontario, Canada	Utilities – Independent Power Producers	AQN Canadian equity	4.81%
<b>Atlantic Power Corp.</b> Massachusetts, United States	Utilities – Independent Power Producers	ATP Canadian equity	–
<b>Boralex Inc.</b> Québec, Canada	Utilities – Independent Power Producers	BLX Canadian equity	3.50%
<b>Brookfield Renewable Partners L.P.</b> Hamilton, Bermuda	Utilities - Independent Power Producers	BEP United-States equity	6.50%
<b>Capital Power Corporation</b> Alberta, Canada	Utilities – Regulated	CPX Canadian equity	5.30%
<b>Cominar Real Estate Investment Trust</b> Québec, Canada	REITs	CUF-U Canadian equity	6.10%
<b>Emera Incorporated</b> Nova Scotia, Canada	Utilities – Regulated	EMA Canadian equity	4.69%
<b>Fortis Inc.</b> British Columbia, Canada	Utilities – Regulated	FTS Canadian equity	3.67%
<b>Innergex Renewable Energy Inc.</b> Québec, Canada	<b>Utilities - Independent Power Producers</b>	<b>INE</b> <b>Canadian equity</b>	<b>4.95%</b>
<b>Maxim Power Corp.</b> Alberta, Canada	Utilities - Independent Power Producers	MXG Canadian equity	–
<b>Northland Power Inc.</b> Ontario, Canada	Utilities – Independent Power Producers	NPI Canadian equity	5.05%
<b>Pattern Energy Group Inc.</b> California, United States	Utilities - Independent Power Producers	PEGI United-States equity	7.71%
<b>TransAlta Renewables Inc.</b> Alberta, Canada	Utilities - Independent Power Producers	RNW Canadian equity	6.88%
<b>Valener Inc.</b> Québec, Canada	Utilities – Regulated	VNR Canadian equity	4.63%

(1) Source : Bloomberg on March 28, 2019.

## Compensation Program Framework at a glance

Through its executive compensation practices, the Corporation seeks to provide value to its shareholders through a strong executive leadership. Specifically, it seeks to attract and retain talented and experienced executives necessary to achieve the Corporation's strategic objectives and to motivate and reward executives whose knowledge, skills and performance are critical to the Corporation's short and long-term success. It also seeks to align the interests of the Corporation's executives and shareholders by motivating executives to increase shareholder value and preserve a stable dividend while building for the future which means integrating at all level Environmental, Social and Governance factors. Accordingly, the Compensation Programs of the Corporation includes a mix of the following components, which are discussed further in the pages noted.

### Base Salary (page 29)

- Fixed Compensation reviewed annually;
- Based on skills, experience, role and responsibilities;
- Competitive to attract and retain talented and experienced executives.

### Performance Bonus (Annual Incentive) (page 29)

- Performance bonuses, not guaranteed at risk variable compensation to motivate successful achievement of annual performance objectives
- Based mainly on the overall performance of the Corporation and partially on individual performance the weighting is as follows:
  - 47.0% to 50.0% based on a financial measure;
  - 51.5% to 55.0% of the performance objectives are aligned with long term growth: growth of the Adjusted EBITDA Proportionate and the development objectives;
  - 20.0% to 25.0% on personal objectives.

#### New 2019 Corporate Objectives

For the 2019 Corporate Objectives a new tranche of 10% of the Annual Incentive was added based on Environmental, Social and Governance (ESG) factors.

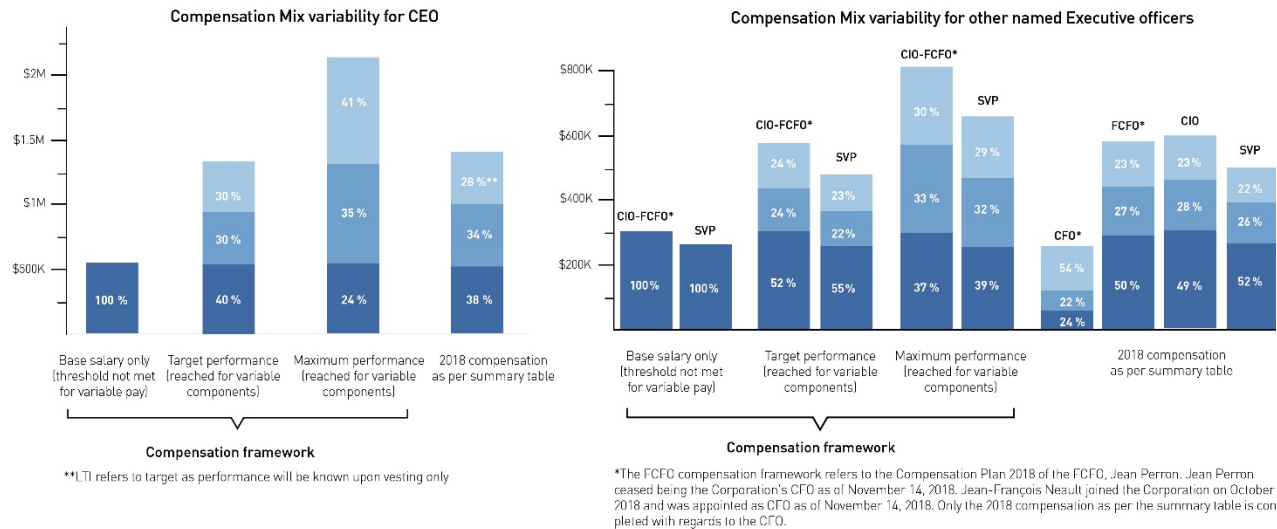
### Equity based Incentive Plans (page 33)

- Composed of a mix of a Stock Option Plan and a non-dilutive Performance Share Plan which are both variable and at risk compensations;
- To align interest of executive with value creation for shareholder on a long term basis;
- Stock options value is linked to the Common Share price appreciation vesting over a 4-year period for options;
- Rewards of the Performance share rights are based on a financial measure: a combination of both an absolute target shareholders return and a relative one (the ranking of the TSR of the Corporation among its Performance Group) over a 3-year period, except as further described for the 2018 grant on page 33, which is calculated over a two year period.

### Other Benefits and Perquisites

- Contributions to RRSPs and other perquisites such as car allocation.

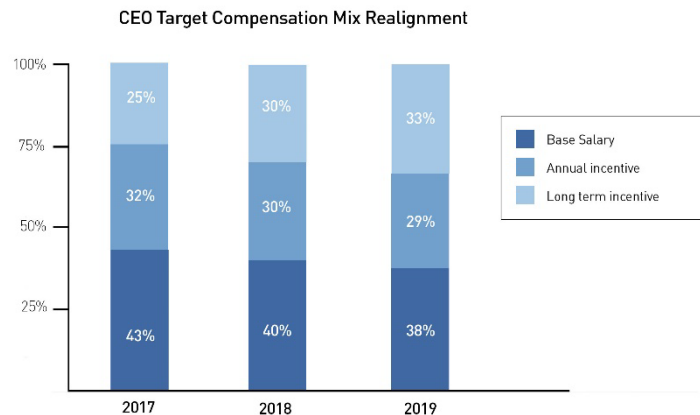
The compensation program mix between base salary and the variable annual and long-term incentives for Fiscal 2018 for the Chief Executive Officer (“CEO”), the Former Chief Financial Officer (“FCFO”)\*, the Chief Investment Officer and Head of Development (“CIO”) and for the Senior Vice-President (“SVP”):



- ⇒ At least 40.0% of the target 2018 CEO com-pensation mix (30% for the other NEOs) is aligned with long-term growth; namely 28.0% to 30.0% of the Annual Incentive (the development objectives of the Performance Bonus) and 100% of the long-term incentives.
- ⇒ At least 45.0% of the target 2018 CEO compensation (35% for the other NEOs) is based on financial measures such as the adjusted payout ratio, the proportionate adjusted EBITDA, total shareholder return and common share value.

## In 2018 & 2019 Compensation Mix Realignment

The Human Resources Committee reviewed and re-aligned the compensation mix of the Named Executive Officers in order to increase the weight of the long-term incentive plan. The CEO compensation mix was realigned as follows:



## Summary Table

The following table presents information regarding the compensation earned in Fiscal 2016, 2017 and 2018 by the President and CEO, the Chief Financial Officer and the other three most highly compensated executive officers of the Corporation as of December 31, 2018 (the “**Named Executive Officers** or “**NEO**”).

NON-EQUITY INCENTIVE PLAN COMPENSATION (\$)								
FISCAL YEAR	SALARY (\$)	SHARE-BASED AWARDS (\$) <sup>(1)</sup>	OPTION-BASED AWARDS (\$) <sup>(2)</sup>	ANNUAL INCENTIVE PLANS <sup>(3)</sup>	LONG-TERM INCENTIVE PLANS	PENSION VALUE (\$)	ALL OTHER <sup>(10)(11)</sup> COMPENSATION (\$)	TOTAL COMPENSATION (\$)
MICHEL LETELLIER - President and Chief Executive Officer								
2018	537,259	401,477	–	487,681	–	–	13,115	1,439,532
2017	526,724	303,312	26,268	520,009	–	–	13,005	1,389,318
2016	516,390	283,740	41,500	653,046	–	–	12,685	1,507,361
JEAN-FRANÇOIS NEAULT - Chief Financial Officer <sup>(4)</sup>								
2018	61,250	139,734 <sup>(5)</sup>	–	56,636 <sup>(5)</sup>	–	–	2,500	260,120
JEAN PERRON – Senior Vice President – Management Advisor <sup>(6)</sup>								
2018	303,003	139,734	–	159,909	–	–	13,115	615,761
2017	297,029	117,289	11,761	167,434	–	–	13,005	606,518
2016	289,514	108,617	17,250	219,027 <sup>(7)</sup>	–	–	12,685	647,093
JEAN TRUDEL - Chief Investment Officer and Head of Development								
2018	307,009	139,734	–	170,658	–	–	13,115	630,516
2017	292,466	117,289	11,761	176,378	–	–	13,005	610,899
2016	282,634	108,617	17,250	248,403 <sup>(8)</sup>	–	–	12,685	669,589
PETER GROVER - Senior Vice President – Wind and Solar								
2018	269,212	110,899	–	130,328	–	–	13,115	523,554
2017	228,993	92,322	8,030	119,289	–	–	11,446	460,080
2016	223,154	86,186	12,500	180,660 <sup>(9)</sup>	–	–	11,162	513,662

- (1) For valuation purposes, (i) the value of the performance share rights (“PSR”) granted under the Performance Share Plan is based on the volume weighted average trading price of the Common Shares on the TSX for the 5 trading days immediately preceding each grant, which was \$12.68 the Fiscal 2016 grant, \$14.52 for Fiscal 2017 grant and \$14.41 for Fiscal 2018 grant. The Fiscal 2018 PSR grant was made on March 27, 2019 for the compensation plan of Fiscal 2018; (ii) the number of performance share rights earned pursuant to a PSR may increase or decrease depending on whether or not the performance targets are reached or exceeded. For Fiscal 2016, 2017 and 2018 performance targets are based on a combination of the average total shareholder return (“TSR”) of the year of the grant and the two following years for the Fiscal 2016 and 2017 grants and the following year for the Fiscal 2018 grant and the ranking of the Corporation within the Performance Group, as defined under “Comparison Groups”. For Fiscal 2016, 2017 and 2018, the target number of PSR granted represents a fair estimate of the potential vesting of such grants. See the “Performance Share Plan” on page 40 for more details on each grant, the performance targets and on the calculation of the TSR. These amounts do not constitute cash amounts received by the Named Executive Officers. It is an at-risk value. See “Equity-Based Incentive Plan” on page 33.
- (2) All stock option values are based on the Black-Scholes model, for valuation purposes, which establishes a value of \$1.34 and of \$1.36 per option granted during Fiscal 2016 and Fiscal 2017 respectively. The Black-Scholes valuation methodology is used to value stock options because it is the predominant methodology in the marketplace. No stock options were granted in Fiscal 2018.
- (3) Amounts are paid in the fiscal year following the fiscal year for which they were earned. The Annual Incentive Plan amounts disclosed herein therefore relate to bonuses earned in Fiscal 2018 and paid in Fiscal 2019 year. See “Performance Bonus” on page 29.
- (4) Jean-François Neault joined the Corporation on October 9, 2018 and was nominated as CFO as of November 14, 2018.
- (5) This amount includes a \$25,000 signing bonus as provided by Jean-François Neault Initial Employment Agreement.
- (6) Jean Perron ceased being the Corporation's CFO effective November 14, 2018 and became Senior Vice President – Management Advisor.
- (7) Jean Perron elected to receive \$150,000 of his 2016 Annual Incentive Plan amount in the form of DSUs.
- (8) This amount includes a special bonus of \$25,000 awarded to Jean Trudel for his contribution to the expansion of the Corporation in the French market.
- (9) This amount includes a special bonus of \$25,000 awarded to Peter Grover for his contribution to the expansion of the Corporation in the French market and for his management of the construction activities and commissioning activities of the Mesg'i'g Ugu's'n (MU) Wind Farm.
- (10) The Corporation has made contributions to the registered retirement saving plans (“RRSP”) of, and on behalf of, each of the Named Executive Officers. The Corporation matches the employee's contribution to his RRSP up to an amount of 5% of his salary, subject to a maximum of 50% of the maximum RRSP contribution limit under the *Income Tax Act*.
- (11) The value of perquisites awarded to each Named Executive Officer in Fiscal 2018 was less than \$50,000 and less than 10% of the total of their respective salaries and annual incentive plans.



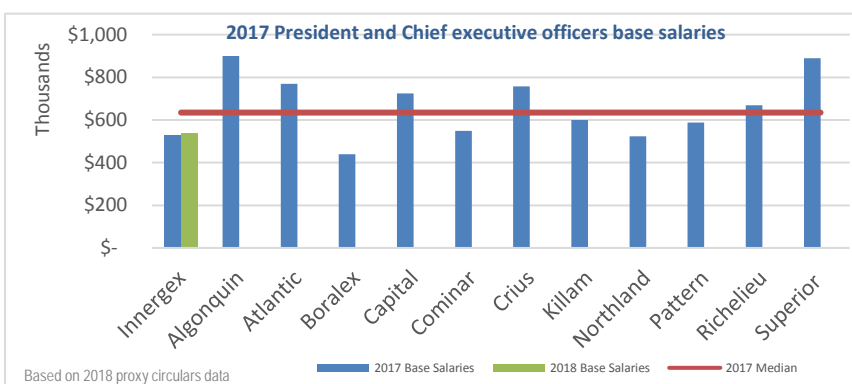
## Compensation Discussion and Analysis

### Base Salary

The Corporation's approach is to pay its executives a base salary that is competitive with those of other executive officers in comparable companies in the renewable energy industry or comparable industries, such as those listed in the Compensation Comparison Group. The Corporation believes that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. The Corporation also believes that attractive base salaries can motivate and reward executives for their overall performance. The Compensation Comparison Group is also used to ensure that the base salary of its executive officers is reasonably positioned within the Compensation Comparison Group, as shown in the table below, without, however, targeting any remuneration level against the Compensation Comparison Group.

On an annual basis, the President and CEO reviews the base salary of each executive and suggests adjustments as required, in accordance with certain criteria including, without limitation, (i) past salary, (ii) changes in the compensation for comparable companies such as those listed in the Compensation Comparison Group, (iii) the average 2018 salary increase announced in late 2017 by Canadian compensation firms and (iv) changes in the duties and responsibilities to ensure the compensation remains competitive and is

commensurate with the responsibilities of the position and individual performance. The President and CEO typically suggests adjustments to the Human Resources Committee which analyses the suggestions based on the Corporation's approach to executive compensation and makes its own recommendations to the Board. In November 2017, considering all these criteria, the Board authorized an approximate 2% increase in the base salary of the President and CEO, from \$526,724 to \$537,259, and 2% for Jean Perron, 5% to Jean Trudel and 17.88% for Peter Grover as his duties and responsibilities increased significantly in 2017, effective as of January 1, 2018.



### Performance Bonus

In Fiscal 2018, the executive officers of the Corporation had the opportunity to earn an annual bonus based mainly (75% to 80%) on the overall performance of the Corporation and partially (25% to 30%) on individual performance; performance bonuses are not guaranteed and are at risk compensation. The target and maximum bonuses level of the short term incentive for the Named Executive Officers of the Corporation, are showed in the table to the right. The target and maximum represent a percentage of the base salary earned during the period.

NAMED EXECUTIVE OFFICERS	TARGET	MAXIMUM
Michel Letellier	75%	150%
Jean-François Neault Jean Trudel Jean Perron	45%	90%
Peter Grover	40%	80%

## 2018 CORPORATE OBJECTIVES FOR THE PERFORMANCE BONUS AT A GLANCE

<b>Adjusted Payout Ratio</b>	Aligns compensation with sustainability of current dividend and dividend increases as well as the ability of the Corporation to fund its growth	Weighting 25.0% for CEO and 23.5% for the other NEO
<b>Growth of the Adjusted EBITDA Proportionate</b>	Measures profitable growth in line with the Corporation strategic plan	Weighting 25.0% for the CEO, and 23.5% for the other NEO
<b>Development Objectives</b>	Short term important milestone identified for long term value creation and growth to align daily business affairs with long term strategy	Weighting 30.0% for the CEO and 28.0% for the other NEO
<b>Personal Objectives</b>	Qualitative and quantitative elements to be accomplished to reach the short and long-term objectives of the Corporation	Weighting 20.0% for the CEO and 25.0% for the other NEO

For Fiscal 2018, the Human Resources Committee recommended, and the Board authorized, a performance bonus to executive officers based on the following 2018 Corporate Objectives and on additional considerations:

2018 CORPORATE OBJECTIVES <sup>(1)</sup>	RESULTS
<b>OPERATION OBJECTIVES</b>	
<b>WEIGHTING:</b> 25.0% for the President and Chief Executive Officer and 23.5% for all other Named Executive Officers	
Two-year average target adjusted payout ratio of 73.63% for Fiscal 2017 and 2018	Two year average Payout ratio was at 88.03% of the objective, the actual result being lower than 90% of the target, the threshold was not reached. Therefore, no payout was granted for that objective. This objective was not met mainly due to (i) larger than projected investments made in development with the addition of the Phoebe solar project and the investment in Energía Llaima in Chile, (ii) below average wind regimes in France and (iii) lower than expected contribution from joint ventures and associates due to below long-term average production at most facilities and in particular at Upper Lilloet following its commissioning.

*Calculation of payout ratio.* Free Cash Flow and Payout Ratio are not recognized measures under International Financial Reporting Standards (“IFRS”) and therefore may not be comparable to those presented by other issuers. References to “Payout Ratio” are to dividends declared on common shares divided by Free Cash Flow. References to “Free Cash Flow” are to cash flows from operating activities before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus or minus other elements that are not representative of the Corporation’s long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition), realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the exchange rate on equipment purchases. The application of this measure is carefully considered by the Human Resources Committee to take into account situations that may have an unusual positive or negative impact on this calculation. This may result in certain positive or negative items to be added or excluded from the final calculation to arrive at the payout ratio after such items would have been approved by the Audit Committee of the Corporation.

(1) Capitalized terms relating to projects in this table have the same meanings as the ones assigned to them in our Annual Information Form for the financial year ended December 31, 2018 available on the Corporation’s website at [www.innergex.com](http://www.innergex.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

2018 CORPORATE OBJECTIVES <sup>(1)</sup>	RESULTS
<b>GROWTH OF THE ADJUSTED EBITDA PROPORTIONATE</b>	
<b>WEIGHTING:</b> 25.0% for the President and Chief Executive Officer and 23.5% for all other Named Executive Officers	
For 2018, the growth target of the Adjusted EBITDA Proportionate was \$ 439.8M, excluding the Blue Lagoon	✓ Adjusted EBITDA Proportionate realized in 2018 was of \$ 442.5M, excluding the Blue Lagoon, which brings results at 101% of the target. This result is mainly due to higher production and revenues from the facilities commissioned or acquired in 2017 and 2018, partly offset by higher operating expenses, general and administrative expenses and prospective project expenses stemming mostly from the geothermal activities and the higher number of facilities in operations.

In order to align the efforts of Management to generate solid growth, the Board implemented in 2017, a new corporate objective based on the growth of the Adjusted EBITDA, which was transitioned into the growth of the Adjusted EBITDA Proportionate in 2018.

*Calculation of the Growth of the Adjusted EBITDA Proportionate.* Years 2017 and 2018 were and year 2019, will be transition years for the implementation of this new corporate objective to lead to a formula, starting in 2020, where the target will be based on the average Adjusted EBITDA Proportionate of the two previous years plus 10%. In application of this formula, adjustments may be made, at Board discretion, to take into consideration special events such as important acquisitions or the timing of any such acquisition. In 2018, given the tremendous efforts deployed by Management to close the Alterra Acquisition, which occurred in early 2018 and given the importance of this transaction, the Board set the target on projected Adjusted EBITDA Proportionate in 2018 as disclosed in the 2017 Management Discussion & Analysis. Please see the “Forward-Looking Information” at page 45.

Adjusted EBITDA and Adjusted EBITDA Proportionate are net earnings (loss) to which are added (deducted) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments. References in this document to “Adjusted EBITDA Proportionate” are to Adjusted EBITDA plus the Corporation’s share of Adjusted EBITDA of the joint ventures and associates. The Corporation believes that the presentation of this measure enhances the understanding of the Corporation’s operating performance. Readers are cautioned that Adjusted EBITDA Proportionate and Adjusted EBITDA should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the “Operating Results” section in the MD&A for the year ended December 31, 2018 which was filed on SEDAR at [www.sedar.com](http://www.sedar.com), on February 27, 2019 and is also available on the Corporation’s website at [www.innnergex.com](http://www.innnergex.com).

## DEVELOPMENT OBJECTIVES

**WEIGHTING:** 30.0% for the President and Chief Executive Officer and 28.0% for all other Named Executive Officers

- ✓ Alterra: Closing and integration

### Outperformed

- ✓ Closing occurred February 6, 2018 : \$1.1 Billion enterprise value.
- ✓ Closing of the \$150M financing with La Caisse de dépôt et placement du Québec and increase of the corporate loan by \$ 225M.
- ✓ Deployment of a new organizational structure and team consolidation.
- ✓ Relocation of the Vancouver offices.
- ✓ Standardisation of the work conditions, execution of new employment agreements and pay system migration successfully realized.

- ✓ Activities performed to realize value of the Alterra portfolio

### Achieved

- ✓ The Board considered that tremendous efforts were made to realize such value in 2018 with a long-term vision.

- ✓ Activities to realize value of the prospective projects of the Corporation, acquisitions, important milestones for Developments Projects and innovation based growth activities.

### Outperformed

- ✓ May 2018, acquisition of the 33.3% interest in Creek Power Inc. from Ledcor.
- ✓ June 2018, completion of the \$150M offering of 4.75% convertible debentures.
- ✓ July 2018, acquisition of the 315MW solar project Phoebe in Texas, USA.
- ✓ July 2018, acquisition of the 50% ownership in Energía Llaima in Chile, for a consideration of US\$110M.
- ✓ July 2018, acquisition of the 140MW Duquenco hydro project in Chile.
- ✓ October 2018, acquisition of the Trans-Canada 62% interest in the Cartier Wind Farms for a consideration of approximately \$621M.
- ✓ December 2018, closing of the \$570.4M non-recourse financing of four of the Cartier Wind Farms.

## PERSONAL OBJECTIVES

**WEIGHTING:** 20.0% for the President and Chief Executive Officer, 25.0% for all other Named Executive Officers

At the beginning of each year, each Named Executive Officer meets with the President and CEO to set his individual objectives for the year, specific for his sector, while the President and CEO meets with Chair of the Board and the Human Resources Committee for his own objectives, which are approved by the Board. Such objectives include qualitative and quantitative elements necessary to be accomplished during the current year to reach the short and long-term objectives of the Corporation.

(1) Capitalized terms relating to projects in this table have the same meanings as the ones assigned to them in our Annual Information Form for the financial year ended December 31, 2018 available on the Corporation's website at [www.innergex.com](http://www.innergex.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).



As reflected in the break-down provided above, bonuses are primarily based upon the performance of the Named Executive Officers for their involvement in the successful achievement by the Corporation of its objectives for the year. However, it is important to note that at least 55% of these 2018 Corporate Objectives for the CEO (51.5% for the other NEO) are aligned toward long-term value creation and growth through the growth of the Adjusted EBITDA Proportionate and the development objectives. The primary objective of the Corporation's bonus payments is to motivate and reward its Named Executive Officers for meeting the Corporation's yearly objectives using a performance-based compensation program. At least 50% of the bonus is linked to financial objectives. The Corporation does not believe that it is possible to specifically quantify every important aspect of executive performance in a pre-determined objective goal. For example, the extent of the actions to realize value of the prospective projects portfolio may become a more important objective of the executive team if a request for proposals is launched by a governmental authority during the year or the priority may differ if an interesting acquisition opportunity is pursued by the Corporation. Such events may occur after the Corporation has established the executives' performance goals for the year and may require its executives to focus their attention on different or other strategic objectives.

At least 55% of the CEO 2018 short-term incentives (bonuses) are aligned with long-term value creation and growth. Innergex's growth of the Adjusted EBITDA Proportionate and the development objectives consist in building now for the future.

At least 50% of the short-term incentives is based on a financial measures.

## Equity-Based Incentive Plan

The Equity-Based Incentive Plan of the Corporation is composed of a mix of the Stock Option Plan and the Performance Share Plan. It is composed of the Stock Option Plan of the Corporation and a non-dilutive Performance Share Plan with grants of performance share rights on an annual basis, with a two to three-year vesting period and conditional, *inter alia*, upon realization of pre-determined financial objectives based on total shareholder return.

The implementation of this dual Equity-Based Incentive Plan has had an impact on the number of options granted since the Fiscal 2012; grants under both plans are considered together as the Equity-Based Incentive Plan of the Corporation. Grants under the Stock Option Plan and the Performance Share Plan are recommended on a yearly basis by the Human Resources Committee to the Board, which ultimately has the responsibility of awarding grants under both plans.

Since 2014, it was decided that the Equity-Based Incentive Plan grants would be gradually balanced.

Therefore, the portion of stock options were gradually decreased from 13% in 2014 to 5% in 2017 of the Base Salary of the President and CEO in favor of proportionally increasing the number of the PSR allocated to each NEO.

In Fiscal 2018, the Board did not grant options as initially planned in the 2018 Compensation Plan and decided to replace such grant with additional performance share rights grant equivalent to the value of the options not granted.

2019 – EQUITY-BASED INCENTIVE PLANS BALANCING			
CEO EQUITY BASED INCENTIVE PLAN	PROPORTION OF BASE SALARY		
	2017	2018	2019
Stock Options	5%	5%	5%
PSR	55%	70%	80%
Total	60%	75%	85%

In addition, further to the review of the compensation mix of the Named Executive Officers' 2019 Executive Compensation Plan, the Board has decided to realign the weight of long-term Incentive Plan by increasing the PSR grant, as described in the above table as a percentage of the base salary of the President and CEO.

Grants under the Stock Option Plan and the Performance Share Plan are recommended by the Human Resources Committee on a yearly basis and submitted to the Board, which ultimately has the responsibility of awarding grants under both plans.

## Stock Option Plan

The Corporation's granting of options to purchase Common Shares to its executive officers is a method of compensation which is used to attract and retain executives, to provide an incentive to participate in the long-term development of the Corporation and to increase shareholder value.

A description of the Stock Option Plan as at December 31, 2018 is as follows:

<b>Adopted</b>	December 3, 2007 in connection with the Corporation’s initial public offering.			
<b>Administration</b>	The Stock Option Plan is administered by the Board.			
<b>Eligibility</b>	Employees, officers, directors and certain consultants of the Corporation and its subsidiaries.			
<b>Award</b>	Options to buy Common Shares.			
<b>Exercise Price</b>	Options granted under the Stock Option Plan have an exercise price (the “ <b>Exercise Price</b> ”) of not less than the market price of the Common Shares at the date of grant of the option, calculated as the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the date of grant (the “ <b>Market Price</b> ”). Except for the December 6, 2007 grant, which was equal to the offering price of the Corporation’s initial public offering, the Exercise Price of all options granted under the Stock Option Plan equals the Market Price at the time of the grant.			
<b>Common Shares Issuable</b>	A maximum aggregate of 4,064,123 Common shares representing approximately 3.06% of the issued and outstanding Common Shares of the Corporation may be subject to options granted under the Stock Option Plan.			
<b>Historical total number of stock options granted to executive officers as well as the grant dates and the exercise price of each grant</b>	<b>TOTAL STOCK OPTIONS</b>			
	<b>GRANT DATES</b>	<b>GRANTED</b>	<b>EXERCISE PRICE</b>	
	December 6, 2007 <sup>(1)</sup>	1,410,000	\$11.00	
	June 23, 2010	808,024	\$8.75	
	November 18, 2011	835,420	\$9.88	
	November 16, 2012	417,000	\$10.70	
	November 5, 2013	397,000	\$9.13	
	November 21, 2014	397,000	\$10.96	
	August 12, 2016	125,748	\$14.65	
	August 9, 2017	77,167	\$14.52	
<b>Options history and status</b>	(1) all of the 2007 options have either been exercised or expired.			
	• Aggregate total stock options granted since inception of the Plan	4,467,359		
	• Aggregated exercised options since inception of the Plan	948,904		
	• Aggregated number of options cancelled since inception of the Plan	735,856		
	• Options under grant	2,782,599 representing approximately 2.09% of the issued and outstanding Common Shares		
	• Remaining options available for grants	332,620 representing approximately 0.25% of the issued and outstanding Common Shares		
<b>Burn Rate<sup>(1)</sup></b>	<b>Calculation</b>	<b>2018(%)</b>	<b>2017(%)</b>	<b>2016(%)</b>
	Number of options granted in the applicable fiscal year, divided by the weighted average number of shares outstanding for the applicable fiscal year	0.0%	0.1%	0.1%
(1) the Stock Option Plan is the only Equity-Based Incentive Plan which includes the issuance from treasury of securities of the Corporation.				
<b>Limits</b>	The number of Common Shares issuable to non-executive directors of the Corporation under the Stock Option Plan or any other securities-based compensation arrangement of the Corporation cannot at any time exceed 1% of the issued and outstanding Common Shares.  The number of Common Shares issuable to insiders of the Corporation, at any time, under the Stock Option Plan and any other securities-based compensation arrangement cannot exceed 10% of the issued and outstanding Common Shares.			
<b>Vesting</b>	The options granted under the Stock Option Plan vest in four equal amounts on a yearly basis over the four years following the grant date. The options granted on June 23, 2010 vested in five equal amounts on a yearly basis over the five years following the grant date.			

<b>Term, Expiry</b>	<p>Options must be exercised during a period established by the Board, which may not be greater than ten years after the date of grant.</p> <p>Any Common Shares subject to an option that expires or terminates without having been fully exercised may be made the subject of a further option.</p> <p>If the date on which an option expires occurs during or within 10 days after the last day of a black out period under a black out policy of the Corporation, the expiry date of the option will be the last day of such 10-day period.</p>
<b>Financial Assistance and in lieu exercise</b>	<p>No financial assistance is provided under the Stock Option Plan to help option holders' exercise their options.</p> <p>In 2017, the Board approved, in accordance with the Stock Option Plan, that in lieu of paying the Exercise Price for the Common Shares to be issued pursuant to an exercise, the option holder may elect to acquire the number of Common Shares determined by subtracting the Exercise Price from the Market Price of the Common Shares on the date of exercise, multiplying the difference by the number of Common Shares in respect of which the option was otherwise being exercised and then dividing that product by such Market Price of the Common Shares.</p>
<b>Termination</b>	<p>If the employment of an option holder is terminated for cause, options not then exercised terminate immediately.</p> <p>If an option holder dies or becomes, in the determination of the Board, permanently disabled, vested options at the time of death or permanent disability may be exercised, as the case may be, for a period of six months or one year after the date of death or permanent disability.</p> <p>If an option holder's employment or directorship ends for reasons other than by reason of death, permanent disability or termination for cause, vested options at the time of such termination may be exercised for a period of 90 days after such termination.</p> <p>The Stock Option Plan contains mechanisms to satisfy the Corporation's payment of payroll deductions obligations upon the exercise of an option even if the option holder is no longer at the employment of the Corporation at the time of exercise of the option.</p> <p>The limitations set forth above are subject to waiver by the Board, at its discretion, provided that the Board will not, in any case, authorize the exercise of an option after its applicable expiry date.</p>
<b>Amendment, suspension or termination of the Stock Option Plan</b>	<p>The Board may amend, suspend or terminate the Stock Option Plan or the term of any outstanding option at any time, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or, if the amendment, suspension or termination materially prejudices the rights of any option holder, the consent of that option holder.</p> <p>Furthermore, the Board may not, without the consent of the shareholders, make amendments to the Stock Option Plan for any of the following purposes:</p> <ul style="list-style-type: none"> <li>(i) to increase the maximum number of Common Shares that may be issued pursuant to options granted under the Stock Option Plan;</li> <li>(ii) to reduce the Exercise Price of the options to less than the Market Price;</li> <li>(iii) to reduce the Exercise Price for options for the benefit of an insider, as that term is defined under the Stock Option Plan;</li> <li>(iv) to extend the expiry date of options for the benefit of an insider, as that term is defined under the Stock Option Plan;</li> <li>(v) to increase the maximum number of Common Shares issuable to non-executive directors or insiders; and</li> <li>(vi) to amend the provisions of the Plan relating to what the Board cannot amend without shareholder approval.</li> </ul>
<b>Change of Control</b>	<p>In the event of a proposed change of control (as that term is defined under the Stock Option Plan), the Board may accelerate the vesting period of outstanding options. Options granted pursuant to the Stock Option Plan may not be assigned or transferred, with the exception of an assignment made to certain permitted assigns, including a trustee, custodian or administrator acting on behalf of the participant, a holding entity of the participant and the spouse of the participant.</p>
<b>Changes in Capital Structure</b>	<p>The Stock Option Plan and individual option terms and conditions are subject to adjustment in the event of a subdivision, consolidation or certain distributions of Common Shares and upon a capital reorganization, reclassification or change of the Common Shares, a corporate reorganization or combination of the Corporation with another corporation or a sale, lease or exchange of all or substantially all of the assets of the Corporation.</p>

## Performance Share Plan

The goal of the Performance Share Plan is to motivate the executive officers to create long-term economic value for the Corporation and its shareholders. This portion of the Equity-Based Incentive Plan focuses executive officers on delivering business performance over the next three years against the total shareholder value. The award is paid out at the end of the three years, depending on how well the Corporation performed against targets set at the beginning of the three-year period.

A description of the Performance Share Plan as at December 31, 2018 is as follows:

<b>Implemented</b>	Effective as of January 1, 2012.
<b>Administration</b>	The Performance Share Plan is administered by the Board.
<b>Eligibility</b>	Employees and officers of the Corporation.
<b>Award</b>	The Human Resources Committee recommends to the Board the number of performance share rights to be granted, changes to the plan and establishes the performance objectives to be achieved, which are approved by the Board of the Corporation.
<b>Vesting</b>	The vesting date of the performance share rights is determined on the grant date which shall not exceed three (3) years thereafter. The payouts are made in shares, so the value goes up or down based on stock price performance from the beginning of the grant. On the vesting date, each performance share right entitles its holder to one Common Share of the Corporation with all the reinvested dividends accrued thereon from the grant date, such dividend being either paid in cash, in shares or in a combination of both at the sole discretion of the Corporation.
<b>Dilution</b>	The Performance Share Plan is not dilutive with respect to the issued and outstanding shares of the Corporation, in that performance share rights are settled in Common Shares of the Corporation purchased on the secondary market.
<b>Assignment and Transfer</b>	Performance share rights are not transferable or assignable.
<b>Termination</b>	<p>Unless the Human Resources Committee decides otherwise, the performance share rights granted expire upon the termination of employment of their holder for any reason whatsoever except for involuntary termination of employment without cause ("<b>Termination Without Cause</b>"), death, retirement or permanent disability.</p> <p>If the performance share rights holder retires, deceases, becomes disabled or in the event of Termination Without Cause prior to the vesting date, he or his estate is entitled, on such vesting date, to a number of performance share rights in proportion to the number of days between the grant date and his Termination Without Cause, retirement, death or permanent disability date and the total number of days between the grant date and the vesting date of the performance share rights.</p>
<b>Change of Control</b>	In the event of a change of control of the Corporation, the Board may decide, to the extent that the Board considers necessary or equitable, the manner in which all the performance share rights which are not yet vested shall be dealt with, including, without restriction, accelerating their vesting and deeming that the performance objectives have been achieved.
<b>Changes in Capital Structure</b>	The Performance Share Plan and individual grant terms and conditions are subject to adjustment in the event of a split, consolidation or certain distributions of Common Shares and upon a capital reorganization, reclassification or change of the Common Shares, a corporate reorganization or combination of the Corporation with another corporation or a sale, lease or exchange of all or substantially all of the assets of the Corporation. Other than to reflect changes in capital structure, no other adjustments are allowed to the terms and conditions of a grant made under the Performance Share Plan.



The following tables summarize the historical performance share rights grant dates for years 2016, 2017 and 2018, the number of performance share rights (identified below as “PSRs”) granted to each Named Executive Officers each such year and the performance objectives thereof:

YEARS	GRANT DATES	VESTING DATES	TARGET # OF PSR GRANTED			
			Michel Letellier	Jean-François Neault	Jean Perron Jean Trudel	Peter Grover
2016	March 2, 2016	Dec. 31, 2018	22,377	—	8,566	6,797
2017	August 9, 2017	Dec. 31, 2019	20,895	—	8,080	6,360
2018	March 27, 2019	Dec. 31, 2020 <sup>(1)</sup>	27,861	9,697	9,697	7,696

- (1) During Fiscal 2018 no share-based awards were made by the Board. However, the 2018 Compensation Plan of the executive officers of the Corporation provided for the award of such share-based incentives. Therefore, the share-based incentive portion of the 2018 Compensation Plan was granted on March 27, 2019 and the vesting period reduced to two years since the PSR granted should have initially been granted with a December 31, 2020 vesting date due to the fact that the year 2018 grant was made in 2019, being a year later than as provided by the 2018 Compensation Plan, and it meant to be vesting on December 31, 2020. Otherwise, this would have negatively affected the stability and balance of the Compensation Plan, affected the yearly vesting under the Plan and directly penalized the executive officers for their high level of important strategic activities performed throughout Fiscal 2018.

#### PERFORMANCE OBJECTIVES

The Performance Share Plan performance objectives aims to align vesting with both absolute and relative TSR objectives. The performance objectives are composed of a mix of two targets: (i) 50% based on the absolute average three-year TSR of the Corporation for the years 2016 and 2017 grants and of a two-year period for the year 2018 grant and (ii) the other 50% based on the average ranking of the Corporation TSR within the Performance Group for the same three-year or two-year period.

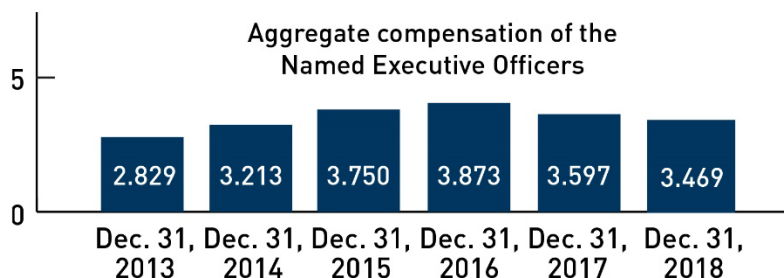
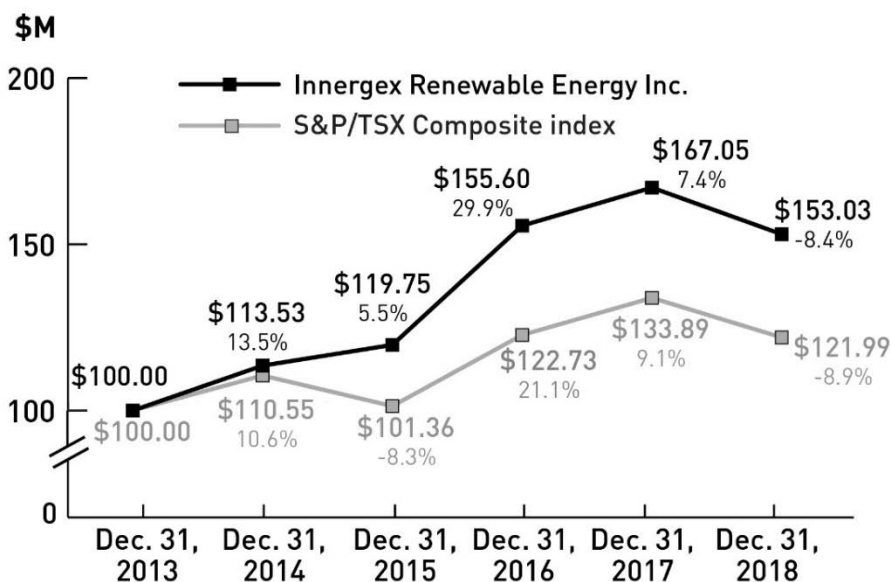
WEIGHTING	TRIGGER	TARGET	MAXIMUM
50% of the grant	If TSR <sup>(1)</sup> over 5% and lower than 9%:	If TSR <sup>(1)</sup> equals 9%:	If TSR <sup>(1)</sup> over 9% up to and including 14%:
	50% to 99%	100%	101% to 150%
50% of the grant	If ranking R-13 to R-9 <sup>(2)</sup> :	If ranking R-8 <sup>(2)</sup> :	Ranking over R-7 to R-4 or higher <sup>(2)</sup> :
	30% to 86%	100%	125% to 200%

- (1) For the years 2016 and 2017 grants, the TSR equaled the average of the total annual return during the three-year period beginning on January 1 of the grant year and ending on December 31 of the second following year, being:  $\text{TSR 3 years} = [\text{TSR year one} + \text{TSR year two} + \text{TSR year three}] / 3$ . The TSR for a given year equals: (all reinvested per-share dividends declared on Common Shares during the given year + the variation of the Common Share Price between the end and the beginning of the year) / Common Share Price at the beginning of the year. For the year 2018 grant, the preceding calculation formula is changed to be calculated over a two-year period instead of a three-year period.
- (2) “R” refers to the ranking position of the Corporation TSR from the 1<sup>st</sup> to the 15<sup>th</sup> position within the Performance Group, R-1 being the highest position. The composition of the Performance Group is described on page 24 under “Comparison Groups”.

## Performance Graph

The graph to the right compares, over the last five years ending December 31, 2018, the cumulative TSR of the Corporation (based on a \$100 investment at the end of 2013), to the TSR of the S&P/TSX Composite Index (the “Index”) for such period.

As shown in the graph, over the last five years, the Corporation created significant value for its shareholders, its TSR gained 47.9% compared to TSR of the Index which gained 23.6% over the same period. During the 5 year period ending December 31, 2018, the total compensation of the Named Executive Officers increased by approximately 22.6%.



\* The yearly aggregate compensation above equals to the total compensation as disclosed in the Proxy circular of each such fiscal year. The Named Executive Officers may change from year to year.

## Employment Agreements

Each of Michel Letellier, Jean Perron, Jean Trudel and Peter Grover entered into an employment agreement with the Corporation at the time of the Corporation’s initial public offering which was completed on December 6, 2007, while Jean-François Neault entered into an employment agreement with the Corporation on October 9, 2018 (the “**Employment Agreements**”). Each Employment Agreement has an indeterminate term.

The Employment Agreements of the President and CEO, the Chief Financial Officer and the Chief Investment Officer and Head of Development contain change of control arrangements. The overall purpose of these change of control arrangements is to (i) ensure the continued dedication of the executive, notwithstanding the possibility, threat or occurrence of a change of control of the Corporation; (ii) diminish any distraction of the executive resulting from the uncertainties and risks created by a pending or threatened change of control of the Corporation; and (iii) provide the executive with compensation and benefit arrangements upon a change of control of the Corporation that are competitive with those of comparable companies.

## Termination and Change of Control Benefits

If the Corporation terminates the employment of a NEO without cause, or if one of the President and CEO, Chief Financial Officer or Chief Investment Officer and Head of Development terminates his employment for Good and Sufficient Reason (as defined hereafter), the Employment Agreements provide that the Corporation must pay the individual the termination and change of control benefits as described in the table below. The severance amount payable to the President and CEO, the Chief Financial Officer or the Chief Investment Officer and Head of Development equals two times his Annual Compensation, as defined in the table below. The severance amount for the other Named Executive Officers equals to one time their respective base salary. The severance amount is payable at the time of the termination of employment and any vested and unvested options held by the NEO must be exercised within 90 days of the termination of employment. Good and sufficient reason includes (a) if he is not appointed or reappointed as an executive officer of the Corporation, (b) if the Corporation ceases its activities in the normal course of business, (c) if the Corporation significantly modifies the functions and responsibilities of the executive officer, (d) if the Corporation reduces or fails to pay base salary or other benefits of the executive officer or (e) the employment conditions are modified in a bankruptcy or insolvency context. From the date of such termination, the Corporation is discharged from paying any group insurance premiums, contributions to RRSPs and car allowance for the NEO. In addition, if the Corporation terminates the employment of the President and CEO, Chief Financial Officer or the Chief Investment Officer and Head of Development for any reason, other than for cause, within one year following a change of control of the Corporation or if one of them terminates his employment for any reason within one year following a change of control of the Corporation, the Employment Agreements also provide that they will be entitled to the severance payments and the vesting of all outstanding options as described above.

Moreover, in the event of a change of control of the Corporation, pursuant to the Performance Share Plan, the Board may decide, as it considers necessary or equitable, the manner in which all the performance share rights not yet vested shall be dealt with, including, without restriction, accelerating their vesting and deeming achievement of the performance objectives.

The following table shows estimated incremental payments, payables and benefits that are triggered by a termination of employment of the Named Executive Officers in the circumstances described above, with and without a change of control.

NAME	POSITION	CALCULATION FORMULA <sup>(1)(2)</sup>	TERMINATION PROVISIONS VALUE	CHANGE OF CONTROL PROVISIONS VALUE
MICHEL LETELLIER	President and CEO	Annual Compensation <sup>(3)</sup> of \$1,082,383 x 2 Plus \$1,759,639 (value of unexercised in-the-money options)	\$3,924,405	\$3,924,405
JEAN-FRANÇOIS NEAULT	Chief Financial Officer	Annual Compensation <sup>(3)</sup> of \$350,115 x 2 Plus \$0 (value of unexercised in-the-money options)	\$700,230	\$700,230
JEAN PERRON	SVP – Management Advisor	Annual Compensation <sup>(3)</sup> of \$495,552 x 2 Plus \$902,085 (value of unexercised in-the-money options)	\$1,893,189	\$1,893,189
JEAN TRUDEL	Chief Investment Officer and Head of Development	Annual Compensation <sup>(3)</sup> of \$508,501 x 2 Plus \$902,085 (value of unexercised in-the-money options)	\$1,919,087	\$1,919,087
PETER GROVER	SVP – Wind and Solar	Base Salary of \$388,501 x 1 Plus \$730,618 (value of unexercised in-the-money options)	\$1,119,119	— <sup>(4)</sup>

(1) The termination values assume that the triggering event (termination without cause by the Corporation or termination by the NEO for good and sufficient reason) occurred on December 31, 2018. The change of control values assume that the triggering event (termination by the Corporation for any reason, other than for cause or termination by the Named Executive Officer for any reason) occurred on December 31, 2018, being within one year of the change of control.

(2) No change of control provision value is accounted for in the performance share rights as they are subject to the discretion of the Board.

(3) Annual Compensation includes the Base salary at the time of termination, the performance bonus of the preceding year, car allowance (which was \$12,000 in 2018) and the RRSP contribution.

(4) Peter Grover does not have Change of Control Provisions in his employment agreement; therefore, the Calculation Formula only applies to the Termination Provisions Value.

Pursuant to the Employment Agreements, the Named Executive Officers are also subject to non-competition covenants. For the President and CEO, the Chief Financial Officer and the Chief Investment Officer and Head of Development, the non-compete covenant is for a period of 24 months following the termination of their employment, or 12 months if they terminate their employment for Good and Sufficient Reason. For the other Named Executive Officers, it is for a period of 12 months following the termination, for any reason. The Employment Agreements also include non-solicitation covenants of the Named Executive Officers which apply throughout the Named Executive Officers' employment with the Corporation and for a period of two years following the termination, for any reason, of such employment.

## Equity-Based Incentive Plan Awards

The following table sets forth details of options to purchase Common Shares and performance share rights granted to each Named Executive Officers and which are outstanding as at December 31, 2018.

GRANT YEAR	OPTION-BASED AWARDS				SHARE-BASED AWARDS		
	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS	OPTION EXERCISE PRICE (\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS <sup>(1)</sup> (\$)	NUMBER OF SHARES OR UNITS THAT HAVE NOT VESTED <sup>(2)</sup>	MARKET OR PAYOUT VALUE OF THE SHARE-BASED AWARD THAT HAVE NOT VESTED <sup>(3)</sup> (\$)	MARKET OR PAYOUT VALUE OF VESTED SHARE-BASED AWARDS NOT PAID OUT OR DISTRIBUTED <sup>(4)</sup> (\$)
<b>MICHEL LETELLIER</b>							
2010	157,920	8.75	June 22, 2020	598,516	—	—	—
2011	157,920	9.88	Nov. 17, 2018	420,067	—	—	—
2012	108,500	10.70	Nov. 15, 2019	199,640	—	—	—
2013	108,500	9.13	Nov. 4, 2020	369,985	—	—	—
2014	108,500	10.96	Nov. 20, 2021	171,430	—	—	—
2016	30,970	14.65	Aug. 11, 2023	—	—	—	382,567
2017	19,315	14.52	Aug. 8, 2024	—	20,895	291,367	—
2018	—	—	—	—	— <sup>(5)</sup>	— <sup>(5)</sup>	—
<b>JEAN-FRANÇOIS NEAULT</b>							
2018	—	—	—	—	— <sup>(5)</sup>	— <sup>(5)</sup>	—
<b>EACH OF JEAN PERRON AND JEAN TRUDEL</b>							
2010	94,752	8.75	June 22, 2020	359,110	—	—	—
2011	95,000	9.88	Nov. 17, 2018	252,700	—	—	—
2012	42,500	10.70	Nov. 15, 2019	78,200	—	—	—
2013	42,500	9.13	Nov. 4, 2020	144,925	—	—	—
2014	42,500	10.96	Nov. 20, 2021	67,150	—	—	—
2016	12,873	14.65	Aug. 11, 2023	—	—	—	147,931
2017	8,648	14.52	Aug. 8, 2024	—	8,080	112,672	—
2018	—	—	—	—	— <sup>(5)</sup>	— <sup>(5)</sup>	—
<b>PETER GROVER</b>							
2010	78,960	8.75	June 22, 2020	299,258	—	—	—
2011	80,000	9.88	Nov. 17, 2018	212,800	—	—	—
2012	32,000	10.70	Nov. 15, 2019	58,880	—	—	—
2013	32,000	9.13	Nov. 4, 2020	109,120	—	—	—
2014	32,000	10.96	Nov. 20, 2021	50,560	—	—	—
2016	9,328	14.65	Aug. 11, 2023	—	—	—	115,898
2017	5,887	14.52	Aug. 8, 2024	—	6,360	88,683	—
2018	—	—	—	—	— <sup>(5)</sup>	— <sup>(5)</sup>	—

(1) Value is based on the Common Share price which was at \$12.54 at close of market on December 31, 2018.

(2) The number of shares stated in this table represents the number of shares that would be vested to the Named Executive Officers if the stated target financial performance being based on the average TSR over a three-year period is achieved at the end of the three-year vesting period which number of shares may vary from 0% to 175% for the grant of years 2016 and 2017. See "Equity-Based Incentive Plan" on page 33.

(3) The value of the performance share rights includes the Common Share price which was at \$12.54 at close of market on December 31, 2018 plus the reinvested dividend accrued on each share from January 1 of their respective grant year. The payouts are made in shares, so the value goes up and down based on stock price performance from the beginning of the grant. On the vesting date, each vested performance share right entitles its holder to one share of the Corporation with all the reinvested dividends accrued thereon from the grant date, such dividends being paid in cash, in shares or in a combination of both at the sole discretion of the Corporation.

(4) Value is based on the Common Share price which was at \$12.54 at close of market on December 31, 2018. The average total shareholder return during the three year period beginning January 1st, 2016 and ending on December 31, 2018 equals 9.5296% while the ranking of the TSR of the Corporation for the same period reach rank 8 on 16 therefore the payout globally reached 102.65% of the target. Payments were made in Common Shares in the first quarter of Fiscal 2019.

(5) The Fiscal 2018, Share-Based Awards was made on March 27, 2019 for the Compensation Plan of Fiscal 2018. Therefore, no value was outstanding as at December 31, 2018. For more details on the 2018 grant of Share-Based, see "Summary Table" on page 28 and the description of the "Performance Share Plan" on page 36 and 37.



## Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes, for each of the Named Executive Officers, the value of options and performance share rights vested during Fiscal 2018 and the value of executive performance bonus earned during Fiscal 2018.

NAME	OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR <sup>(1)</sup> (\$)	PERFORMANCE SHARE RIGHTS – VALUE VESTED DURING THE YEAR <sup>(2)</sup> (\$)	NON-EQUITY INCENTIVE PLAN – VALUE EARNED DURING THE YEAR <sup>(3)</sup> (\$)
MICHEL LETELLIER	38,043	382,567	487,681
JEAN-FRANÇOIS NEAULT	–	–	56,636
JEAN TRUDEL	14,901	147,931	170,658
JEAN PERRON	14,901	147,931	159,909
PETER GROVER	11,220	115,898	130,328

(1) Value is based on the Common Share price which was at \$12.54 at close of market on December 31, 2018.

(2) Value is based on the Common Share price which was at \$12.54 at close of market on December 31, 2018. The average total shareholder return during the three year period beginning January 1<sup>st</sup>, 2016 and ending on December 31, 2018 equals 9.5296% while the ranking of the TSR of the Corporation for the same period reach rank 8 on 16, therefore the payout globally reached 102.65% of the target. Payments were made in Common Shares in the first quarter of Fiscal 2019.

(3) For more details, see "Performance Bonus" on page 26.

The actual gain realized by the Named Executive Officers who have exercised options is equal to the difference between the exercised price of the stock option and closing price of the Common Shares on the TSX on the exercised date. During Fiscal 2018, no stock options were exercised by any NEO, therefore, no gain were realised as shown in the table to the right.

NEO	GAIN REALIZED FROM EXERCISING STOCK OPTIONS		
	OPTIONS EXERCISED	OPTION PRICE	VALUE REALIZED
Michel Letellier	–	–	–
Jean-François Neault	–	–	–
Jean Trudel	–	–	–
Jean Perron	–	–	–
Peter Grover	–	–	–

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth, as at December 31, 2018, certain information with respect to the Stock Option Plan, being the only compensation plan of the Corporation pursuant to which equity securities of the Corporation are authorized for issuance from the treasury.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS
<i>Equity compensation plans approved by securityholders<sup>(1)</sup></i>	2,782,599	\$10.14	332,620
<i>Equity compensation plans not approved by securityholders</i>	–	–	–
<b>Total</b>	<b>2,782,599</b>	<b>\$10.14</b>	<b>332,620</b>

(1) For more information regarding the Stock Option Plan, please refer to "Equity-Based Incentive Plan - Stock Option Plan" on page 33.

## OTHER KEY COMPENSATION POLICIES OF THE CORPORATION

**Recoupment Policy:** The Board adopted an Executive Incentive Compensation Recoupment Policy providing for the Corporation's recoupment of certain incentive compensation paid to senior executive officers under certain circumstances concerning incentives made after March 15, 2012. In cases of a material restatement of financial results where a senior executive officer's fraud or willful violation of applicable laws, rules and regulations or the Corporation's policy has caused the restatement (the "**Recoup Officer**"), the Board (i) may determine to recoup the Recoup Officer's incentive compensation which was paid or vested, net of income tax retained, based upon the achievement of certain financial results, to the extent that the amount of such compensation would have been lower if the financial results had been properly reported and (ii) may seek to cancel equity awards where the financial results of the Corporation were considered in granting such awards. Recoupment applies only to those senior executive officers who engaged in, participated in or voluntarily ignored fraudulent activity or misconduct that led to a material restatement of the Corporation's financial statement being required.

**No Hedging:** The Named Executive Officers and the directors of the Corporation are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities of the Corporation granted as compensation or held, directly or indirectly.

**Minimum Shareholding by Officers of the Corporation:** The Board adopted a minimum shareholding requirement for the executive officers of the Corporation. It provides that:

- the President and CEO shall have acquire and maintain, until twelve month after he retires, a number of Common Shares or DSUs having an investment value equal to at least three times his annual base salary;
- the other executive positions shall have five years from the later of the date of his/her appointment to this position and November 9, 2017 (being the date this new requirement was approved by the Board), to hold a number of Common Shares or DSUs of the Corporation having a value equal to:
  - for Chief positions - at least two times his/her annual base salary
  - for Senior Vice President positions - at least one and a half time his/her annual base salary
  - for Vice President positions - at least one time his/her annual base salary.

The investment in Common Shares or DSUs is valued under this Policy at the closing price of the Common Shares at the end of the preceding fiscal year. Compliance by Officers of the Corporation with the minimum shareholding requirement is reviewed by the Secretary and reported to the Board on a regular basis. As at the date of this Circular, all executive Officers were in compliance with this policy.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Corporation's directors or executive officers is indebted to the Corporation (other than "routine indebtedness" under Canadian securities laws).

## AUDIT COMMITTEE INFORMATION

Reference is made to *Audit Committee Disclosure* of the Annual Information Form of the Corporation for the financial year ended December 31, 2018 for disclosure of information relating to the Audit Committee required under Regulation 52-110 *Respecting Audit Committees* as well as under "Statement of Corporate Governance Practices". A copy of the Annual Information Form of the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com), on the Corporation's website at [www.innergex.com](http://www.innergex.com) or may be obtained upon request, free of charge to a securityholder of the Corporation, by contacting the Secretary of the Corporation, at 1225 Saint-Charles Street West, 10<sup>th</sup> floor, Longueuil, Québec, J4K 0B9 or at [ntheberge@innergex.com](mailto:ntheberge@innergex.com).

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation provides insurance for the benefit of its directors and officers against liability that may be incurred by them in these capacities.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of any category of shares of the Corporation or any director or officer of any such person, has or had since January 1, 2018, any material interest, direct or indirect, in any transaction or in any proposed transaction, that has materially affected or will materially affect the Corporation.

However, on October 30, 2017, the Corporation announced the agreement to enter into a 5-year \$150 Million subordinated unsecured term loan agreement with la Caisse. This loan agreement was negotiated with la Caisse to finance the capital portion of the Alterra Acquisition negotiated at arm's length with la Caisse and closed on February 6, 2018. At such date, with the dilution of the Alterra Acquisition, la Caisse's ownership of the Common Shares of the Corporation fell below 10%. As disclosed by La Caisse in its Alternative Monthly Report filed on SEDAR on March 9, 2018 pursuant to section 4.7(2) of Regulation 62-103 *Respecting the Early Warning System and Related Take-Over Bids and Insider Reporting Issues*, since its last report as at March 31, 2015, la Caisse security holding in the Corporation has decreased below the 10% threshold.

As of the closing of the Alterra Acquisition, the following transactions had occurred: (i) in 2011, Ross J. Beaty, then Chair of the board of directors and a large shareholder of Alterra, entered into a revolving credit facility with Alterra (the "**Credit Facility**"). The Credit Facility had a borrowing capacity of \$20 million and made funds available to Alterra on a revolving basis at an interest rate of 8% per annum, compounded and payable monthly. In addition, a standby fee in the amount of 0.75% of the Credit Facility and a drawdown fee in the amount of 1.5% of amounts advanced were payable in cash. The Credit Facility matured on March 31, 2018. As of the closing of the Acquisition of Alterra, Alterra had borrowed \$17.3 million under the Credit Facility; and (ii) in October 2016, Ross J. Beaty loaned, through a five-year term bond, US\$35.7 million to Alterra's subsidiary Magma Energy Sweden A.B (the "**Bond**"). The Bond paid interest at 8.5% per annum with an upfront fee of 2% of the principal which was paid at closing of the financing. The Bond was collateralized by 15% of the outstanding shares in HS Orka.

To optimize its treasury management, the Corporation repaid all outstanding amounts under both the Credit Facility and the Bond to Ross J. Beaty in the first quarter of 2018.

## SHAREHOLDER PROPOSALS FOR 2020 ANNUAL MEETING

The final date for submitting shareholder proposals for the 2020 Annual Meeting of the Corporation is December 5, 2019, being the date which is 90 days before the anniversary date of the Corporation's notice to shareholders in connection with the Meeting.

## NORMAL COURSE ISSUER BID

On August 15, 2017, the Corporation announced that it received approval from the TSX to proceed with a normal course issuer bid on its Common Shares (the "**Bid**"). Under the Bid, the Corporation was authorized to purchase for cancellation up to 2,000,000 of its Common Shares representing approximately 1.84% of its issued and outstanding Common Shares. The Bid commenced on August 17, 2017 and was terminated on August 16, 2018. Under the Bid, the Corporation purchased for cancellation a total of 753,294 Common shares.

Any securityholder may obtain, without charge, a copy of the notice filed with the TSX upon forwarding a written request to the Secretary of the Corporation at 1225 Saint-Charles Street West, 10<sup>th</sup> floor, Longueuil, Québec J4K 0B9 or by email at [ntheberge@innergex.com](mailto:ntheberge@innergex.com).

## ADDITIONAL INFORMATION

Financial information related to the Corporation is provided in the Corporation's comparative financial statements and MD&A thereon for Fiscal 2018. Copies of the Corporation's Annual Information Form for Fiscal 2018, the audited consolidated financial statements of the Corporation for Fiscal 2018, together with a report of the auditor thereon, the MD&A of the Corporation's financial condition and results of operations for Fiscal 2018 and this Circular will be available upon request to the Secretary of the Corporation either by writing at 1225 Saint-Charles Street West, 10<sup>th</sup> floor, Longueuil, Québec J4K 0B9 or by email at [ntheberge@innergex.com](mailto:ntheberge@innergex.com) or on the website of the Corporation at [www.innergex.com](http://www.innergex.com). These documents are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

## NON-IFRS MEASURES

This Circular has some measures that are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Innergex believes that these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods. Adjusted EBITDA, Adjusted EBITDA Proportionate, Free Cash Flow and Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

Adjusted EBITDA and Adjusted EBITDA Proportionate are net earnings (loss) to which are added (deducted) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Non-IFRS Measures" section of the MD&A for the year ended December 31, 2018 for the reconciliation of Adjusted EBITDA which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.innergex.com](http://www.innergex.com).

References in this document to "Adjusted EBITDA Proportionate" are to Adjusted EBITDA plus the Corporation's share of Adjusted EBITDA of the joint ventures and associates. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section of the MD&A for the year ended December 31, 2018 for the reconciliation of Adjusted EBITDA which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.innergex.com](http://www.innergex.com).

References to "Free Cash Flow" are to cash flows from operating activities before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus or minus other elements that are not representative of the Corporation's long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition), realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the exchange rate on equipment purchases. Please refer to the "Non-IFRS Measures" section of the MD&A for the year ended December 31, 2018 for the reconciliation of Adjusted EBITDA which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.innergex.com](http://www.innergex.com).

References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow. Innergex believes that this is a measure of its ability to sustain current dividends and dividend increase as well as its ability to fund its growth.

## FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this Circular contains forward-looking information within the meaning of applicable securities laws ("Forward-Looking Information"), including the but not limited to statements relating to financial benefits and accretion expected to result from the acquisitions, prospective projects, successful development, business strategy, future development and growth prospects, business integration, governance, business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-Looking Information can generally be identified by the use of words such as "approximately", "may", "will", "could", "believes", "expects", "intends", "should", "plans", "potential", "project", "anticipates", "estimates", "scheduled" or "forecasts", or other comparable terminology that state that certain events will or will not occur. It represents the projections and expectations of the Corporation relating to future events or results as of the date of this Circular.

**Assumptions:** Forward-Looking Information is based on certain key assumptions made by the Corporation, including those concerning hydrology, wind regimes, geothermal resources and solar irradiation, performance of operating facilities, project performance, economic, financial and financial market conditions, the Corporation's success in developing new facilities, expectations and assumptions concerning availability of capital resources.

**Risks and Uncertainties:** Forward-Looking Information involves risks and uncertainties that may cause actual results or performance to be materially different from those expressed, implied or presented by the Forward-Looking Information. These are referred to in the "Risk Factors" section of the Annual Information Form of the Corporation for the financial year ended December 31, 2018 filed on SEDAR at [www.sedar.com](http://www.sedar.com), also available on the Corporation's website at [www.innergex.com](http://www.innergex.com), and include, without limitation: the ability of the Corporation to execute its strategy for building shareholder value; its ability to raise additional capital and the state of the capital markets; liquidity risks related to derivative financial instruments; variability in hydrology, geothermal resources, wind regimes and solar irradiation; delays and cost overruns in the design and construction of projects; the ability to secure new power purchase agreements or renew any power purchase agreement; fluctuation affecting prospective power prices; uncertainties surrounding the development of new facilities; obtainment of permits; equipment failure or unexpected operations and maintenance activity; interest rate fluctuations and refinancing risk; financial leverage and restrictive covenants governing current and future indebtedness; the possibility that the Corporation may not declare or pay a dividend; failure to realize the anticipated benefits of acquisitions (including the Alterra Acquisition, the acquisition of the Cartier Wind Farms, Energia Llaima and Phoebe Solar Project acquisition); integration of the completed and future acquisitions (including the Alterra Acquisition and, the acquisition of the Cartier Wind Farms, the Energia Llaima acquisition and the Phoebe Solar Project acquisition); changes in governmental support to increase electricity to be generated from renewable sources by independent power producers; variability of installation performance and related penalties; the ability to attract new talent or to retain officers or key employees; integration of the facilities and projects acquired and to be acquired.

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this Forward-Looking Information as no assurance can be given that it will prove to be correct. Forward-Looking Information contained herein is made as at the date of this Circular and the Corporation does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date hereof, unless so required by law.



## APPROVAL

The content of this Circular and the sending of this Circular to the shareholders has been approved by the Board of the Corporation.

DATED as of the 9<sup>th</sup> day of April, 2019.

By order of the Board of **INNERGEX RENEWABLE ENERGY INC.**

*(s) Nathalie Thérierge*

Nathalie Thérierge  
Vice President – Corporate Legal Affairs and  
Secretary

## SCHEDULE “A”

### CHARTER OF THE BOARD OF DIRECTORS

This Charter prescribes the role of the Board of Directors (the “**Board**”) of Innergex Renewable Energy Inc. (the “**Corporation**”). This Charter is subject to the provisions of the Corporation's Articles and By-Laws and to applicable laws.

#### 1. Role

The Board is responsible for the stewardship of the Corporation.

The mandate of the Board is to oversee the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether the Corporation's resources are being managed in a manner consistent with enhancing shareholder value, ethical considerations and stakeholder's interests.

#### 2. Constitution

##### 2.1 Number

The Board shall be comprised of that number of Board members as shall be determined from time to time by the Board upon recommendation of the Corporate Governance Committee. The Corporation's Articles provide that the Board shall be composed of a minimum of 3 and a maximum of 10 directors.

##### 2.2 Independence

A majority of the Board shall be composed of Board members who must be determined to be independent in accordance with applicable law, rules and regulations.

##### 2.3 Criteria for Board membership

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the geographical areas in which the Corporation operates. Board members selected should be able to commit the requisite time for all of the Board's business.

##### 2.4 Fiduciary duty and duty of care

Board members are expected to possess the following characteristics and traits:

- demonstrate high ethical standards and integrity in their personal and professional dealings.
- act honestly and in good faith with a view to the best interests of the Corporation.
- devote sufficient time to the affairs of the Corporation and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and committee member.
- provide independent judgment on a broad range of issues.
- understand the key business plans of the Corporation.
- raise questions and issues to facilitate active and effective participation in the deliberations of the Board and of each committee.
- make all reasonable efforts to attend all Board and committee meetings.
- review the materials provided by management in advance of the Board and committee meetings.

##### 2.5 Selection

The Board approves annually the final choice of nominees for election by the shareholders, upon recommendation by the Corporate Governance Committee.

## 2.6 Chair

The Board shall appoint a Chair annually at the first meeting of the Board following the annual shareholders meeting at which the directors are elected. If the Board does not so appoint a Chair, the director who is serving as Chair shall continue as Chair until his or her successor is appointed.

## 2.7 Remuneration

Members of the Board and the Chair shall receive such remuneration for their services as the Board may determine from time to time, in consultation with the Corporate Governance Committee, and which is customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation.

## 2.8 Retirement time and term limit

Any director who has reached 72 years of age or has served on the Corporation's Board for a period of 15 years or more (the "Retirement Time") must tender his resignation to the Board on or before February 1 following the occurrence of the Retirement Time. The Board may, at its discretion, decide to accept the resignation or offer such director to continue to sit on the Board beyond the Retirement Time. This paragraph does not apply to a director who is also a member of the Corporation's management.

## 2.9 Maximum number of Boards

The maximum number of public company boards of directors on which each director may sit is set at four and no member of the Board may serve, together with another member of the Board, on the board of directors of more than two public companies.

## 3. Responsibilities

The Board establishes the overall policies for the Corporation, monitors and evaluates the Corporation's strategic direction, and retains plenary power for those functions not specifically delegated by it to its committees or to management.

Without limiting the generality of the foregoing, the Board shall, *inter alia*:

### 3.1 With respect to strategic planning

- Oversee the strategic planning process and review, monitor and approve, at least annually, the Corporation's long-term strategy, taking into account, among other matters, business opportunities and risks.
- Approve and monitor the implementation of the Corporation's annual business plan.
- Advise management on strategic issues.

### 3.2 With respect to human resources and performance assessment

- Select the President and Chief Executive Officer and, approve the appointment of other senior management executives.
- Monitor and assess the performance of the President and Chief Executive Officer and the Chief Financial Officer.
- Oversee the evaluation of the other senior management members.
- Approve the compensation of the senior management, taking into consideration Board expectations and fixed goals and objectives.
- Monitor the implementation of incentive compensation plans and equity-based plans.
- Oversee management succession planning process.
- Oversee the overall strategy with respect to corporate culture, human capital management such as recruitment, talent development, workforce planning, employee mobilisation and satisfaction.

### 3.3 With respect to financial matters and internal control

- Monitor the integrity and quality of the Corporation's financial statements and the appropriateness of their disclosure.
- Review the general content of, and the Audit Committee's report on the financial aspects of, the Corporation's Annual Information Form, Annual Report, Management Proxy Circular, Management's Discussion and Analysis, prospectuses and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities.
- Approve operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investments or divestitures.
- Establish dividend policies and procedures.
- Oversee the Corporation's current systems to identify business risks and the implementation of processes to manage these risks.
- Monitor the Corporation's internal control and management information systems.
- Monitor the Corporation's compliance with applicable legal and regulatory requirements.
- Review at least annually the Corporation's information disclosure policy and monitor the Corporation's communications with analysts, investors and the public.
- Oversee the Whistle-Blowing Policy, including in respect of financial matters.

### 3.4 With respect to corporate governance matters

- Take all reasonable measures to satisfy itself as to the integrity of the President and Chief Executive Officer and other executive officers, and as to the creation of a culture of integrity throughout the Corporation by management.
- Review, on a regular basis, the appropriate corporate governance structures and procedures.
- Adopt and review, on a regular basis, the Corporation's Code of Conduct, policies and procedures applicable to the Board and employees.
- Monitor compliance with the Code of Conduct through regular reporting from management.
- Approve the disclosure of the Corporation's governance practices in any document before it is delivered to the shareholders and the securities regulators or filed with the Stock Exchanges.
- Review and approve on an annual basis the charter of the Board and of each committee of the Board.
- Review and approve formal position descriptions for the Chair of the Board and the chair of each committee.
- Develop, and review on an annual basis, a position description for the President and Chief Executive Officer.
- Implement a continuing education program for all directors and a comprehensive orientation program for new directors and new members of committees.
- Assess on an annual basis the performance and effectiveness of the Board, its committees and individual directors in accordance with the assessment process established by the Corporate Governance Committee.
- Determine the size and composition of the Board and its committees based on competencies, skills and personal qualities sought in Board members.
- Determine the Board succession planning process.

### 3.5 With respect to health & safety, environment and corporate social responsibility matters

- Continue to foster, through its oversight of management, a culture of integrity and good corporate citizenship and an organization which operates in an environmentally and socially responsible manner.
- Oversee that key environmental and social factors (including environmental, health and safety and ethical) and potential impacts are identified by management and that appropriate actions and measures are taken.
- Review on an annual basis the Corporation's health, safety and environmental policies, procedures and guidelines (including an Emergency Response Plan) and oversee the Corporation's current management systems to provide safe working conditions and minimize the impact of its operations on the environment.

## 4. Meetings

The Board will meet at least quarterly, with additional meetings scheduled as required. Additional meetings may be held at the request of any Board member. The Chair will forward to the President and Chief Executive Officer any questions, comments or suggestions of the Board members.

In order to transact business, at least a majority of directors then in office shall be present.

The Chair will prepare, and the Corporate Secretary at the request of the Chair, will distribute the meeting agenda and minutes to the Board.

Information and materials that are important to the Board's understanding of the agenda items and related topics are distributed in advance of a meeting. The Corporation will deliver information on the business, operations and finances of the Corporation to the Board on an "as required basis".

The Chair shall designate from time to time a person who may, but need not, be a member of the Board to act as secretary of any meeting of the Board.

At each quarterly meeting of the Board, non-management Board members will meet *in camera*. To the extent that non-management directors include directors who are not independent directors, the independent directors shall meet at the conclusion of each quarterly meeting with only independent directors present.

The Board may invite any of the Corporation's employees, officers, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

## 5. Board Committees

The Board may establish and delegate to committees of the Board any duties or responsibilities of the Board which the Board is not prohibited by law from delegating. However, the committees of the Board have the authority to make recommendations to the Board but not to bind the Corporation, except to the extent such authority has been specifically delegated to such committee by the Board. The roles and responsibilities of each committee are described in their respective committee charter. The Board may appoint *ad hoc* committees when deemed appropriate.

The Board has three standing committees: the Audit Committee, the Corporate Governance Committee and the Human Resources Committee.

## 6. Conflict of interest

If a Board member (i) is party to a contract or transaction or proposed contract or transaction with Innergex or any of its affiliates, (ii) is a director or an officer, or an individual acting in a similar capacity, of a party to a contract or transaction or proposed contract or transaction with Innergex or any of its affiliates, or (iii) has a material interest in a person or an affiliate of any person who is a party to a contract or transaction or proposed contract or a transaction with Innergex or any of its affiliates, he/she shall disclose, as soon as possible, the nature and extent of his/her interest in writing to the Chair of the Board, or, in the case of the Chair of the Board, to the President and Chief Executive Officer.

In such circumstances, a director shall not:

- receive material provided to the Board or committee members;
- be present during meetings of the Board or committees while the matter in question is discussed;
- vote on any resolution intended to approve such a contract or transaction; or



- (iv) receive copy of the minutes except to examine the portion of the minutes that contain disclosure relating to such director's disclosure of conflict;

unless the contract or the transaction or proposed contract or transaction:

- (a) is related to his/her compensation as a director, officer, employee or agent of the Corporation;
- (b) is related to the purchase of liability insurance; or
- (c) is with an affiliate of the Corporation;

provided, however, that the director's presence at the meeting where such vote is taken or the written acknowledgement by the director of the existence of a written resolution is taken into consideration in the determination of the quorum required or the minimum number of directors required.

The Board will monitor the disclosure of conflicts of interest and compliance with the foregoing process.

## **7. Advisors**

The Board may engage outside advisors at the expense of the Corporation in order to assist the Board in the performance of its duties and set and pay the compensation for such advisors.

The Board has determined that any Board member who wishes to engage a non-management advisor to assist on matters involving the Board member's responsibilities as a Board member at the expense of the Corporation should review the request with, and obtain the authorization of, the Chair of the Board.

## **8. Board Interaction with Third Parties**

If a third party approaches a Board member on a matter of interest to the Corporation, the Board member should bring the matter to the attention of the Chair who shall determine whether this matter should be reviewed with management or should more appropriately be dealt with by the Board *in camera*.

## **9. Communication with the Board**

Shareholders and other constituencies may communicate with the Board and individual Board members by contacting any one of the Chair of the Board, the Chair of the Audit Committee or the Chair of the Corporate Governance Committee.

## **10. Review of the Charter**

The Board shall review this Charter on an annual basis and make changes, as considered appropriate from time to time.

## **11. Assessment**

On an annual basis the Board shall follow the process established by the Corporate Governance Committee of the Board for assessing its performance and effectiveness.

## SCHEDULE “B”

### CHARTER OF THE HUMAN RESOURCES COMMITTEE

This Charter prescribes the role of the Human Resources Committee (the “**Committee**”) of the Board of Innergex Renewable Energy Inc. (the “**Corporation**”). This Charter is subject to the provisions of the Corporation's Articles and By-Laws and to applicable laws.

#### 1. Role

In addition to the powers and authorities conferred upon the Directors in the Corporation's Articles and By-Laws and as prescribed by applicable laws, the mandate of the Committee is primarily as follows:

- (i) Oversee the senior management compensation policies and practices and seek to ensure such policies are designed to recognize and reward performance and establish a compensation framework which is industry competitive and which results in the creation of shareholder value over the long-term;
- (ii) Supervise the succession planning process for the senior management team; and
- (iii) Oversee the overall strategy with respect to human capital management such as recruitment, talent development, workforce planning, employee mobilisation and satisfaction, etc.

Nothing contained in this Charter is intended to require the Committee to ensure the Corporation's compliance with applicable laws or regulations.

#### 2. Composition

##### 2.1. Number and criteria

The Committee is comprised of such Directors as are determined by the Board, all of who must be independent (as that term is defined in Regulation 52-110 – *Respecting Audit Committees*) and who must have direct experience which is pertinent to their responsibilities relating to executive compensation.

The Committee consists of at least three members.

##### 2.2. Selection and Chair

The members of the Committee and its Chair shall be appointed by the Board on an annual basis after the shareholders' annual meeting at which the directors are elected, or until their successors are duly elected. The Chair shall designate from time to time a person who may, but not necessarily, be a member of the Committee to act as secretary.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee Membership.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by appointing from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of its powers so long as a quorum remains.

##### 2.3. Remuneration

Members of the Committee and the Chair shall receive such remuneration for their services as the Board may determine from time to time.

#### 3. Meetings

The Committee should meet at least twice annually or more frequently as circumstances require.

A quorum for the transaction of business at any meeting of the Committee shall be a majority of members of the Committee or such greater number as the Committee shall determine by resolution.

The Committee may ask members of Management or others to attend meetings or to provide information as necessary. The Committee shall have full access to all information it deems appropriate for the purpose of fulfilling its role.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee.

The Committee should determine any desired agenda items.

The Committee should record minutes of its meetings and the Chair shall present a report of the meetings and the Committee's recommendations to the Board on a timely basis.

#### **4. Responsibilities**

- The Committee's primary responsibility is to submit to the full Board, recommendations concerning executive compensation and compensation plan matters.
- The Committee shall, inter alia:
- Oversee that base salaries determination and adjustments are competitive relative to the industry and that bonuses, if any, reflect individual performance in the context of the overall performance of the Corporation. Overall performance should be measured by issues such as profitability, share price, distributions and initiatives being undertaken in the year, which should provide future shareholder benefit;
- Review corporate objectives relevant to the President and Chief Executive Officer and other senior management positions;
- Evaluate the President and Chief Executive Officer performance in light of the corporate goals and objectives;
- Review and recommend to the Board for approval the compensation of the President and Chief Executive Officer based on the evaluation of his performance;
- Review the annual compensation package of the other Corporation's senior management;
- Oversee the administration of the Corporation's compensation plans for senior management, including equity-based plans, incentive compensation plans, annual bonuses and such other compensation plans or structures as are adopted by the Board from time to time;
- Oversee the risks associated with the Corporation's compensation policies and practices;
- Oversee implementation of appropriate mechanisms regarding succession planning for the position of President and Chief Executive Officer and other senior management positions;
- Assess overall human resources management; and
- Review and recommend to the Board for approval, any public disclosure of information relating to the compensation of the Corporation's senior management, including the information to be disclosed and the compensation discussion and analysis to be incorporated in the annual management information circular.

#### **5. Advisors**

The Committee may hire outside advisors at the expense of the Corporation in order to assist the Committee in the performance of its duties and set and pay the compensation for such advisors.

The Board has determined that any committee who wishes to hire a non-management advisor to assist on matters involving the committee members' responsibilities at the expense of the Corporation should review the request with, and obtain the authorization of, the Chairman of the Board.

#### **6. Assessment**

On an annual basis the Committee shall follow the process established by the Corporate Governance Committee (and approved by the Board) for assessing performance and effectiveness of the Committee.

#### **7. Charter review**

The Committee should review this Charter on an annual basis and recommend to the Board changes, as considered appropriate from time to time.

## **8. General**

The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.



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Sustainable Development.

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