**VALENER INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**to be held on March 21, 2019**

**and**

**MANAGEMENT PROXY CIRCULAR OF THE MANAGEMENT OF THE MANAGER**

February 8, 2019

**TABLE OF CONTENTS**



**ADDENDAS**

**VALENER INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

to be held on March 21, 2019

**NOTICE IS HEREBY GIVEN** that the annual meeting (the "**Meeting**") of shareholders of Valener Inc. ("**Valener**") will be held at the head office of Énergir, L.P. at 1717 du Havre Street, Montréal, Québec on March 21, 2019 at 10:00 a.m. (Montréal time) for the following purposes:

1. to receive the consolidated financial statements of Valener for the fiscal year ended September 30, 2018 and the related external auditor's report and the audited consolidated financial statements of Énergir, L.P. for the fiscal year ended September 30, 2018 and the related independent external auditor's report;

2. to elect the directors of Valener;

3. to appoint the external auditor of Valener and authorize the directors of Valener to determine its remuneration; and

4. to transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

This Notice of Meeting is accompanied by the Circular and a Voting Form (as defined in the Circular) or Proxy Form, as applicable. Additional details of the matters to be put before the Meeting are set forth in the Circular.

The record date for determination of Shareholders (as defined in the Circular) entitled to receive notice of and to vote at the Meeting is February 8, 2019 (the "**Record Date**"). Only persons registered as Shareholders on the books of Valener as of the close of business on the Record Date are entitled to receive notice of, and to vote at, the Meeting. Pursuant to the *Canada Business Corporations Act*, Valener is required to prepare, no later than ten (10) days after the Record Date, an alphabetical list of its Shareholders entitled to vote as of the Record Date. The list must show the number of Common Shares of Valener held by each Shareholder. A Shareholder whose name appears on the aforementioned list is entitled to vote the Common Shares of Valener shown opposite his or her name at the Meeting. The list of Shareholders may be examined at the Montréal office of AST Trust Company (Canada), or at the head office of Valener during usual business hours and at the Meeting.

**Regardless of whether or not Shareholders are able to attend the Meeting or any postponement or adjournment of the Meeting in person:**

**(i) Non-Registered Shareholders (as this expression is defined in the Circular) are requested to date, sign and return the Voting Form in accordance with the instructions provided by their broker or intermediary; and**

**(ii) Registered Shareholders (as this expression is defined in the Circular) may vote by telephone or Internet according to the instructions set out on the proxy form, or are requested to date, sign and return the accompanying Proxy Form AST Trust Company (Canada) for use at the Meeting or any postponement or adjournment of the Meeting. To be effective, proxies must be received by AST Trust Company (Canada), by facsimile at 416-368-2502 or 1 866 781-3111 or in the pre addressed envelope provided for that purpose, by no later than 5:00 p.m. (Montréal time) on March 19, 2019 or on the second to last Business Day (as this expression is defined in the Circular) preceding any postponement or adjournment of the Meeting.**

Shareholders are invited to attend the Meeting as there will be an opportunity to ask questions and meet with the directors of Valener and management of Énergir Inc., Énergir, L.P.'s general partner, which is acting as Manager of Valener. For those Shareholders who cannot attend the Meeting in person, Valener has made arrangements to provide a live webcast of the Meeting. Details on how Shareholders may view the webcast will be found at www.valener.com and will also be provided in a media release prior to the Meeting. Nonetheless, Shareholders viewing the webcast will not be permitted to vote through the webcast facilities or participate in the Meeting.

**If you have any questions regarding the matters to be dealt with at the Meeting, the procedures for voting or completing the Proxy Form or any information contained in the accompanying Circular, please contact AST Trust Company (Canada) toll-free at 1 888 483 4365.**

DATED at Montréal, Québec, this 8th day of February, 2019.

By order of the Board of Directors of Valener Inc.,

Corporate Secretary of Énergir Inc., in its capacity as general partner of Énergir, L.P. acting as Manager of Valener Inc.

*(signed) Nathalie Longval*

Nathalie Longval

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Circular, and such terms have the meanings set forth hereunder.

"**Administration Agreement**" means the administration and management support agreement initially entered into between Valener and Énergir, L.P. on September 30, 2010 as part of the Arrangement, and subsequently amended and restated on September 30, 2015, as more fully described under Item 2 – *Management of* Valener;

"**Administration and Management Support Agreements**" means, collectively, the Administration Agreement, the First Additional Services Agreement for the Management of Debt and the Second Additional Services Agreement for the Seigneurie Project;

"**Arrangement**" means the reorganization by way of an arrangement pursuant to section 192 of the CBCA, which was completed on September 30, 2010, for the purpose of converting Énergir, L.P.'s public ownership structure into a new dividend-paying, publicly-listed corporation, namely Valener, pursuant to which all of Énergir, L.P.'s public units were exchanged for Common Shares of Valener, on a one-for-one basis;

"**AST**" means AST Trust Company (Canada) acting as registrar and transfer agent with respect to the Common Shares;

"**Audit Committee**" means the Valener Audit Committee;

"**Beaupré Éole**" means Beaupré Éole GP;

"**Beaupré Éole 4**" means Beaupré Éole 4 GP;

"**Business Day**" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Montréal, in the Province of Québec, for the transaction of banking business;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as currently in force;

"**Circular**" means this management proxy circular of the Management of the Manager dated February 8, 2019, together with all appendices hereto, forwarded as part of the proxy solicitation materials to Shareholders in connection with the Meeting;

"**Common Share**" means the common shares in the share capital of Valener;

"**Credit Facility**" means the amended and restated credit agreement dated September 30, 2015 entered into between Valener, as borrower, a Canadian chartered bank, as administrative agent, and a syndicate of lenders;

"**D.F. King Canada**" means D.F. King Canada, a division of AST Investor Services Inc., the proxy solicitation agent retained by Valener in connection with the Meeting;

"**DRIP**" has the meaning set forth under Item 7 – *Dividend Reinvestment* Plan;

"**DSU**" has the meaning ascribed to it in Item 4 – *Directors'* Compensation;

"**Énergir Inc.**" means Énergir Inc., formerly referred to as Gaz Métro inc.;

"**Énergir Inc. Board**" means the Board of Directors of Énergir Inc.;

"**Énergir Inc. 2018 Annual Information Form**" means the Annual Information Form of Énergir Inc. dated December 14, 2018 in respect of Énergir Inc.'s fiscal year ended September 30, 2018;

"**Énergir, L.P.**" means Énergir, L.P., formerly referred to as Gaz Métro Limited Partnership, the principal place of business of which is located at 1717 du Havre Street, Montréal, Québec, Canada H2K 2X3;

"**Énergir, L.P. Financial Statements**" means the audited consolidated financial statements of Énergir, L.P. for the fiscal years ended September 30, 2018 and 2017, together with the notes thereto and the independent external auditor's report thereon;

"**First Additional Services Agreement for the Management of Debt**" means the services agreement initially entered into between Énergir, L.P. and Valener on September 30, 2010, and subsequently amended and restated on September 30, 2015, as more fully described under Item 2.3 *First Additional Services Agreement for the Management of Debt*;

"**Gaz Métro Éole**" means Gaz Métro Éole inc., a wholly-owned subsidiary of Énergir, L.P.;

"**Gaz Métro Éole 4**" means Gaz Métro Éole 4 Inc., a wholly-owned subsidiary of Énergir, L.P.;

"**KPMG**" means KPMG LLP;

"**Limited Partnership Agreement**" means the Énergir, L.P. Agreement amended and restated on November 29, 2017;

"**Management of the Manager**" means the management of Énergir Inc., in its capacity as general partner of the Manager;

"**Manager**" means Énergir, L.P., acting as manager of Valener under the Administration and Management Support Agreements;

"**Meeting**" means the annual meeting of Shareholders to be held on or about March 21, 2019 and any postponement or adjournment thereof;

"**Non-Competition Agreement**" means the non-competition agreement entered into as of September 30, 2010 between Énergir, L.P. and Valener;

"**Non-Registered Shareholder**" has the meaning ascribed thereto under the Item 1.5 *Voting of Proxies for Non-Registered Shareholders*;

"**Notice of Meeting**" means the Notice of Meeting of Shareholders which accompanies this Circular;

"**Policy**" has the meaning specified in Item 3.2 *Election of Directors - Majority Vote Policy*;

"**Preferred Share**" means the preferred shares in the share capital of Valener which may be issued in one or more series;

"**Public Offering of Series A Shares**" means the public offering of Series A Shares by way of a prospectus, under which Valener issued 4,000,000 Series A Shares on June 6, 2012 at a price of $25.00 per Series A Share, for a total cash consideration of $96.6 million, net of the costs associated with this offering;

"**Record Date**" means the close of business on February 8, 2019;

"**Registered Shareholder**" means a person registered as a Shareholder in the records of Valener on the Record Date;

"**Regulation 51-102**" means *Regulation 51-102 respecting Continuous Disclosure Obligations*, as amended from time to time;

"**Second Additional Services Agreement for the Seigneurie Project**" means the services agreement initially entered into between Énergir, L.P. and Valener as of September 30, 2010, and subsequently amended and restated on September 30, 2015, as more fully described under Item 2.4 Second Additional Services Agreement for the Seigneurie Project;

“**Seigneurie Projects**” means the wind power projects (including the wind farms of Wind Farms 2 & 3 GP and the wind farm of Wind Farm 4 GP) which have been and will be developed, built and operated on private property of the Seigneurie de Beaupré owned by the Séminaire de Québec;

“**Series A Share**” means the Cumulative Rate Reset Preferred Shares, Series A of Valener;

“**Series B Share**” means the Cumulative Floating Rate Preferred Shares, Series B of Valener;

“**Shareholder**” or “**Shareholders**” means the holders of Common Shares;

“**Valener**” means Valener Inc.;

“**Valener Board**” means the Board of Directors of Valener;

“**Valener Éole**” means Valener Éole Inc., a wholly-owned subsidiary of Valener;

“**Valener Éole** 4” means Valener Éole 4 Inc., a wholly-owned subsidiary of Valener;

“**Valener Financial Statements**” means the audited consolidated financial statements of Valener for the fiscal years ended September 30, 2018 and 2017, together with the notes thereto and the independent external auditor’s report thereon;

“**Valener 2018 Annual Information Form**” means the Annual Information Form of Valener dated December 14, 2018 in respect of Valener’s fiscal year ended September 30, 2018;

“**Voting Form**” has the meaning ascribed to it under the Item 1.5 *Voting of Proxies for Non-Registered Shareholders*-Giving Voting Instructions;

“**Wind Farm 4 GP**” means Seigneurie de Beaupré Wind Farm 4 GP; and

“**Wind Farms 2 & 3 GP**” means Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership.

## QUESTIONS AND ANSWERS RELATING TO THE MEETING

*Capitalized terms not otherwise defined herein are defined in the "Glossary of Terms".*

***Why am I receiving this information?***

The Circular provides a detailed description of the business to be acted upon at the Meeting. Shareholders will be asked to vote on the matters described in the Circular. Please give this material your careful consideration. If you have any questions regarding the matters to be dealt with at the Meeting, the procedures for voting or completing the Voting Form or the Proxy Form, as applicable, or any information contained in the accompanying Circular, please contact AST, Valener's registrar and transfer agent, toll free at 1-888-483-4365.

***Who can vote?***

Persons registered as Shareholders of record of Valener as at close of business on February 8, 2019 are entitled to receive notice of, and vote at, the Meeting. Shareholders are entitled to one vote per Common Share on any matters that may come before the Meeting. As at February 8, 2019, there were 39,345,192 Common Shares issued and outstanding.

***How will my Proxy be voted?***

On the Proxy Form, you can instruct your proxyholder on how to vote your Common Shares, or you can let your proxyholder decide for you. If you have specified on the Proxy Form how you want your shares to be voted on a particular matter, then your proxyholder must vote your Common Shares accordingly.

If you have not specified on the Proxy Form how you want your shares to be voted on a particular matter, your proxyholder can then vote in accordance with his or her judgment. Unless contrary instructions are provided in writing, the Common Shares represented by proxies will be voted:

(i) FOR the election as director of each of the five (5) nominees listed under the Item 3.2 *Election of Directors* in this Circular; and

(ii) FOR the appointment of KPMG as independent external auditor of Valener and the determination of its compensation by the Valener Board.

***How can I vote?***

Please ensure that you register your vote by following the instructions under the Items 1.2 *Appointment of Proxies by Registered Shareholders* and 1.5 *Voting of Proxies for Non-Registered Shareholders* of the Circular and on your Voting Form or Proxy Form, as applicable. Voting is quick and easy and your vote is important.

***What if I sign the Proxy Form enclosed with the Circular?***

Signing the enclosed Proxy Form gives authority to Pierre Monahan or François Gervais, each of whom is a director of Valener, or to another person you have appointed, to exercise the voting rights attached to your Common Shares at the Meeting.

***How do I vote if I am a Registered Shareholder?***

You are a Registered Shareholder if your name appears on your certificate for Common Shares or if your name appears in the records of Valener on the Record Date. If you are not sure whether you are a Registered Shareholder, please contact AST at 1-888-483-4365.

Voting by proxy

Accompanying the Circular is a Proxy Form for Registered Shareholders.

Complete your Proxy Form and return it in the envelope we have provided or by facsimile to 416-368-2502 or 1-866-781-3111, **for receipt by no later than 5:00 p.m. (Montréal time) on March 19, 2019 or prior to 5:00 p.m. (Montréal time) on the second to last Business Day preceding any resumption of a postponed or adjourned Meeting**.

**You can appoint a person other than the persons named in the Proxy Form as your proxyholder.** This person does not have to be a Shareholder. Fill in the name of the person you are appointing in the blank space provided on the Proxy Form. Complete your voting instructions, date and sign the Proxy Form, and return it to AST as indicated above. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.

<u>Voting by telephone or Internet</u>

You are not required to complete and return your Proxy Form. You only need to follow the instructions set out on the Proxy Form. You will need the control number which appears on your Proxy Form if you opt to vote via telephone or Internet.

<u>Voting in person at the Meeting</u>

Even if you plan on attending the Meeting, we encourage you to vote with the enclosed Proxy Form.

***How do I vote if I am a Non-Registered Shareholder?***

You are a Non-Registered Shareholder if a securities broker, bank, trust company, or other financial institution ("**your intermediary**") holds your Common Shares for you. If you are not sure whether you are a Non-Registered Shareholder, please contact AST at 1-888-483-4365.

<u>Voting by proxy</u>

Your intermediary is required to ask for your voting instructions before the Meeting. Please contact your intermediary if you did not receive a request for voting instructions which should accompany this Circular.

In most cases, Non-Registered Shareholders will receive a Voting Form which allows them to provide voting instructions by telephone, on the Internet or by mail. You will need your control number found on your Voting Form, if you choose to vote by telephone or on the Internet. Alternatively, Non-Registered Shareholders may complete the Voting Form and return it by mail within the time limit and in accordance with the instructions provided by their intermediary. Each intermediary has its own signature and return instructions, which you should follow carefully to ensure that your Common Shares are voted at the Meeting. If, after voting by mail, on the Internet or by facsimile, the Non-Registered Shareholder changes his or her mind and wishes to vote in person, he or she must contact his or her intermediary to make the necessary arrangements when possible.

<u>Voting in person at the Meeting</u>

You can vote your Common Shares in person at the Meeting only if you have instructed your intermediary to appoint you or another person as proxyholder. To do this, write your name or the name of your appointee, as applicable, in the space provided on the Voting Form and otherwise follow the instructions of your intermediary.

***If I change my mind, how can I revoke my proxy?***

In addition to revocation in any other manner permitted by law, a Shareholder giving a proxy and submitting it by mail may revoke it by an instrument in writing executed by the Shareholder or the Shareholder's attorney authorized in writing and filed either at the Montréal office of AST, 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec H3A 2A6, or at the head office of Valener, 1717 du Havre Street, Montréal, Québec H2K 2X3 (to the attention of Nathalie Longval, Corporate Secretary of the Manager), at any time up to and including the last Business Day preceding the date of the Meeting, or any postponement or adjournment thereof, at which the proxy is to be used, or with the chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any postponement or adjournment thereof.

***How can I obtain help to complete the Proxy or Voting forms, as applicable?***

If you need assistance completing your Proxy Form or Voting Form, please contact AST, toll free at 1-888-483-4365.

***Who should I contact if I need additional information?***

Please contact AST, toll-free at 1-888-483-4365.

***Who might contact me regarding the Meeting and the business transacted thereat?***

Valener has hired D.F. King Canada as its proxy solicitation agent to assist Shareholders with voting their shares to be represented at the Meeting.

MANAGEMENT PROXY CIRCULAR

## Introduction

**This Circular is provided in connection with the solicitation by the Management of the Manager of proxies for use at the Meeting, to be held at the head office of Énergir, L.P., 1717 du Havre Street, Montréal, Québec, on March 21, 2019 at 10:00 a.m. (Montréal time) and at any postponement or adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting and in this Circular.**

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under *Glossary of Terms* of this Circular or elsewhere in this Circular. Information contained in this Circular is given as of February 8, 2019 unless otherwise specifically stated.

# ITEM 1 – GENERAL PROXY MATTERS

## 1.1 Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail but proxies may also be solicited by telephone on behalf of Valener. Valener will bear the total cost in respect of the solicitation of proxies for the Meeting, subject to the reimbursement of certain costs by Énergir, L.P. (see Item 2.2 *Administration Agreement – Reimbursement of Costs by Énergir, L.P.*). Valener has retained D.F. King Canada to act as proxy solicitation agent. In connection with these services, D.F. King Canada will receive approximately $35,000 plus a fee per phone call for its assistance and will be reimbursed for its reasonable out-of-pocket expenses.

## 1.2 Appointment of Proxies by Registered Shareholders

Together with this Circular, Registered Shareholders have also been sent a Proxy Form. The persons named in such Proxy Form as persons to vote on behalf of Registered Shareholders are directors of Valener or members of the Management of the Manager. **A Registered Shareholder who wishes to appoint some other person (who need not be a Shareholder) to represent him or her at the Meeting may do so by striking out the names set forth in the enclosed Proxy Form and by inserting such person's name in the blank space provided therein or by completing another Proxy Form.** To be effective, proxies must be received by AST by facsimile at 416-368-2502 or 1-866-781-3111 or in the pre addressed envelope provided for that purpose, by no later than 5:00 p.m. (Montréal time) on March 19, 2019 or in the case of a postponement or adjournment of the Meeting, by no later than 5:00 p.m. (Montréal time) on the second to last Business Day preceding any resumption of the Meeting after adjournment. The chair of the Meeting has the discretion to accept late proxies.

The document appointing a proxy must be in writing and completed and signed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, by its duly authorized officer or attorney. Persons signing as officers, attorneys, agents, testamentary executors, estate administrators or liquidators or trustees should so indicate and may be asked to provide satisfactory evidence of such authority.

## 1.3 Revocation of Proxies by Registered Shareholders

A Registered Shareholder who has given a proxy may revoke the proxy: (a) by completing and signing a Proxy Form bearing a later date and depositing it as set forth above; (b) by depositing an instrument in writing executed by the Registered Shareholder or by his or her attorney duly authorized in writing: (i) either at the Montréal office of AST, 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec H3A 2A6, or at the head office of Valener, 1717 du Havre Street, Montréal, Québec H2K 2X3 (to the attention of Nathalie Longval, Corporate Secretary of the Manager), at any time up to and including the last Business Day preceding the date of the Meeting, or any postponement or adjournment thereof, at which the proxy is to be used; or (ii) with the chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any postponement or adjournment thereof; or (c) in any other manner permitted by law.

### 1.4 Voting of Proxies for Registered Shareholders

The persons named in the accompanying Proxy Form will vote Common Shares in respect of which they are appointed on any poll that may be called for, in accordance with the instructions of the Registered Shareholder as indicated on the Proxy Form. **In the absence of instructions, such Common Shares will be voted <u>FOR</u> the approval of the resolution in the manner set forth in the relevant section of this Circular.**

**The persons named in the accompanying Proxy Form are vested with discretionary authority with respect to amendments or variations of matters identified in the Proxy Form and Notice of Meeting and with respect to other matters which may properly come before the Meeting or any postponement or adjournment thereof. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons named in the accompanying Proxy Form to vote in accordance with their best judgment on such matter or business.** As at the date of the Circular, the directors of Valener and members of the Management of the Manager know of no such amendments, variations or other matters to come before the Meeting.

A Registered Shareholder which is a legal entity may appoint an officer, director or other authorized individual as its representative to attend, vote and act on its behalf at the Meeting and may by a like instrument revoke any such appointment, and for all purposes of the Meeting, other than the giving of notice, an individual so appointed shall be deemed to be the Shareholder of every Common Share held by the legal entity he or she represents.

If two or more persons hold Common Shares jointly, a proxy given on their behalf shall be executed by all of them and may only be revoked by all of them. If two or more of those joint Shareholders are present at the Meeting and they do not agree on which of them is to exercise any vote to which they are jointly entitled, they are deemed not to be present for the purposes of voting.

### 1.5 Voting of Proxies for Non-Registered Shareholders

**Information set forth in this section is very important to persons who hold their Common Shares otherwise than in their own name.** In many cases, Common Shares that are beneficially owned by a person who is a Non-Registered Shareholder are registered **(i)** in the name of an intermediary (an "**intermediary**") with whom the Non-Registered Shareholder deals in respect of the Common Shares of Valener, such as securities brokers, banks, trust companies or trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or **(ii)** in the name of a clearing agency in which the intermediary is a participant. Non-Registered Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of Valener as the Registered Shareholders can be recognized and acted upon at the Meeting. Without specific instructions, intermediaries and their agents or nominees are prohibited from voting Common Shares for their clients. There are two ways, listed below, for Non Registered Shareholders to vote their Common Shares.

***Giving Voting Instructions***

Applicable securities laws require Non-Registered Shareholders' intermediaries to seek voting instructions from them in advance of the Meeting. Accordingly, Non-Registered Shareholders will receive or have already received from their intermediary a voting instruction form for the number of Common Shares they hold. Every intermediary has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by Non-Registered Shareholders to ensure that their Common Shares are voted at the Meeting. Most intermediaries now delegate responsibility for obtaining instructions from clients to a third party. Each third party typically prepares a voting instruction form (a "**Voting Form**") that it mails to the Non-Registered Shareholders and asks them to return the Voting Form directly to it. The third party then tabulates the results of all instructions received and provides appropriate instructions representing the voting of Common Shares represented at the Meeting. A Non-Registered Shareholder receiving a Voting Form cannot use that Voting Form to vote his or her shares directly at the Meeting. The Voting Form must be returned to the third party or the intermediary, if the latter has not delegated this responsibility to a third party, well in advance of the Meeting to have the Common Shares voted.

Valener will send the Notice of Meeting, the Circular and the Voting Form to all the Shareholders through the agency of third parties and Valener shall assume the delivery costs thereof.

***Voting In Person***

However, if Non-Registered Shareholders wish to vote in person at the Meeting, they are required to insert their own name in the space provided on the Voting Form provided by the intermediary to appoint themselves as proxyholder and follow the signature and return instructions of their intermediary. Non-Registered Shareholders who appoint themselves as proxyholders should present themselves to a representative of AST prior to the commencement of the Meeting on the day thereof. Those Non-Registered Shareholders do not otherwise have to complete the Voting Form sent to them as they will be voting at the Meeting.

### 1.6 Record Date

The Record Date for determining those Shareholders entitled to receive notice of and to vote at the Meeting is close of business on February 8, 2019. Only persons registered as Shareholders on the books of Valener as of the close of business on the Record Date are entitled to receive notice of, and to vote at, the Meeting, and no person becoming a Shareholder after the Record Date shall be entitled to receive notice of, and to vote at, the Meeting or any postponement or adjournment thereof. The list of Registered Shareholders so entitled will be available for inspection during normal business hours at the Montréal office of AST, located at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec, Canada H3A 2A6, or at the head office of Valener located at 1717 du Havre Street, Montréal, Québec, Canada H2K 2X3, and at the Meeting.

### 1.7 Voting Shares and Principal Shareholders

As of February 8, 2019, there were 39,345,192 Common Shares issued and outstanding, with each Common Share carrying one voting right.

On March 28, 2011, Valener's articles were amended to authorize the creation of a class of Preferred Shares issuable in series. The rights, privileges, restrictions and conditions of each series of Preferred Shares shall be determined by the Valener Board prior to their issue, subject to a maximum of 10,000,000 Preferred Shares being authorized for the whole class.

On June 4, 2012, in connection with the Public Offering of Series A Shares, Valener filed articles of amendment to create two series of Preferred Shares, being Series A Shares and Series B Shares, with a maximum number of 4,000,000 shares for each of Series A and Series B.

On February 8, 2019, there were 4,000,000 Series A Shares issued and outstanding and on the same day there were no Series B Shares issued and outstanding. The holders of Series A Shares are not, as such, entitled to receive notice of or vote at the Meeting.

To the knowledge of the directors of Valener and members of the Management of the Manager, no person beneficially owns, or exercises control or direction, directly or indirectly, over Common Shares carrying 10.0% or more of the voting rights attached to all issued and outstanding Common Shares.

## ITEM 2 – MANAGEMENT OF VALENER

Valener does not employ any officer or any person acting in a similar capacity. Strategic decisions concerning Valener's activities, business or current or potential investments must be approved by the Valener Board, whereas the day-to-day management, including Valener's interest in Énergir, L.P., is assumed by the Manager pursuant to the Administration and Management Support Agreements. These agreements are available on the SEDAR Website, under Valener's profile, at www.sedar.com.

Valener owns a direct interest of 29.0% in Énergir, L.P. Consequently, Valener has an economic interest in the energy sector through the activities of Énergir, L.P. and its direct or indirect subsidiaries and reaps the benefits of Énergir, L.P.'s diversified profile both geographically and industry-wide.

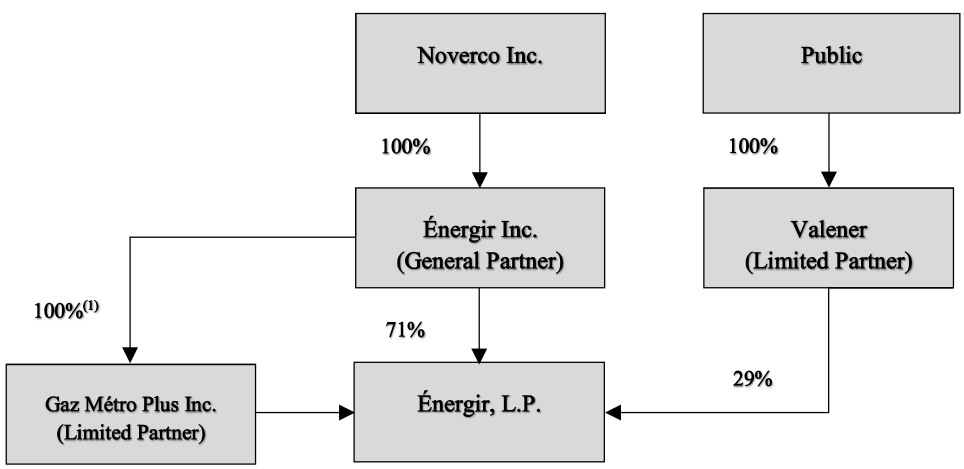
Valener also holds a 24.5% indirect interest in Wind Farms 2 & 3 GP and Wind Farm 4 GP. In addition, as a result of its interest of 29.0% in Énergir, L.P., it benefits from Énergir, L.P.'s 25.5% economic interest in those same wind farms.

The mission of Valener is to ensure the sound management of its investment in Énergir, L.P., to participate in the full development of the latter and to consider opportunities for growth and value creation for its shareholders. Such opportunities must create value and have a risk profile deemed relatively similar to Valener's current profile, in addition to conforming with the Non-Competition Agreement and the applicable limitations pursuant to its Credit Facility. For more information regarding the Non-Competition Agreement and Credit Facility, reference is made respectively to Item 10.3.2 *Non-Competition Agreement* and to Item 10.3.6 *Credit Facility* of the Valener 2018 Annual Information Form (available, in particular, on the SEDAR Website, under Valener's profile, at www.sedar.com and on Valener's Website at www.valener.com). The Non-Competition Agreement and the Credit Facility are also available on the SEDAR Website, under Valener's profile, at www.sedar.com.

With more than $7 billion in consolidated assets, Énergir, L.P. is a diversified energy company whose mission is to meet the energy needs of the 520,000 customers and communities that Énergir, L.P. and its subsidiaries serve, in an increasingly sustainable way. In Québec, it is the leading natural gas distribution company and also produces, through its subsidiaries, electricity from wind power. In the United States, through its subsidiaries, the company operates in almost fifteen states where it produces electricity from hydraulic, wind and solar sources, in addition to being the leading electricity distributor and the sole natural gas distributor in Vermont. Énergir, L.P. values energy efficiency and invests both resources and efforts in innovative energy projects such as renewable natural gas, liquefied natural gas and compressed natural gas. Through its subsidiaries, it also provides a variety of energy services. Énergir, L.P. hopes to become the partner of choice for those striving toward a better energy future. Additional information on Énergir, L.P.'s operations is available on the SEDAR Website, under Valener's profile at http://www.sedar.com or on the Énergir, L.P. website at www.energir.com.

## 2.1 Structure of Énergir, L.P.

The following diagram shows the shareholding structure of Énergir, L.P.:




## 2.2 Administration Agreement

Under the Administration Agreement, inter alia, the Manager (i) either directly or through Énergir Inc., its general partner, provides Valener with certain administration and management support services solely in respect of Valener's interest in Énergir, L.P. and related public corporation matters and, in certain circumstances, may provide certain additional services, and (ii) reimburses Valener for certain expenses, subject to certain limitations.

*(1) The participation of Gaz Métro Plus Inc. is progressively diluted since October1, 2010 as the capital contributions of the other partners increase*

***Services, Fees and Expenses***

As long as (i) Valener's activities consist solely of holding its interest in Énergir, L.P. and that Valener is not engaged, directly or indirectly, in any other business, operations or affairs, has no other assets, investments or projects and is not subject to any indebtedness; or (ii) all of the additional business, operations and affairs of Valener are subject to an agreement between Énergir, L.P. and Valener (including the First Additional Services Agreement for the Management of Debt and the Second Additional Services Agreement for the Seigneurie Project), Valener will not have its own management team and the Manager will provide all services necessary for the management and general administration of the business, operations and affairs of Valener. These services include preparing continuous disclosure documents of Valener required under applicable securities legislation.

Should the business of Valener no longer be fully managed by the Manager as specifically provided under the Administration Agreement, Valener will appoint its own management team and the Manager will only provide a limited number of services for the management and general administration of the business, operations and affairs of Valener which are solely related to Valener's interest in Énergir, L.P. and related public corporation matters. These services include providing to Valener information solely related to Valener's interest in Énergir, L.P. which is reasonably required for the preparation by Valener of Valener's continuous disclosure documents required under securities legislation.

Valener may also have reasonable access to the senior management of Énergir Inc., in its capacity as general partner of the Manager, to assist with investor relations and financial reporting matters, at its cost and on a cost recovery basis, subject to certain exceptions.

The Manager, either directly or through Énergir Inc., its general partner, provides additional services to Valener as may be reasonably requested by Valener from time to time, including with respect to the management of other operations, business and affairs, all upon terms mutually agreed in writing. Notwithstanding the foregoing, the Manager will have no obligation to provide any services which are not solely related to Valener's interest in Énergir, L.P. (and related public corporation matters). It is intended that Valener will then have its own management team and employees and/or other consultants to support any development activities at its cost, unless otherwise agreed to between the parties.

Pursuant to the Administration Agreement, Valener reimburses the Manager for all operating and other expenses incurred in providing services under the Administration Agreement, computed by the Manager on a quarterly basis based on the actual cost of delivering services, without any profit. In the fiscal year ended September 30, 2018, the Manager invoiced Valener in the amount of $0.7 million for such expenses.

***Reimbursement of Costs by Énergir, L.P.***

Énergir, L.P. has undertaken to reimburse Valener for all general administrative expenses (including public corporation costs) it incurs since October 1, 2010, subject to a maximum aggregate amount of (i) $1.75 million annually for the first five (5) year period, which ended on September 30, 2015, and (ii) $1.0 million annually for the subsequent ten (10) year period (from October 1, 2015 to September 30, 2025), until the termination of the Administration Agreement, subject to an annual indexation based on the Consumer Price Index and fee increases implemented by regulatory authorities or the TSX from time to time, which are beyond Valener's control. Accordingly, as part of its commitment to reimburse Valener all general administrative costs, Énergir, L.P. reimburses only the attendance fees for Board and Committee meetings of Valener's directors (and no other directors' retainer, compensation, fees and expenses) up to a maximum of $200,000 per fiscal year.

Pursuant to the Administration Agreement, Valener charged Énergir, L.P. general administrative expenses which Valener incurred (including costs related to public corporation matters) in the amount of $1.0 million for the fiscal year ended September 30, 2018.

***Termination***

Either party may terminate the Administration Agreement by delivering a sixty (60) day prior written notice in case of uncured breach of a material obligation by the other party or upon occurrence of an event of bankruptcy or insolvency.

Énergir, L.P. may also terminate the Administration Agreement: (i) if Valener takes an action or becomes party to a transaction that, in the reasonable opinion of Énergir Inc., could cause Énergir, L.P. to become a "SIFT partnership" within the meaning of the *Income Tax Act*; and (ii) in case of a change of control of Valener.

Valener may also terminate the Administration Agreement at any time by delivering a one-hundred-and-eighty (180) day prior written notice to Énergir, L.P.

The Administration Agreement has been amended and restated on September 30, 2015 solely to include provisions relating to the change in Valener's accounting framework.

### 2.3 First Additional Services Agreement for the Management of Debt

Pursuant to the First Additional Services Agreement for the Management of Debt, which incorporates by reference some of the terms and conditions of the Administration Agreement, *mutatis mutandis*, the Manager has undertaken to provide to Valener certain additional services related to the debt or equity financing of Valener and to the administration of such financings. Valener shall reimburse to the Manager an amount equal to all operating and other expenses incurred by the Manager in providing the additional services under the First Additional Services Agreement for the Management of Debt, calculated by the Manager based on the actual cost of providing such services, plus an additional fee equal to 10.0% of the aggregate amount of such operating expenses.

The First Additional Services Agreement for the Management of Debt shall automatically terminate upon the termination of the Administration Agreement. The Manager may also terminate the First Additional Services Agreement for the Management of Debt upon a sixty (60) day prior written notice to Valener in the event that some of the aspects of the operations, business and affairs of Valener are no longer under the overall administration and management of the Manager (either directly or through Énergir Inc., its general partner) pursuant to the terms of the Administration Agreement or any other agreement for additional services that may be agreed to from time to time.

The First Additional Services Agreement for the Management of Debt has been amended and restated on September 30, 2015 solely to include provisions relating to the change in Valener's accounting framework.

In the fiscal year ended September 30, 2018, no expenses were charged to Valener under the First Additional Services Agreement for the Management of Debt.

### 2.4 Second Additional Services Agreement for the Seigneurie Project

Pursuant to the Second Additional Services Agreement for the Seigneurie Project, which incorporates by reference some of the terms and conditions of the Administration Agreement, *mutatis mutandis*, the Manager will provide to Valener, directly or through Énergir Inc., its general partner, certain additional services solely related to Valener's interest in the Seigneurie Projects. Valener shall reimburse to the Manager an amount equal to all operating and other expenses incurred by the Manager in providing the additional services under the Second Additional Services Agreement for the Seigneurie Project, calculated by the Manager based on the actual cost of providing such services, plus an additional fee equal to 10.0% of the aggregate amount of such operating expenses.

The Second Additional Services Agreement for the Seigneurie Project shall automatically terminate upon the earlier of: (i) the termination of the Administration Agreement, or (ii) Valener or Énergir, L.P. ceasing to hold any ownership interest in the Seigneurie Projects. The Manager may also terminate the Second Additional Services Agreement for the Seigneurie Project upon a sixty (60) day prior written notice of termination to Valener in the event that some of the aspects of the operations, business and affairs of Valener are no longer under the administration and overall management of the Manager (either directly or through Énergir Inc., its general partner) pursuant to the terms of the Administration Agreement or any other agreement for additional services that may be agreed to from time to time.

The Second Additional Services Agreement for the Seigneurie Project was amended and restated on September 30, 2015 solely to include provisions relating to the change in Valener's accounting framework.

In the fiscal year ended September 30, 2018, no fees were invoiced to Valener pursuant to the Second Additional Services Agreement for the Seigneurie Project.

For more information concerning the Administration Agreement, reference is made to Item 10.3 *Material Contracts – Material Contracts of Valener* of the Valener 2018 Annual Information Form (available, in particular, on the SEDAR Website, under Valener's profile, at http://www.sedar.com and on the Valener Website at www.valener.com). The Administration Agreement, the First Additional Services Agreement for the Management of Debt and the Second Additional Services Agreement for the Seigneurie Project, are also available on the SEDAR Website, under Valener's profile, at www.sedar.com.

### 2.5 Transactions and agreements entered into during the fiscal year ended September 30, 2018 between Valener and Énergir, L.P. and any associate or affiliate of Énergir, L.P.

In the fiscal year ended September 30, 2018, in addition to the aforementioned transactions under the Administration and Management Support Agreements, Valener carried out the following transactions with Énergir, L.P. and any associate or affiliate of Énergir, L.P.:

- The Limited Partnership Agreement was amended and restated on November 29, 2017 for the sole purpose of changing the name "Gaz Métro Limited Partnership" to "Énergir, L.P." This new name was adopted to better reflect what the partnership has become and translate its wish to think of energy differently and pursue its development toward a more responsible energy future.

- Valener, acting through Valener Éole, a wholly-owned subsidiary, holds an interest of 49.0% in Beaupré Éole, which holds a 50.0% interest in Wind Farms 2 & 3 GP.

  - In fiscal 2018, Valener Éole subscribed for 152,026 units of Beaupré Éole, commensurate with its current interest in Beaupré Éole, for a total cash consideration of approximately $152,000. Gaz Métro Éole also subscribed for its proportionate share of 51.0% of the outstanding units of Beaupré Éole.

- Valener, acting through Valener Éole 4, a wholly-owned subsidiary, also holds a 49.0% interest in Beaupré Éole 4, which in turn owns a 50.0% interest in Wind Farm 4 GP.

  - In fiscal 2018, Valener Éole 4 subscribed for 95,103 units of Beaupré Éole 4, commensurate with its current interest in Beaupré Éole 4, for a total cash consideration of approximately $95,000. Gaz Métro Éole 4 also subscribed for its proportionate share of 51.0% of the outstanding units of Beaupré Éole 4.

For additional information concerning any other transaction or agreement entered into during the fiscal year ended September 30, 2018 by Valener with Énergir, L.P. or any associate or affiliate of Énergir, L.P., please refer to Item 3 *Narrative Description of Valener's Business* in the Valener 2018 Annual Information Form, which item is incorporated by reference herein. The Valener 2018 Annual Information Form is available on the SEDAR Website under the profile of Valener at http://www.sedar.com and on the Valener Website at www.valener.com.

For particulars with respect to the name and province of residence of the "*informed persons*" of Énergir, L.P., as such expression is defined in Regulation 51-102, namely the directors and officers of Énergir Inc., reference is made to Item 9 *Directors and Officers* of the Énergir Inc. 2018 Annual Information Form (available on the SEDAR Website, under Énergir Inc.'s profile, at http://www.sedar.com).

## ITEM 3 – BUSINESS OF THE MEETING

The Meeting shall be in lieu of the annual meeting. As stated in the Notice of Meeting, the Shareholders will receive the Valener Financial Statements and the Énergir, L.P. Financial Statements and will be asked to act on the following other annual business: (i) elect the directors of Valener; (ii) appoint the Valener independent external auditor for the 2019 fiscal year and authorize the directors of Valener to determine its compensation; and (iii) transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

### 3.1 Presentation of the Financial Statements

The Valener Financial Statements and the Énergir, L.P. Financial Statements will be brought before the Meeting; a vote is neither required nor planned in this respect. The Valener Financial Statements and the Énergir, L.P. Financial

Statements are set out in the Valener 2018 Annual Report, which was sent to the Shareholders under the CBCA. The Valener Financial Statements and the Énergir, L.P. Financial Statements (included in the Valener 2018 Annual Report) are also available on the SEDAR Website under Valener's profile at http://www.sedar.com and on Valener's Website at www.valener.com.

### 3.2 Election of Directors

The Valener Board has set at five (5) the number of directors to be elected. The term of office of each director will expire at the next annual meeting of Shareholders or upon the election of his or her successor, unless he or she shall resign his or her office or his or her position becomes vacant by death, removal or other cause. The nominees proposed for election as directors are currently members of the Valener Board. The vote in respect of each director shall be held on an individual basis.

It is not contemplated that any nominees will be unable, or, for any reason, will become unwilling to serve as director. Should this occur for any reason prior to the election, the persons named in the accompanying Proxy Form reserve the right to vote for another nominee, at their discretion, unless the Shareholder has specified in the Proxy Form his or her intention to withhold from voting in the election of the directors.

The five (5) nominees for election as directors of Valener are independent and are:

- Mary-Ann Bell
- François Gervais
- Gwen Klees
- Pierre Monahan
- Serge Régnier

**Except where the authority to vote in favour of the directors is withheld, the persons whose names appear on the Proxy Form intend to vote <u>FOR</u> the election of each of the five (5) nominees named above as directors of Valener.**

***Majority Vote Policy***

Valener's *Majority Vote Policy on the Election of the Members of the Board of Directors* (the "**Policy**") provides that where the number of votes "withheld" on the election of a nominee as director at an annual Shareholders' meeting exceeds the number of votes "for", the nominee shall tender his or her resignation forthwith to the Chair of the Valener Board after the meeting. The Valener Board shall examine the resignation forthwith and must accept it unless exceptional circumstances warrant refusing such resignation not later than ninety (90) days after the meeting of Shareholders at which the election took place. Once the Valener Board has rendered its decision on the director's resignation, Valener shall forthwith, by press release, publicly announce the Valener Board's decision to accept or refuse the resignation, and describe the procedure which led to such decision as well as the reasons justifying the refusal, if any. A copy of the said press release must also be sent to the Toronto Stock Exchange. A director who tenders his or her resignation under the Policy shall not take part in any meeting of the Valener Board called to consider such resignation. The Policy shall apply only in the event of the uncontested election of directors, when the number of nominees for election as directors is equal to the number of directors to be elected and that no solicitation of proxies shall occur to support nominees other than the nominees proposed by the Valener Board.

Subject to such restrictions as may be imposed by law, where the Valener Board accepts the offer of resignation of a director and such director resigns, the Valener Board may wait until the next annual Shareholders' meeting to fill the vacancy. The Valener Board may also elect to appoint a new director who, in the opinion of the Board, deserves the confidence of the Shareholders. Furthermore, the Valener Board may decide to call a meeting of the Shareholders and present a nominee thereat in order to fill the vacancy.

***Nominees for election as directors***

The Valener Board is mindful of the importance of diversity as well as having a range and a balance of qualifications, skills and experience on the Valener Board and believes that such factors and the element of continuity are essential to the Board's efficient operations.

The Valener Board is comprised of experienced directors who possess a wide range of complementary knowledge and qualifications, as well as the relevant expertise, enabling them to make an active, informed and profitable contribution to the management of Valener and the conduct of its business.

The following table provides information on each of the nominees. The nominees proposed for election as directors are currently members of the Valener Board:

<table>
<tr><td><br>Mary-Ann Bell,<br>age 59<br>Québec, Canada<br>Independent<br>Director since<br>January 13, 2014</td><td colspan="5">Ms. Mary-Ann Bell worked for over 30 years in the telecommunications sector. An industrial engineering graduate from the École Polytechnique de Montréal (1982) and holding a Master's of Science from the Institut national de la recherche scientifique (INRS) (1986), she began her career at Bell Canada in 1982 where she held various operational and financial positions. In 2006, she participated in the setting up of Bell Aliant Inc., where she was Senior Vice President for Québec and Ontario until 2014. A certified corporate director and member of the Institute of Corporate Directors, Ms. Bell has sat on various boards of directors for over 15 years and has several years of audit committee experience. She has been a member of the board of Cogeco Inc. since 2016 (of which she chairs the Governance Committee and where she is a member of the Human Resources Committee and the Audit Committee), of the board of Nav Canada since 2014(of which she chairs the Safety Committee and where she is a member of the Human Resources Committee and the Customer Service Charges Committee) and of Énergir Inc. (where she chairs the Audit Committee and is a member of the Pension Fund Committee). She was a member of the board of Cominar REIT from 2012 to 2018 (of which she chaired the Compensation Committee) and has sat on the board of the Institute for Governance of Private and Public Organizations (IGOPP) (of which she chairs the Audit Committee) since 2017. She has chaired the boards of the Montreal Women's Y, Nordia inc., Proximedia inc., the Institut international des Télécommunications and the Institut national de recherche scientifique, a research university which is part of the Universités du Québec network.</td></tr>
<tr><td>Principal occupation</td><td colspan="5">Corporate Director</td></tr>
<tr><td colspan="4">Attendance at meetings during fiscal year 2018</td><td colspan="2">Aggregate Compensation</td></tr>
<tr><td colspan="2">Board of Directors 7/7</td><td colspan="2">Audit Committee 5/5</td><td colspan="2">$35,500</td></tr>
<tr><td colspan="6">Common Shares and DSUs held or controlled as at February 8, 2019</td></tr>
<tr><td colspan="2">Number of shares: 10,473</td><td colspan="2">Percentage: 0.03%</td><td colspan="2">Number of DSUs: N/A</td></tr>
<tr><td colspan="3">Market value of Common Shares and DSUs held(1): $218,990.43</td><td colspan="3">Meets minimum shareholding requirement: Yes(2)</td></tr>
<tr><td colspan="6">Other reporting issuer directorships held as at the date hereof</td></tr>
<tr><td colspan="2">Énergir Inc.</td><td colspan="2">Nav Canada</td><td colspan="2">Cogeco Inc.</td></tr>
</table>

*(1) Market value is the volume-weighted average trading price of the Common Shares on the Toronto Stock Exchange in the last five trading days before February 8, 2019, i.e. $20.91.*

*(2) For further information concerning the shareholding of the directors, see the table Shareholding of Item 4.1 Components of Directors' Compensation Program.*

**François Gervais**, age 67
Québec, Canada
**Independent**
Director since September 10, 2010

Mr. François Gervais is a corporate director. He was an investment banker at CIBC World Markets from 1977 to 2003 and at RBC Capital Markets from 2003 to 2008. During a career in corporate finance that has spanned more than 30 years, Mr. Gervais has been involved in numerous share and bond issues and merger and acquisition transactions for companies in a variety of industries. He holds a Bachelor of Business Administration from *Université Laval* and an MBA from the Harvard Business School. He also holds the CPA (CA) and ICD.D designations. He was a director of Nurun Inc. from 2003 to 2008 and of Groupe Dessau Inc. from May 2014 to September 2015. Mr. Gervais is also a director of Énergir Inc. He has also been a director of the Fondation de l'École supérieure de ballet du Québec since October 30, 2017.

| | | |
|---|---|---|
| **Principal occupation** | Corporate Director | |
| **Attendance at meetings during fiscal year 2018** | | **Aggregate Compensation** |
| Board of Directors 7/7 | Audit Committee (Chair) 5/5 | $50,500 |
| **Common Shares and DSUs held or controlled as at February 8, 2019** | | |
| Number of shares: 9,000 | Percentage: 0.02% | Number of DSUs: 1,301.71 |
| Market value of Common Shares and DSUs held: $215,408.76 | Meets minimum shareholding requirement: Yes | |
| **Other reporting issuer directorships held as at the date hereof** | | |
| Énergir Inc. | | |

**Gwen Klees**, age 56
Québec, Canada
**Independent**
Director since August 10, 2016

Ms. Gwen Klees, who is from British Columbia, holds a Bachelor of Civil Law from Laval University and has over thirty years of business experience. She is currently Senior Vice President Business Support as well as Corporate Secretary of Ovivo Inc., formerly GLV Inc., which she joined in 2003. Specializing in mergers and acquisitions, partnerships, financing and the negotiation of major commercial contracts, Ms. Klees has acquired sound corporate governance and operational management experience as General Manager of a division in South Africa. Since the beginning of 2018, she has also been responsible for information technologies (IT) and cybersecurity. For the first 15 years of her career as a lawyer, after practicing in a major law firm, she held various positions for large corporations in Québec, including the Royal Bank of Canada, Bell Canada and Cadim, a subsidiary of the Caisse de dépôt et placement du Québec. She is also a member of the Board of Directors of the Fondation de la Maison du père.

| | | |
|---|---|---|
| **Principal occupation** | Senior Vice President Business Support, Ovivo Inc. | |
| **Attendance at meetings during fiscal year 2018** | | **Aggregate Compensation** |
| Board of Directors 6/7 | Audit Committee 5/5 | $68,000 |
| **Common Shares and DSUs held or controlled as at February 8, 2019** | | |
| Number of shares: 4,816 | Percentage: 0.01% | Number of DSUs: 3,775.60 |
| Market value of Common Shares and DSUs held: $179,650.36 | Meets minimum shareholding requirement: Yes | |
| **Other reporting issuer directorships held as at the date hereof** | | |
| Nil | | |

<table>
<tr><td><br>Pierre Monahan,<br>age 72<br>Québec, Canada<br>Independent<br>Director since<br>June 15, 2010</td><td colspan="3">Mr. Pierre Monahan has been a corporate director and business management consultant since 2008. Previously, he was President of Bowater Canadian Forest Products Inc. and Executive Vice President, Building Products at Bowater Inc. until his departure in 2007. Mr. Monahan received his bachelor’s degree in commerce from the HEC Montréal in 1968. Over the course of his career, he has held a number of management positions in the forestry industry. He has also held financial management positions in major corporations, including Vice President, Finance and Treasurer, and Executive Vice President, Business Expansion, at Tembec Inc.; Vice President and CFO of Domtar Inc. and President and CEO of a spin-off corporation, Alliance Forest Products Inc. Mr. Monahan has also served as chairman of the board of several organizations in this industry. He was a member of the boards of directors of Uniboard Canada Inc., Comact Equipment Inc., Fortress Paper Ltd. and AXA Insurance (Canada) as well as chairman of AXA’s audit committee and a member of AXA’s investment committee until it was acquired by Intact Insurance in June 2011. In 2004, Mr. Monahan was awarded an honorary doctorate in forestry science from Université Laval, Québec, and, in 2006, he received the Pulp and Paper Excellence Award (PCPP) from the Québec Forest Industry Council. He is a member of the board of Énergir Inc. and its Audit Committee and chairs its Health, Occupational Safety and Environment Committee. He is also Chairman of the Board of Solifor inc. and a Governor of the Centraide of Greater Montreal Foundation.</td></tr>
<tr><td>Principal occupation</td><td colspan="3">Corporate Director and Business Management Consultant</td></tr>
<tr><td colspan="3">Attendance at meetings during fiscal year 2018</td><td>Aggregate Compensation</td></tr>
<tr><td colspan="2">Board of Directors (Chairman) 7/7</td><td>Audit Committee 5/5</td><td>$60,500</td></tr>
<tr><td colspan="4">Common Shares and DSUs held or controlled as at February 8, 2019</td></tr>
<tr><td colspan="2">Number of shares: 10,173</td><td>Percentage: 0.03%</td><td>Number of DSUs: 687.67</td></tr>
<tr><td colspan="3">Market value of Common Shares and DSUs held: $238,388.01</td><td>Meets minimum shareholding requirement: Yes</td></tr>
<tr><td colspan="4">Other reporting issuer directorships held as at the date hereof</td></tr>
<tr><td colspan="4">Énergir Inc.</td></tr>
</table>

<table>
<tr><td><br>Serge Régnier,<br>age 64<br>Québec, Canada<br>Independent<br>Director since<br>March 21, 2017</td><td colspan="3">Mr. Serge Régnier has a Bachelor of Arts degree from Université de Sherbrooke and a certificate in management from Concordia University, a certificate in industrial relations from Université de Montréal and a certificate in superior communication studies from Université de Montréal. Mr. Régnier is also a graduate of Collège des administrateurs de sociétés (Université Laval). During his career, Mr. Régnier has held various management positions in human resources and labour relations with Culinar, Agropur and Énergir, L.P. Other than Valener, Mr. Régnier serves on the Board of Directors and Audit Committee of the Institut Philippe Pinel and chairs its Human Resources Committee. He has served on the boards of several subsidiaries of Énergir, L.P., including Vermont Gas Systems Inc., Intragaz Inc., Gaz Métro Plus Inc., Aqua Rehab and Aqua Data.</td></tr>
<tr><td>Principal occupation</td><td colspan="3">Corporate Director</td></tr>
<tr><td colspan="3">Attendance at meetings during fiscal year 2018</td><td>Aggregate Compensation</td></tr>
<tr><td colspan="2">Board of Directors 7/7</td><td>Audit Committee 5/5</td><td>$70,000</td></tr>
<tr><td colspan="4">Common Shares and DSUs held or controlled as at February 8, 2019</td></tr>
<tr><td colspan="2">Number of shares: 14,395</td><td>Percentage: 0.04%</td><td>Number of DSUs: N/A</td></tr>
<tr><td colspan="3">Market value of Common Shares and DSUs held: $300,999.45</td><td>Meets minimum shareholding requirement: Yes</td></tr>
<tr><td colspan="4">Other reporting issuer directorships held as at the date hereof</td></tr>
<tr><td colspan="2">Nil</td><td></td><td></td></tr>
</table>

Over the past five (5) years, all of the aforementioned directors have had the principal occupation indicated opposite their names or have held various positions with the above mentioned corporations or their subsidiaries, predecessors or affiliated companies, except for:

- Ms. Mary-Ann Bell who was Bell Aliant Inc.'s Senior Vice President for Québec and Ontario until May 30, 2014.

***Corporate Cease Trade Orders or Bankruptcies***

To the knowledge of Valener and based on the information provided by the nominees for election as directors, none of the nominees:

(a) is, as at the date hereof, or was within ten (10) years before the date hereof, a director or a member of senior management of any corporation (including Valener) that meets one of the following conditions:

  (i) it was, while that person was acting in that capacity, subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days;

  (ii) it was, after that person ceased to act in that capacity, subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days as a result of an event that occurred while that person was acting in that capacity; or

  (iii) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, it 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

(b) has, nor has any personal holding company thereof, within ten (10) 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 his or her assets or the assets of his or her holding company, as applicable.

***Penalties or Sanctions***

To the knowledge of Valener and based on the information provided by the nominees for election as directors, none of the nominees (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

***Policy Regarding Diversity and Renewal on the Board of Directors***

Valener's *Policy Regarding Diversity and Renewal on the Board of Directors* provides that no director who reaches the age of 75 years before the next annual meeting of Shareholders may be re-elected at the following annual meeting.

This policy also provides for concrete targets with respect to gender diversity on the Valener Board, as well as means to achieve these objectives, as more fully described at Item 9 – *Governance* Information.

### 3.3 Appointment of the Auditor

The Valener Board and the Audit Committee recommend that the mandate of KPMG as independent external auditor of Valener be renewed.

**The persons whose names appear on the Proxy Form intend to vote FOR the resolution appointing KPMG as independent external auditor of Valener, which appointment shall remain in effect until the next annual meeting of Shareholders or until the appointment of its successor, and authorizing the directors to determine its compensation, unless specifically instructed otherwise on the Proxy Form.**

***Auditor's Fees***

KPMG was initially appointed as independent external auditor of Valener at the annual and special meeting of Shareholders held on March 27, 2013.

The following table shows the fees, broken down by category, invoiced to Valener by KPMG for services rendered in fiscal years 2018 and 2017:

| **Fees (by category)** | **2018 ($)** | **2017 ($)** |
|---|---|---|
| Audit | 55,700 | 53,000 |
| Audit-related services | - | - |
| Tax fees | - | 2,000 |
| Other fees | - | - |
| **Total** | 55,700 | 55,000 |

Audit fees include the total fees invoiced for the audit of the annual consolidated and non-consolidated financial statements, and services related to quarterly reports and other documents to be filed with the Canadian Securities Administrators. The tax fees include the total fees charged for services related to compliance involving income tax, commodity taxes and various tax liabilities.

***Audit Committee***

For more information on the Audit Committee, please refer to Item 10.1 *Valener's Audit Committee Information* in the Valener 2018 Annual Information Form (available on the SEDAR Website under Valener's profile at http://www.sedar.com and on the Valener Website at www.valener.com).

## ITEM 4 – DIRECTORS' COMPENSATION

### 4.1 Components of Directors' Compensation Program

On March 21, 2017, the Valener Board established that the compensation of a director of Valener who does not sit on the Énergir Inc. Board would be set at an annual fee of $46,000; this is the case for Gwen Klees and Serge Régnier.

In the fiscal year ended September 30, 2018, three of Valener's directors also served as Valener's representatives on the Énergir Inc. Board, in accordance with the provisions of the Limited Partnership Agreement. As a result, Mary-Ann Bell, François Gervais and Pierre Monahan received the basic annual retainer payable to directors of Énergir Inc. as members of the Énergir Inc. Board and its various committees. Valener paid them a basic annual retainer corresponding to 25% of the compensation of the directors of Valener not sitting on the Énergir Inc. Board, i.e. $11,500. Information concerning the basic annual retainer paid by Énergir Inc. to directors of Énergir Inc. for the fiscal year ended September 30, 2018 is available under Item 10.1.10 *Énergir Inc.'s Director Compensation Analysis* in the Énergir Inc. 2018 Annual Information Form (available on the SEDAR website, under Énergir Inc.'s profile, at http://www.sedar.com).

Furthermore, in light of the workload and responsibilities they are required to assume, Valener pays a basic annual retainer of $25,000 to the Chairman of the Valener Board and of $15,000 to the Chairman of the Audit Committee, in addition to their attendance fees.

Valener also pays all directors a $2,000 attendance fee per director, in cash, for each meeting of the Valener Board or its Audit Committee.

The following table sets out the components of the compensation of the directors during the 2018 fiscal year:

| | **Compensation**[1] | |
|---|---|---|
| | **Annual fee ($)** | **Attendance fee per meeting ($)** |
| Member of the Valener Board who is not a director of Énergir Inc. | 46,000 | $2,000 |
| Member of the Valener Board who is also a director of Énergir Inc. | 11,500 | $2,000 |
| Chairman of the Valener Board | 25,000 | NIL[2] |
| Chairman of the Audit Committee | 15,000 | NIL[2] |

*(1) The directors of Valener are also reimbursed for expenses they incur, including travelling expenses, to attend meetings of the Valener Board and its Audit Committee.*
*(2) No additional attendance fee is paid to the Chairman of the Valener Board and the Chairman of the Audit Committee as such over and above the attendance fee paid to all the directors for each meeting of the Valener Board or its Audit Committee.*

Under the Administration Agreement, Énergir, L.P. has agreed to reimburse Valener for attendance fees paid by Valener to its directors for attendance at meetings of the Valener Board or its committees, subject to a maximum reimbursement of $200,000 in any given fiscal year, pursuant to Énergir, L.P.'s undertaking to reimburse all Valener's general administrative expenses incurred since October 1, 2010, subject to certain restrictions (See Item 2.2 *Administration Agreement – Reimbursement of Costs by Énergir, L.P.*). In this respect, Énergir, L.P. reimbursed Valener an amount equal to $118,000 for attendance fees paid to its directors during the fiscal year ended September 30, 2018.

***Deferred Share Unit Plan***

On November 24, 2017, the Valener Board adopted a deferred share unit plan. (the "**Plan**") for the outside directors and any other person designated by the Valener Board. Deferred share units ("**DSUs**") are theoretical units, the value of which, at the time of grant, corresponds to the volume weighted average price of the Common Shares on the Toronto Stock Exchange during the five days preceding the grant. DSUs are credited to the account of each participating director and are redeemed in cash when the director ceases to sit on the Valener Board, according to the Plan terms. Directors may choose to receive all or part of their remuneration in the form of DSUs. Directors who do not meet the requirements of the *Shareholding Guidelines for External Directors of Valener* must receive 50% of their annual lump sum remuneration payable quarterly in the form of DSUs until the minimum specified holding is reached. Additional DSUs are also credited to the director's account when cash dividends are paid on the Common Shares.

***Shareholding Guidelines for External Directors***

On November 24, 2017, the Valener Board adopted the *Shareholding Guidelines for External Directors of Valener* (the "**Guidelines**"). Under the Guidelines, in order to align their interests with those of the shareholders, directors are required to hold Common Shares or DSUs having a value equal to three times the annual lump sum remuneration of a director who does not sit on the Énergir Inc. Board ($46,000), including annual fees received as Chairman of the Valener Board and Chairman of the Audit Committee but excluding the attendance fees granted to directors for attending meetings. At the time of calculating the minimum shareholding, the value of each Common Share corresponds to the greater of the market value of the share (corresponding to the volume weighted average price of the Common Shares on the Toronto Stock Exchange during the five days preceding the time of calculation) and its acquisition value, whereas the value of the DSUs corresponds to the market value of a Common Share (corresponding to the volume weighted average price of the Common Shares on the Toronto Stock Exchange during the five days preceding the time of calculation). Directors have five (5) years as of i) November 24, 2017; or ii) the date they were named to the Board, whichever is later, to reach the minimum holding threshold specified in the Guidelines.

*Shareholding*

| Name | Basic Annual Fee ($) | Minimum Shareholding Requirement ($) | Market Value of Holding (Common Shares and DSU)(1) ($) | Meet Minimum Shareholding Requirement | Deadline to meet Minimum Shareholding Requirement |
|---|---|---|---|---|---|
| Mary-Ann Bell | 11,500 | 138,000 | 218,990.43 | Yes | November 24, 2022 |
| François Gervais | 26,500 | 183,000 | 215,408.76 | Yes | November 24, 2022 |
| Gwen Klees | 46,000 | 138,000 | 179,650.36 | Yes | November 24, 2022 |
| Pierre Monahan | 36,500 | 213,000 | 238,388.01 | Yes | November 24, 2022 |
| Serge Régnier | 46,000 | 138,000 | 300,999.45 | Yes | November 24, 2022 |

*(1) The market value corresponds to the volume weighed average price of the Common Shares on the Toronto Stock Exchange during the five days preceding February 8, 2019 being $20.91.*

***Prohibition against Hedging Transactions***

The Board of Valener has adopted the Restricted Trading Policy which prohibits, among others, hedging transactions. Indeed, short-term speculative trading (purchase of the securities with a view of selling them, or sale with a view of repurchasing them, within six months following the transaction), short sales (sale of securities which are not owned at the time of sale), the sale of a "call" and the buying of a "put" on the securities of Valener are prohibited. These restrictions apply to directors of Valener, but also to officers and employees of the Manager and their respective subsidiaries.

## 4.2 Directors' Compensation Table

The following table shows the total compensation paid to the directors as members of the Valener Board and of the Audit Committee during the fiscal year ended September 30, 2018.

**Detailed Directors' Compensation Table for Fiscal year 2018**

| Name | Annual Fees and attendance fees(1) ($) | DSU-based awards(2) ($) | Option-based awards (#) | Non-Equity Incentive Plan Compensation ($) | Pension value(3) ($) | All other compensation ($) | Total Compensation ($) |
|---|---|---|---|---|---|---|---|
| Mary-Ann Bell | 35,500 | NIL | NIL | NIL | NIL | NIL | 35,500 |
| François Gervais | 32,562.50 | 17,937.50 | NIL | NIL | NIL | NIL | 50,500 |
| Gwen Klees | 13,750 | 54,250 | NIL | NIL | NIL | NIL | 68,000 |
| Pierre Monahan | 46,812.50 | 13,687.50 | NIL | NIL | NIL | NIL | 60,500 |
| Serge Régnier | 70,000 | NIL | NIL | NIL | NIL | NIL | 70,000 |
| **TOTAL** | 198,625 | 85,875 | NIL | NIL | NIL | NIL | 284,500 |

*(1) This corresponds to the amount paid in cash to each director.*
*(2) This corresponds to the amount paid in DSUs to each director.*
*(3) Valener does not have a pension plan for its directors.*

## 4.3 Participation in meetings of the Valener Board and the Audit Committee

The following table sets out the attendance record of each director at meetings of the Valener Board and of the Audit Committee held during the fiscal year ended September 30, 2018.

| | Board of Directors | | Audit Committee | |
|---|---|---|---|---|
| **Director** | **Attendance** | **Overall attendance record (%)** | **Attendance** | **Overall attendance record (%)** |
| Mary-Ann Bell | 7/7 | 100 | 5/5 | 100 |
| François Gervais | 7/7 | 100 | 5/5 | 100 |
| Gwen Klees | 6/7 | 85.7 | 5/5 | 100 |
| Pierre Monahan | 7/7 | 100 | 5/5 | 100 |
| Serge Régnier | 7/7 | 100 | 5/5 | 100 |
| **Overall participation rate** | | 97.1 | | 100 |

# ITEM 5 – COMPENSATION OF EXECUTIVE OFFICERS

## 5.1 Discussion of Compensation

The following table (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* under Regulation 51 102 of the Canadian Securities Administrators) sets out the aggregate compensation paid to "*Named Executive Officers*" of Valener, as such term is defined in Regulation 51-102. Valener does not currently have its own management team for its day-to-day management. The Manager, Énergir, L.P., directly or indirectly through Énergir Inc., its general partner, provides administration and management support services, as more fully explained under Item 2 – *Management of* Valener. As for any strategic decisions with respect to the business, affairs or current or potential investments of Valener, they are made by the Valener Board.

Notwithstanding the foregoing, Ms. Sophie Brochu, President and Chief Executive Officer of Énergir Inc., acted in the capacity of Chief Executive Officer of Valener for the fiscal year ended September 30, 2018. Mr. Pierre Despars, Senior Vice President, Corporate Affairs, and Chief Financial Officer of Énergir Inc., acted in the capacity of Chief Financial Officer of Valener until his retirement on December 31, 2017. His successor, Mr. Éric Lachance, Senior Vice President, Regulatory, IT, Logistics and Chief Financial Officer of Énergir Inc., acted in the capacity of Chief Financial Officer of Valener from January 1, 2018 to the end of the fiscal year ended September 30, 2018. Ms. Brochu, Mr. Despars, and Mr. Lachance were the only Named Executive Officers of Valener for the fiscal year ended September 30, 2018 for the purposes of Regulation 51-102, since none of the other executive officers acting on behalf of Énergir, L.P. or Énergir Inc. provided services to Valener pursuant to the Administration and Management Support Agreements.

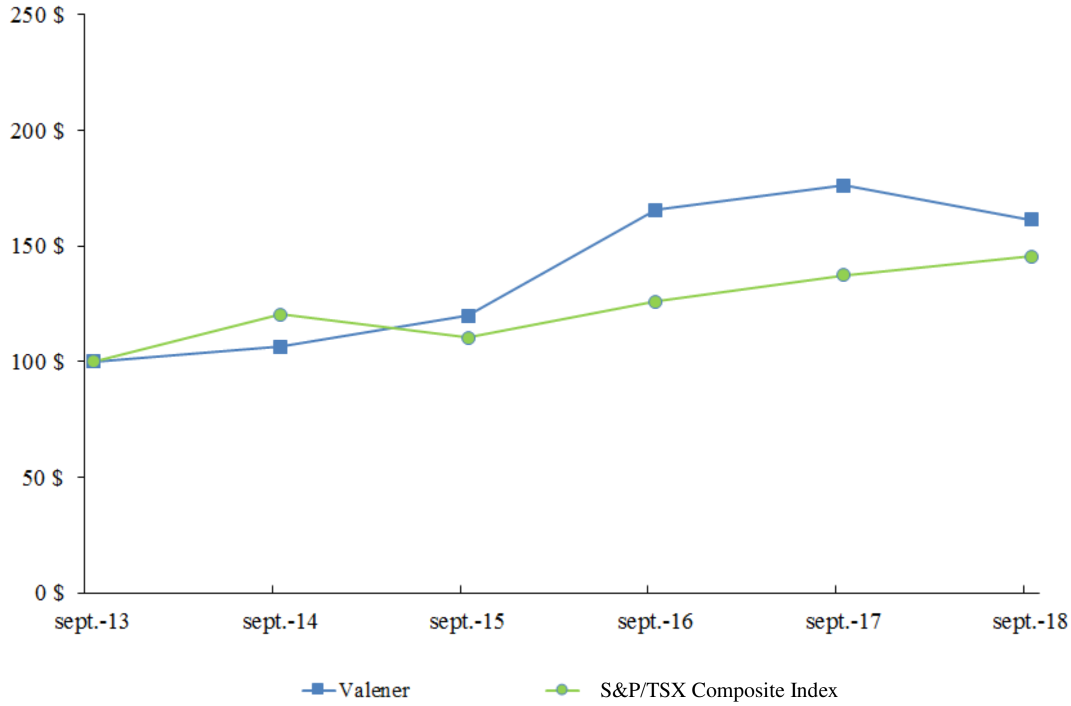
| Name and principal position | Fiscal year ended September 30 | Salary ($) | Non-equity incentive plan compensation ($) | | Pension Value ($) | All others compensation ($) | Total Compensation ($) |
|---|---|---|---|---|---|---|---|
| | | | Annual Incentive Plan | Long-Term Incentive Plan | | | |
| Sophie Brochu* Chief Executive Officer | 2018<br>2017<br>2016 | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL |
| Pierre Despars* Chief Financial Officer | 2018<br>2017<br>2016 | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL |
| Éric Lachance* Chief Financial Officer | 2018<br>2017<br>2016 | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL | NIL<br>NIL<br>NIL |

* The compensation of the executive officers of Énergir Inc., Énergir, L.P.'s general partner (which, as described above in Item 2 – *Management of* Valener, assumes the day-to-day management of Valener), is paid by Énergir, L.P. and is determined on the basis of Énergir, L.P.'s income and in accordance with the objectives and performance indicators set by Énergir, L.P. and approved by the Énergir Inc. Board. The Valener Board does not in any way set the compensation of the executive officers of Énergir Inc., the general partner of Énergir, L.P. As appears from the above table, Énergir, L.P. paid no compensation to Ms. Brochu, Mr. Despars, and Mr. Lachance for services provided directly or indirectly to Valener pursuant to the Administration and Management Support Agreements and, in this respect, Énergir, L.P. made no specific allocation of the compensation of these persons based on the services they provide to Valener or to Énergir, L.P. The Administration Agreement was implemented, in part, in order to provide for the management of Valener, at little or no cost, so as to ensure that the conversion, pursuant to the Arrangement, of the public holding structure of Énergir, L.P. into a new publicly-listed corporation, namely Valener, did not result in a transfer by Énergir, L.P. to Valener of the entire liability for the payment of fees and costs inherent in the "listed corporation" status. It is in this regard that, pursuant to the Administration Agreement, Énergir, L.P. has reimbursed Valener all overhead costs, including fees and costs inherent in publicly-held corporations that it incurs since October 1, 2010, subject to an aggregate amount of (i) $1.75 million for the initial 5-year period which ended on September 30, 2015 and (ii) $1.0 million per annum for the subsequent 10-year period (being from October 1, 2015 to September 30, 2025), or until termination of the Administration Agreement. Since the Arrangement, all salary increases which Énergir, L.P. may have awarded to Ms. Brochu, Mr. Despars, and Mr. Lachance would have been in consideration for services provided to Énergir, L.P. and not to Valener.

That being said, a description of the significant components of the compensation paid by Énergir, L.P. to the executive officers of Énergir Inc. is available in **Appendix A** to this Circular, which appendix reiterates the information appearing under Item 10.1 *Report on Executive Officer and Director Compensation* of the Énergir Inc. 2018 Annual Information Form for the fiscal year ended September 30, 2018 (also available on the SEDAR Website, under Énergir Inc.'s profile, at http://www.sedar.com). **Valener has opted not to disclose the detail of this compensation in this section of the Circular but rather in Appendix A in order to avoid any confusion since, as previously mentioned, this compensation is paid by Énergir, L.P. as opposed to Valener, and payment of this compensation has no impact on the financial condition of Valener.**

## ITEM 6 – PERFORMANCE GRAPH

The graph below compares, for the period from October 1, 2013 to September 30, 2018, the change in an investment of $100 made in the Common Shares of Valener with the change in the S&P/TSX Composite Index of the Toronto Stock Exchange, including a reinvestment of the dividends of Valener (that is to say, the cumulative total performance):




| | Valener | S&P/TSX Composite Index |
|---|---|---|
| September 30, 2013 | 100.00 | 100.00 |
| September 30, 2014 | 106.37 | 120.37 |
| September 30, 2015 | 119.79 | 110.27 |
| September 30, 2016 | 165.62 | 125.93 |
| September 30, 2017 | 176.20 | 137.49 |
| **September 30, 2018** | **161.29** | **145.56** |

Source: Bloomberg

There is no tie between the compensation trend of Valener's Named Executive Officers, namely Ms. Sophie Brochu, Mr. Pierre Despars, and Mr. Éric Lachance, to whom no compensation is paid by Valener (as explained under Item 5 – *Compensation of Executive* Officers), and the performance of Valener's Common Shares.

**ITEM 7 – DIVIDEND REINVESTMENT PLAN**

The Valener Board implemented a Dividend Reinvestment Plan (the "**DRIP**") pursuant to which the Shareholders could elect to automatically reinvest their cash dividends in additional Common Shares.

The DRIP entitles Shareholders to increase their investment in Common Shares in light of the interesting benefits and savings which it provides:

- automatically-reinvested dividends;
- a discount on the Common Share price up to 5.0%;
- no brokerage fees or administration fees; and
- a plan administered on behalf of the Shareholders.

The discount applicable to issued Common Shares is set from time to time by the Valener Board, up to a maximum of 5.0%, and announced by way of press release. The discount rate approved by the Valener Board for the dividends paid during fiscal year 2018 was 2.0%. The Valener Board also approved a discount of 2.0% for the dividend declared on November 22, 2018 and paid on January 15, 2019.

All holders of Common Shares who are Canadian residents may participate in the DRIP. A holder of Common Shares who is not a Canadian resident may participate therein if he or she provides evidence, which Valener and AST, deem satisfactory, that his or her participation therein will not be contrary to any applicable securities legislation.

The registration process as a member of the DRIP for a Registered Shareholder is not the same as for a Non-Registered Shareholder. An eligible Registered Shareholder may participate in the DRIP by contacting AST at 1-800-387-0825 and filling out the requisite registration form. An eligible Non-Registered Shareholder wishing to participate in the DRIP is required to contact the intermediary holding his or her Common Shares.

The full text of the DRIP is available on the Valener Website at www.valener.com.

## ITEM 8 – ADDITIONAL INFORMATION

### 8.1 Securities Authorized for Issuance under Equity Compensation Plans

No compensation plan has been set up by Valener or the Manager pursuant to which equity securities of Valener may be issued to employees or non-employees in consideration for goods or services.

### 8.2 Indebtedness of Valener's Directors and Énergir Inc.'s Executive Officers

As at the date hereof, none of the directors of Valener, who are also nominees for election to the Valener Board, officers or directors of Énergir Inc., the general partner of the Manager, or their respective associates or affiliates is or was indebted during the fiscal year ended September 30, 2018 to Valener or any of Valener's associates or affiliates and no guarantee, support agreement, letter of credit or similar arrangement or agreement has been provided by Valener at any time during the fiscal year ended September 30, 2018 in connection with any such indebtedness of such persons.

### 8.3 Liability Insurance of Valener's Directors and Officers and of the Officers of Énergir Inc., the General Partner of the Manager

On October 31, 2018, Valener renewed its civil liability insurance for members of management which, subject to the stipulations and exclusions contained in the policy, insures Valener's directors and the officers of Énergir Inc., the general partner of the Manager, against claims for certain liability that they may incur arising from their duties. The coverage limit provided in the policy for the policy period ending on October 31, 2019 is $20 million.

## ITEM 9 – GOVERNANCE INFORMATION

The following information is provided as required by *Regulation 58-101 respecting Disclosure of Corporate Governance Practices*. It is presented as at the date of this Circular and in the order suggested in the instructions in Form 58-101F1, which are indicated herein in italics.

**Valener Board**

*(a) Disclose the identity of directors who are independent.*

- Mary-Ann Bell
- François Gervais
- Gwen Klees
- Pierre Monahan
- Serge Régnier

These five (5) directors are also nominees for election as directors of Valener.

*(b)* *Disclose the identity of directors who are not independent, and describe the basis for that determination.*

N/A

*(c)* *Disclose whether or not a majority of directors are independent.*

All of the directors are independent.

*(d)* *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The biographies of the nominees for the position of director are presented under Item 3.2 *Election of Directors*. All nominees are currently directors of Valener.

*(e)* *Disclose whether or not the independent directors hold regularly scheduled meetings at which non independent directors and members of management are not in attendance. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

The directors of Valener do not hold such meetings as they are all independent. The Valener Board decides at each meeting whether to hold an *in camera* session without the Management of the Manager.

All the members of the Audit Committee are independent. The Audit Committee holds in camera sessions without the independent external auditor and the Management of the Manager during quarterly meetings.

*(f)* *Disclose whether or not the chair of the board is an independent director. If the board of directors has a chair or lead director who is an independent director, disclose the identity of the independent chair, and described his or her role and responsibilities.*

The Chairman of the Valener Board is Mr. Pierre Monahan, an independent director.

The role and responsibilities of the Chairman of the Board are described in **Appendix B** – *Mandate of the Board of Directors of Valener Inc. – Chairman of the Board.*

*(g)* *Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.*

The attendance record of each director at the meetings of the Valener Board and the Audit Committee held during the fiscal year ended September 30, 2018 is set out in Item 4.3 *Participation in meetings of the Valener Board and the Audit Committee.*

**Valener Board Mandate**

The mandate of the Valener Board is set out in **Appendix B** – *Mandate of the Board of Directors of Valener Inc.*

**Position Descriptions**

*(a)* *Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee.*

The Valener Board has developed a position description for the Chairman of the Board which may be found in **Appendix B** – *Mandate of the Board of Directors of Valener Inc.*

The principal role of the Chair of the Audit Committee is to see that the Audit Committee performs its mandate, including ensuring the management of Audit Committee business and monitoring the Audit Committee's effectiveness, setting the agenda for the Audit Committee's meetings, ensuring that all material strategic matters or issues raised by the Audit Committee are forwarded to the Valener Board and ensuring that the Valener Board receives the information and opinions it requires from the Audit Committee to fulfil its role. The Chair of the Audit Committee must also be available to receive employees' concerns regarding questionable accounting or auditing matters or Shareholder complaints regarding accounting, internal controls or auditing matters.

For more information regarding Valener's Audit Committee, reference is made to Schedule 10.1.1 of the Valener 2018 Annual Information Form (available in particular on the SEDAR website, under Valener's profile, at http://www.sedar.com and on the Valener website at www.valener.com) .

*(b)* *Disclose whether or not the board and CEO have developed a written position description for the CEO.*

Responsibility for the management and administration of Valener has been delegated to Énergir, L.P. under the Administration and Management Support Agreements. Énergir, L.P.'s responsibilities for the management and administration of Valener and the relationship between Énergir, L.P. and Valener are expressly described in the Administration and Management Support Agreements.

A written position description for the President and CEO of Énergir Inc., the general partner of Énergir, L.P., has been developed by the Énergir Inc. Board and the President and CEO, whose principal responsibilities are to develop Énergir, L.P.'s strategic planning and to manage Énergir, L.P.'s operations. A detailed position description is available under Item 10.2.1 *Governance Information* in the Énergir Inc. 2018 Annual Information Form (available on the SEDAR website, under Énergir Inc.'s profile, at http://www.sedar.com).

**Orientation and Continuing Education**

*(a)* *Briefly describe what measures the board takes to orient new directors regarding:*

*(i) the role of the board, its committees and its directors; and*

*(ii) the nature and operation of the issuer's business.*

*(b)* *Briefly describe what measures, if any, the board takes to provide continuing education for its directors.*

The Valener Board ensures that the new directors understand the nature, conduct and management of Valener's operations, the role of the Valener Board and of its Audit Committee and the expectations with regards to their individual contribution.

Upon being appointed, each new director has access at all times to a secure portal where the V*alener Director's Guide*, the articles and by-laws, the mandate of the Valener Board and of the Audit Committee and their respective work plans, the corporate policies, the main agreements and undertakings concerning Valener, the continuous disclosure documents and any other document relevant to understanding the structure and operations of Valener are posted.

Upon taking office, the directors of Valener also meet individually with the Management of the Manager. Also, continuing education activities are offered to the directors who are also directors of Énergir Inc., Énergir, L.P.'s general partner. The Valener Board ensures that the directors are aware of the activities of Énergir, L.P., its principal investment, and the gas and electricity distribution and power generation industry through information from Management of the Manager and external sources. Moreover, the Valener Board encourages the directors to update their energy and governance related knowledge through attendance at conferences, seminars and workshops.

All the directors of Valener are also members of the Institute of Corporate Directors (**ICD**) which gives them access to its activities and publications in order to perfect their knowledge of the obligations incumbent upon directors and current governance trends. The ICD contributes to the development and promotion of good governance that is at the cutting edge of best practices.

**Ethical Business Conduct**

*(a)* *Disclose whether or not the board has adopted a written code for the directors, officers and employees.*

The Valener Board has adopted a *Code of Ethics* for the directors of Valener, for the directors, officers and employees of the Manager, when they provide services to Valener pursuant to an agreement or arrangement, including the Administration Agreement, and for any person or business representing them. The Management of the Manager has agreed to ensure compliance with the Code of Ethics. Valener has established an annual process of attestation of the *Code of Ethics* by its directors.

*If the board has adopted a written code:*

*(i)* *Describe how a person may obtain a copy of the code.*

The *Code of Ethics* has been filed and may be consulted under Valener's profile on the SEDAR website at http://www.sedar.com Copies of the Code of Ethics may also be obtained from Valener's Investor Relations Department, 1717 du Havre Street, Montréal, Québec H2K 2X3, telephone: 514 598-6220, fax: 514 521-8168 and email: investors@valener.com.

In accordance with section 2.3 of *Regulation 58-101 respecting Disclosure of Corporate Governance Practices*, the text of the *Code of Ethics* is also posted on Valener's website (www.valener.com).

*(ii)* *Describe how the board of directors monitors compliance with its code.*

The *Procedure for Handling Public Complaints and Employee Concerns* which was adopted by the Valener Board, urges any employee of Valener (when this event occurs) and any individual, including employees of the Manager, who has reasons to believe that a director of Valener or a director, officer or employee of the Manager is not complying with the provisions of the *Code of Ethics* to report this situation anonymously and free of charge through the *ClearView Connects* service. *ClearView Connects* is a service of *ClearView Strategic Partners Inc.*, an autonomous communications consulting corporation that offers anonymous and confidential feedback systems. Their safe feedback systems are designed to protect the identity of people using the service. The concern or complaint will be forwarded to the Director, Internal Audit of the Manager, for review, except for concerns or complaints relevant to the Director, Internal Audit which will be directly forwarded to the Chairman of the Audit Committee.

The Manager has, meanwhile, also adopted a *Code of Ethics* that covers its personnel and directors, including those of its Québec and Canadian subsidiaries, as well as any person hired or authorized to represent it.

All employees of the Manager must complete an online training on ethics entitled "Ethics in Action". This interactive training is available on Énergir, L.P.'s Intranet site. It automatically appears on the learning portal of the employee who must complete it. Once the training has been completed by the employee, proof of participation is entered on his or her training record. Monitoring is performed regularly with managers to ensure that the training has been duly completed by all employees.

In addition to online training, team meetings are regularly held under the theme "Ethics in Action". These are workshop discussions surrounding various aspects of the Manager's *Code of Ethics*, organized by managers. Some scenarios are presented to the participants who must then discuss the issues raised by the situation and identify the actions to be taken on a case-by-case basis.

In addition, each new employee of the Manager signs a certificate demonstrating its commitment to comply with the *Code of Ethics*. The directors, executives and management personnel of the Procurement of Goods and Services Department as well as the presidents of the Québec and Canadian subsidiaries sign an annual certificate. This certification process promotes integrity as a core value.

(iii) *Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.*

N/A

(b) *Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

The *Code of Ethics* and the *Valener Director's Guide* provide specific and detailed rules of conduct for directors and officers of the Manager, particularly respecting conflicts of interest and their disclosure. Directors must refrain from discussing any question that may affect their interests, must avoid influencing a vote and must refrain from voting thereon under such circumstances. The Chairman of the Valener Board ensures compliance with these rules.

In addition, the directors of Valener and the officers of the general partner of the Manager must file an annual declaration regarding their external responsibilities and interests so that the Chairman of the Valener Board is aware of any potential conflict of interest.

(c) *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

The Administration Agreement specifically provides that the Manager must act honestly, in good faith and in the best interests of Valener in exercising its powers and discharging its duties and must exercise that degree of care, diligence and skill that a reasonable, prudent advisor or manager having responsibilities of a similar nature would exercise in comparable circumstances. The Administration Agreement also acknowledges that potential conflicts of interest may arise between the Manager, acting in its capacity as service provider, and Valener and sets out a detailed procedure to address any such potential conflict.

**Nomination of Directors of Valener**

(a) *Describe the process by which the board identifies new candidates for board nomination.*

The Valener Board recommends nominees for election as directors to the Shareholders at the annual meeting of Shareholders. Such nominees must be independent (within the meaning of section 1.4 of *Regulation 52-110 respecting Audit Committees*, as amended from time to time) of Noverco Inc., Énergir Inc.'s shareholder, and must not be executive officers of Énergir Inc. or of Énergir, L.P. as set out in the Mandate of the Valener Board in **Appendix B**.

The Valener Board conducts a rigorous selection process for nominees for election as directors, which includes identifying expertise already available on the Board and complementary expertise sought, a targeted search for potential nominees and interviews with those who are shortlisted. In addition to expertise and experience, the Valener Board also takes into account diversity characteristics in its selection process for candidates and has adopted the *Policy Regarding Diversity and Renewal on the Board of Directors*, as more fully explained in the *Policies Regarding the Representation of Women on the Board* section of this item.

The Valener Board has set up a tool in the form of an analysis grid to assess the expertise of each of the current directors. This analysis grid also includes age and gender characteristics, in order to assist the Valener Board to better target its needs in terms of diversity.

*(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

The Valener Board consists entirely of independent directors; given the size of the Valener Board and Valener's current operations, it was deemed unnecessary to form a nominating committee. The

Valener Board is responsible for seeking and selecting new nominees for election as directors after assessing their qualifications, skills, experience and availability.

(c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

N/A

**Compensation**

(a) *Describe the process by which the board determines the compensation for the issuer's directors and officers*

(b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board of directors takes to ensure an objective process for determining such compensation;*

(c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The Valener Board consists solely of independent directors and, considering its size and Valener's current activities, it was not considered necessary to create a compensation committee.

Reference is made to the Item 4 – Directors' Compensation in this Circular for information concerning compensation of the directors.

**Other Committees of the Valener Board**

*If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

The Valener Board does not have any standing committees other than the Audit Committee.

**Assessments**

*Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.*

The Valener Board has set up a process for assessing the performance of the Valener Board, its chairman and the Audit Committee. The entire assessment process was benchmarked to the latest practices advocated by corporate governance authorities and certain issuers.

A complete assessment takes place each year by means of a detailed and anonymous questionnaire on certain aspects dealing with the performance of Valener's Board, the Audit Committee and their chairpersons. These questionnaires are developed by the chairman of the Valener Board together with the Corporate Secretariat of the Manager.

Once the results of the assessment have been compiled, they are discussed by the Valener Board and the Audit Committee which reviews such results as specifically pertain to their respective activities. The Valener Board and the Audit Committee then decide which direction to take, if any, to improve performance based on the results of the assessment.

**Director Term Limits and Other Mechanisms of Board Renewal**

*Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.*

The Valener Board has adopted on November 27, 2015, the *Policy Regarding Diversity and Renewal on the Board of Directors* (the "**Policy on Diversity and Renewal**"). The Policy on Diversity and Renewal provides a framework for the selection and recruitment of candidates for the position of director on the Valener Board. The Policy on Diversity and Renewal sets the age limit for directors at 75 years. Individuals aged 75 years or over cannot be elected or appointed director of Valener and, should such a person already be a director, that individual's mandate cannot be renewed.

To ensure its adequate renewal, the Valener Board is responsible for the evaluation of the directors through the performance evaluation of the Board and of the Audit Committee. The term of office and performance of each director as well as the composition and effectiveness of the Valener Board and its committees are assessed rigorously. A grid on the profiles and expertise in a table format is used to verify that the Valener Board has the experience, expertise and professional and operational knowledge required to effectively administer Valener. Representation of women on the Valener Board and its committees is also examined as part of the evaluation.

**Policies Regarding the Representation of Women on the Board**

*(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.*

As stated previously, the Valener Board has adopted the Policy on Diversity and Renewal. This policy sets representation targets and the means to achieve these targets.

*(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:*

*(i) a short summary of its objectives and key provisions,*

The Valener Board considers that a wide range of candidates with experience and diverse perspectives could only positively influence its direction and, by extension, good governance.

Therefore, as part of the Policy on Diversity and Renewal, the Valener Board has set a goal to strive for parity between men and women among the directors. In addition, the Valener Board has determined that at least 40.0% of its directors must be women.

*(ii) the measures taken to ensure that the policy has been effectively implemented,*

To achieve the goals it has set, the Valener Board has determined in the Policy on Diversity and Renewal that it will take into account the objectives of representation of women it has set while selecting candidates for directorships.

Moreover, in order to establish its needs when selecting new candidates for directorships, the Valener Board maintains a table showing the different profiles and expertise of directors who are in office, including gender, age and duration of their mandate.

In accordance with the Policy on Diversity and Renewal, the Valener Board assesses annually the representation of women among the directors. Likewise, it assesses the impact of measures put in place to achieve the goal to strive for parity between men and women on the Valener Board.

*(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy,*

During the fiscal year ended on September 30, 2018, the Valener Board continued to meet the minimum of 40.0% women required by the Policy on Diversity and Renewal with Mary-Ann Bell and Gwen Klees.

*(iv)* *whether and, if so, how the board or its nominating committee measures the effectiveness of the policy*

In accordance with the Policy on Diversity and Renewal, the Valener Board assesses annually the representation of women among the directors. Likewise, it assesses the impact of measures put in place to achieve the goal to strive for parity between men and women on the Valener Board.

If necessary, the Valener Board also determines new measures or adjustments to be applied to better meet its needs in achieving the objectives it has set.

**Consideration of the Representation of Women in the Director Identification and Selection Process**

*Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.*

The Valener Board considers that it is essential to include gender, age and expertise characteristics. The wide range of candidates with experience and diverse perspectives could only positively influence the direction of the Valener Board and, by extension, the corporation's good governance.

Gender diversity is one of the selection criteria under the Policy on Diversity and Renewal. As part of the search for qualified candidates for directorships, the Valener Board evaluates the applications on merit and taking into account the benefits of diversity and needs. Representation of women is thus taken into account in the recruitment of new directors to enable the Valener Board to meet its objectives of aiming for parity and maintaining at least 40.0% of women among its directors.

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

*Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.*

As more fully explained in Item 2 – *Management* of Valener, Valener has no officers.

However, the Manager has decided to include characteristics of diversity among the members of its senior management and has seen fit to adopt a target to strive for gender parity in management positions, including the position of President and Chief Executive Officer, the positions of Vice Presidents as well as the Manager positions.

**Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

*(a)* *For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.*

*(b)* *Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.*

*(c)* *Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.*

*(d)* *If the issuer has adopted a target referred to in either (b) or (c), disclose:*

(i) *the target, and*

(ii) *the annual and cumulative progress of the issuer in achieving the target.*

Valener's Board has set itself the target to aim for parity between men and women on the Valener Board. It has also set a goal of maintaining a representation of women among the directors of at least 40.0%. During the fiscal year ended on September 30, 2018, the Valener Board continued to meet the minimum of 40.0% women required by the Policy on Diversity and Representation. This rate, which is currently 40.0%, will remain the same after the Meeting, in the event all the nominees are elected.

In terms of senior management, Valener having no officers, there is no established representation target.

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

(a) *Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.*

There are currently two women who are members of the Valener Board: Mary-Ann Bell and Gwen Klees. Women will continue to represent 40.0% of the Valener Board after the Meeting, in the event all the nominees are elected.

(b) *Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women*

N/A

## ITEM 10 - INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

A certain number of agreements have been entered into by Valener, Énergir, L.P. and Énergir Inc., their respective subsidiaries and Noverco Inc., Énergir Inc.'s shareholder, during the Arrangement. These agreements are described in the Valener 2018 Annual Information Form. Except as indicated in the Valener 2018 Annual Information Form, particularly in Item 10.3 *Material Contracts*, the nominees for election to the Valener Board, the directors of Énergir Inc. and the Management of the Manager and their respective associates and affiliates have not had any material interest, whether direct or indirect, in any transaction completed since the beginning of Valener's last fiscal year, or in any proposed transaction which has or would have a material effect on Valener.

## ITEM 11 – SHAREHOLDER PROPOSALS

In accordance with the CBCA, resolutions that may be presented by Shareholders for measures to be taken with respect thereto at the 2020 annual meeting must comply with the provisions of the CBCA and be filed at Valener's head office no later than ninety (90) days before the anniversary date of the Notice of the Meeting in order to be included in the management proxy circular and the proxy form pertaining to that meeting.

Thus the cut-off date by which Valener must have received Shareholder proposals for the next annual meeting of the Shareholders of Valener is November 11, 2019.

## ITEM 12 – OTHER INFORMATION

Additional financial and related information is provided in the Valener Financial Statements and related Management's Discussions and Analysis for the fiscal year ended September 30, 2018. Copies of Valener's Management's Discussion and Analysis for 2018, the Valener Financial Statements and any other public document issued by Valener, including information about Énergir, L.P., as well as any documents incorporated by reference herein, and, in such an event, without charge, may be obtained from the Investor Relations Service, 1717 du Havre Street, Montréal, Québec H2K 2X3, by telephone: 514 598-6220, by fax: 514 521-8168 or by email: investors@valener.com or by consulting the SEDAR website, under Valener's profile, at http://www.sedar.com and on the Valener website at www.valener.com.

## ITEM 13 – APPROVAL OF THE DIRECTORS OF VALENER

The contents and the mailing of this Circular have been approved by the directors of Valener.

DATED at Montréal, in the Province of Québec, this 8th day of February, 2019.

By order of the Board of Directors of Valener Inc.

*(signed) Pierre Monahan*

Pierre Monahan
Chairman of the Board

# APPENDIX A

## EXCERPT OF THE ÉNERGIR INC. ANNUAL INFORMATION FORM FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

***(References to Items and defined terms in this Appendix A are to Items and defined terms in the Énergir Inc. Annual Information Form for the fiscal year ended September 30, 2018)***

## 10.1. REPORT ON EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

### 10.1.1. Explanatory Note on Named Executive Officer Compensation Disclosure

In accordance with section 1.2 of Form 51-102F6, the Named Executive Officers of Énergir Inc. are: (i) the President and Chief Executive Officer; (ii) the Senior Vice President, Corporate Affairs and Chief Financial Officer and his successor, the Senior Vice President, Regulatory, IT, Logistics and Chief Financial Officer; and (iii) the three other most highly compensated executive officers of Énergir Inc. (including its subsidiary Green Mountain) for the fiscal year ended September 30, 2018, whose total compensation for that fiscal year was, individually, more than $150,000 (the "**Named Executive Officers**").

The following table shows the six Named Executive Officers for the fiscal year ended on September 30, 2018:

| | **Sophie Brochu** | **Pierre Despars** | **Éric Lachance** | **Martin Imbleau** | **Stéphanie Trudeau** | **Mary G. Powell** |
|---|---|---|---|---|---|---|
| ***Company*** | **Énergir Inc.** | | | | | **Green Mountain** |
| *Positions* | President and Chief Executive Officer | Senior Vice President, Corporate Affairs and Chief Financial Officer(3) | Senior Vice President, Regulatory, IT, Logistics and Chief Financial Officer(4) | Senior Vice President, Development, Communities, Corporate Affairs and Safety | Senior Vice President, Customers and Operations | President and Chief Executive Officer |
| *Basis of compensation* | Énergir, L.P.'s executive officer compensation policy | | | | | Green Mountain's executive officer compensation policy |
| *Compensation policy* | Principles determined by the Board | | | | | Principles determined by the Green Mountain Board |
| *Currency of compensation* | Canadian | | | | | U.S. |

The report on executive compensation is presented in two parts, as five Named Executive Officers are compensated by Énergir, L.P. and one is compensated by Green Mountain (see the above table).

However, in accordance with section 1.3 (2) (b) of Form 51-102F6, Ms. Powell's total compensation is presented in the "Summary Compensation Table" under Item 10.1.4 *Compensation Summary for Named Executive Officers*.

---

*(3) Mr. Pierre Despars stepped down as Chief Financial Officer on December 31, 2017.*

*(4) Mr. Éric Lachance became Chief Financial Officer on January 1, 2018.*

### 10.1.2. Report on Executive Officer Compensation at Énergir Inc.

### 10.1.2.1. Human Resources and Corporate Governance Committee

#### (a) Composition of the Human Resources and Corporate Governance Committee

The members of the HR-CGC are independent, in accordance with the independence requirements of Regulation 52-110. As a result of their education and professional background, all members of the HR-CGC have the experience needed to enable the HR-CGC to make recommendations to the Board on the suitability of Énergir, L.P.'s compensation policies and practices.

There are five members of the HR-CGC: Renaud Faucher, Ghislain Gauthier (Chair), Cynthia Hansen, Jean Houde, and Pierre Monahan.

The following text provides a brief description of the experience of each member of the HR-CGC that is relevant to the performance of his or her responsibilities as a member of the HR-CGC:

**Ghislain Gauthier**

Mr. Ghislain Gauthier is a graduate in administration from the Université du Québec à Chicoutimi and is a Chartered Financial Analyst (CFA). During his career, he has worked primarily at the Caisse de dépôt et placement du Québec (Montréal) and Citi Infrastructure Investors (New York). Mr. Gauthier has been a director for many Canadian and international corporations. He has consequently been involved in various aspects of human resources management.

| | | |
|---|---|---|
| Attendance at meetings of the HR-CGC during fiscal year 2018 | 5/5 | 100% |

**Renaud Faucher**

Mr. Renaud Faucher holds a Bachelor of Civil Engineering from École Polytechnique de Montréal, as well as a Master of Business Administration from Concordia University and a DESS (specialized graduate diploma) in Accounting from ESG-UQAM. He is also a Chartered Professional Accountant (CPA, CMA). From 1998 to 2006, he held various positions within wholly owned subsidiaries of Hydro-Québec as Director Investments, Vice President Finance and Vice President Risk Management. In 2006, he joined the Caisse de dépôt et placement du Québec, where he is responsible for managing infrastructure investments for North America. Over the course of his career, he has sat on the human resources committees of several companies in the pipelines and health sectors. He is currently a member of the compensation committee of Colonial Pipeline Company.

| | | |
|---|---|---|
| Attendance at meetings of the HR-CGC during fiscal year 2018 | 5/5 | 100% |

| | |
|---|---|
|  **Cynthia Hansen** | Ms. Cynthia Hansen was appointed Executive Vice President, Utilities and Power Operations of Enbridge, on February 27, 2017. Ms. Hansen has more than 19 years of experience working in operational, financial and safety leadership roles within Enbridge including President, Enbridge Gas Distribution and Senior Vice President, Operations within Liquids Pipelines. Ms. Hansen also has experience setting executive compensation levels as an Executive Vice President at Enbridge Inc., but also as a member of boards of directors which do not have separate compensation committees, such as Enbridge Gas New Brunswick, Gazifère, St. Lawrence Gas, Ontario Energy Association, Canadian Energy Pipelines Association and Alberta Chamber of Resources. |

| | | |
|---|---|---|
| Attendance at meetings of the HR-CGC during fiscal year 2018(5) | 1/5 | 100% |

| | |
|---|---|
|  **Jean Houde** | Mr. Jean Houde has been a member of the HR-CGC (of which he was Chairman from 2012 to 2017), since 2011. He has extensive experience in the field of executive compensation and has the required skills to guide the HR-CGC in its review of compensation practices. Mr. Houde has been called upon throughout his career to manage and supervise all aspects of compensation, having held, in particular, the position of Senior Vice-President - Human Resources at National Bank of Canada (1990 to 1993) and Vice-President - Human Resources at Hydro-Québec (1986 to 1988). While at these companies, Mr. Houde was responsible for all areas of the Human Resources sector. He has also sat on the human resources committee of the French company JOA Groupe Holding. |

| | | |
|---|---|---|
| Attendance at meetings of the HR-CGC during fiscal year 2018 | 5/5 | 100% |

| | |
|---|---|
|  **Pierre Monahan** | Mr. Pierre Monahan has held several management positions in the forestry industry, including President and Chief Executive Officer of Alliance Forest Products Inc. and Executive Vice-President of Bowater Inc. He has also been board chair for many organizations in that industry. Since 2008, he has served as a business management consultant and corporate director. He chairs the boards of Valener, Gestion Solifor inc. and is Governor of Centraide of Greater Montreal Foundation. Mr. Monahan has been a member of the boards of AXA Insurance (Canada), Fortress Paper Ltd., Comact Equipment Inc. and Uniboard Canada Inc. As a manager and corporate director, he has acquired expertise in human resources and compensation. He has been a member of the Énergir Inc. HR-CGC since 2009. |

| | | |
|---|---|---|
| Attendance at meetings of the HR-CGC during fiscal year 2018 | 5/5 | 100% |

**(b) Mandate of the HR-CGC**

The mandate of the HR-CGC is reproduced in Schedule 10.2.1.6 Human Resources and Corporate Governance Committee – Mandate.

**(c) Compensation Consultants**

The HR-CGC may retain an independent consultant if necessary to assist it in discharging its duties and responsibilities.

(5) Ms. Hansen joined the HR-CGC on February 8, 2018.

Willis Towers Watson[6] has acted as a compensation consultant to the HR-CGC since 2006 and, in that capacity, is responsible for:

- providing analyses of market trends and practices with respect to the compensation of the President and Chief Executive Officer and the other executive officers of Énergir, L.P.;
- making recommendations to it concerning the composition of the comparison groups used by Énergir, L.P. to establish such compensation;
- conducting benchmark studies so that Énergir, L.P. can, if deemed necessary, harmonize its compensation policy with the comparison groups with respect to the President and Chief Executive Officer and the other executive officers;
- review the form of Énergir, L.P.'s annual and long-term incentive programs and benchmark them against the practices of the comparison groups in this sector.

During fiscal year 2018, the HR-CGC initiated:

- an executive compensation analysis process, for which it retained the services of Willis Towers Watson.

The following table shows the fees paid to Willis Towers Watson and PCI Perrault Conseil during fiscal years 2017 and 2018 in consideration of the services referred to above:

| Type of fees (before tax) | 2018 | 2017 |
|---|---|---|
| **Towers Watson** | | |
| Executive Compensation-related Fees | $51,606.76 | $29,958.67 |
| **PCI Perrault Conseil** | | |
| Director Compensation-Related Fees: Analysis and Benchmarking | - | $1,293.75[7] |

Neither the Board nor the HR-CGC must pre-approve services that the consultants may provide at the request of Management.

**(d) Risk Management**

Énergir, L.P. is committed to ensuring that its compensation program and policies are aligned with the long-term objectives of its partners. To accomplish this, Énergir, L.P. incorporates many general risk management principles into all decision-making processes across the organization and it regularly reviews, through third-party compensation consultants, its executive compensation program, which is adapted to Énergir, L.P.'s regulatory framework. This risk integration and review procedure helps ensure that its programs continue to support partner interests and regulatory compliance and are aligned with sound principles of risk management and governance.

The HR-CGC oversees Énergir, L.P.'s compensation program from the perspective of whether they could encourage employees to take inappropriate or excessive risks that are reasonably likely to have a materially adverse effect on Énergir, L.P.

---

*(6) In 2006, Towers Perrin Canada Inc. provided compensation consulting services to the Énergir Inc. Human Resources Committee. The mandates of the Human Resources Committee and the Corporate Governance Committee have been combined since February 11, 2011. On January 1, 2010, Towers Perrin Canada Inc. and Watson Wyatt Inc. merged to form "Towers Watson Canada Inc." On January 4, 2016, Towers Watson and Willis Group Holdings merged to form "Willis Towers Watson."*

*(7) These amounts were invoiced during fiscal year 2016 for director compensation analysis and benchmarking services provided during that fiscal year.*

Énergir, L.P. uses the following compensation practices to mitigate risk:

- its pay for performance philosophy is embedded into its compensation program design;
- Énergir, L.P. believes its mix of pay programs, its approach to goal setting, the establishment of targets with multiple levels of performance and the evaluation of performance results assist it in mitigating excessive risk-taking that could harm its value and in ensuring that poor decisions by its executives are not rewarded;
- its compensation program includes a combination of short- and long-term elements that ensure its executive officers have the incentive to consider both the immediate and long-term implications of their decisions;
- executive officers are compensated for their short-term performance using a combination of financial, operational, safety, environmental and customer and employee metrics that are determined by Énergir, L.P. or the Régie;
- for the annual short-term incentive compensation program, performance thresholds are established that include both minimum and maximum payouts; and
- the long-term incentive program promotes continued long-term performance because a particular year's results are automatically placed at risk again as a result of the way the program works and performance thresholds are also established that include both minimum and maximum payouts.

The HR-CGC has discussed the concept of risk as it relates to Énergir, L.P.'s compensation programs and does not believe Énergir, L.P.'s program encourages excessive or inappropriate risk taking.

**(e) Hedging Policy**

Énergir, L.P. does not have any equity compensation because its Units are not traded on the TSX or any other exchange.

**(f) Discretionary Powers**

Under the *Compensation Policy for Named Executive Officers*, the Board, on the recommendation of the HR-CGC, may deem it appropriate to pay the executive officers amounts in excess of those provided for by the Policy in the event of exceptional results or extraordinary circumstances, with respect to any component of total compensation. The Board exercised its discretionary powers in regard to certain Named Executive Officers during fiscal year 2018.

### 10.1.3. Executive Compensation Discussion and Analysis for Énergir Inc.

#### 10.1.3.1. Executive Officer Compensation Policy

The *Compensation Policy for Named Executive Officers*, including Named Executive Officers, is designed to attract, retain and motivate top-performing executives. It also encourages them to implement short-, medium- and long-term strategies to increase the value of Énergir, L.P. Énergir, L.P.'s executive officer compensation policy aims to provide total compensation that is close to the median for the comparison group if the objectives are achieved, with the possibility of higher amounts for results that exceed expectations. Each compensation component plays a specific role and is described in detail in this analysis.

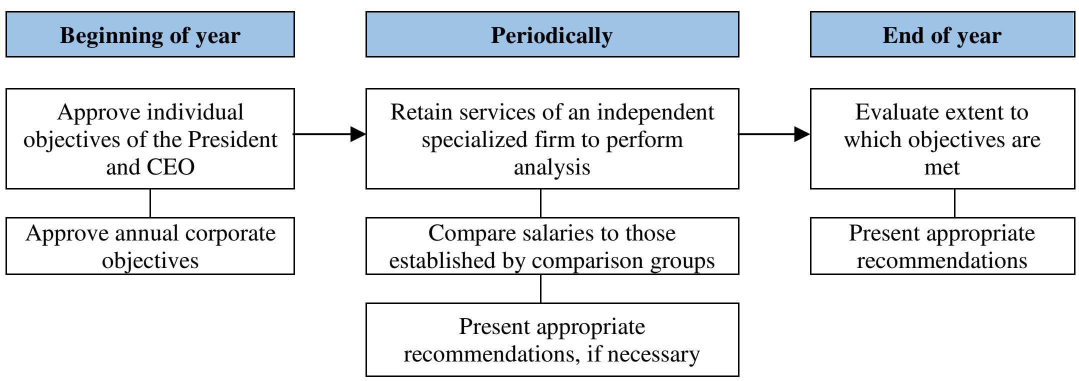
Executive officer compensation consists of fixed elements, such as a base salary, an allowance program, a pension plan and an employee benefits program. Executive officers also receive variable compensation based on annually established financial performance targets adapted to Énergir, L.P.'s regulatory framework.

Executive officers thus receive Annual Incentive Compensation based on results achieved with respect to corporate objectives set for Énergir, L.P.'s activity sectors and based on the attainment of individual objectives. They also benefit from a Long-Term Incentive Program, the various components of which are established by taking into account the benefits attached to the positions held at Énergir, L.P. and the benefits attached to equivalent positions in the reference market.

The Board is responsible for determining the principles underlying the *Compensation Policy for Named Executive Officers*. The Board has set up an HR-CGC whose mandate, among other things, is to review all aspects of executive officer compensation and make recommendations in this regard. At the beginning of each fiscal year, the HR-CGC approves the objectives of the President and Chief Executive Officer (CEO) that are defined for the other executive officers as well as the annual corporate objectives. At the end of each fiscal year, the HR-CGC evaluates the extent to which those objectives are met, and makes appropriate recommendations to the Board.

The HR-CGC retains the services of an independent specialist from time to time to review the overall compensation of the President and CEO and other executive officers, compare it to Énergir, L.P.'s comparison groups, and make appropriate recommendations regarding adjustments, if required.

The diagram below illustrates the process followed by the HR-CGC to set executive officer compensation:




### 10.1.3.2. Comparison Groups

The Board, on the recommendation of the HR-CGC, endorsed the Willis Towers Watson executive officers total compensation market study dated October 20, 2017 and the proposed comparison groups used by Énergir, L.P. for the President and CEO and the other executive officers. For these two studies, the following companies made up the comparison groups:

**Comparison Group Table for Executive Officers**

| Companies | |
|---|---|
| **Québec Companies (18)** | **Companies in Other Canadian Provinces (13)** |
| Agropur, coopérative agroalimentaire | Alberta Electric System Operator |
| Boralex Inc. | ATCO Electric |
| BRP Inc. | ATCO Power |
| CAE Inc. | Capital Power Corporation |
| Canam Group Inc. | Emera Inc. |
| Cascades Inc. | Enbridge Gas Distribution Inc. |
| Cogeco Cable Inc. | Enmax Corporation |
| Dollarama Inc. | EPCOR Utilities Inc. |
| Innergex Renewable Energy | Fortis Alberta |
| Lassonde Industries Inc. | Inter Pipeline Fund |
| Quebecor Inc. | Just Energy |
| Resolute Forest Products | Toronto Hydro Electric System |
| Richelieu Hardware | TransAlta Corporation |
| Tembec Inc. | |
| Transat A.T. Inc. | |
| Transcontinental Inc. | |
| Velan Inc. | |
| Uni-Sélect | |

The Canadian companies are in the energy and transformation and distribution services sectors. The Québec companies are in various sectors such as distribution, services and production.

The HR-CGC is of the opinion that the comparison group chosen is relevant for the purposes of establishing points of comparison for the compensation of the President and CEO and other executive officers of Énergir, L.P. as it is composed of companies operating in similar fields as Énergir, L.P. or have properties comparable to those of Énergir, L.P. The HR-CGC is therefore of the opinion that the issues relating to the compensation of the President and CEO and other executive officers of Énergir, L.P. are likely to be similar to those related to the executive compensation in these companies.

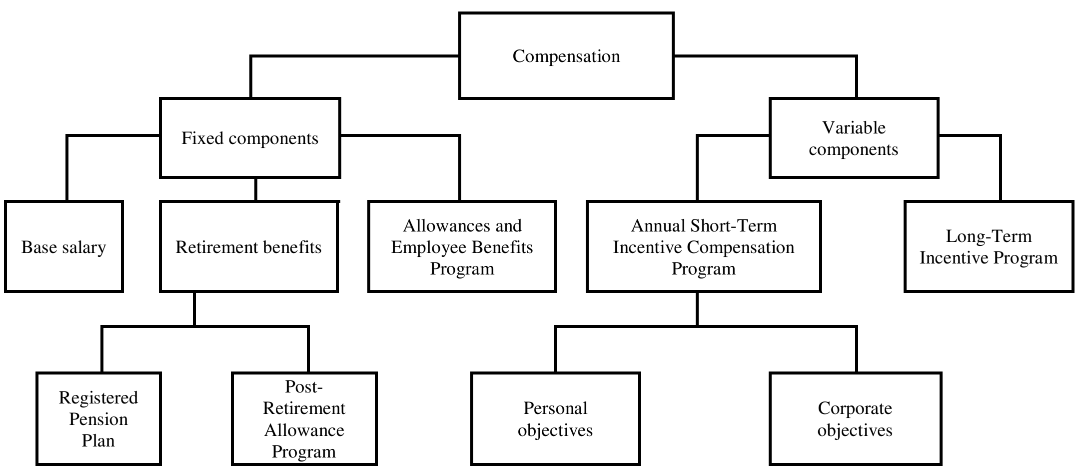
**10.1.3.3. Executive Officer Compensation Program Components**

As stated under Item 10.1.3.1 *Executive Officer Compensation Policy*, executive officer compensation consists of fixed components and variable performance-related components. Set out below is a Summary Compensation Table for the Named Executive Officers that also shows the position of each compensation component in relation to the comparison group described under Item 10.1.3.2 *Comparison Groups*.

## <u>Summary Compensation Table for Executive Officers</u>

| Components | | Position with respect to comparison group | Objectives |
|---|---|---|---|
| Fixed | Base salary | Comparison group median | ▪ retention<br>▪ recognition of skills, competence and experience |
| | Pension | Comparison group median (but may be raised above comparison group median to retain executive officers) | ▪ provision of adequate retirement income<br>▪ commensurate with position |
| | Allowances and Employee Benefits Program | Above median of comparison group | ▪ commensurate with position<br>▪ capped since January 1, 2009 |
| Variable | Annual Incentive Compensation | Comparison group median | ▪ recognition of individual performance and overall performance of Énergir, L.P. |
| | Long-Term Incentive Program | Comparison group median if objectives are achieved. Above comparison group median if results exceed expectations. | ▪ creation of long-term economic value for Énergir, L.P. |

The diagram below illustrates the various components of Énergir, L.P.'s compensation policy:



| (a) Base Salary | FIXED |
|---|---|
| **Features** | - Base salary for executive officers, including Named Executive Officers, is determined according to a salary scale for each position.<br>- The base salary scale for Named Executive Officers, positioned at the median of the comparison groups, is determined taking into account Énergir, L.P.'s comparison groups for positions involving similar responsibilities.<br>- Salary increases for employees whose base salary falls within their scale are based on their annual appraisal for their personal performance. |
| **Role of the President and CEO** | - She conducts an annual performance appraisal for each executive officer, including Named Executive Officers.<br>- Based on this appraisal and the total payroll approved, she positions the executive officers within their respective salary scales. |
| **Role of the HR-CGC** | - The HR-CGC seeks advice from outside compensation analysis consultants from time to time.<br>- It reviews the salary scales for each executive position.<br>- It reviews the compensation proposed by the President and CEO for the executive officers.<br>- It makes a recommendation to the Board every year with respect to the annual total payroll increase effective the following first day of January. |

| (b) Allowances and Employee Benefits Program | FIXED |
|---|---|
| **Programs offered** | - The group insurance plan covers:<br>▪ death<br>▪ disability<br>▪ illness<br>- The allowance program allows executive officers to receive, in cash or in the form of an allowance for automobile and other expenses that are deemed eligible, up to:<br>▪ annual base salary x 12.5%<br>▪ with a maximum based on position held:<br>o Senior vice presidents (including the Senior Vice President Regulatory, IT, Logistics and Chief Financial Officer) and vice presidents: $25,000<br>o Senior Vice President, Corporate Affairs and Chief Financial Officer: $33,725<br>o President and CEO: $40,000. |
| **Payment characteristics** | - The costs of the plan are primarily borne by the employer.<br>- Employee and indirect benefits are designed to be competitive with equivalent positions in comparable companies.<br>- They are periodically reviewed by the HR-CGC. |

| (c) Annual Short-Term Incentive Compensation Program | VARIABLE |
|---|---|

- Executive officers, including Named Executive Officers, may receive a performance bonus based on their performance in achieving:
    - corporate objectives (relating to Énergir, L.P.'s overall performance)
    - individual objectives set for each year
- Based on performance, the Annual Incentive Compensation as a percentage of salary may be up to:
    - 60.0% of base salary for the President and CEO
    - 50.0% of base salary for the Senior Vice Presidents.
    - 40.0% of base salary for the other executive officers.
- In the event of exceptional results or extraordinary circumstances, the HR-CGC may decide on the appropriateness of paying amounts in excess of those provided for under the *Compensation Policy for Named Executive Officers* with respect to any component of total compensation.

Corporate objectives are approved by the Board on the recommendation of the HR-CGC. In determining these objectives, the HR-CGC reviews the results of previous years and sets performance objectives at levels it considers sufficiently ambitious and demanding in light of past results and future issues.

Personal objectives are set by the President and CEO for other executive officers, and by the Board, on the recommendation of the HR-CGC, for the President and CEO.

**Corporate Objectives**

Corporate objectives measure Énergir, L.P.'s overall performance and are broken down into three areas, i.e. "Partners' Net Income," "QDA Operations" and "Strategic Initiatives."

For "Partners' Net Income"(8) performance, 61.0% corresponds to the value of the result for Québec distribution activities (QDA) and 39.0% to the value of the result for subsidiaries' investment interests. The result for income from QDA activities was $145.1 million compared to a target of $132.7 million and the result for non-QDA activities was $79.5 million compared to a target of $78.4 million. This annual budget is approved at the beginning of the calendar year by the Board, on the recommendation of the HR-CGC. This result triggered payment of a proportionate share of the applicable Annual Incentive Compensation.

"QDA Operations" performance is measured by two categories of indicators: corporate indicators and indicators imposed by the Régie:

- The corporate indicators are: New sales – and their internal rate of return, New customer satisfaction and attainment of Occupational Health and Safety objectives.
- The indicators imposed by the Régie are: Customer satisfaction, Compliance with response time policy, Compliance with meter reading policy, Emergency response time, Preventive maintenance programs, Compliance with collection and service interruption procedure, Obtaining and maintaining the ISO 14001 certification, GHG emissions reduction, and Overall satisfaction for Énergir, L.P. large enterprises market.

The overall result for the "Distribution of Natural Gas in Québec" performance indicators takes into consideration weighting between corporate indicators and indicators imposed by the Régie. The achievement result for the fiscal year ended on September 30, 2018, is 62.0%. This result triggered payment of a proportionate share of the applicable Annual Incentive Compensation.

(8) *This Area is based on the adjusted net income attributable to partners, as calculated in the Énergir, L.P. 2018 Financial Statements, adjusted to exclude the effects of exchange rate fluctuations and the hypothetical liquidation at book value method.*

There are no predetermined quantified performance objectives for the "Strategic Initiatives" area. At the end of each fiscal year, the HR-CGC evaluates the extent to which the various activities for this objective have been achieved during the fiscal year, and awards a rating based on those accomplishments. The evaluation takes into account the importance of each project, the expected return in relation to Énergir, L.P.'s strategic objectives, and their completion status. For fiscal year 2018, a 85.0% result was recognized by the Board for this area and the result triggered payment of a proportionate share of the applicable Annual Incentive Compensation.

Corporate objectives result calculations are validated by the external auditors.

**Personal Objectives**

The personal objectives are different for each Named Executive Officer and are designed to improve the performance of their respective sectors or measure achievement of the results expected for a specific project. In 2013, a multiplication factor of 0.5 to 1.5 was introduced that affects the individual result for the bonus enabling growth in leadership and cooperation. This factor is used to differentiate individuals who meet expectations from those who exceed them, reward above-standard performance and influence the attainment of quantifiable objectives through the way they are achieved. The HR-CGC sets the President and CEO's personal objectives and recommends they be approved by the Board. The Board, on the recommendation of the HR-CGC, sets those objectives at a level sufficiently ambitious and demanding based on past results and future issues. Personal objectives for other executive officers are set by the President and CEO who then reports to the HR-CGC on the results achieved by each executive officer.

The objectives may be summarized as follows:

- Ms. Sophie Brochu: Ms. Brochu's personal objectives were linked to, among other things, (i) maintaining a regulatory framework and stakeholder relations conducive to the business's development and profitability, (ii) creating and implementing of a three-year occupational health and safety plan, (iii) promoting the business' strategic plan, and (iv) developing leadership within the organization and its subsidiaries.

- Mr. Pierre Despars: Mr. Despars's personal objectives were linked to, among other things, (i) the distribution activities of the U.S. subsidiaries, (ii) risk management financial modelling, (iii) management team succession.

- Mr. Éric Lachance: Mr. Lachance's personal objectives were linked to, among other things, (i) the business' strategic initiatives, (ii) Green Mountain's strategic initiatives, and (iii) development of scoreboards and new indicators.

- Mr. Martin Imbleau: Mr. Imbleau's personal objectives were linked to, among other things, (i) strategic planning and risk management, (ii) network greening plan-efforts, (iii) commercialisation of LNG and profitability of the LSR plant, and (iv) strategic initiatives of the subsidiaries Vermont Gas and Intragas.

- Ms. Stéphanie Trudeau: Ms. Trudeau's personal objectives were linked to, among other things, (i) management of regulatory matters, (ii) various action plans relating to government policies, (iii) business positioning activities, and (iv) performance and growth of subsidiaries.

| (d) Long-Term Incentive Program | VARIABLE |
|---|---|
| **Features** | - The goal of the Program is to promote the creation of long-term economic value for Énergir, L.P.<br>- Creation of economic value is based on two measurements:<br>▪ the spread between the realized net return on partners' equity and the average return authorized by the natural gas regulatory bodies in Québec (Régie) and Vermont (VPUC).<br>▪ the growth in partners' equity.<br>- Changes in economic value are determined using a three-year moving average and is the basis for annual bonus payments to executive officers after each three-year cycle.<br>- A new three-year cycle begins on October 1 of each year.<br>- One of the main features of the program is the fact that the bonus reserve (hereinafter the "**reserve-at-risk**") is put at risk each year so as to promote stable performance. The reserve-at-risk (i.e. two-thirds (2/3) of the total reserve) is the balance of what may not be paid at the end of a fiscal year and is deferred to the following fiscal year. For the annual bonus calculation, the payment factor is based on a formula including the previous fiscal year's reserve and the results at the end of a fiscal year, The payment of that annual bonus represents one-third (1/3) of the total reserve. As a result, the payment factor increases or decreases depending on each fiscal year's results. |
| **Target bonus** | - President and CEO<br>▪ 45.0% of base salary with a payment factor (calculated taking into account the net return on partners' equity and the growth in partners' equity) of 1/3 of the reserve after each three-year cycle.<br>- Other executive officers<br>▪ 20.0% of base salary with a payment factor of 1/3 of the reserve after each three-year cycle.<br>- For the fiscal year ended on September 30, 2018, the weighted performance factor is 1.27 and the payment factor ranges from 1.86 to 2.84, depending on the program eligibility date. |

**Example of Application of Long-Term Incentive Program on September 30, 2018**

| **Assumptions** |
|---|
| - Annual salary of $200,000 |
| - On September 30, 2018, the total reserve was 8.52 |
| - The payment factor for fiscal year 2018 is 2.84, i.e. 1/3 of the total reserve (i.e. 8.52 ÷ 3) |
| - The accumulated reserve (i.e. 2/3 at risk) carried to the following fiscal year is 5.68 (i.e. 8.52 – 2.84) |
| **Payment owing after end of fiscal year** |
| 1. *Annual bonus (1/3 of the total reserve):* |
| Target bonus 20.0% |
| October 1, 2017 to September 30, 2018 |
| $200,000 X 20.0% X 2.84 = $113,600 |
| 2. *Accumulated reserve (2/3 of the total reserve):* |
| $200,000 X 20.0% X 5.68= $227,200 |

The following table shows the bonuses that will be paid to the Named Executive Officers based on the results for the three-year cycle ended on September 30, 2018, as well as the reserve-at-risk for the next three-year cycle:

| Name | 2018 Bonus | Reserve-at-Risk |
|---|---|---|
| Sophie Brochu<br>President and CEO | 795,044 | 1,590,088 |
| Pierre Despars<br>Senior Vice President, Corporate Affairs and CFO | 52,540 | 429,335(1) |
| Éric Lachance<br>Senior Vice President Regulatory, IT, Logistics and Chief Financial Officer | - | 192,793 |
| Martin Imbleau<br>Senior Vice President, Development, Communities, Corporate Affairs and Safety | 178,100 | 356,200 |
| Stéphanie Trudeau<br>Senior Vice President, Customers and Operations | 163,150 | 326,950 |

*(1) This amount was paid on December 1, 2018, after Mr. Despars retired on December 31, 2017.*

The following table shows the value vested or value earned by Named Executive Officers under Énergir, L.P.'s incentive plans during fiscal year 2018. These amounts will be paid during fiscal year 2019.

**Incentive Plan Awards Table**
**Value Vested or Earned During the Fiscal Year**

| Name | Option-based awards – value vested or earned during the year ($) | Share-based awards – value vested or earned during the year ($) | Non-equity incentive plan compensation – value earned during the year ($) | | Total ($) |
|---|---|---|---|---|---|
| | | | Annual Incentive Plan | Long-Term Incentive Plan | |
| Sophie Brochu<br>President and CEO | N/A | N/A | 313,663 | 795,044 | 1,108,707 |
| Pierre Despars<br>Senior Vice President, Corporate Affairs and CFO | N/A | N/A | 30,238 | 52,540 | 82,778 |
| Éric Lachance<br>Senior Vice President Regulatory, IT, Logistics<br>and Chief Financial Officer | N/A | N/A | 138,327 | - | 138,327 |
| Martin Imbleau<br>Senior Vice President, Development, Communities, Corporate Affairs and Safety | N/A | N/A | 135,493 | 178,100 | 313,593 |
| Stéphanie Trudeau<br>Senior Vice President, Customers and Operations | N/A | N/A | 135,493 | 163,150 | 298,643 |

### (e) Retirement Benefits

| Registered Pension Plan and Post-Retirement Allowance Program ("Program") | |
|---|---|
| Eligibility | - Executive officers of Énergir, L.P. |
| Description of plans | - The registered pension plan is a defined benefit plan and is non-contributory for executive officers. This plan is subject to the laws governing pension plans under provincial jurisdiction (Québec) and the tax limits prescribed by the Canada Revenue Agency<br>- The Program is intended to offset the impact of the limits imposed by tax legislation on the retirement pension provided by the registered pension plan and is non-contributory |
| Reasons for payment | - Encourage long-term retention of executive officers by rewarding them for their continued service at Énergir, L.P. |
| Normal age of retirement<br>(without annuity reduction) | - 65 |
| Credited years of services<br>- Certain executive officers | - The benefits of certain participants were enhanced in September 2018 to reflect the achievement of certain objectives related to strategic projects for the business through the recognition of additional years |
| - Other executive officers | - Save for some exceptions, accumulation of one year of service for each year of participation |

| Registered Pension Plan and Post-Retirement Allowance Program ("Program") | |
|---|---|
| Life annuity formula | - 1.35% of the average of the five highest consecutive annual base salaries preceding retirement up to the average maximum annual eligible earnings ("**MAEE**") for the same period, plus 2.0% of the average of the salaries in excess of the average MAEE, multiplied by the number of years of service giving entitlement to a pension under this formula |
| Reduction of the life annuity | - For the annuity relating to years of service prior to January 1, 2016, reduction of 0.25 of 1.0% (maximum 15.0%) for each month between the date of early retirement and the earlier of the participant's 60th birthday or the date on which the sum of his (her) age and years of service equals 85<br>- For the annuity relating to years of service as of January 1, 2016, reduction of 5/12 of 1.0% (maximum 25.0%) for each month between the date of early retirement and the earlier of the participant's 60th birthday or the date on which the sum of his (her) age and years of service equals 90, but not prior to the participant's fifty-eighth birthday |
| Temporary life annuity | - Payable to participants who retire before 65 years of age and equal to 0.65% of the average MAEEs multiplied by the years of service prior to January 1, 2010, $125 multiplied by the years of service from January 1, 2010 to December 31, 2015 and 0.50% of the average MAEEs multiplied by the years of service as of January 1, 2016 |
| Discretionary facet | - Executive officers, including the Named Executive Officers, may elect to make voluntary contributions to a discretionary facet of the Pension Plan in order to acquire certain additional benefits |
| Security for Program commitments | - Secured by letters of credit deposited in retirement compensation trusts |

## Defined Benefit Registered Pension Plan & Post Retirement Allowance Program Table

| Name (a) | Credited years of service[(1)] Registered Pension Plan (b) | Credited years of service[(1)] Post-Retirement Allowance Program (b) | Annual life benefits payable ($) At end of fiscal year[(1)] (c)[(1)] | Annual life benefits payable ($) At age 65 (c) | Accrued benefit obligations at beginning of fiscal year ($)[(2)] (d) | Variations attributable to compensation items ($) (e) | Variations attributable to non-compensation items ($)[(3)] (f) | Accrued benefits obligations at end of fiscal year ($)[(4)] (g) (d+e+f=g) |
|---|---|---|---|---|---|---|---|---|
| Sophie Brochu President and CEO | 21.50 | 32.50 | 372,400 | 509,300 | 6,078,600 | 129,700 | 344,700 | 6,553,000 |
| Pierre Despars Senior Vice President, Corporate Affairs and CFO | 27.00 | 29.58 | 189,600 | N/A | 3,487,200 | 6,100 | 73,800 | 3,567,100 |
| Éric Lachance Senior Vice President Regulatory, IT, Logistics and Chief Financial Officer | 1.65 | 1.65 | 10,500 | 146,100 | 58,300 | 99,700 | 9,900 | 167,900 |
| Martin Imbleau Senior Vice President, Development, Communities, Corporate Affairs and Safety | 21.75 | 15.08 | 96,400 | 209,300 | 1,517,700 | 71,000 | 102,600 | 1,691,300 |
| Stéphanie Trudeau Senior Vice President, Customers and Operations | 11.74 | 6.00 | 45,000 | 189,900 | 504,600 | 81,300 | 41,000 | 626,900 |

(1) *As at September 30, 2018.*
(2) *As at September 30, 2017, i.e. at the measurement date of the pension obligations used in preparing Énergir, L.P.'s audited consolidated financial statements for fiscal year 2017. These amounts were calculated based on the same assumptions and methods as shown in the note to the consolidated financial statements dealing with Employee Future Benefits at that date.*
(3) *The variations attributable to non-compensation items are basically the net effect of the interest on the accrued benefit obligations and the changes in methods and assumptions.*
(4) *As at September 30, 2018, i.e. at the measurement date of the pension obligations used in preparing Énergir, L.P.'s audited consolidated financial statements for fiscal year 2018. These amounts were calculated based on the same assumptions and methods as shown in the note to the consolidated financial statements dealing with Employee Future Benefits at that date.*

## 10.1.4. Compensation Summary for Named Executive Officers

The following table shows the information regarding compensation for the Named Executive Officers for the last three fiscal years:

**Summary Compensation Table**

| Name<br>(a) | Fiscal Year<br>(b) | Salary<br>($)<br>(c) | Non-Equity Incentive Plan Compensation ($) (d) | | Value of Pension Plans ($)<br>(e) | Other Compensation ($)<br>(f) | Total Compensation ($)<br>(g)<br>(c + d + e + f = g) |
|---|---|---|---|---|---|---|---|
| | | | Annual Incentive Plan[1] | Long-Term Incentive Plan[1] | | | |
| Sophie Brochu<br>President and CEO | 2018 | 619,050 | 313,663 | 795,044 | 129,700 | - | 1,857,457 |
| | 2017 | 606,175 | 278,419 | 796,170 | 173,900 | - | 1,854,664 |
| | 2016 | 591,882 | 212,310 | 755,055 | 298,200 | - | 1,857,447 |
| Pierre Despars<br>Senior Vice President,<br>Corporate Affairs and CFO | 2018 | 92,500 | 30,238 | 52,540 | 6,100 | 8,431[2] | 189,809 |
| | 2017 | 365,173 | 137,353 | 214,668 | 205,500 | 33,725[2] | 956,419 |
| | 2016 | 348,850 | 85,166 | 197,795 | 76,000 | 33,725[2] | 741,536 |
| Éric Lachance<br>Senior Vice President Regulatory, IT,<br>Logistics and Chief Financial Officer | 2018 | 345,075 | 138,327 | - | 99,700 | 25,000[2] | 608,102 |
| | 2017 | 240,750 | 69,759 | - | 67,400 | 25,000[2] | 402,909 |
| | 2016 | - | - | - | - | - | - |
| Martin Imbleau<br>Senior Vice President, Development,<br>Communities, Corporate Affairs and Safety | 2018 | 317,075 | 135,493 | 178,100 | 71,000 | 25,000[2] | 726,668 |
| | 2017 | 286,627 | 178,863 | 162,964 | 176,600 | 25,000[2] | 830,054 |
| | 2016 | 265,205 | 85,045 | 142,898 | 60,500 | 25,000[2] | 578,648 |
| Stéphanie Trudeau<br>Senior Vice President, Customers and<br>Operations | 2018 | 312,850 | 135,493 | 163,150 | 81,300 | 25,000[2] | 720,793 |
| | 2017 | 269,818 | 102,607 | 138,641 | 97,600 | 25,000[2] | 633,666 |
| | 2016 | 245,921 | 77,143 | 117,547 | - | 25,000[2] | 465,612 |
| Mary Powell[3]<br>President and CEO,<br>Green Mountain | 2018 | 783,460[4] | 421,797 | 647,728 | 137,103 | 48,030[5] | 2,038,118 |
| | 2017 | 775,523[6] | 410,595 | 726,642 | 306,577 | 46,933[7] | 2,266,270 |
| | 2016 | 770,499[8] | 413,958 | 747,338 | 224,834 | 48,734[9] | 2,205,362 |

(1) *These amounts will be paid during the fiscal year ending on September 30, 2018. For the Long-Term Incentive Program, these amounts represent one-third (1/3) of the total reserve. The two-thirds (2/3) of the total reserve that are accumulated under the Long-Term Incentive Program are placed at risk again, as explained in table (d) "Long-Term Incentive Program" under Item 10.1.3.3 Executive Officer Compensation Program Components.*

(2) *For an explanation of this amount, please refer to the explanatory table for the Allowances and Employee Benefits Program under Item 10.1.3.3 Executive Officer Compensation Program Components.*

(3) *Ms. Powell is paid in U.S. dollars. The amounts shown are in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018. Please refer to the information on the exchange rates used for financial reporting purposes on page 36 of the 2018 MD&A under the heading "Impacts of exchange rate fluctuations on the capital structure." As for the compensation paid to Ms. Powell for the fiscal year ended September 30, 2017 and for the fiscal year ended September 30, 2016, the average exchange rate used was $1.3119 per U.S. dollar in 2017 and $1.3369 per U.S. dollar in 2016.*

(4) *Salary includes the base salary paid by Green Mountain and the director's fees from VELCO, which are granted through the VELCO ownership structure by Green Mountain (38.8% interest in VELCO as at September 30, 2018). For fiscal year 2018, Ms. Powell received an annual base salary of $756,494 from Green Mountain and fees of $26,966 as a director of VELCO. Of this salary, $13,483 was deferred under the deferred compensation plan, as presented in the Non-Qualified Deferred Compensation Plan under Item 10.1.7.3 Executive Officer Compensation Program Components.*

(5) *Includes $42,805 in life insurance premiums and $5,225 of deferred compensation interest accrual.*

(6) *Salary includes the base salary paid by Green Mountain and the director's fees from VELCO, which are granted through the VELCO ownership structure by Green Mountain (38.8% interest in VELCO as at September 30, 2017). For fiscal year 2017, Ms. Powell received an annual base salary of $751,253 from Green Mountain and fees of $24,270 as a director of VELCO. Of this salary, $12,135 was deferred under the deferred compensation plan.*

(7) *Includes $43,732 in life insurance premiums and $3,201 of deferred compensation interest accrual.*

(8) *Salary includes the base salary paid by Green Mountain and the director's fees from VELCO, which are granted through the VELCO ownership structure by Green Mountain (38.8% interest in VELCO as at September 30, 2016). For fiscal year 2016,*

*Ms. Powell received an annual base salary of $756,294 from Green Mountain and fees of $14,205 as a director of VELCO. Of this salary, $7,102 was deferred under the deferred compensation plan.*

*(9) Includes $44,566 of life insurance premiums and $4,168 of deferred compensation interest accrual.*

### 10.1.5. Retirement, Termination and Change of Control Benefits

#### 10.1.5.1. Retirement Benefits

Pension plan details are provided under Item 10.1.3.3 (e) *Retirement Benefits*. Assuming a retirement effective on September 30, 2018, the following benefits would be payable:

**Retirement Benefits Table**

| Name | Annual Benefits Payable Under Pension Plan[1] ($) |
|---|---|
| Sophie Brochu<br>President and CEO | 392,600 |
| Pierre Despars<br>Senior Vice President, Corporate Affairs and CFO | N/A |
| Éric Lachance<br>Senior Vice President Regulatory, IT, Logistics and Chief Financial Officer | 11,100 |
| Martin Imbleau<br>Senior Vice President, Development, Communities, Corporate Affairs and Safety | 104,400 |
| Stéphanie Trudeau<br>Senior Vice President, Customers and Operations | 50,200 |

*(1) Annuity payable for life as of age 60, which is the retirement age assumption used to calculate the accrued benefit obligation at the end of the fiscal year 2018. The recipient would also receive a temporary life annuity payable until age 65.*

#### 10.1.5.2. Termination and Change of Control Benefits

**(a) President and CEO**

The President and CEO, Ms. Brochu, is the only executive officer, including the Named Executive Officers, who has an employment contract.

Ms. Brochu's employment contract provides for compensation in certain cases of termination of her employment, such as a resiliation of contract or a change in the control of Énergir Inc. resulting in either a significant change in her responsibilities or a termination of her functions as President or the fact that she no longer reports directly to the Board. In such cases, should Énergir Inc. / Énergir, L.P. decide to terminate the contract, Ms. Brochu would be entitled to compensation equal to two years of her annual base salary as at the termination date. It is understood that those two years shall constitute continuous service for the purposes of the registered pension plan and the Program. Should Ms. Brochu's responsibilities be reduced to any significant extent, such as in certain cases prescribed in the contract, she may resign and receive the same compensation. In either of the foregoing situations, Ms. Brochu would also be entitled to a pro rata portion of the bonus under the Annual Incentive Compensation and Long-Term Incentive Program for the current fiscal year, as well as the accumulated reserve-at-risk.

Ms. Brochu's contract contains a confidentiality clause with respect to confidential information she received about Énergir, L.P., its operations, its business and its subsidiaries during her employment. The contract also includes a provision, valid in any area of the Province of Québec, the Province of Ontario and the North- Eastern United States whereby Ms. Brochu agrees not to provide her services directly or indirectly as an employee, officer, director, shareholder or consultant to an enterprise carrying on activities that compete with Énergir, L.P. in the energy sector, without Énergir, L.P.'s prior written consent, for a one-year period. A non-solicitation clause also applies for the same territory and the same period.

The following table shows the benefits that would have been paid to Ms. Brochu as a result of a termination of her employment or a change in control in the circumstances described above, assuming either of those events occurred on September 30, 2018:

**Termination and Change of Control Benefits Table**

| Name | Termination of Employment Benefits ($) | Annual Incentive Compensation[1] ($) | Long-Term Incentive Program[1][2] ($) | Reserve-at-Risk[3] ($) | Retirement Benefit[4] ($) | Employee and Indirect Benefits ($) |
|---|---|---|---|---|---|---|
| Sophie Brochu President and CEO | 1,244,200 | 313,663 | 795,044 | 1,590,088 | 6,812,200 | - |

*(1) If the termination was before or after September 30, Ms. Brochu would be entitled to a prorated portion of the compensation for the current fiscal year.*

*(2) This amount represents one-third (1/3) of the total reserve.*

*(3) This amount represents the reserve accrued under the Long-Term Incentive Program, i.e. two-thirds (2/3) of the total reserve.*

*(4) Only the amounts accrued under the Registered Pension Plan and the Post Retirement Allowance Program are vested to the Named Executive Officer if there is a termination of employment. In the absence of assumptions prescribed for calculating the amount accrued under the Post Retirement Allowance Program, the assumptions prescribed by the Canadian Institute of Actuaries ("**CIA**") for Registered Pension Plans were used to determine the amounts accrued under both programs. Lastly, under the provisions of the Post Retirement Allowance Program, Ms. Brochu would only be eligible for a deferred annuity, unless the Board were to grant another form of payment.*

### (b) Other Named Executive Officers

In the event of termination or a change of control, the other executive officers do not have any specific agreement, and any amounts payable to them would be determined in accordance with applicable legislation and Énergir, L.P.'s policies at that time. The provisions of the executive officer compensation policy and those of the Registered Pension Plan and the Post Retirement Allowance Program establish certain payments in the case of termination of employment or a change in control.

The following table shows the benefits that would have been paid to the other Named Executive Officers following termination of employment or a change in control, assuming termination of employment on September 30, 2018:

**Termination and Change of Control Benefits Table**

| Name | Termination of Employment Benefits ($) | Annual Incentive Compensation[(1)] ($) | Long-Term Incentive Program[(1)(2)] ($) | Reserve-at-Risk[(3)] ($) | Retirement Benefit[(4)] ($) | Employee and Indirect Benefits[(5)] ($) |
|---|---|---|---|---|---|---|
| Pierre Despars Senior Vice President, Corporate Affairs and CFO | — | 30,238 | 52,540 | 429,335 | N/A | 8,431 |
| Éric Lachance Senior Vice President Regulatory, IT, Logistics and Chief Financial Officer | — | 138,327 | — | 192,793 | 96,000 | 25,000 |
| Martin Imbleau Senior Vice President, Development, Communities, Corporate Affairs and Safety | — | 135,493 | 178,100 | 356,200 | 1,237,900 | 25,000 |
| Stéphanie Trudeau Senior Vice President, Customers and Operations | — | 135,493 | 163,150 | 326,950 | 451,200 | 25,000 |

*(1) No Annual Incentive Compensation is payable unless the HR-CGC decides otherwise.*

*(2) Assuming as at September 30, the termination of employment of a Named Executive Officer, within 18 months following a change in control. (During the fiscal year, the amounts owing are paid on a pro rata basis for the current fiscal year.) This amount represents one-third (1/3) of the total reserve.*

*(3) Assuming as at September 30, the termination of employment of a Named Executive Officer within 18 months following a change in control. This amount represents the accumulated reserve under the Long-Term Incentive Program, i.e. two-thirds (2/3) of the total reserve.*

*(4) Only the amounts accrued under the Registered Pension Plan and the Post Retirement Allowance Program are vested to the Named Executive Officer if there is a termination of employment. In the absence of assumptions prescribed for calculating the amount accrued under the Post Retirement Allowance Program, the assumptions prescribed by the CIA for Registered Pension Plans were used to determine the amounts accrued under the two programs. Lastly, under the provisions of the Post Retirement Allowance Program, the Named Executive Officer would only be eligible for a deferred annuity, unless the Board grants another form of payment.*

*(5) This is a lump-sum amount and is not payable for life.*

### 10.1.6. Report on Executive Officer Compensation of Ms. Mary G. Powell, President and Chief Executive Officer of Green Mountain

#### 10.1.6.1 Introduction

Under Form 51-102F6 (Statement of Executive Compensation), Énergir Inc. is required to disclose the compensation of the President and Chief Executive Officer of Green Mountain, Ms. Mary G. Powell (the "**CEO**"), as she qualifies as a "Named Executive Officer" of Énergir Inc. for disclosure purposes in this Annual Information Form. Ms. Powell receives her compensation based on Green Mountain's executive officer compensation policy and the Green Mountain Board is responsible for determining the principles underlying the executive officer compensation policy. Ms. Powell is paid in U.S. dollars by Green Mountain.

As required, this Item presents the report on Ms. Powell's compensation.

### 10.1.6.2 Compensation and Governance Committee

#### (a) Members of the Compensation and Governance Committee

The four members of the Compensation and Governance Committee (the "**CGC**") are: Elizabeth A. Bankowski, (Chair), Frances Rathke, Robert Tessier and David Wolk. On the basis of their professional background, education and involvement on a Board of Directors, all members are sufficiently experienced to enable the CGC to make recommendations to the Green Mountain Board regarding the suitability of compensation policies and practices at Green Mountain.

The following text provides a brief description of the experience of each member of the CGC that is relevant to the performance of his or her responsibilities as a CGC member.

| | | |
|---|---|---|
|  **Elizabeth A. Bankowski** | Ms. Elizabeth A. Bankowski, Chair of the CGC, was a Senior Director at Ben & Jerry's and remains a trustee of The Ben & Jerry's Foundation. She is the Chair of The Windham Foundation Board, an operating foundation, that, in addition to a grants and scholarship program, runs two businesses: The Grafton Village Cheese Company and The Grafton Inn. She is a member of the Board of The Trust Company of Vermont. Following his first election, she led Vermont Governor Peter Shumlin's transition overseeing the selection of his cabinet secretaries and agency commissioners. | |
| Attendance at CGC meetings during 2018 fiscal year | 4/4 | 100% |

| | | |
|---|---|---|
|  **Frances "Fran" G. Rathke** | Ms. Frances G. Rathke served as Strategic Advisor to the Chief Executive Officers and as the CFO and Treasurer of Keurig Green Mountain, Inc. and prior to that served several years as the CFO, Treasurer and Secretary of Ben & Jerry's Homemade, Inc. She is a licensed CPA and practiced public accounting and auditing for several years. | |
| Attendance at CGC meetings during 2018 fiscal year | 4/4 | 100% |

| | | |
|---|---|---|
|  **Robert Tessier** | Mr. Robert Tessier has extensive background as a corporate director and senior executive in both the private and public sector. He is Chairman of the Board of Directors of the Caisse de dépôt et placement du Québec. His positions have included President and CEO of Énergir, L.P., President and CEO of Marine Industries Limited and Alstom Canada. In the public sector, Mr. Tessier spent several years as a senior civil servant with the Government of Québec in such roles as Secretary of the Conseil du trésor, Québec's Deputy Minister of Energy and Natural Resources and Executive Vice President of the Société générale de financement du Québec. | |
| Attendance at CGC meetings during 2018 fiscal year | 4/4 | 100% |

| | |
|---|---|
|  **David Wolk** | Mr. David Wolk was the longest serving president of Castleton University following a career with deep experience in education and government affairs. As President of Castleton University, he was called to manage and supervise all aspects of compensation within the organization. He was a principal of two schools, superintendent of schools responsible for compensation and budget management of the area, and Vermont's Commissioner of Education. |

| | | |
|---|---|---|
| Attendance at CGC meetings during 2018 fiscal year | 3/4 | 75% |

**(b) Mandate of the Compensation and Governance Committee**

Among the CGC's responsibilities, the following are included:

- review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the Green Mountain Board the CEO's compensation level based on this evaluation;
- make recommendations to the Green Mountain Board with respect to executive officer compensation and executive incentive compensation plans;
- conduct a periodic review of the level of director compensation;
- if necessary, engage the services of a compensation consultant to assist in the evaluation of director, CEO or senior executive compensation and to approve such firm's fees and retention terms;
- develop plans and make recommendations to the Green Mountain Board regarding managerial succession plans for Green Mountain; and
- oversee the processes for the annual evaluation of the CEO and senior management.

**(c) Compensation Consultants**

Since September 2012, Willis Towers Watson has acted as compensation consultant in connection with the competitive compensation assessment for the CEO and other executive officers and board of director positions, so that Green Mountain may harmonize, if deemed necessary, its compensation programs with the comparison groups.

No mandates were entrusted to Willis Towers Watson during fiscal year 2017. During fiscal year 2018, Green Mountain retained the services of Willis Tower Watsons to conduct a competitive compensation assessment for executive officer and board of directors positions.

The following table shows the fees paid to Willis Towers Watson during fiscal years 2017 and 2018 in consideration of the services referred to above:

| Type of fees (before tax) | 2018 | 2017 |
|---|---|---|
| **Willis Towers Watson** | | |
| Executive Officer and Board of Directors compensation / Related Fees | $26,383.12[(1)] | - |

*(1) Willis Towers Watson's fees were paid in U.S. dollars. The amount shown is in Canadian dollars, converted using the average exchange rate used to report expense information in the 2018 Financial Statements, which was $ 1.2841 per U.S. dollar in 2018.*

**(d) Risk Management**

Green Mountain is committed to ensuring that its compensation program and policies are aligned with the long term objectives of its stakeholders – including its shareholder, customers and communities it serves. To accomplish this, Green Mountain incorporates many general risk management principles into all decision making processes across the business and conducts reviews internally and through third party consultants, as needed, of its executive compensation program. This risk integration and review procedure helps ensure that Green Mountain programs continue to support customer and stakeholder interests and regulatory compliance and are aligned with sound principles of risk management and governance.

The CGC oversees the compensation program from the perspective of whether it could encourage employees to take inappropriate or excessive risks that are reasonably likely to have a materially adverse effect on Green Mountain. Green Mountain uses the following compensation practices to mitigate risk:

- Green Mountain has a pay for performance philosophy that is embedded in its compensation design;
- Green Mountain applies consistently structured compensation policies and practices to all executives;
- Green Mountain believes its mix of pay programs, its approach to goal setting, establishing targets with multiple levels of performance and evaluation of performance results, assists in mitigating excessive risk taking that could harm its value or reward poor judgment of its executives;
- the Green Mountain compensation program includes a combination of short- and long-term elements that ensure its executive officers have the incentive to consider both the immediate and long term implications of their decisions;
- executive officers are compensated for their short term performance using a combination of customer, operational, safety and financial metrics that ensure a balanced perspective and many of the customer driven metrics thresholds are established by the VPUC in their representation of the customers; and
- performance thresholds are established that include both minimum and maximum payouts; and executive incentive plans have financial and customer metric thresholds that would preclude payouts on incentives plans if Green Mountain experienced exceedingly poor performance in those areas.

The CGC has discussed the concept of risk as it relates to Green Mountain compensation programs and does not believe Green Mountain programs encourage excessive or inappropriate risk taking.

**(e) Hedging Policy**

Green Mountain does not have any equity compensation because it is not a publicly traded corporation and its shares are therefore not traded on any exchange.

**(f) Discretionary Power**

The Green Mountain Board and the CGC may, at their discretion, modify short-term incentive compensation in view of events or circumstances that would make it inappropriate to award short-term incentive compensation strictly in accordance with Green Mountain's performance metrics.

**10.1.7. Compensation Discussion and Analysis – Ms. Mary G. Powell, President and Chief Executive Officer of Green Mountain**

**10.1.7.1. Executive Officer Compensation Policy**

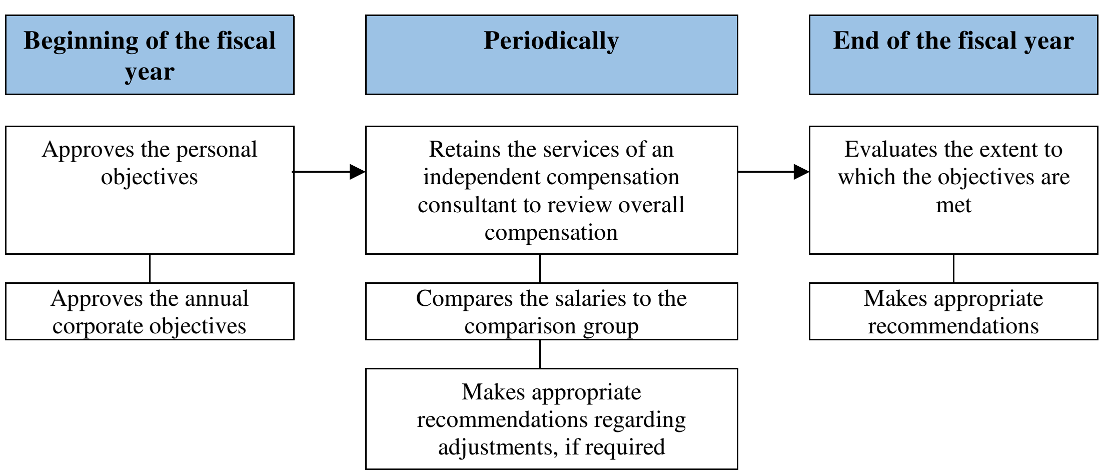
The executive officer compensation policy is designed to attract, retain and motivate high caliber talent while balancing fiduciary responsibility to its shareholder and other stakeholders including the community in general. It also promotes the strategic objectives of Green Mountain, service to the customer and aligns with corporate performance. Green Mountain's executive compensation policy aims to provide total compensation that is between the 25th and 50th percentile for the comparison group if objectives are achieved, with the possibility of higher amounts for results that exceed expectations. Each compensation component plays a specific role and is described in detail in the analysis presented in this Item regarding the compensation of Green Mountain's CEO, Ms. Mary G. Powell.

Green Mountain executive officer compensation consists of fixed elements such as a base salary, deferred compensation, a defined contribution and a defined benefit pension plan, a supplemental retirement plan and an employee benefits program. Executive officers also receive variable compensation based on annually established strategic and financial performance targets. Executive officers thus receive annual Short-Term Incentive compensation based on results achieved with respect to individual and corporate objectives set for Green Mountain including performance against the Service Quality and Reliability Plan metrics set by regulators. Executive officers also benefit from a Long-Term Incentive Program that takes into account building financial strength and stability, investments driving customer value, and achievement of Merger savings.

The Green Mountain Board is responsible for determining the principles underlying Green Mountain's executive officer compensation philosophy. The Green Mountain Board has set up the CGC whose mandate, among other things, is to review all aspects of executive officer compensation and make recommendations in this regard. At the beginning of each fiscal year, the CGC approves the annual strategic and financial objectives of Green Mountain's CEO, Ms. Powell, and the other executive officers. At the end of each fiscal year, the CGC evaluates the extent to which those objectives are met, and makes appropriate recommendations to the Green Mountain Board.

The CGC retains the services of an independent compensation consultant, as needed, to review overall compensation of the CEO and other executive officers, compare it to Green Mountain's peer comparison groups, and make appropriate recommendations to the Green Mountain Board regarding adjustments, if necessary.

The chart below describes the process that is followed by the CGC to determine the executive officers' compensation:



### 10.1.7.2. Comparison Group

Compensation comparisons are done through proxy information from public peer organizations as available as well as compensation surveys, both obtained through compensation consultants. The peer organizations are similar-sized utilities or similar-sized Vermont-based general industry companies.

The following U.S. companies made up the comparison group for compensation review:

**Comparison Group Table for Mary G. Powell**

| Companies | |
|---|---|
| Allete | Unitil |
| Black Hills Power | MDU |
| Casella | MG Energy |

The CGC is of the opinion that the comparison group chosen is relevant for the purposes of establishing points of comparison for the compensation of the CEO as it is composed of companies operating in similar fields as Green Mountain or having properties comparable to those of Green Mountain. The CGC is therefore of the opinion that the issues relating to the compensation of the CEO are likely to be similar to those related to the executive compensation in these companies.

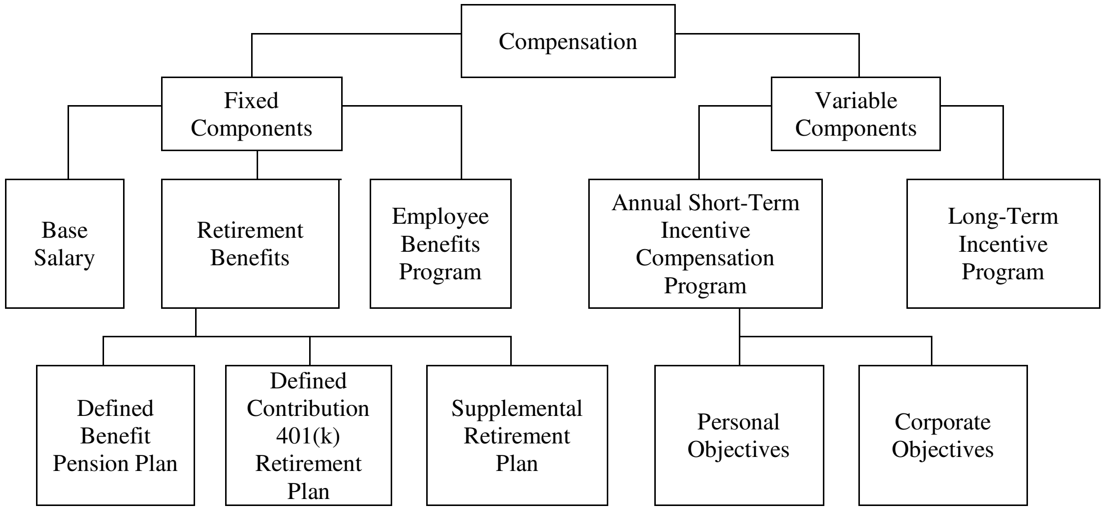
### 10.1.7.3. Executive Officer Compensation Program Components

As stated under Item 10.1.7.1 *Executive Officer Compensation Policy*, Green Mountain's executive officer compensation consists of fixed components and variable performance related components. Below is a summary compensation table for executive officers that also shows the position of each compensation component in relation to the comparison group described under Item 10.1.7.2 *Comparison Group*.

**Summary Compensation Table for Executive Officers**

| Components | | Position with respect to comparison group | Objectives |
|---|---|---|---|
| Fixed | Base salary | Below median of comparison group | ▪ retention<br>▪ recognition of skills, competence and experience |
| | Retirement Benefits | Comparison group median | ▪ provision of adequate retirement income<br>▪ commensurate with position |
| | Employee Benefits Program | Comparison group median | ▪ commensurate with position<br>▪ retention |
| Variable | Short-Term Incentive Compensation | Below median of comparison group | ▪ recognition of individual performance and overall performance of Green Mountain |
| | Long-Term Incentive Program | Below median of comparison group | ▪ creation of long-term economic value for Green Mountain and its customers |

The chart below illustrates Green Mountain's various compensation policy components:




| (a) Base Salary | FIXED |
|---|---|
| **Features** | - Base salary for the CEO is determined according to a salary scale for the position.<br>- The base salary scale for the CEO positioned between the 25th and 50th percentile of the comparison group, is determined taking into account Green Mountain's comparison groups for positions of similar responsibility.<br>- Salary increases for employees whose base salary falls within their scale are based on their annual appraisal for their personal performance. |
| **President and Chief Executive Officer's role** | - The CEO conducts an annual performance appraisal for each executive officer.<br>- Based on this appraisal and the total payroll approved, the CEO positions the executive officers within their respective scales. |
| **CGC's role** | - The CGC seeks advice from outside compensation consultants from time to time.<br>- It reviews the salary scales for each position from time to time.<br>- It reviews the compensation proposed by the CEO for the executive officers.<br>- It makes a recommendation to the Green Mountain Board every year with respect to the annual total executive officers payroll increase effective the first payroll in January. |

| (b) Employee Benefits Program | FIXED |
|---|---|
| **Offered Programs** | Deferred Compensation<br>- Available to executive officers only.<br>- Deferral and then interest accrual of compensation is available both for Green Mountain base salary and for VELCO board compensation.<br>Life Insurance Plan<br>- The insurance policy provides adequate protection in the event of death, disability or illness.<br>- The coverage is equivalent to four times base salary for the CEO and three times the base salary for the other executive officers. |
| **Payment Features** | - The costs of the plan are primarily borne by the employer.<br>- Employee and indirect benefits for executive officers are assigned to be competitive with equivalent positions in comparable companies.<br>- They are periodically reviewed by the CGC. |

| (c) Annual Short-Term Incentive Compensation Program | VARIABLE |
|---|---|
| - The CEO may receive a performance bonus based on her performance in achieving:<br>▪ corporate service quality objectives, i.e., 16 customer service quality performance standards (60.0% of award)<br>▪ personal objectives set for each year (40.0% of award)<br>▪ must achieve 90.0% of the allowed rate of return on equity to be eligible for an award<br>- Based on performance, the Annual Incentive Compensation as may be up to 60.0% of base salary with target set at 50.0% of base salary. | |

**Corporate Service Quality Objectives**

Green Mountain's service quality plan performance standards include measurements relative to customer satisfaction, system reliability, and responsiveness to customer requests, workplace safety, operational efficiency and billing accuracy. The target performance is determined at the beginning of the year.

The determination as to final payments is undertaken only after the audited financials are complete and service quality performance for the calendar year has been formally submitted to the VPUC.

The short-term incentive plan has the unique feature of different performance periods for different features of the incentive plan. The individual portion of the award can be earned and calculated for the fiscal year. However, the calendar year performance goals are determined by calendar year performance, with the first quarter of the fiscal year determining the final results, when Green Mountain's annual results are then audited, filed with the VPUC and approved by the CGC.

The earnings calculation for fiscal year 2018 includes service quality performance results from calendar 2017, which was earned, approved and paid within fiscal year 2018.

The earnings determination for fiscal year 2018 has a corporate goal component and an individual goal component. The corporate goals are service quality goals, which are measured and earned on a calendar year basis. For fiscal year 2018, Ms. Powell's results for the corporate goal component were earned and determined in February 2018, after the close of the 2017 calendar year performance period, and the portion of the award for that component was paid in February 2018. For fiscal year 2018, Ms. Powell's results related to corporate goals attained 120.0% of target and represent 60.0% of the short-term incentive award. For fiscal year 2018, the individual goal component of the short-term incentive compensation program was earned over fiscal year 2018 and will be paid in the coming fiscal year in February 2019. For fiscal year 2018, Ms. Powell earned 102.0% of target for the individual component of the short-term compensation program, which accounts for 40.0% of the total award.

**Individual Performance Goals**

The individual performance goals, as well as the relative weight assigned to each measure, is established in writing for each participant no later than 90 days after the beginning of each fiscal year by the CGC after consultation with the CEO and is approved by the Green Mountain Board.

The 2018 individual performance goals of Ms. Powell were related to effective regulatory proceedings, strong financial results, renewable energy growth, development of innovative customer programs, and improvement in customer service including expanded communication options.

<table>
<tr><th colspan="2">(d) Long-Term Incentive Program VARIABLE</th></tr>
<tr><td>Features</td><td>
• The goal of the Long-Term Incentive Program is to promote the creation of long-term economic value for Green Mountain.<br>
• For the three-year cycles ending on September 30, 2018 and September 30, 2019, the creation of economic value is based on three measurements:<br>
  o Investments Driving Customer Value<br>
  o Building Financial Strength and Stability<br>
  o Synergy savings from Merger integration with CVPS<br>
• Changes to these values are determined over a three-year period and are the basis for annual bonus payments to executive officers after each three-year cycle.<br>
• A new three-year cycle begins on October 1 of each year and new performance goals are set within 120 days of the start of each cycle.<br>
• For the three-year cycle ending September 30, 2020, the creation of economic value is based on four measurements:<br>
  o Return on Equity<br>
  o Sustainable Bill Impacts<br>
  o Building Financial Strength And Stability<br>
  o Synergy savings from Merger integration with CVPS
</td></tr>
<tr><td>Target bonus</td><td>- The performance target award for the CEO is 85.0% of base salary and is based on the achievement of each performance level, namely the threshold (60.0%), the target (100.0%) or the ideal (120.0%).</td></tr>
</table>

**<u>Example of Application of Long-Term Incentive Program on September 30, 2018</u>**

The Performance Award is based on the following formula:

- Base Salary **X** Target Percentage **X** Weighted Performance Factor

<u>For example</u>:

- assuming participant has a base salary of US$200,000 ($256,820) and a Performance Award target of 40.0% of base salary.
  - If participant's Weighted Performance Factor is 90.0%, then participant's Performance Award will be US$200,000 ($256,820) X 40.0% X 90.0% = US$72,000 ($92,455).

The following table shows the bonus that will be paid to Ms. Powell based on the results for the three year cycle ended September 30, 2018.

**Long Term Incentive Program Bonus Table**

| Name | 2018 Long-Term Bonus ($) | Reserve at risk ($) |
|---|---|---|
| Mary G. Powell(1) President and CEO | 647,728 | N/A |

*(1) Ms. Powell is paid in U.S. dollars. The amount shown is in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*

The following table shows the value vested or value earned by Ms. Powell under Green Mountain's incentive plans during fiscal year 2018.

**Incentive Plan Awards Table – Value Vested or Earned During the Fiscal Year**

| Name | Option-based awards – value vested or earned during the year ($) | Share-based awards – value vested or earned during the year ($) | Non-equity incentive plan compensation – value earned during the year ($) | | Total ($) |
|---|---|---|---|---|---|
| | | | Annual Incentive Plan ($) | Long-Term Incentive Plan ($) | |
| Mary G. Powell(1) President and CEO | N/A | N/A | 421,797(2) | 647,728(3) | 1,069,525 |

*(1) Ms. Powell is paid in U.S. dollars. The amounts shown are converted on the basis of the average exchange rate used to present expense information in 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*
*(2) Annual Short-Term Incentive Plan is earned during both fiscal year and calendar year. The fiscal 2018 amount represents the amount of $266,342 earned through December 2017, the first quarter of the fiscal year and paid in February 2018, plus the individual goal results of $155,455 earned in the 2018 fiscal year and payable in the fiscal year ending on September 30, 2019.*
*(3) This amount will be paid during the fiscal year ending on September 30, 2019.*

### (e) Retirement Benefits

| Defined Benefit Pension Plan | FIXED |
|---|---|
| Eligibility | - Executive officers and the majority of Green Mountain employees. |
| Plan definition | - The defined benefit pension plan is paid by Green Mountain with no employee contributions. |
| Normal retirement age (without pension reduction) | - Set at 65 years of age.<br>- With 10 years of service employees are eligible for an early retirement at age 55 with full benefits available at age 59. |
| Pension formula | - The life annuity is equal to the greater of two formulary options. The first formulary option is final average compensation up to covered compensation multiplied by 1.1%, multiplied by years of service up to 35, added to final average compensation above covered compensation multiplied by 1.6%, multiplied by years of service up to 35. The second formulary option is for each year of plan participation, annual compensation up to $3,852(1) multiplied by 1.5%, plus annual compensation over $3,852 multiplied by 2.0%. |
| Reduction for early retirement | - For early retirement with 10 years of service, discounts of 7.5% apply for each year prior to full retirement eligibility. |

*(1) Ms. Powell is paid in U.S. dollars. The amounts shown are converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*

| Defined Contribution Retirement Plan | FIXED |
|---|---|
| Eligibility | - Executive officers and all employees of Green Mountain. |
| Plan definition | - The defined contribution plan is subject to regulations governing 401(k) plans under federal jurisdiction.<br>- The plan includes contributory provisions for employees and the employer. |
| Contribution provisions | - Employees who choose to participate may contribute any percentage of their salary on a pre-tax basis, up to an annual maximum set by the Internal Revenue Service, which was $23,756 [(1)] in 2018, or $31,460[(1)] for those over age 50.<br>- Green Mountain contributes 0.75% of employees' base salaries and matches 100.0% of employee contributions up to 4.0% of their base salary. |
| Payment provisions | - Employees are eligible for distribution benefits at age 59 ½, and are required to start taking distributions by age 70. |

*(1) Ms. Powell is paid in U.S. dollars. The amounts shown are converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*

The following table shows Ms. Powell's accumulated value in the 401(k) plan as of September 30, 2018.

**401(k) Retirement Plan Table**

| Name | Accumulated value at start of year ($) | Compensatory[(2)] ($) | Non-compensatory ($) | Accumulated value at year end ($) |
|---|---|---|---|---|
| Mary G. Powell[(1)] President and CEO | 1,245,201 | 19,094 | 252,675 | 1,516,970 |

*(1) Ms. Powell is paid in U.S. dollars. The amounts shown are converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*
*(2) Green Mountain contributions totalled $18,917 and investment performance was 3.5% on a total of employee and employer contributions of $50,567.*

| Supplemental Retirement Plan for Executive Officers ("SERP") | FIXED |
|---|---|
| Eligibility | - Certain Executive Officers including the President and CEO. |
| Definition of the Plan | - The SERP is intended to supplement retirement benefits under Green Mountain's federal income tax qualified pension and 401(k) Plan, the benefits and contributions of which are limited by the Internal Revenue Service.<br>- The SERP is designed to provide a supplemental retirement benefit that provides an incentive to work until retirement.<br>- The SERP includes contributory provisions only for the employer. |
| Years of credited service and vesting | - Credited years of service under the SERP are equal to the number of continuous years of service under the defined benefit pension plan.<br>- Ms. Powell is fully vested under the SERP. |
| SERP Formula | - The SERP provides each participant a lump-sum payment, subject to vesting requirements, upon termination of employment, retirement, or reaching age 65, based on the number of credited years of service under the SERP and the participant's salary at the time of retirement.<br>- The amount of the supplemental retirement benefit accrues over 20 years.<br>- The maximum benefit, after 20 credited years of service, is based on the approximate actuarial value of a 10-year stream of annual payments of 44.0% of salary at the time of retirement. |
| Payment Provisions | - Paid at the time of retirement in a single lump sum.<br>- The benefit upon termination of employment prior to retirement is subject to an actuarial equivalence reduction. |

The following table shows the annual retirement benefit and the accrued benefit obligation for Ms. Powell as at September 30, 2018, and at age 65.

**Defined Benefits Pension Plan and Postretirement Benefits**

| Name | Credited Years of Service | | Annual Life Benefits payable(2) | | Accrued benefit obligations at beginning of fiscal year(4) | Variations attributable to compensation items(5) | Variations attributable to non-compensation items(6) | Accrued benefit obligation at end of fiscal year(4) |
|---|---|---|---|---|---|---|---|---|
| | Registered Pension Plan | Supplemental Retirement Plan | At end of fiscal year(3) $ | At age 65 $ | $ | $ | $ | $ |
| Mary G. Powell(1) President and CEO | 19.5 | 20 | 114,542 | 165,649 | 4,466,999 | 118,009 | -224,846 | 4,360,162 |

*(1) Ms. Powell is paid in U.S. dollars. The amounts shown are converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*

*(2) The annual benefits payable do not include amounts paid under the SERP, as these benefits can only be paid as a lump sum. The lump sum as of fiscal year end is $2,790,991 payable as of age 62, which is the average retirement age assumption used to calculate the accrued benefit obligation at the end of fiscal year 2018. The lump sum payable at age 65 is projected to be $3,255,322.*

*(3) Life annuity payable as of age 62, which is the average retirement age assumption used to calculate the accrued benefit obligation at the end of the fiscal year 2018. Green Mountain is required to provide disclosure of annual benefit payable at year end based on the assumption that Ms. Powell is eligible to receive payments or benefits at year end.*

*(4) Green Mountain has taken the approach that these benefits are payable at the presumed retirement age, as described in the 'Commentary' in Item 5.1(4) of Form 51-102F6 (Statement of Executive Compensation), and as such, this is the same amount that Green Mountain believes should be shown for Ms. Powell in the Retirement Benefits table. The estimated accrued obligation represents the value of the projected pension benefits from all pension plans, earned for all service to date. These values are calculated each year (measured as of September 30), based on the same method and assumption used in the Énergir, L.P. 2018 Financial Statements. The key assumptions for fiscal year 2018 include a discount rate of 3.85% per year (2.92% for the SERP) to calculate the accrued obligation at start of year and the annual service costs, a discount rate of 4.29% (3,74% for the SERP) to calculate the accrued obligation at year end, and a rate of increase in future compensation of 3.25% per year.*

*(5) Includes service cost at the beginning of the year, the impact on the accrued obligation of the difference between actual and estimated earnings and the impact of amendments to the applicable plan or arrangement, if any.*

*(6) For fiscal year 2018, this includes the impact on the accrued obligation of the change in the discount rate from 3.85% to 4.29% (from 2.92% to 3,74% for the SERP), non-pay related experience such as mortality and retirement, increase in the obligation due to interest and changes in other assumptions.*

| **Non-Qualified Deferred Compensation Plan** | **FIXED** |
|---|---|
| Features | The CEO participates in two Deferred Compensation Plans for Green Mountain executives and for Board Members of VELCO which is partially owned by Green Mountain (38.8% ownership), as Ms. Powell maintains a VELCO Board seat as part of her duties as CEO of Green Mountain.<br>- Green Mountain Plan: May defer a portion of base salary up to $96,308 (US$75,000) per calendar year.<br>- VELCO Board Plan: May defer up to 100.0% of compensation received.<br>- For both plans, amounts deferred are credited to a separate account for each participant. The balance, plus accrued interest, will be paid to Ms. Powell, or to her beneficiary according to her election form or upon termination due to disability, death, or change in control. |
| Monthly Growth Percentage | Each of the following plans credits the participant's deferral account with a monthly growth percentage.<br>- Green Mountain: One-twelfth of the average annual yield on public utility bonds as determined by Moody's Investors Service and published in the issue of "Moody's Public Utility" on the date closest to the fifteenth day of said month, or such other growth percentage as the Green Mountain Board may from time to time determine to be substantially equivalent to the average annual yield on public utility bonds as determined by Moody's Investors Service. The rating level to be used for computing the growth percentage for each deferral is Green Mountain's rating at the time the deferral election is executed.<br>- VELCO: The growth percentage for VELCO deferred compensation is calculated each month by an amount equal to the product of the balance recorded in the account as of the first day of said month multiplied by one-twelfth of the amount established by Moody's Investors Service as the Baa Long-Term Corporate Bond Yield for the first day of that month. |

The amount of compensation deferred by Ms. Powell in fiscal 2018 and the aggregate earnings relating to the amounts deferred in 2018 are shown in the non-qualified deferred compensation plan table below.

**Non Qualified Deferred Compensation Plan Table**

| Non-qualified Deferred Compensation | | | | |
|---|---|---|---|---|
| **Name** | **Registrant Contributions in Fiscal 2018 ($)** | **Aggregate Earnings in Fiscal 2018 ($)** | **Aggregate Withdrawals/ Distributions ($)** | **Aggregate Balance At Fiscal 2018 ($)** |
| Mary G. Powell(1) President and CEO | 13,483 | 5,225 | N/A | 127,322 |

*(1) Ms. Powell is paid in U.S. dollars. The amounts shown are converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*

### 10.1.8. Summary Compensation Table for Mary G. Powell

Ms. Powell's total compensation is presented in the "Summary Compensation Table" under Item 10.1.4 *Compensation Summary for Named Executive Officers*.

### 10.1.9. Retirement, Termination and Change of Control Benefits

#### (a) Retirement Benefits

The following table shows the benefits that would have been paid to Ms. Powell in the event of retirement, assuming such an event had occurred on September 30, 2018:

**Retirement Benefits Table**

| Name | Annual Benefits Payable Under Pension Plan ($) |
|---|---|
| Mary G. Powell President and CEO(1) | 114,542 |

*(1) Ms. Powell is paid in U.S. dollars. The amount shown is converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*

#### (b) Termination and Change of Control Benefits

The CEO of Green Mountain, Ms. Powell, has a Change in Control Agreement that provides for compensation in certain cases of termination of her employment in the event of a change in the control of Green Mountain resulting in either a significant change in her responsibilities or a termination of position as CEO or the fact that she no longer reports directly to the Green Mountain Board. In such event, at her election, Ms. Powell would be entitled to compensation equal to two years of her annual base salary as at the termination date and also a pro rata portion of her annual payment under Green Mountain's Short Term and Long Term Incentive Compensation Plans for the current fiscal year.

The following table shows the benefits that would have been paid to Ms. Powell as a result of a change in control in the circumstances described above, assuming either of those events occurred on September 30, 2018:

## Termination and Change of Control Benefits Table

| Name | Termination of Employment Benefits ($) | Short-Term Incentive Compensation ($) | Long-Term Incentive Compensation ($) | Reserve at Risk ($) | Retirement Benefit[2] ($) | Employee and Indirect Benefits ($) |
|---|---|---|---|---|---|---|
| Mary G. Powell[1] President and CEO | 1,512,987 | 421,797 | 647,728 | N/A | 2,263,611 | N/A |

*(1) Ms. Powell is paid in U.S. dollars. The amounts shown are in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the 2018 Financial Statements, which was $1.2841 per U.S. dollar in 2018.*

*(2) Comprises the benefit payable under the SERP.*

**APPENDIX B**

**VALENER INC.**

(the "**Corporation**")

**MANDATE OF THE BOARD OF DIRECTORS**

## 1. GENERAL MANDATE

The Corporation's affairs are managed by the board of directors (the "**Board**"), subject to the restrictions in the *Canada Business Corporations Act* (the "**Act**") and the Corporation's General By-laws. The Board is not responsible for the day-to-day management, but oversees it. The day-to-day management is delegated to Énergir, L.P. (the "**Manager**") pursuant to an administration and management support agreement between the Manager and the Corporation, effective as of September 30, 2010 (the "**Administration Agreement**").

Accordingly, the Corporation expects that each Director shall:

(a) keep informed and up-to-date about the activities of the Corporation;

(b) read all of the documentation received for Board meetings and contribute to the decisions made by the Board; and

(c) actively participate in the meetings of the Board, unless prevented from doing so because of incapacity.

The Board has established a mandate for the Audit Committee it has created.

## 2. SPECIFIC RESPONSIBILITIES

The Board's objective is to ensure that value is created for the shareholders, in compliance with applicable laws, and the values and policies of the Corporation. This growth objective includes the protection of the value of the business against the risks it faces.

The Board discharges its responsibilities either directly or through its committees. It retains full authority for responsibilities that are not specifically delegated to a committee of the Board in such committee's mandate or to the Manager pursuant to the Administration Agreement.

More specifically, the Board shall, directly or indirectly:

(a) adopt, if required, a strategic plan, which addresses, among other things, business opportunities and risks as well as a strategic planning process;

(b) formulate the Board's expectations towards the Manager;

(c) identify and monitor the main risks faced by the Enterprise and ensure that appropriate measures and systems are implemented for managing such risks;

(d) define the responsibilities of the Manager and its authority to bind the Corporation;

(e) ensure the integrity of the Corporation's internal control and information management systems;

(f) develop the Corporation's approach to corporate governance, including the development of principles and guidelines specifically applicable to the Corporation;

(g) adopt and revise any corporate policy it considers appropriate and ensure it is complied with;

(h) establish measures for receiving reactions and comments from holders of the Corporation's securities and address such reactions and comments;

(i) identify decisions that require the pre-approval of the Board and establish approval and authorization policies for decisions and contracts binding the Corporation;

(j) fill any vacancy in a Board directorship until the next annual meeting of the shareholders of the Corporation;

(k) develop and adopt a Code of Ethics for the Directors of the Corporation, ensure it is updated regularly and complied with, including monitoring and approval of all exemptions, where applicable;

(l) periodically evaluate the performance of the Board, its members, its Chairman, its committees and their members and chairs and, give particular consideration to:

i) the size of the Board;

ii) the competencies and skills the Board as a whole should possess;

iii) the performance of the Board and its members;

iv) the impact of the individual personalities and qualities of each Director on the Board's dynamic;

v) the individual competencies and skills of each Director;

vi) the means likely to improve the performance of the Board and of each of its members in the future;

vii) the cooperation received from the Manager; and

viii) the mandates and operating modes of the Board and its committees, making any necessary adjustments;

(m) develop and approve function descriptions for the Chairman of the Board and the Chair of each Committee;

(n) ensure that all Directors:

i) receive basic orientation when they are appointed to the Board concerning the role of the Board and its committees as well as the expectations with respect to their individual contribution; and

ii) understand the nature of the activities of the Corporation and how they are managed;

(o) provide opportunities and means for ongoing education for all Directors so that each of them can develop his/her competencies and skills as a director and have an up-to-date knowledge and understanding of the affairs of the Corporation;

(p) create committees of the Board, establish their mandate and appoint their members;

(q) appoint the Chairman of the Board and the Chair of each committee of the Board, and approve the amount of their compensation and that of the Directors;

(r) with the assistance of the Audit Committee, ensure compliance with accounting standards, as well as the integrity and adequacy of financial reporting;

(s) upon recommendation from the Audit Committee, approve the annual and interim financial results of the Corporation;

(t) upon recommendation from the Audit Committee determine the appropriateness of declaring, and declare, where applicable, the payment of dividends to the shareholders of the Corporation;

(u) upon recommendation from the Audit Committee, recommend the choice of the external auditors to the shareholders of the Corporation;

(v) upon recommendation from the Audit Committee, approve the interim and annual reports (Report to Shareholders and Management's Discussion and Analysis), the Annual Information Form as well as any information or proxy solicitation circular;

(w) recommend to shareholders candidates for election as directors at the annual meeting of shareholders of the Corporation, which candidates shall be independent (within the meaning of section 1.4 of *Regulation 52-110 respecting Audit Committees*, as amended from time to time) of Noverco Inc. and shall not be senior officers of Énergir Inc. or Énergir, L.P.;

(x) approve the articles, by-laws and administrative resolutions as well as any amendments to these documents;

(y) approve the budget of the Corporation;

(z) approve and monitor the budget of the Corporation, or a subsidiary of the Corporation, for a material acquisition or investment (in terms of dollars or strategic nature);

(aa) approve the acquisition or sale of material assets and any other material transaction involving the Corporation, its share capital, its property and its rights or its obligations;

(bb) approve any material reorganization;

(cc) approve the issue, purchase or redemption of securities of the Corporation and approve the related process; and

(dd) approve the form and content of the certificates evidencing the securities of the Corporation.

## 3. OTHER RESPONSIBILITIES OF THE BOARD

The Board shall periodically:

(a) review and revise its mandate; and

(b) develop an annual work plan that it may revise during the year if necessary.

## 4. ASSESSMENT OF THE MANAGER'S PERFORMANCE

The day-to-day management of the affairs of the Corporation has been delegated to the Manager pursuant to the Administration Agreement. The Board is responsible for assessing the Manager's performance (at least once every year) so as to ensure that the Corporation achieves its objectives.

## 5. FUNCTIONING

To effectively discharge its responsibilities, the Board shall meet periodically (at least once per quarter), e.g. normally five to six times a year, and the Board's committees shall meet as necessary between those meetings. The Board shall decide on the frequency and location of its regular meetings and of committee's meetings by adopting a timetable for regular meetings proposed by the Corporate Secretariat of the Manager and modified as required during the year.

Minutes of a meeting shall be submitted to the directors for approval at the following Board meeting, unless unexpected events arise.

To assist it in discharging its responsibilities, the Board has formed one standing committee, the Audit Committee. In addition, the Board has delegated the day-to-day management to the Manager.

Furthermore, in the performance of its mandate, the Board can retain the services of external advisors at the Corporation's expense.

## 6. CHAIRMAN OF THE BOARD

Following the annual meeting of shareholders of the Corporation at which they are elected, the Directors shall appoint a Chairman from amongst their ranks. The Canadian Securities Administrators' *Policy Statement 58-201 to Corporate Governance Guidelines* provides guidance that, while not mandatory, is for consideration by reporting issuers in developing their own governance practices. The guidelines suggest the chair of the board should be an independent director. Where this is not appropriate, the guidelines suggest an independent director should be appointed to act as "lead director". If the board does not have an independent chair or lead director, Form 58-101F1 under *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators requires that the proxy solicitation circular describe what the board does to provide leadership for its independent directors.

The Chairman of the Board shall be responsible in particular for managing the affairs of the Board and monitoring its effectiveness, setting the agenda for Board meetings and for the relations with the Corporate Secretary of the Manager with respect to the affairs of the Board and its Committees. He/she shall also ensure that any material strategic matters or issues are communicated to the Board for approval and that the Board receives the information, reports, documents and opinions required so that the members of the Board can fulfil their role. He/she shall ensure the decisions made by the Board are implemented. The Chairman of the Board shall ensure all interested parties, including the Manager, are informed about the Board's policies with respect to compliance with the by-laws and the *Code of Ethics* of the Corporation.

Specific responsibilities of the Chairman of the Board shall be:

(a) to ensure harmonious relations between the Board and the Manager;

(b) at his/her discretion, to sit on Board committees;

(c) to inform the Manager of the Board's assessment of the Manager's performance in discharging its responsibilities under the Administration Agreement;

(d) to ensure that the best corporate governance practices are followed.

## 7. COMMITTEE CHAIRS

Each committee chair shall ensure the committee fulfils its mandate and shall, in collaboration with the Corporate Secretary of the Manager:

(a) ensure the affairs of the committee are properly managed;

(b) set the agenda for the meetings of the committee;

(c) ensure that all matters or issues of strategic importance relating to his/her committee are communicated to the Board;

(d) ensure the Board receives the information and opinions it requires from the committee to properly discharge its duties.

The Chair of the Audit Committee shall also make himself/herself available to address complaints and concerns of employees of the Manager, holders of the Corporation's securities or any other persons regarding accounting, corporate controls or auditing matters, when those complaints and concerns are directed at the Director, Internal Audit of the Manager.

## 8. CORPORATE SECRETARY

In accordance with the provisions of the Administration Agreement, the Corporate Secretary of the Manager is responsible in front of the Board for organizing all meetings of the Board and its committees. He/she shall, among other things:

(a) prepare information provided by the Manager and distribute it to the Directors in a form that will facilitate an understanding thereof and decision-making;

(b) ensure a follow-up of Board and committee decisions;

(c) ensure that corporate records are maintained;

(d) advise Directors as to procedures and liability, in particular with respect to corporate governance;

(e) keep corporate by-laws, policies and procedures of the Corporation up-to-date; and

(f) provide Directors with the necessary information about the Corporation so they can discharge their responsibilities with prudence and diligence.

## 9. IN CAMERA SESSIONS

At the end of each meeting, the Board shall deliberate without representatives of the Manager invited to attend the meeting. The Chairman of the Board shall chair the in camera session.

## Please direct all inquiries to:

**Questions and Further Assistance**

**If you have any questions about the information contained in this document or require assistance in completing your Proxy Form or voting instruction form, please contact:**

D.F. KING
An AST Company

AST

NORTH AMERICAN TOLL-FREE NUMBER: 1-888-483-4365

Email: inquiries@dfking.com

**TIME IS OF THE ESSENCE. PLEASE VOTE TODAY.**