



# GOVERNANCE

## A better world guided by strong ethics

At Innergex, governance has been a key driver behind our successful growth for over 30 years. By setting the example by which directors, employees and suppliers of the Corporation should conduct themselves in all business matters, Innergex has matured into a trustworthy, reliable and transparent partner. Our governance ensures we remain focused on responsible growth that balances People, our Planet, and Prosperity.

Innergex Renewable Energy Inc. is a renewable power producer incorporated under the Canada Business Corporations Act. Its shares are listed on the Toronto Stock Exchange under the symbols INE, INE.PR.A and INE.PR.C, and its convertible debentures are listed under the symbols INE.DB.B and INE.DB.C.



# Board Composition

The Board of Directors oversees the management of the business and affairs of the Corporation with a view to taking

into account, in particular, ethical and ESG considerations and shareholders' interests.



— As at December 31

	2020			2019			2018		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Independent	3	6	9	3	5	8	2	5	7
Non-Independent	0	2	2 <sup>1</sup>	0	1	1 <sup>2</sup>	0	1	1 <sup>2</sup>
<b>Total</b>	<b>3</b>	<b>8</b>	<b>11</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>2</b>	<b>6</b>	<b>8</b>
Average Age	58.3	63.3	62.0	58.0	64.0	62.2	55.0	63.6	61.5

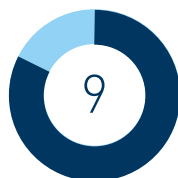
<sup>1</sup> There are two non-independent members including the President and Chief Executive Officer of the Corporation.

<sup>2</sup> There is one non-independent member, the President and Chief Executive Officer of the Corporation.



## Gender Diversity

3 of 9 independent directors are women



## Independence

9 of 11 directors are independent

Average tenure of all Board members combined on December 31, 2020 was

**4.61<sup>1</sup> years**

<sup>1</sup> Excluding Michel Letellier



## Board Remuneration

— As at December 31

COMPENSATION	2020
Directors' Base Compensation	87,000 <sup>1</sup>
Chair of the Board	190,000 <sup>2</sup>
Vice-Chair of the Board <sup>3</sup>	10,000
Chair of the Governance Committee	22,000
Chair of the Human Resources Committee	22,000
Chair of the Audit Committee	31,000
Committee Members - Audit	15,500 <sup>4</sup>
Committee Members - Other	11,500 <sup>4</sup>

<sup>1</sup> These fees cover up to ten (10) Board meetings and all committee meetings held in the year. For Board meetings exceeding the ten (10) meetings threshold, an attendance fee of \$2,000 per meeting will be paid.

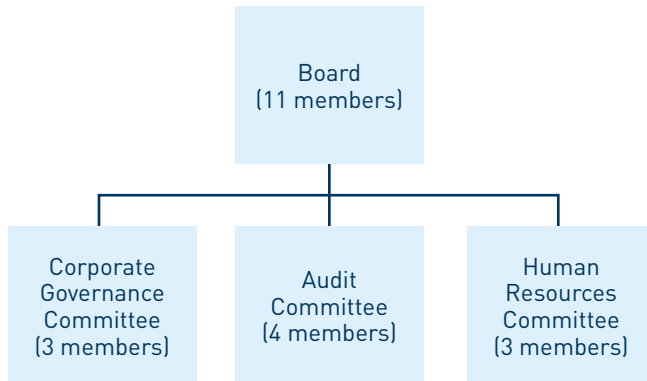
<sup>2</sup> All inclusive. No attendance fees or fees for other chair functions are paid to the Chair of the Board.

<sup>3</sup> A board member was appointed to the position of Vice-Chair of the Board effective January 1, 2020. The Board did not have a Vice-Chair prior to that date.

<sup>4</sup> In the event that two significant committee meetings are added to those already scheduled on the regular calendar, the Governance Committee will decide and make the necessary recommendations to the Board on the possibility of paying the Directors an additional amount for their participation in subsequent meetings.

# Governance Structure

At December 31, 2020, the Innergex Board of Directors was composed of eleven (11) members – nine (9) independent including the chair, and two non-independent, including the President and CEO of the Corporation. Three committees, each composed of independent members and chaired by experts in each committee’s purview, provide ancillary advice and recommendations to the Board of Directors.



Innergex’s governance practices are formalized through a series of Charters for the Board of Directors and each of its committees, and through a series of Policies for the Corporation.

## Audit Committee

Oversees the compliance of the Corporation with respect to applicable governmental and other authorities’ legislation and regulations pertaining to financial information disclosures including:

- maintaining a relationship with the external auditor
- overseeing financial information and public disclosures
- complaints regarding auditing matters
- reviewing and assessing management’s program of risk assessment.

## Corporate Governance Committee

Provides recommendations concerning corporate governance, board assessment and, together with the Chair of the Board, the selection of nominees for election to the Board, as well as:

- develop a set of corporate governance documents, including Code of Conduct, policies and procedures
- assess the Corporation’s governance
- oversee and monitor the environmental, safety and corporate social responsibility vision and strategies
- identify, recruit and recommend nominees for election as directors
- review the Board and its Committees’ compensation
- oversee the assessment of the Board, its Chair, its committees and individual members.

## Human Resources Committee

Oversees Management’s succession planning by reviewing the progress, examining any gaps in the succession plan, reviewing the development plan of each identified potential successor, and considering different scenarios to efficiently address any emergency replacement events. The committee also:

- reviews the succession plan
- identifies qualified internal candidates for filling potential future openings in key positions
- evaluates compensation matters for senior management



### Board and Committee Meetings — As at December 31

TYPE	2020		2019		2018	
	Number of meetings	Attendance	Number of meetings	Attendance	Number of meetings	Attendance
Board	10	100%	8	98.6%	8	100%
Committee	14	100%	13	98.3%	11	100%



The **combined attendance** at Board and Committee meetings was **100%** in 2020

## Board Skills Matrix

The Governance Committee ensures that the skills required to oversee and grow the Corporation with good governance are found in all board members. Board members are not only selected based on their good business judgment, demonstrated experience, adherence to the highest levels of Corporate Social Responsibility, high level of integrity, honesty, and firm commitment to the interests of the Corporation, but also for the diverse and extensive skills they bring to the table.

The Board is composed of professionals who bring a wide array of skills and expertise to oversee the growth of the Corporation, guide management, and manage the risks the Corporation is facing.

The Skills Matrix identifies the key skills and areas of strength that are important to bring to the table. The ESG Criteria define Board or management experience in, or understanding of, environmental policies, managing and evaluating environmental risks (for the Environment criteria); relationships with employees, communities and partners (for the Social criteria); and governance/corporate responsibility practices with a public company or other major organization, particularly a culture of accountability and transparency (for the Governance criteria).

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the geographical areas in which the Corporation operates including:

Renewable Power Industry	Legal	Mergers and Acquisitions
Accounting / Audit / Financial	Health and Safety	Strategic Planning
HR / Compensation	Operations / Maintenance / Construction / Engineering	Public Affairs and Regulatory
ESG Criteria	Investment / Financing	

The matrix is reviewed annually and used by the Board as an additional tool to review the appropriateness of the composition of the Board, identify gaps, and review potential new candidates for appointment to the Board.

## Board Member Training

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

Members of the Board conduct their duties by remaining constantly informed of emerging and evolving issues, opportunities and risks not only within the industry but with any regulatory changes that pertain to our business. As such, they are routinely provided with continuing educational tools and resources to ensure they are ready for the most thoughtful and diligent decision-making process and are equipped to anticipate and manage risks to ensure the Corporation can continue to generate sustainable, long-term returns.

In 2020, Board members were provided with the following continuing education activities:

- Presentation on Corporate Governance recent developments and trends
- Presentation on Batteries
- Update on Directors' and Officers' Duties in Uncertain Times
- Presentation on Hydrogen and Storage
- Presentation on Power Marketing

The Corporation also subscribes to a global membership for the Board with the Institute of Corporate Directors. This membership ensures that the Corporation's directors benefit from and have access to quality up-to-date information, tools and training on corporate governance issues.

# Ethical standards

The Code of Conduct ensures that Innergex’s reputation for integrity and good corporate citizenship is maintained through adherence to high ethical standards, sets the standard for acceptable behaviour, and provides guidance as to our expectations for all employees, consultants, members of the Board of Directors and others when representing the Corporation. Innergex revises and updates its Code of Conduct on a regular basis (most recent update November 2020), and requires yearly recommitment to its contents by all permanent and part-time employees, Board members and regular contractors following a mandatory annual training covering, among others, anti-bribery and anti-corruption practices, ethical standards, workplace environment free of harassment, violence and bullying, safeguard and promotion of human rights and whistleblowing policies.



**100%** of employees signed the Code of Conduct annual confirmation form reaffirming their commitment to uphold its standards

## Human Rights

Innergex takes its commitment to conducting business in a responsible manner very seriously. We promote and encourage our core values and require that all executive decisions and employee conduct comply with applicable laws on fundamental human rights. We actively raise awareness and hold information sessions for employees on our Code of Conduct, policies, guidelines, and statements. Innergex also encourages the reporting of any incidents that violate any internal policies while offering access to legal consultation services as part of the employee benefits package. According to Innergex’s corporate culture, we are committed to legal and regulatory compliance and we recognize our employees’ right to the Freedom of Association and the Right to Collective Bargaining as per ILO Conventions C87, C98, C135, or similar international texts on union rights. However, none of the employees of Innergex have expressed the desire to join a union to date.

Innergex is committed to respecting human rights in all aspects of its activities and irrespective of the geographical location where it conducts business. We require that all directors, management, employees and third parties acting for or on behalf of the Corporation (“Innergex Team Members”) comply with the requirements laid out in this statement in all aspects of our business, including procurement, decision-making, management and operations. When seeking to enter into an agreement for the supply of goods or services, Innergex requires the other party’s representatives to commit to complying with the terms of our Statement from their representatives. No violation of human rights will be tolerated by or within Innergex, and we condemn all forms of harassment, intolerance and abuse.

Our policy acknowledges that we all have a responsibility and part to play in ensuring all stakeholders are treated with dignity and respect. Innergex supports the principles contained in:

- [The Universal Declaration of Human Rights](#);
- [The International Covenant on Civil and Political Rights](#);
- [The International Covenant on Economic, Social and Cultural Rights](#); and
- [The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work](#).

Innergex is a signatory to the [Solar Industry Forced Labor Prevention Pledge](#) which opposes the use of forced labour within the solar supply chain. We are committed to helping ensure that the solar supply chain is free of forced labour, and to raising awareness within the industry on this important issue. To assist in these efforts, we support the development of an industry-led solar supply chain traceability protocol as a tool for identifying the source of primary raw materials and inputs and tracking their incorporation into finished products, including solar modules.

## Incident Management

Innergex believes that every employee shall be free, without fear of retaliation, to make known allegations of improper or unethical behaviour in a safe environment. In line with the **Whistle-Blowing Policy**, misconduct that an employee reasonably believes to be evidence of a breach of legislation or material irregularities such as criminal offences, unethical behaviour, danger to health or safety, violation of human rights, or financial or non-financial impropriety or fraud is expected to be reported.

Innergex offers its employees EthicsPoint, a comprehensive and confidential online reporting tool that enables them to safely communicate issues and concerns associated with unethical or illegal activities with management or the Board of Directors while maintaining anonymity and confidentiality if desired. Innergex will take all necessary steps in order to protect the interests of all concerned persons who report a breach in good faith.

	2020
Cases reported	0
Cases resolved	0
Actions taken	0
Human Rights complaints	0

# Shareholder Interests

Innergex follows the principle of one share one vote when carrying out Board matters.

The **Majority Voting Policy** stipulates that, in an election of directors, any nominee who receives a greater number of votes withheld than votes in favour of their election must tender his/her resignation to the Board immediately following the shareholders meeting. Under this policy, the Board shall accept the resignation absent exceptional circumstances. A director who tenders his/her resignation pursuant to this policy will not participate in any meeting of the Board at

which the resignation is considered. The policy does not apply in circumstances involving contested director elections.

The Board believes in the importance of open and constructive dialogue with shareholders. The Shareholder Engagement Policy outlines how the Board and Management may communicate with shareholders and how shareholders can communicate with the Board, and provides an overview of how Management interacts with shareholders. Shareholders may communicate directly with the Board anytime by email at [CA-BOD@innergex.com](mailto:CA-BOD@innergex.com).

# Cybersecurity

Information security is an essential function that allows us to conduct our daily business activities with the confidence that our perimeter is properly protected. Our Information Technologies (IT) department employs a comprehensive cybersecurity program guided by IT Security Policies, standards, procedures and guidelines that frame the protection of all Innergex assets. We work diligently to promote an internal culture that educates employees and promotes awareness.

The IT Security Program establishes information security requirements for the protection of all Innergex information and system assets. It also ensures all employees are aware of the risks involved in the online management of our business, especially since a considerable portion of it is done remotely due to the nature of our activities. All employees are asked to read the corporate **Information Security Policy** carefully

in order to familiarize themselves with its contents to ensure an understanding of information security risks and their responsibilities at Innergex. The IT team conducts yearly security verification activities including penetration testing, ITGC testing, audits, and cybersecurity maturity assessments.

The Audit Committee periodically receives reports on security posture and cyber risk management.

- **No complaints** linked to disclosure or breaches of customer privacy
- More than **450 hours of training** for employees in security assessments
- More than **15 cybersecurity awareness training events** held for employees

# Policies

Our policies ensure the sustainable growth of the Corporation by supporting employees with information-sharing and training, outlining our social and environmental responsibilities, maintaining transparency with shareholders and the public, and clearly laying out the Corporation's vision for ethical and acceptable behaviour. They are reviewed on an annual basis and updated accordingly.

The 14 policies that guide the Corporation's activities include:

- Anti-Corruption and Anti-Bribery Guidelines (revised 2020-11-10)
- Environment, Health and Safety Policy
- Executive Incentive Compensation Recoupment Policy (revised 2020-11-10)
- Information Disclosure Policy (revised 2020-11-10)
- Insider Trading Policy (revised 2020-11-10)
- Majority Vote Policy (revised 2017-03-20)
- Policy Regarding Board Diversity (revised 2020-04-01)
- Policy Regarding Minimum Shareholding by Directors and Officers (revised 2020-04-01)
- Say on Pay Policy
- Shareholder Engagement Policy (revised 2020-11-10)
- Statement of Principle – Safeguard and Promotion of Human Rights at Innergex (revised 2018-12-06)
- Sustainable Development Policy
- Whistle-Blowing Policy (revised 2020-11-10)
- Workplace Environment Free of Harassment, Violence and Bullying Policy (revised 2018-11-13)