ÉNERGIR INC.

ANNUAL INFORMATION FORM

Fiscal year ended on September 30, 2022

December 15, 2022

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Documents incorporated by reference

As of the date hereof, sections of the Management's Discussion and Analysis of Énergir Inc. dated November 22, 2022 for the fiscal year ended on September 30, 2022 and the audited consolidated financial statements of Énergir Inc. for the fiscal years ended on September 30, 2022 and 2021, as detailed below, are specifically incorporated by reference into and form an integral part of this Annual Information Form. These documents may be downloaded from the SEDAR website at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

To help investors better understand the future outlook of Énergir Inc. and Énergir, L.P. (as these two terms are defined in the Glossary of Terms) and thereby make more informed investment decisions, certain statements in this Annual Information Form may be forward looking, in particular statements that describe actions, activities, events, results or developments that Énergir Inc. or Énergir, L.P. expects or anticipates will or may occur in the future as well as other statements that are not historical facts. Such forward-looking information reflects the intentions, plans, expectations and opinions of Management (as such term is defined in the Glossary of Terms) regarding the future growth, operating results, performance and business prospects and opportunities of Énergir Inc. or Énergir, L.P. Forward-looking statements are often identified by words and expressions such as "plans," "expects," "is expected," "budgeted," "scheduled," "estimated," "seeks," "aims," "forecasts," "intends," "anticipates," or "believes" or by statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur, or be achieved, and other variants and similar expressions, as well as the negative or conjugated forms, as they relate to Énergir Inc. or Énergir, L.P. The forward-looking statements in this Annual Information Form include, among other things, statements on (i) the general development of the business; (ii) growth or profitability outlooks; (iii) certain decisions by regulatory agencies, as well as the terms and timing of those decisions; (iv) the competitive position, including the impact of fluctuating global oil prices; (v) Quebec's 2030 Energy Policy, the Montréal Climate Plan and Vermont's Renewable Energy Standard, and the implementation thereof as well as the positioning of Énergir, L.P. and its subsidiaries in relation thereto; (vi) the distribution of RNG in Énergir, L.P.'s networks; (vii) the impact of climate change on Énergir, L.P. and its material subsidiary, Green Mountain (as such term is defined in the Glossary) (collectively, the "**Corporations**"); the Corporations' decarbonization strategy in order to mitigate the risks of climate change and to adapt to such changes and take advantage of opportunities as well as other information such as: quantitative scenarios issued by organizations forecasting several possible global GHG emission pathways by 2030-2050 and which the Corporations have relied on, scenarios that take into account the impact, over different timelines, of what the climate risks and opportunities identified in this Annual Information Form might have on the resilience of the Corporations' business models (collectively, the "**Scenarios**"); the scenarios of Énergir, L.P. and Green Mountain, as they have been scaled for Quebec and Vermont; Énergir, L.P.'s Vision 2030-2050 (as such term is defined in the Glossary); Green Mountain's climate plan; and the Corporations' risk management processes and opportunities related to climate change; (viii) the liquidity position and financing capability of Énergir Inc. and Énergir, L.P., (ix) new energy development and network development projects, (x) Énergir, L.P.'s anticipated distribution payments; (xi) the repercussions of the war in Ukraine; and (xii) the impact of COVID-19 and its variants, evolution, scope and duration on Énergir Inc. and Énergir, L.P. Such forward-looking statements reflect the current opinions of Management and are based on information currently available to it.

Forward-looking statements involve known and unknown risks and uncertainties and other factors outside the control of Management. A number of factors could cause the actual results of Énergir Inc. and Énergir, L.P. to differ significantly from historical results or current expectations, as described in the forward-looking statements, including but not limited to the general nature of the aforementioned: the terms of decisions rendered by regulatory agencies, uncertainty that approvals will be obtained by Énergir, L.P. from regulatory agencies and interested parties to carry out all of its activities and the socio-economic risks associated with such activities, the competitiveness of natural gas in relation to other energy sources in a context of fluctuating global oil prices, climate changes and their repercussions on the conduct of Énergir, L.P.'s activities (whether these result from severe or chronic physical elements or from political, regulatory, technological changes, including the evolving risk of cyberattacks and theft of identity or personal information, as well as legislative and market changes), uncertainty associated with the transition to a low-carbon economy and the implementation of Quebec's 2030 Energy Policy and Vermont's Renewable Energy Standard, the reliability or costs of natural gas and electricity supply, the integrity of the natural gas and electricity transportation and distribution systems, the evolution and profitability of development projects, the ability to complete attractive acquisitions and the related financing and integration aspects, the ability to complete new development projects, the ability to secure future financing, the availability and cost of labour as well as Énergir, L.P.'s ability to recruit and retain key resources, general economic conditions, the impact of inflation, interest and exchange rate fluctuations, the repercussions of an epidemic or pandemic outbreak (such as COVID-19) or other public health crisis, a potential U.S. or Canadian tax reform, the impact of a war or other geopolitical conflicts and other factors described under Item 10.2.6 *Risk Factors relating to Énergir Inc. and Énergir, L.P.* of this Annual Information Form (which are incorporated by reference from the Énergir Inc. Management's Discussion and Analysis for the fiscal year ended on September 30, 2022) and in subsequent Énergir Inc. quarterly Management's Discussion and Analysis that could report on changes in these risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, Management cannot assure investors that actual results will be consistent with these forward-looking statements. Assumptions underlying the forward-looking statements contained in this Annual Information Form include, among others, the assumptions that no unforeseen changes in the legislative and regulatory framework of energy markets in Quebec and in the United States will occur, that the applications filed with the various regulatory agencies will be approved as submitted, that natural gas prices will remain competitive, that the supply of natural gas and electricity will be maintained or will be available at competitive costs, that no significant event will occur outside the ordinary course of business, such as a calamity (including any that might result from the impact of climate change), a major service interruption or a cyberattack, that Énergir, L.P. can continue to distribute substantially all of its adjusted net income, that Énergir Inc. will be able to present its information in accordance with U.S. GAAP beyond 2023 or, after 2023, will adopt International Financial Reporting Standards that permit the recognition of regulatory assets and liabilities, that the liquidity needs for Énergir, L.P.'s development projects will be obtained through a combination of operating cash flows, borrowings on credit facilities, capital injections from Énergir, L.P.'s partners and issuance of debt securities, and that the subsidiaries will obtain the required authorizations and funds needed to finance their development projects, in addition to the other assumptions described in this Annual Information Form. These forward-looking statements are made as of the date of this Annual Information Form, and Management assumes no obligation to update or revise them to reflect new events or circumstances, except as required under applicable securities laws. These statements do not reflect the potential impact of any unusual item or any business combination or other transaction that may be announced or that may occur after the date hereof. All forward-looking statements in this Annual Information Form are qualified by these cautionary statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Measurement Conversion

The data used in this Annual Information Form are stated in metric units. Metric unit equivalents in the imperial system, including their respective abbreviations, are:

Metric Units	Approximate Imperial Equivalent
Thousand cubic metres (10^3m^3)	35.31 thousand cubic feet (Mcf)
Million cubic metres (10^6m^3)	35.31 million cubic feet (MMcf)
Billion cubic metres (10^9m^3)	35.31 billion cubic feet (Bcf)
Gigajoule (Gj)	0.95 million BTUs (MMBTU)
Kilometre (km)	0.62 mile

Unless otherwise indicated, the term "dollars" means Canadian dollars in this Annual Information Form. If foreign currencies are translated into Canadian dollars, the foreign exchange rate used is the rate at the date of the event to which reference is made.

Unless otherwise indicated, the information in this Annual Information Form is as of September 30, 2022.

GLOSSARY OF TERMS

In this Annual Information Form:

2022 Financial Statements means the audited consolidated financial statements of Énergir Inc. for the fiscal years ended on September 30, 2022 and 2021 and the notes and external auditor's report related thereto.

2022 MD&A means the Management's Discussion and Analysis of Énergir Inc. for the fiscal year ended on September 30, 2022 dated November 22, 2022 and filed with the Canadian Securities Administrators.

Affiliates has the meaning assigned to such expression in the *Securities Act* (Quebec).

Audit Committee means the Audit Committee established by the Board.

Beaupré Éole means Beaupré Éole GP.

Beaupré Éole 4 means Beaupré Éole 4 GP.

Board means the board of directors of Énergir Inc., in its capacity as general partner of Énergir, L.P.

Boralex means Boralex Inc.

°C means degrees Celsius.

Carbon neutrality or carbon neutral[(1)] means a net GHG emissions balance of zero. A business can achieve carbon neutrality by first avoiding and reducing its GHG emissions, and then by offsetting those emissions that could not be avoided or reduced by carbon sequestration or compensation (e.g. planting trees), therefore by producing negative emissions or being credited for the emission reductions or negative emissions produced by third parties. A carbon neutral business may therefore emit residual GHGs.

CATS means the cap-and-trade system for greenhouse gas emission allowances established by the *Regulation respecting the cap-and-trade system for greenhouse gas emission allowances* (Quebec).

CDPQ means the Caisse de dépôt et placement du Québec.

CER means the Canada Energy Regulator (formerly the National Energy Board).

CGC means the Compensation and Governance Committee established by the Green Mountain Board.

CGEE Committee means the Corporate Governance, Ethics and Environment Committee established by the Board on October 18, 2022.

CNG means compressed natural gas.

CO_2 eq. means carbon dioxide (CO_2) equivalent.

Commercial Market means primarily commercial establishments, institutions and multiple occupancy rental units, and small and medium-size businesses.

COVID-19 means the global coronavirus disease pandemic that broke out in 2020 and continued throughout fiscal year 2022.

CVPS means Central Vermont Public Service Corporation before the Merger.

Delayed Action Scenario means the 2°C or less by 2100 scenario compared to preindustrial levels by delayed action published by the Bank of Canada.

DBRS means DBRS Limited.

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(1) The definition used is adapted from the report entitled *Trajectoires de réduction d'emissions de GES du Québec - Horizons 2030 et 2050* (Quebec's GHG emission reduction pathways - 2030 and 2050 horizons, updated in 2021). Dunsky (page 6): https://www.dunsky.com/wp-content/uploads/2021/09/Rapport_Final_Trajectoires_QC_2021.pdf

Enbridge means Enbridge Inc.

Enbridge Gas means Enbridge Gas Inc., a corporation resulting from the merger between Union Gas Limited and Enbridge Gas Distribution Inc.

Énergir Development means Énergir Development Inc., formerly known as Valener Inc.

Énergir Inc. means Énergir Inc., formerly known as Gaz Métro Inc.

Énergir, L.P. means Énergir, L.P., formerly known as Gaz Métro Limited Partnership.

Énergir Management means Énergir Management L.P., formerly known as Gaz Métro Plus Limited Partnership.

ESG pertains to environmental, social and governance factors.

FERC means the United States Federal Energy Regulatory Commission.

Form 51-102F6 means Form 51-102F6 of *Regulation 51-102 respecting Continuous Disclosure Obligations*.

GAAP means generally accepted accounting principles.

Gaz Métro Éole means Gaz Métro Éole Inc.

Gaz Métro Éole 4 means Gaz Métro Éole 4 Inc.

Gaz Métro LNG means Gaz Métro LNG 2013, L.P. or Gaz Métro LNG, L.P., depending on the context.

GHG means greenhouse gases.

Green Mountain means Green Mountain Power Corporation, the corporation resulting from the Merger.

Green Mountain Board means the Board of Directors of Green Mountain.

HR-CG Committee means the Human Resources and Corporate Governance Committee established by the Board that was in existence in fiscal year 2022 up to October 18, 2022.

HR-SR Committee means the Human Resources and Social Responsibility Committee established by the Board on October 18, 2022.

Industrial Market means primarily large industrial businesses.

Interest, as the case may be, in a Non-regulated Energy Activity or a Permitted Economic Activity means (i) an investment therein by way of ownership of assets, securities or loans, and (ii) the indebtedness of a person other than Énergir, L.P. in respect thereof for which Énergir, L.P. is liable.

Intragas means collectively Intragas Inc.; Intragas Holding, Limited Partnership; Intragas Exploration, Limited Partnership; Intragas, Limited Partnership and their respective subsidiaries.

KPMG means KPMG LLP.

Limited Partnership Agreement means the Énergir, L.P. Limited Partnership Agreement amended and restated on December 5, 2019, as more fully described under 1.2.3 *Key Elements of the Limited Partnership Agreement*.

LNG means liquefied natural gas.

LSR Plant means the natural gas liquefaction, storage and regasification plant of Énergir, L.P. located in Montréal, Quebec.

Management means the management of Énergir Inc., in its capacity as general partner of Énergir, L.P.

Ministry of Environment means the department responsible for the environment in Quebec.

Merger means the October 1, 2012 merger of CVPS with Green Mountain Power Corporation, as it existed before October 1, 2012.

MW means megawatts.

Named Executive Officers has the meaning given to that term in Item 10.1.1 *Explanatory Note on Named Executive Officer Compensation Disclosure*.

NATEM means the North American TIMES Energy Model*.*

NDC means nationally determined contributions as part of the Paris Agreement.

NDC Scenario means the NDC Scenario, as described in greater detail in Item 4.1.1.6 b) i. – *Global Scenarios*.

Net Zero Scenario means the Net Zero Emissions by 2050 Scenario as published by the International Energy Agency in May 2021.

NNEEC means Northern New England Energy Corporation.

Non-regulated Energy Activity means any activity in the energy sector that is not a Regulated Energy Activity and that is directly or indirectly complementary to a Regulated Energy Activity carried on by Énergir, L.P., whether or not such Regulated Energy Activity is carried on in the same geographical territory, but excluding any oil and gas exploration activity.

Noverco means Noverco Inc.

OHS-Env. Committee means the Occupational Health and Safety and Environment Committee established by the Board that was in existence in fiscal year 2022 up to October 18, 2022.

Paris Agreement means the climate change agreement entered into following negotiations that took place during the 2015 United Nations Climate Change Conference held in Paris as part of the United Nations Framework Convention on Climate Change.

Permitted Economic Activity means any economic activity, other than a Regulated Energy Activity and a Non-regulated Energy Activity, excluding oil and gas exploration activity.

PNGTS means Portland Natural Gas Transmission System.

Price of Carbon means the economic tool which serves to internalize the costs of damages caused by GHG emissions into the market price of a product in order to direct individuals and society towards lower carbon choices. The simplest expression of carbon pricing is the carbon tax. CATS is also a form of carbon pricing.

Régie means the Régie de l'énergie (Quebec) or, depending on the context, its predecessor, the Régie du gaz naturel (Quebec).

Regulated Energy Activity means any activity in the energy sector that is regulated by a regulatory authority, it being understood that any activity in the energy sector which, on August 12, 1991, was regulated by a regulatory authority is deemed to still be regulated.

Regulation 52-110 means *Regulation 52-110 respecting Audit Committees*, as amended from time to time.

Residential Market means primarily single-family dwellings, duplexes, triplexes and condominiums.

RNG means renewable natural gas.

S&P means S&P Global Ratings, a division of S&P Global Inc.

Standard Solar means Standard Solar, Inc.

Status Quo Scenario means the *Status Quo Scenario* published by the Bank of Canada.

Sustainable Development Scenario or SDS means the 2°C or less by 2100 scenario compared to preindustrial levels published by the International Energy Agency.

System Gas means natural gas supplied by Énergir, L.P. rather than by an independent supplier selected by the customer.

TCFD means Task Force on Climate-related Financial Disclosures.

TCPL means TransCanada PipeLines Limited.

TQM means Trans Québec & Maritimes Pipeline Inc., as mandatary for TQM Pipeline and Company, Limited Partnership.

Transco means Vermont Transco LLC.

Transport Solutions means Gaz Métro Transport Solutions, L.P.

Trencap means Trencap, L.P.

TSX means the Toronto Stock Exchange.

Under2 Coalition means a global community of multinational corporations and state and regional governments committed to climate change action.

Unit means an issued and outstanding unit of Énergir, L.P.

Valener Éole means Valener Éole Inc.

Valener Éole 4 means Valener Éole 4 Inc.

VELCO means Vermont Electric Power Company, Inc.

Vermont Gas means Vermont Gas Systems, Inc.

Vermont Gas Board means the board of directors of Vermont Gas.

Vision 2030-2050 means Énergir, L.P.'s strategy, with respect to its natural gas distribution activities in Quebec, on how it will adapt, within the 2030 and 2050 horizons, to the evolving energy context and the impacts of climate change, as described at greater length in Item 4.1.1.6 c) *Resiliency of Énergir, L.P.'s Business Model*.

VPUC means Vermont Public Utility Commission.

Wind Farms 2 and 3 means the wind farms of Wind Farms 2 and 3 GP located on private lands of the Seigneurie de Beaupré owned by the Séminaire de Québec.

Wind Farms 2 and 3 GP means the Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership.

Wind Farm 4 means the wind farm of Wind Farm 4 GP located on private lands of the Seigneurie de Beaupré owned by the Séminaire de Québec.

Wind Farm 4 GP means Seigneurie de Beaupré Wind Farm 4 GP.

ITEM 1 INCORPORATION AND INTERCORPORATE RELATIONSHIPS

1.1 Incorporation and principal holders of Énergir Inc.

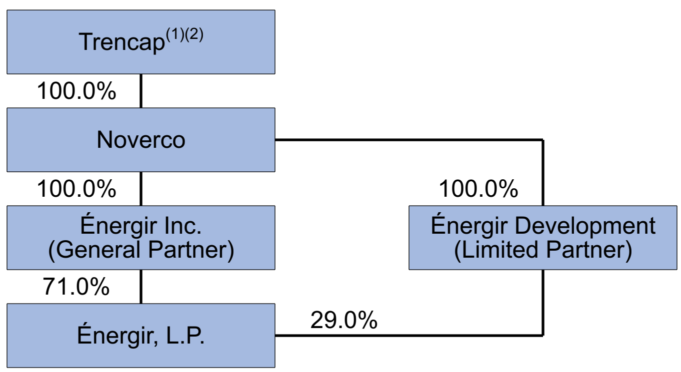
Énergir Inc. was incorporated under the name "Corporation de Gaz Naturel du Québec" and its English version "Quebec Natural Gas Corporation" pursuant to Part I of the *Companies Act* (Quebec) by letters patent dated June 15, 1955. Supplementary letters patent were subsequently issued to it on various occasions, principally to modify its share capital. On February 14, 2011, Énergir Inc. became subject to the Quebec *Business Corporations Act*.

The corporate name of Énergir Inc. (then known as Quebec Natural Gas Corporation) was changed to "Gaz Métropolitain inc." on October 4, 1969. It was changed to "Gaz Métro inc." on November 18, 2003, before finally being changed to "Énergir Inc." on November 29, 2017.

On August 5, 1991, Énergir Inc. (then known as Gaz Métropolitain, inc.) and Énergir, L.P. (then known as Gaz Métropolitain and Company, Limited Partnership) underwent a corporate reorganization pursuant to which Énergir Inc. transferred substantially all of its business and assets to Énergir, L.P. in exchange for Units and the assumption by Énergir, L.P. of substantially all of the liabilities of Énergir Inc., other than the subordinated debt issued to Noverco, its parent company.

Énergir inc.'s head office is located at 1717 du Havre Street, Montréal, Quebec, Canada H2K 2X3.

The following diagram indicates the shareholdings of Énergir Inc. as at September 30, 2022:



(1) As at September 30, 2022, the general partner of Trencap was Capital d'Amérique CDPQ Inc., a subsidiary of CDPQ which, as a limited partner of Trencap, held 80.8956% of its units. Trencap's other limited partner, Fonds de solidarité des travailleurs du Québec (F.T.Q.), held 19.1044% of its units.

(2) In June of 2021, Trencap, then the majority shareholder of Noverco, and IPL System Inc., a subsidiary of Enbridge (which was then Noverco's other shareholder), entered into a final agreement under which Trencap would purchase all of the common and preferred shares of Noverco held by IPL System Inc. The transaction was finalized on December 30, 2021. Since this transaction was completed, Trencap holds all of the shares of Noverco, Énergir Inc.'s sole shareholder.

1.2 Incorporation of Énergir, L.P.

Énergir, L.P. is a limited partnership formed on October 1, 1987 pursuant to the laws of the Province of Quebec under the name "Gaz Plus and Company, Limited Partnership."

The corporate name of Énergir, L.P. (then known as Gaz Plus and Company, Limited Partnership) was changed to "Gaz Métropolitain and Company, Limited Partnership" on August 5, 1991. It was changed to "Gaz Métro Limited Partnership" on November 18, 2003, before finally being changed to "Énergir, L.P." on November 29, 2017.

Énergir, L.P.'s principal place of business is located at 1717 du Havre Street, Montréal, Quebec, Canada H2K 2X3. Énergir, L.P. is registered as a limited partnership with the Enterprise Registrar (Quebec) and as an extra-provincial limited partnership in each province of Canada other than Quebec.

Énergir Inc. has acted as the General Partner of Énergir, L.P. since the corporate reorganization in 1991 under the Limited Partnership Agreement. As at the date of this Annual Information Form, Énergir Inc. held approximately 71.0% (135,854,066 Units) of the 191,353,030 Units, and the remainder were held by Énergir Development (55,498,964 Units, representing 29.0% of the Units).

1.2.1 Historical Background

The following table describes the main events and dates relevant to Gaz Métro:

Date	Events
August 5, 1991	The Original Limited Partnership Agreement of Énergir, L.P. (then known as Gaz Plus and Company Limited Partnership) was amended and the name was changed to "Gaz Métropolitain and Company, Limited Partnership" as part of a corporate reorganization of Énergir Inc. (then known as Gaz Métropolitain, inc.) and Énergir, L.P. [then known as Gaz Métropolitain and Company, Limited Partnership] pursuant to which Énergir Inc. (then known as Gaz Métropolitain, inc.) transferred substantially all of its business and assets to Énergir, L.P. (then known as Gaz Métropolitain and Company, Limited Partnership) in exchange for Units and the assumption by Énergir, L.P. (then known as Gaz Métropolitain and Company, Limited Partnership) of substantially all of the liabilities of Énergir Inc. (then known as Gaz Métropolitain, inc.), other than the subordinated debt issued to Noverco Inc., its parent company.
September 30, 2010	Énergir, L.P. (then known as Gaz Métro Limited Partnership) reorganized its public ownership structure into a new corporation named "Valener Inc." (now known as Énergir Development). Pursuant to this transaction, the Units held by public holders were exchanged for common shares of Énergir Development (then known as Valener Inc.) on a one-for-one basis. Énergir Development (then known as Valener Inc.) became a partner along with Énergir Inc. (then known as Gaz Métro Inc.) and Gaz Métro Plus Inc., while former public holders became shareholders of Énergir Development (then known as Valener Inc.). In connection with this transaction, the Limited Partnership Agreement was amended so as to, among other things, grant Énergir Development (then known as Valener Inc.) certain rights regarding governance and its growth prospects.
October 25, 2019	The Limited Partnership Agreement was amended following the indirect acquisition of all of issued and outstanding shares of Énergir Development (then known as Valener Inc.) by Noverco on September 27, 2019 for the purposes, among other things, of removing certain rights granted to Énergir Development (then known as Valener Inc.) in 2010 regarding governance and its growth prospects.
December 5, 2019	The Limited Partnership Agreement was amended to remove Gaz Métro Plus Inc. following the redemption and cancellation, by Énergir, L.P., of all of the Units held by Gaz Métro Plus Inc.

1.2.2 Intercorporate Relationships

Énergir, L.P. is a leading energy distributor in Quebec and, through subsidiaries, in Vermont that engages in natural gas distribution activities in Quebec and holds subsidiaries.

The material subsidiary of Énergir, L.P. as at September 30, 2022, is as follows:

Name	Jurisdiction of incorporation	Percentage of voting rights attached to securities beneficially held by Énergir, L.P. or over which Énergir, L.P. exercises control and direction	Description
Green Mountain	Vermont	100.0%	Its core business is the distribution, production, transportation, purchase and sale of electricity in Vermont and, to a lesser extent, electricity transmission in New Hampshire and electricity production in the states of New York, Maine and Connecticut.

The other subsidiaries of Énergir, L.P. each represented (i) less than 10.0% of the consolidated assets of Énergir, L.P. as at September 30, 2022 and (ii) less than 10.0% of Énergir, L.P.'s consolidated revenue for the fiscal year ended September 30, 2022. Altogether, as at September 30, 2022 and for the fiscal year ended September 30, 2022, respectively, the other subsidiaries represented less than 20.0% for each of points (i) and (ii) described above. Énergir, L.P.'s natural gas distribution activity in Quebec and Green Mountain's electricity distribution activity in Vermont accounted for approximately 87.0% of Énergir, L.P.'s consolidated assets as at September 30, 2022 and for approximately 92.0% of its consolidated revenue for fiscal year 2022.

1.2.3 Key Elements of the Limited Partnership Agreement

The following text summarizes the Limited Partnership Agreement. A complete copy of the Agreement is available on the SEDAR website at www.sedar.com.

1.2.3.1 General

Pursuant to the Limited Partnership Agreement, Énergir Inc. has the exclusive power and authority to administer, manage, control and operate the business of Énergir, L.P. and to hold all the rights to its assets, as more fully described under Item 3 *NARRATIVE DESCRIPTION OF ÉNERGIR INC.'S CORE BUSINESS*.

1.2.3.2 Business of Énergir, L.P.

The Limited Partnership Agreement stipulates that Énergir, L.P. shall only carry on Regulated Energy Activities, Non-regulated Energy Activities and Permitted Economic Activities, except that:

i. Énergir, L.P. shall not increase its Interests in Non-regulated Energy Activities if, as a result thereof, the aggregate amount of the Interests of Énergir, L.P. in Non-regulated Energy Activities and in Permitted Economic Activities would exceed 10.0% of the amount of the assets of Énergir, L.P. calculated on the basis of its last annual non-consolidated financial statements plus, if any, the amount of the increase in the assets of Énergir, L.P. resulting from such increase in the Interests of Énergir, L.P. in Non-regulated Energy Activities; and
ii. Énergir, L.P. shall not increase its Interests in Permitted Economic Activities if, as a result thereof, the aggregate amount of the Interests of Énergir, L.P. in Permitted Economic Activities would exceed 5.0% of the amount of the assets of Énergir, L.P. calculated on the basis of its last annual non-consolidated financial statements plus, if any, the amount of the increase in the assets of Énergir, L.P. resulting from such increase in the Interests of Énergir, L.P. in Permitted Economic Activities.

As at September 30, 2022, Énergir, L.P.'s Interests in Non-regulated Energy Activities and in Permitted Economic Activities totalled $144.7 million, representing 2.4% of its non-consolidated assets, and Énergir, L.P. did not have any Interests in Permitted Economic Activities.

Énergir, L.P.'s Interests as at September 30, 2022				
	Non-regulated Energy Activities and Permitted Economic Activities		Permitted Economic Activities only	
	In millions of $	As a % of its non-consolidated assets	In millions of $	As a % of its non-consolidated assets
2022	144.7	2.4	0.0	0.0
2021	125.7	2.3[(1)]	0.0	0.0
2020	470.1	8.1	0.0	0.0

(1) The 2021 Annual Information Form indicated that Énergir, L.P.'s Interests, expressed as a percentage of its non-consolidated assets for the Non-Regulated Energy Activities and Permitted Economic Activities, stood at 2.1%. It should have indicated 2.3%.

1.2.3.3 Pre-Emptive Right

Any new units to be issued by Énergir, L.P. shall first be offered to each of Énergir Development and Énergir Inc., which may purchase a number of new units corresponding to their respective pro rata share of Units at fair market value, as determined by the Board. Each of Énergir Inc. and Énergir Development shall have a period of 60 days to confirm its intention to exercise its pre-emptive right and commit to complete its capital injection, failing which it shall be deemed to have waived its pre-emptive right. If that pre-emptive right is exercised, it shall have up to six months from the date of expiry of the 60-day acceptance period to complete its capital injection, failing which no new units shall be issued to such party, without limiting any available recourses of Énergir, L.P. In cases where Énergir, L.P. requires an urgent injection of capital before the expiry of the six-month capital injection period (as determined by the Board, in its entire discretion), if Énergir Development and Énergir Inc. cannot concurrently fund any such required capital injection by the proposed date of closing of the issue of new units, the party that agrees to participate alone in such urgent injection shall be entitled to receive from Énergir, L.P. reasonable supporting/financing fees on the portion injected for the subscription of new units (based on comparable market fees) until the pro rata injection by the other party is completed, or the expiry of the 60-day acceptance period if the other party does not exercise its pre-emptive right in due time.

1.2.3.4 Distribution Practice

It is intended that Énergir, L.P. will continue to distribute substantially all of its net income for a given fiscal year, and the Limited Partnership Agreement provides that Énergir, L.P. will distribute not less than 85.0% of its net income excluding non-recurring items, save and except for exceptions required (i) for the benefit of bondholders or lenders of Énergir, L.P. or Énergir Inc., as applicable, (ii) to ensure continued compliance with terms and conditions under the credit facilities and trust deeds of Énergir, L.P. and Énergir Inc., (iii) to comply with applicable regulations and laws, and (iv) to comply with any requirements of a regulatory authority. In addition, if Énergir Inc., as general partner, determines that it is appropriate, for any other reason (including as may be required for investments in the business, financing requirements or capital structure realignment of Énergir, L.P.), to distribute less than 85.0% of the net income excluding non-recurring items, it may cause Énergir, L.P. to do so provided that the resolution of the Board authorizing such lesser distribution has been adopted with the approval of at least 90.0% of the votes cast by directors.

1.2.3.5 Dissolution of Énergir, L.P.

The Limited Partnership Agreement also stipulates that Énergir, L.P. shall carry on its activities until September 30, 2090, unless it is dissolved before, and that its capital shall consist of an unlimited number of units, the general partner being responsible for their issuance.

ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Énergir Inc.

As explained under Item 3 *NARRATIVE DESCRIPTION OF ÉNERGIR INC'S CORE BUSINESS*, Énergir Inc.'s main activity consists in acting as general partner of Énergir, L.P.

In the course of each fiscal year, certain events and conditions influence the general development of Énergir Inc.'s business. Following are the main events and conditions that have influenced such development over the last three fiscal years and the events and conditions subsequent to each of these fiscal years:

Énergir Inc.'s Core Business		
2022	**2021**	**2020**
A new credit agreement was entered into on July 13, 2022 between Énergir Inc. and Énergir, L.P. and their banking consortium. This agreement provides for a secured revolving credit facility of $800.0 million expiring in July 2027 and replacing the credit facility set up in March 2012 by Énergir Inc., as borrower, and Énergir, L.P., as guarantor. Énergir, L.P. became the sole borrower under the credit agreement starting in September 2022. The agreement is guaranteed by a universal hypothec on all assets of Énergir, L.P.	—	Issuance, on April 16, 2020, by way of a private placement, of first mortgage bonds for an amount of $300.0 million, secured by Énergir, L.P. as to the payment of principal and interest, together with collateral security backed by the assets of Énergir Inc. and Énergir, L.P., the proceeds of which were loaned to Énergir, L.P. on similar terms and conditions to the first mortgage bonds.

2.2 Énergir, L.P.

With more than $9 billion in assets, Énergir, L.P., on a consolidated basis, is a diversified energy business whose mission is to meet the energy needs of approximately 540,000 customers and the communities that it and its subsidiaries serve in Quebec and Vermont in an increasingly sustainable way. Énergir, L.P. is the largest natural gas distribution company in Quebec; through its joint ventures, it also generates electricity from wind power. And through its subsidiaries and other investments, Énergir L.P. has a presence in the United States, where it generates electricity from hydraulic, wind, and solar sources; it is also the largest electricity distributor and the sole pipeline natural gas distributor in the State of Vermont. Énergir, L.P. values energy efficiency and invests its resources and continues its efforts in innovative energy projects such as renewable natural gas and liquefied and compressed natural gas. Through its subsidiaries, it also provides a variety of energy services. Énergir, L.P. strives to become the partner of choice for those seeking a better energy future.

Main Business Segments

Énergir, L.P. has five main business segments: (i) Energy Distribution, (ii) Transportation of Natural Gas, (iii) Electricity Production, (iv) Energy Services, Storage and Other, and (v) Corporate Affairs.

An outlook on the business, the mission and the strategy of Énergir, L.P. can be found in section A) *Overview of Énergir Inc. and Other* on pages 3 to 11 of the 2022 MD&A.

Main Events and Conditions

In the course of each fiscal year, a number of events and conditions influence the general development of Énergir, L.P.'s business. Following are the main events and conditions that have influenced such development over the last three fiscal years:

Regulatory Framework		
Natural Gas Distribution in Quebec		
Rate of Return and Incentive		
2022	2021	2020
▪ In November 2021, Régie decision approving the 2022 rate case presenting, among other things, an average rate base of $2.383 million, a $96 million increase over the 2021 rate case, and an 8.90% rate of return on the deemed common equity as approved in November 2019. For fiscal year 2022, the rate case approved by the Régie provided for an overall rate increase of 15.59% for all services.	▪ In November 2020, Régie decision approving the 2021 rate case presenting, among other things, an average rate base of $2.287 million, a $91 million increase over the 2020 rate case, and an 8.90% rate of return on the deemed common equity as approved in November 2019. For fiscal year 2021, the rate case approved by the Régie provided for an overall rate increase of 5.90% for all services.	▪ In November 2019, Régie decision approving (i) the introduction of a revenue decoupling mechanism, (ii) a new method for sharing overearnings and shortfalls, (iii) renewal of the 8.90% rate of return on the deemed common equity for fiscal years 2021 and 2022, (iv) an average overall 14.3% decrease in rates for all services, and (v) an average base rate of $2.196 million, a $39 million increase over the 2019 base rate.
▪ In March 2022, Régie decision approving the regulatory framework determining certain terms and conditions as regards setting rates for fiscal years 2023 to 2025; renewing the methods for sharing fiscal-year-end shortfalls and overearnings and for revenue decoupling mechanism; and authorizing proposed adjustments to the setting of operating expenses.	—	—

Regulatory Framework		
Electricity Distribution in Vermont		
2022	2021	2020
▪ Green Mountain's base rate of return for fiscal year 2022 was set by the VPUC at 8.57%.	▪ Green Mountain's base rate of return for fiscal year 2021 was set by the VPUC at 8.20%.	▪ Green Mountain's base rate of return for fiscal year 2020 was set by the VPUC at 9.06%.
▪ In August 2022, the VPUC decided to approve, with minor adjustments, a new multi-year regulation plan determining the regulatory framework that Green Mountain will use to set rates and establish services for three years starting October 1, 2022.	—	—

Energy Distribution, Market Developments		
Price of Natural Gas and Market Position in Quebec		
2022	**2021**	**2020**
▪ In fiscal year 2022, although the price for natural gas rose sharply in North America, it remained markedly lower than global prices. Since April 2022, prices climbed to reach levels above the averages of the last decade. Throughout the summer, the use of natural gas to produce electricity exceeded historical averages. From April 2022 to August 2022, U.S. demand for natural gas rose 5.4%, while natural gas production in the U.S. rose 3.6%, an increase that is lower than that for demand. This gap between production and demand contributed to limiting the quantities of natural gas injected into storage and pushed natural gas prices up in fiscal year 2022.	▪ In fiscal year 2021, natural gas prices rose sharply due to the fact that natural gas production in the U.S. delayed in regaining late 2019 production levels, U.S. LNG exports were strong and storage was weak, notably in the Southern United States.	▪ In fiscal year 2020, natural gas prices continued their downward trend owing to an abundant continental supply and higher than normal winter temperatures. Although production has started to decline significantly, high storage levels helped keep price increases in check up to the 4th quarter.
▪ Overall 2.6% increase in natural gas deliveries in Quebec as a result of the following: in the Commercial Market: stronger consumption due mainly to less stringent COVID-19 public health restrictions in fiscal year 2022 and, in the Industrial Market: increased consumption, more specifically in the energy production sector.	▪ Overall 3.9% increase in natural gas deliveries in Quebec as a result of the following: in the Industrial Market: stronger consumption, notably in the metallurgy sector, due mainly to the gradual lifting of the COVID-19 public health measures and, in the Commercial Market: increased consumption despite the adverse effects resulting from the continuation of certain public health measures.	▪ Overall 3.7% drop in natural gas deliveries in Quebec as a result of the following: weaker consumption, especially in the Commercial and Industrial Markets, more specifically in the metallurgy sector, due to COVID-19.

Energy Distribution, Market Developments		
Price of Electricity and Market Position in Vermont		
2022	**2021**	**2020**
▪ Electricity prices far more volatile for most of fiscal year 2022 explained as follows: the price of electricity in New England is strongly correlated to the price of natural gas, which increased in fiscal year 2022, and the availability of LNG was significantly impacted by the war in Ukraine.	▪ Relatively stable electricity prices in the winter of 2021 owing to the more than adequate supply in New England's electric energy market.	▪ Drop in electricity prices in the winter of 2020, owing to weak natural gas prices and warmer temperatures in the last three months of winter.

Financing Activities		
Green Mountain Power		
2022	**2021**	**2020**
▪ Bond purchase agreement entered into on September 23, 2022, resulting in the issuance, by way of private placement, of a series of first mortgage bonds for an amount of US$25.0 million.	▪ Bond purchase agreement entered into on December 15, 2020 resulting in the issuance, by way of private placement, of two series of first mortgage bonds for an aggregate principal amount of US$60.0 million, namely a series of US$35.0 million and a series of US$25.0 million.	▪ Bond purchase agreement entered into on December 18, 2019 resulting in the issuance, by way of private placement, of two series of first mortgage bonds for an aggregate principal amount of US$40.0 million, namely a series of US$15.0 million and a series of US$25.0 million.

Financing Activities		
Énergir, L.P.		
2022	2021	2020
▪ Issuance, on September 27, 2022, by way of private placement, of first mortgage bonds for an amount of $200.0 million, secured by a hypothec on the assets of Énergir, L.P., the proceeds of which issuance were used to repay the existing debts and for the general purposes of Énergir, L.P.	▪ Issuance, on June 28, 2021, of 5,434,783 new Units at a price of $23.00 per Unit, for total proceeds of approximately $125.0 million, issued to Énergir Inc. and Énergir Development (then known as Valener Inc.) on the basis of their respective holdings.	—
▪ A new credit agreement was entered into on July 13, 2022 between Énergir Inc., Énergir, L.P. and their banking consortium. This agreement provides for a secured revolving credit facility of $800.0 million expiring in July 2027 and replacing the credit facility set up in March 2012 by Énergir Inc., as borrower, and Énergir, L.P., as guarantor. Énergir, L.P. became the sole borrower under the credit agreement starting in September 2022. The agreement is guaranteed by a universal hypothec on all assets of Énergir, L.P.	▪ Issuance, on April 1, 2021, of 9,782,609 new Units at a price of $23.00 per Unit, for total proceeds of approximately $225.0 million, issued to Énergir Inc. and Énergir Development (then known as Valener Inc.) on the basis of their respective holdings.	—
▪ Issuance, on July 13, 2022, of an information circular for the issuance of short-term notes (also called commercial paper) up to an amount of $800.0 million, backed by the previously described credit agreement.	▪ Issuance, on January 5, 2021, of 2,173,913 new Units at a price of $23.00 per Unit, for total proceeds of approximately $50.0 million, issued to Énergir Inc. and Énergir Development (then known as Valener Inc.) on the basis of their respective holdings.	—
▪ Issuance, on February 9, 2022, by way of private placement, of first mortgage bonds for an amount of $325.0 million, secured by a hypothec on the assets of Énergir, L.P., the proceeds of which issuance were used to repay the existing debts and for the general purposes of Énergir, L.P.	▪ Issuance, on December 1, 2020, of 2,173,913 new Units at a price of $23.00 per Unit, for total proceeds of approximately $50.0 million, issued to Énergir Inc. and Énergir Development (then known as Valener Inc.) on the basis of their respective holdings.	—

Additional information regarding main developments in Énergir, L.P.'s business can be found in section D) *Segment Results* on pages 18 to 26 of the 2022 MD&A.

ITEM 3 NARRATIVE DESCRIPTION OF ÉNERGIR INC.'S CORE BUSINESS

As part of the 1991 corporate reorganization, Énergir Inc. agreed not to conduct any activity and not to acquire any property, security or asset except those acquired or held in its capacity as general partner of Énergir, L.P. and those held by Noverco at the time of its amalgamation with Énergir Inc. or acquired in replacement thereof, and other assets the cost of which does not exceed 1.0% of its total consolidated assets. As at September 30, 2022, Énergir Inc. was in compliance with this obligation.

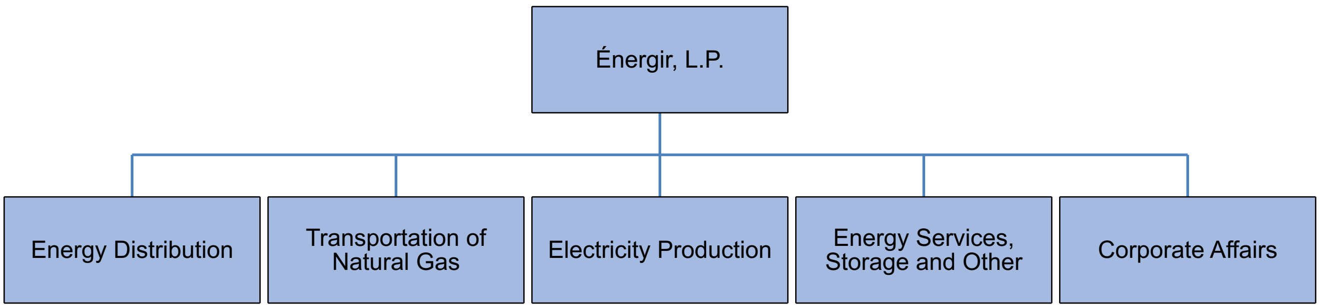
Énergir Inc. also agreed that it would not assume any liabilities, except (i) those related to borrowings destined to be relended to Énergir, L.P., (ii) the subordinated debentures and (iii) any other debt for an aggregate amount that does not exceed 1.0% of its total consolidated assets, the whole as defined in the trust deeds. As at September 30, 2022, Énergir Inc. was in compliance with this obligation.

Énergir Inc. must exercise its powers and discharge its duties with reasonable skill and with all the care of a prudent director, as would a director of a corporation under similar circumstances. The authority and powers vested in Énergir Inc. to manage, control and operate the business of Énergir, L.P. are broad and include all the powers necessary or incidental to the exercise of Énergir, L.P.'s business. Énergir Inc. receives a fee of $50,000 per fiscal year and is entitled to charge Énergir, L.P. for all of the expenses it incurs in acting as general partner.

The removal of Énergir Inc. as general partner of Énergir, L.P. must be approved by an extraordinary resolution of the partners of Énergir, L.P. Moreover, Énergir Inc. may not cease to act as general partner nor dispose of all or part of its interest in the Units without an extraordinary resolution of the bondholders pursuant to the trust, hypothec, mortgage and pledge deeds governing the first mortgage bonds of Énergir Inc.

ITEM 4 NARRATIVE DESCRIPTION OF ÉNERGIR, L.P.'S FIVE MAIN BUSINESS SEGMENTS

The following diagram illustrates Énergir, L.P.'s five main business segments:



Energy Distribution	Transportation of Natural Gas	Electricity Production	Energy Services, Storage and Other	Corporate Affairs
Énergir, L.P. (Quebec, Canada) *Regulated*	**TQM**[3] (Canada) *Regulated*	**Wind Farms 2 and 3 GP**[6] (Quebec, Canada) *Non-regulated*	**Gaz Métro LNG**[8] (Quebec, Canada) *Non-regulated*	**NNEEC**[14] (Vermont, U.S.A.) *Non-regulated*
Vermont Gas[1] (Vermont, U.S.A.) *Regulated*	**Champion Pipe Line Corporation Limited**[4] (Canada) *Regulated*	**Wind Farm 4 GP**[7] (Quebec, Canada) *Non-regulated*	**Transport Solutions**[9] (Quebec, Canada) *Non-regulated*	
Green Mountain[1][2] (Vermont, U.S.A.) *Regulated*	**PNGTS**[5] (Maine, U.S.A.) *Regulated*		**Énergir Management**[10] (Quebec, Canada) *Non-regulated*	
			Énergir, chaleur et climatisation urbaines, s.e.c.[11] (Quebec, Canada) *Non-regulated*	
			Intragas[12] (Quebec, Canada) *Regulated*[13]	

(1) Wholly owned by NNEEC.
(2) Green Mountain holds a significant ownership interest in Transco (direct and indirect totalling 77.1%) and in Velco (38.8% direct).
(3) 50.0%-owned by Gaz Métro Holding Inc., a wholly owned subsidiary of Énergir, L.P.
(4) Wholly owned by Énergir, L.P.
(5) 38.3%-owned by Northern New England Investment Company Inc., a wholly owned subsidiary of NNEEC.
(6) Ownership interest 50.0%-held by Beaupré Éole, which is 51.0%-owned by Gaz Métro Éole, a wholly owned subsidiary of Énergir, L.P.
(7) Ownership interest 50.0%-held by Beaupré Éole 4, which is 51.0%-owned by Gaz Métro Éole 4, a wholly owned subsidiary of Énergir, L.P.
(8) 58.0%-owned by Énergir, L.P.
(9) Wholly owned by Énergir, L.P.
(10) Wholly owned by Énergir, L.P. On June 30, 2022, Énergir Management divested itself of some of its assets and liabilities so as to dispose of a portion of its operations.
(11) Wholly owned by CDH Solutions & Operations Limited Partnership, a wholly owned subsidiary of Énergir Management.
(12) Ownership interests held by Gaz Métro Holding Inc., a wholly owned subsidiary of Énergir, L.P., ranging from 40.0% to 60.0% depending on the businesses making up the Group.
(13) Only the activity of Intragas, Limited Partnership is regulated. The activities of the other enterprises of the Intragas Group are not regulated.
(14) Owned directly (96.34%) and indirectly (3.66%) by Énergir, L.P.

Some of the more specific elements of this activity, such as energy distribution, are described in detail below. For more information about this activity, reference is made to the 2022 MD&A (available on the SEDAR website at www.sedar.com), which should be read in conjunction with the 2022 Financial Statements (also available on the SEDAR website).

One of Énergir L.P.'s core businesses is the distribution of natural gas in Quebec (included in the Energy Distribution Segment). In fiscal year 2022, this activity generated approximately 58.0%[2] of the consolidated net income attributable to the partners of Énergir, L.P., compared to 72.0% during fiscal year 2021. Énergir, L.P. distributes approximately 97.0% of the natural gas consumed in Quebec.

4.1 Energy Distribution

The Energy Distribution Segment includes the natural gas distribution activities in Quebec carried on by Énergir, L.P. and in Vermont carried on by Vermont Gas and the electricity distribution activities in Vermont carried on by Green Mountain.

It should also be noted that energy distribution is subject to seasonal fluctuations, with most natural gas and electricity demand occurring during the winter heating season and the summer air conditioning season.

4.1.1 Distribution of Natural Gas in Quebec

4.1.1.1 Regulatory Process and Rates

a) Regulatory Process

The transportation, distribution, supply and storage of natural gas delivered through pipelines in Quebec are subject, among other things, to the provisions of the *Act respecting the Régie de l'énergie* (Quebec) and the *Building Act* (Quebec), and to certain provisions of the *Gas, Water and Electricity Companies Act* (Quebec).

Énergir, L.P.'s natural gas distribution activity in Quebec is regulated by the Régie. The Régie's primary role is to set or modify the rates and conditions for the supply, transportation and delivery of natural gas by a distributor, as well as the rates for storage. The Régie also performs other functions, including overseeing the activities of a distributor, determining its rate of return, authorizing investments, reviewing consumer complaints, and setting the conditions for the installation of a distributor's facilities in municipalities.

Within its territory, as a corollary to its exclusive right to operate a natural gas distribution system and to transmit and deliver by pipeline natural gas intended for consumption, Énergir, L.P. has the obligation to supply and deliver natural gas to anyone who requests it, and to deliver natural gas that some users have chosen to purchase from a third party. However, under certain conditions, the *Act respecting the Régie de l'énergie* (Quebec) allows the distributor to apply to the Régie to be exempted from the requirement to deliver natural gas or to provide service to a consumer.

In reviewing an application to set or modify a rate, the Régie must, among other things, determine the distributor's rate base, including, in particular, the unamortized balance of the investments that were made by the distributor to provide such service. The Régie must also determine the aggregate expenses it considers necessary to cover the cost of providing the service. It must also allow a reasonable return on the distributor's rate base. This return reflects the cost of financing the capital structure that the Régie considers appropriate to finance the distributor's rate base. It is determined based on the actual cost and, when applicable, the anticipated cost of debt, the authorized return on partners' deemed preferred equity and the return on partners' deemed common equity that the Régie considers reasonable. The Régie must also provide measures or incentive mechanisms to improve the distributor's performance and satisfaction of customer needs.

The cost of natural gas is fully reflected in supply rates billed to customers by means of an automatic monthly adjustment mechanism established for this purpose, whereby variations are levelled over a forward-looking, moving 12-month period.

[2] Consolidated net income attributable to the partners of Énergir, L.P. for fiscal year 2022 includes a $26.8 million unfavourable impact related to adjustments excluded from ongoing operations. The adjustments' amount is explained by a change in the tax treatment of the depreciation of investments in information technology development ($13.8 million), Énergir Management's disposal of some of its assets and liabilities ($8.6 million), and the writing-off of assets associated with the implementation of a customer information system ($4.4 million). For more information on these adjustments, see the 2022 MD&A. Had it not been for these items, this percentage for fiscal year 2022 would have been approximately 57.0%.

In a decision dated December 19, 1990, the Régie determined that the following principles applied to the 1992 base year and to any other subsequent rate year:

i. for regulatory purposes and for determining the return on Énergir, L.P.'s rate base, the Régie will use a deemed defined capital structure and financing costs that are compatible with such capital structure, including a rate of return on the partners' average equity;

ii. as Énergir, L.P.'s net income is taxable in the hands of the partners, the Régie will recognize the tax consequences and will take into account, in determining Énergir, L.P.'s operating expenses, deemed taxes related to current income taxes, large corporations tax and deemed capital tax (which have both since been abolished).

For rate-setting purposes, the capital structure currently recognized by the Régie for the distribution of natural gas in Quebec is 54.0% in the form of debt, 7.5% in the form of deemed preferred equity and 38.5% in the form of partners' deemed common equity. The deemed preferred shares are remunerated at the market rate at the time of their deemed replacement. Remuneration on partners' deemed common equity shall be at the rate authorized by the Régie. During the 2022 calendar year, the Régie authorized maintaining the same rate of return of 8.9% that prevailed during fiscal years 2020 to 2022 for fiscal years 2023, 2024 and 2025. Deemed current income taxes are calculated as if the August 1991 corporate reorganization had not taken place and assuming that Énergir, L.P. is a taxable Canadian corporation.

In a decision dated November 11, 2019, the Régie approved the implementation of a revenue decoupling mechanism for a three-year period. Under this mechanism, which it renewed until 2025 in its March 3, 2022 decision, all variances between the authorized required revenue by the Régie and the actual costs generated by distribution rates are refunded to the customer in full. Consequently, this mechanism reduces the probability of any productivity gains and shortfalls associated with fluctuations in normalized natural gas volumes. The goal of this mechanism is, among other things, to evaluate whether Énergir, L.P. is able to manage its costs properly, regardless of the volumes distributed. This mechanism also helps limit any obstacles to energy efficiency.

Additional information regarding Énergir, L.P.'s regulatory framework can be found in section D) *Segment Results* on pages 19 and 21 of the 2022 MD&A.

b) Main Decisions by the Régie

Additional information regarding the main decisions by the Régie, particularly in connection with the 2022 rate case, can be found in section D) *Segment Results* on page 20 of the 2022 MD&A as well as in Note 6 to the 2022 Financial Statements.

4.1.1.2 Gas Supply

a) Natural Gas Supply Situation

Additional information regarding the natural gas supply situation can be found in section B) *Conditions in the Energy Market and for Énergir, L.P.* on pages 11 to 13 of the 2022 MD&A.

b) Direct Purchases

Énergir, L.P.'s customers can purchase their own natural gas directly from a supplier of their choice. In that case, direct purchase customers generally entrust Énergir, L.P. with the responsibility of transporting the natural gas from the designated supply location up to the territory covered by its exclusive distribution right. Some customers assume responsibility for transporting the natural gas to Énergir, L.P.'s distribution system. During fiscal year 2022, direct purchases accounted for approximately 58.7% of all volumes delivered to Énergir, L.P.'s customers, compared to approximately 62.7% during the previous year.

c) System Gas

System Gas deliveries accounted for approximately 41.3% of all deliveries during fiscal year 2022, compared to approximately 37.3% during the previous fiscal year. Énergir, L.P. supplies System Gas to customers who do not choose to obtain such gas themselves directly from another supplier.

To service its System Gas customers, Énergir, L.P. has annual supply contracts with a number of suppliers. The prices that Énergir, L.P. pays are determined using a recognized published index established on the basis of the prices for a particular period at the Empress (Alberta), Dawn (Ontario) or Henry (Louisiana) hubs, as the case may be, to which a premium, negotiated by the parties, is added. Énergir, L.P. also buys natural gas on a spot basis to adapt to demand fluctuations and the operating conditions of its system.

During fiscal year 2022, Énergir, L.P. acquired 29.6% of the natural gas required to service its System Gas customers at the Empress Hub (Alberta) (compared to 38.02% during the previous fiscal year), 67.4% at the Dawn Hub (Ontario) (compared to 61.78% during the previous fiscal year), 2.7% at the Parkway Hub (Ontario) (compared to 0% during the previous fiscal year) and 0.3% in Quebec[(3)] (compared to 0.2% during the previous fiscal year).

d) Transportation

Other than the two gas pipelines operated by Champion Pipe Line Corporation Limited, the only two pipelines that supply Énergir, L.P. are owned by TCPL and TQM, the latter being a subcontractor to TCPL. Despite this situation, Énergir, L.P. built up a diversified transportation capacity portfolio in terms of maturities and points of origin. Most transportation capacities in the portfolio will be available until October 31, 2026. Énergir, L.P. has the transportation capacities required to carry the natural gas of all of its customers (including direct purchase customers that have entrusted Énergir, L.P. with the responsibility of transporting the natural gas from the designated supply location up to the territory covered by its exclusive distribution right). Consequently, during fiscal year 2022, nearly 90.4%[(4)] of the transportation capacities targeted by the various transportation contracts were for supplies from the Dawn Hub (Ontario) and approximately 9.6%[(5)] for supplies from the Empress Hub (Alberta).

The transportation contracts are not directly linked with a particular source of natural gas supply. Not linking transportation contracts with natural gas supply allows Énergir, L.P. flexibility in obtaining its own natural gas supply.

To transport natural gas up to the territory covered by its exclusive distribution right, Énergir, L.P. has transportation contracts:

- with Enbridge Gas to transport the natural gas from Dawn (Ontario) up to the Parkway Hub (Ontario) and TCPL to transport the natural gas from the Parkway Hub (Ontario) up to the territory covered by its exclusive distribution right; or
- with TCPL to transport the natural gas from the Empress Hub (Alberta) up to the territory covered by its exclusive distribution right.

Énergir, L.P. also has transportation contracts obtained on the secondary market between Dawn (Ontario) and the territory covered by its exclusive distribution right.

Énergir, L.P. may also sign spot contracts with suppliers for gas deliveries directly to the territory covered by its exclusive distribution right as a complement to its own transportation capacity, primarily during the winter period.

For more information regarding the transportation of natural gas, see sections B) *Conditions in the Energy Market and for Énergir, L.P.* and D) *Segment Results* on pages 11 to 13, 24 and 25 of the 2022 MD&A.

e) Storage Required by the Natural Gas Distributor

Natural gas distribution is a seasonal activity, with most natural gas deliveries occurring in winter. Moreover, during the winter months, daily demand for natural gas fluctuates with the temperature. As such, Énergir, L.P. uses storage facilities to:

- take delivery of natural gas on favourable terms during the off-peak (summer) period with a view to withdrawing it and distributing it in winter;
- balance demand and deliveries of natural gas on a daily basis;
- mitigate the risk of a natural gas supply shortage; and
- effectively manage the cost of natural gas during the winter months.

For this purpose, Énergir, L.P. has natural gas underground storage contracts in Dawn (Ontario) under medium-term agreements with Enbridge Gas with various expiry dates. Énergir, L.P. also has two long-term natural gas storage service contracts with Intragas, Limited Partnership (part of Intragas). Peak winter demand is supplied by the LSR Plant.

(3) The natural gas acquired in Quebec was essentially refined biogas and RNG.
(4) Capacities required to transport the System Gas and natural gas of direct purchase customers. Direct purchase customers must deliver their gas to Énergir, L.P. at the Dawn Hub (Ontario).
(5) Capacities required to transport the System Gas.

The transportation and storage contracts referred to under Items d) and e) above are more fully described under Item 10.2.4.2 *Operating Contracts (Énergir, L.P.)*.

4.1.1.3 Market

a) Normalized Deliveries

For fiscal years 2022 and 2021, normalized deliveries of natural gas in Quebec (for normal temperatures and wind velocity) and revenues were as follows:

Normalized Natural Gas Deliveries in Quebec and Revenues Generated								
	Deliveries (10^6m^3)		% of Gas Delivered by Market		Revenues (millions of $)		% Revenues by Market	
	2022	2021	2022	2021	2022	2021	2022	2021
Industrial Market								
Firm service	3,620.8	3,609.5	57.9	59.2	623.4	443.0	34.5	33.5
Interruptible Service	330.2	294.8	5.3	4.9	49.2	22.6	2.7	1.7
Commercial Market	1,670.0	1,571.1	26.7	25.8	770.1	569.6	42.7	43.0
Residential Market	629.3	618.0	10.1	10.1	363.5	289.1	20.1	21.8
Total	**6,250.3**	**6,093.4**	**100.0**	**100.0**	**1,806.2**	**1,324.3**	**100.0**	**100.0**

In fiscal year 2022, normalized natural gas deliveries therefore rose 2.6% compared to the preceding fiscal year. This increase, seen mainly in the Commercial Market, results from the less stringent COVID-19 public health restrictions of fiscal year 2022 that favoured a certain resumption of activities. To a lesser extent, the Industrial Market is also seeing increased consumption, specifically in the energy production sector.

Natural gas consumption is influenced by a number of factors, including temperature fluctuations, technological innovations and energy efficiency initiatives.

The Residential and Commercial Markets embrace technological innovation by adopting high-efficiency equipment and other technologies, such as aerothermal and geothermal heat pumps. In Commercial and Industrial Markets, innovation can be seen in the increasing number of heat recovery systems. Technological innovation also helps customers realize energy savings by improving building envelopes to reduce heating costs or by adopting technologies to effectively manage energy consumption.

Énergir, L.P. began implementing its first energy efficiency programs in 2001. It currently offers more than seven programs that propose a variety of efficiency initiatives ranging from grants for the purchase of high-efficiency appliances to the recommissioning of mechanical systems and installation of innovative solar air preheating systems.

On November 1, 2020, the *Act mainly to ensure the effective governance of the fight against climate change and to promote electrification* came into force. This act provides, among other things, (i) for the abolishment of Transition énergétique Québec ("**TEQ**") and (ii) the transfer of its functions and resources to the Minister of Energy and Natural Resources. The five-year transition, innovation and efficiency master plan previously prepared by the TEQ remains in force, and has been extended to 2026. This master plan still lists the programs and measures implemented by the ministries, organizations and energy distributors (including Énergir, L.P.) so as to achieve the energy efficiency targets, such as those defined by the Quebec government. That target to improve Quebec society's average energy efficiency by at least 1% per year therefore remains in force.

This was the context in which Énergir, L.P., as energy distributor, submitted its energy efficiency programs to the TEQ before it was abolished, which programs aim to generate a 30% savings increase and realize recurring additional GHG reductions of nearly 500,000 tons by September 30, 2023. The master plan was updated on June 10, 2022 by the Quebec government so as to cover the 2024 to 2026 period. This update integrates Énergir, L.P.'s forecasts for the master plan's additional three-year period.

Moreover, Énergir, L.P. must have its programs approved by the Régie. In its decision dated July 30, 2019, the Régie approved Énergir, L.P.'s programs and budgets for fiscal years 2019 to 2023 for the purposes, among other things, of achieving the target set by the government. Overall, Énergir, L.P. is expecting an amount of $129.0 million in subsidies to generate 223.6 10^6m^3 in energy savings. The Régie also rules on the annual adjustments made to the margin of the programs and subsidies so that Énergir, L.P. can maintain the appropriate supply for customers.

In fiscal year 2022, Énergir, L.P. granted its customers nearly $32.5 million to carry out energy efficiency projects. These projects generated a 51.4 $10^6 m^3$ reduction in natural gas and helped prevent the emission of 98,728 tons of GHG.

b) Competitive Position

Fiscal year 2022 was marked by an overall increase in Énergir, L.P.'s supply price (System Gas price) compared to the preceding fiscal year. The annual average was higher than that for the previous fiscal year ($6.60/Gj in 2022 compared to $3.05/Gj in 2021). This therefore resulted in a 116.7% increase in the annual average natural gas supply price compared to fiscal year 2021.

In fiscal year 2022, fuel oil prices also rose compared to the previous fiscal year. Between October 2021 and September 2022, No. 2 fuel oil (also called light fuel oil) traded at an average price that was 88.2% higher than during the previous fiscal year. The price of No. 6 fuel oil (also called heavy fuel oil) was 52.5% higher than during the previous fiscal year.

As explained under Item 4.1.1.5 f) i. *Cap-and-Trade System for Greenhouse Gas Emission Allowances (CATS)*, Énergir, L.P. is subject to CATS. In fiscal year 2022, the average CATS price that Énergir, L.P. billed to its customers for natural gas stood at $1.70/Gj, which is equal to the average price for Énergir, L.P.

Public policies like the Quebec government's 2030 Plan for a Green Economy ("**2030 PGE**") and the Montréal Climate Plan could affect the appeal of natural gas and eventually affect its competitiveness.

The following table gives an overview of the competitive position of natural gas in the main markets served by Énergir, L.P.

Markets		Comparator	Savings in fiscal year 2022	Savings in fiscal year 2021	Average CATS price billed by Énergir, L.P. for the competitive position of natural gas to be neutral in relation to the comparator (as at September 30, 2022)
Residential		Electricity[1]	-0.6% to 25.5% (Depending on the size and age of the dwelling)	20.0% to 41.0% (Depending on the size and age of the dwelling)	From $2.70/GJ to $7.80/GJ (Depending on the size and age of the dwelling)
		No. 2 fuel oil	42.1% to 51.9% (Depending on the size and age of the dwelling and the energy efficiency of devices used)	28.0% to 42.0% (Depending on the size and age of the dwelling and the energy efficiency of devices used)	–[2]
Commercial[3]	Customer consuming less than 100,000 m^3	Electricity	24.2% to 36.0%	44.0% to 52.0%	From $8.40/GJ to $9.10/GJ
		No. 2 fuel oil	48.4% to 58.8%	37.0% to 50.0%	–[2]
	Customer consuming between 100,000 m^3 and 400,000 m^3	Electricity	30.9% to 42.0%	51.0% to 58.0%	From $8.20/GJ to $10.40/GJ
		No. 2 fuel oil	58.4% to 61.6%	50.0% to 54.0%	–[2]
	Customer consuming more than 400,000 m^3	Electricity	42.0% to 45.6%	58.0% to 61.0%	From $10.40/GJ to $11.20/GJ
		No. 2 fuel oil	61.6% to 63.5%	54.0% to 57.0%	–[2]
Industrial[4]		Electricity[5]	42.0%	66.2%	$5.99/GJ
		No. 2 fuel oil	68.1%	66.1%	–[2]
		No. 6 fuel oil	48.3%	54.7%	–[2]

(1) The position presented above is in relation to all Énergir, L.P. customers, namely those using devices that have varying energy efficiencies.

(2) Since petroleum products are also subject to the CATS, and assuming an average CATS price for petroleum products equal to the average CATS price billed by Énergir, L.P., no increase in the latter would have weakened the competitive position of natural gas over No. 2 fuel oil and No. 6 fuel oil. On the contrary, since No. 2 fuel oil and No. 6 fuel oil generate more GHG emissions, any rise in the costs of complying with the CATS would have improved the competitive position of natural gas.

(3) In the case of the Commercial Market customers who purchase their natural gas directly, the cost savings data vary based, among other things, on the terms and conditions of their supply contracts.

(4) In the case of the Industrial Market customers who purchase their natural gas directly (as a vast majority of the Industrial Market customers do), the cost savings data vary based, among other things, on the terms and conditions of their supply contracts. For example, the data provided in the table above relating to the Industrial Market represent a firm-service customer who consumes 10 million m^3 annually.

(5) The industrial customer used for the competitive position analysis consumes electricity at Tariff L.

See below for more details on the competitive position of natural gas in these markets.

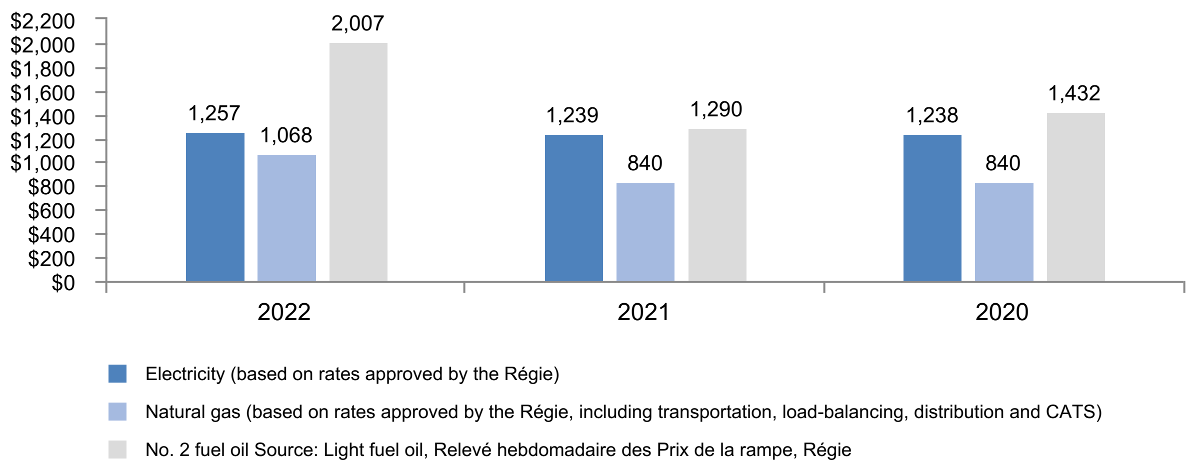
Residential Market

In terms of residential heating, natural gas and electricity were competing with each other in fiscal year 2022. Based on the annual cost recorded for fiscal year 2022, in most cases customers who chose to heat their dwellings with natural gas using high-efficiency equipment paid a lower cost than they would have paid had they opted for electric heating. However, natural gas's competitive position was less favourable compared to high-efficiency equipment such as heat pumps.

Heating with natural gas instead of No. 2 fuel oil generated savings for all residential customers. The competitive position of natural gas over No. 2 fuel oil gained some ground compared to the previous fiscal year.

The following graph shows the annual cost of using No. 2 fuel oil, electricity and natural gas to heat a single-family dwelling during the fiscal years 2020 to 2022:

Evolution of annual heating cost for newly-built 160 m2 single family dwelling with high efficiency equipment



Commercial Market

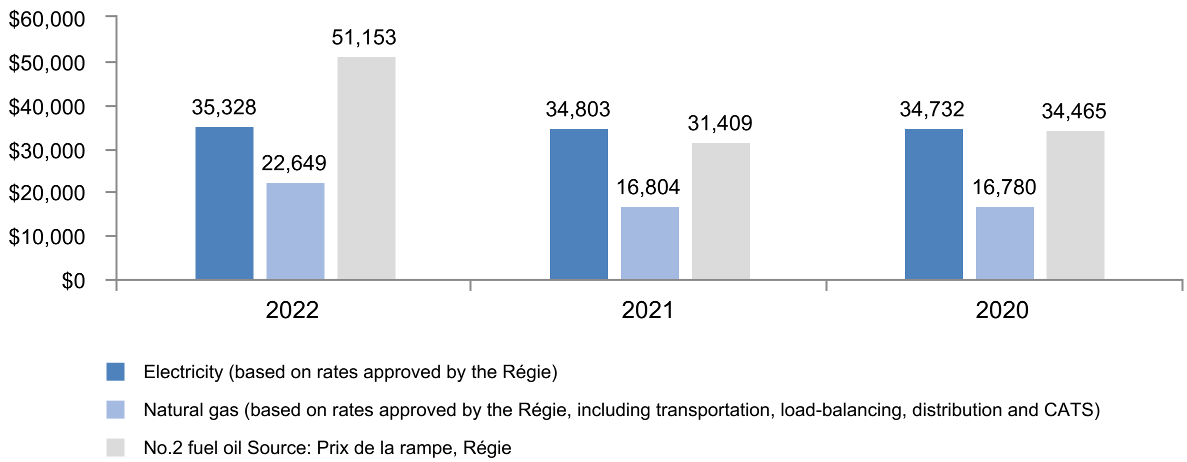
Based on the annual costs recorded in fiscal year 2022, natural gas maintained its competitive advantage in the Commercial Market. However, natural gas's competitive position was less favourable, perhaps even unfavourable, compared to high-efficiency equipment such as heat pumps.

Despite this favourable situation for natural gas, Hydro-Québec's off-peak marginal rate of 3.88¢ per kilowatt-hour hurt the competitiveness of natural gas in this market, where additional electric equipment has been installed to optimize off-peak electricity consumption.

Again, based on annual costs for fiscal year 2022, natural gas enjoyed a very favourable competitive position over No. 2 fuel oil. Compared to the previous fiscal year, this position is even more favourable.

The following graph shows the annual cost of using No. 2 fuel oil, electricity (excluding optimized off-peak electricity consumption) and natural gas for an average-size commercial customer during the fiscal years 2020 to 2022:

Evolution of annual cost of using energy for an average size commercial building (consumption equivalent to 41,500 m3 of natural gas per year) (1)



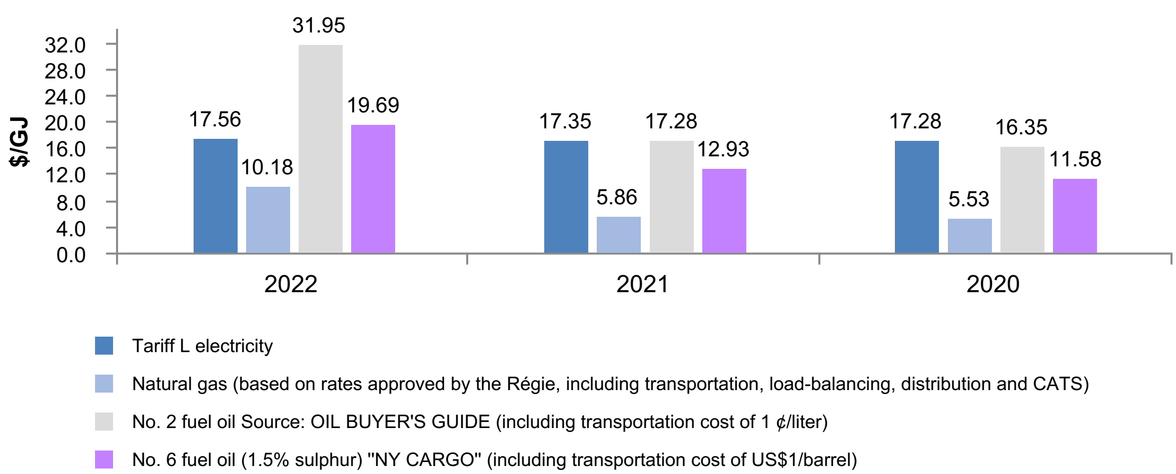
(1) For purposes of calculating the competitive position on the Commercial Market, the analysis consisted of determining the annual cost of using the electricity and No. 2 fuel oil needed to produce the same caloric value as that generated by using 41,500 m^3 of natural gas per year.

Industrial Market

In fiscal year 2022, natural gas held its competitive advantage on the long-term market over electricity, No. 6 fuel oil and No. 2 fuel oil in the Industrial Market. However, despite this favourable situation for natural gas, Hydro-Québec's off-peak rate hurt the competitiveness of natural gas in this market, where additional electric equipment has been installed to optimize off-peak electricity consumption.

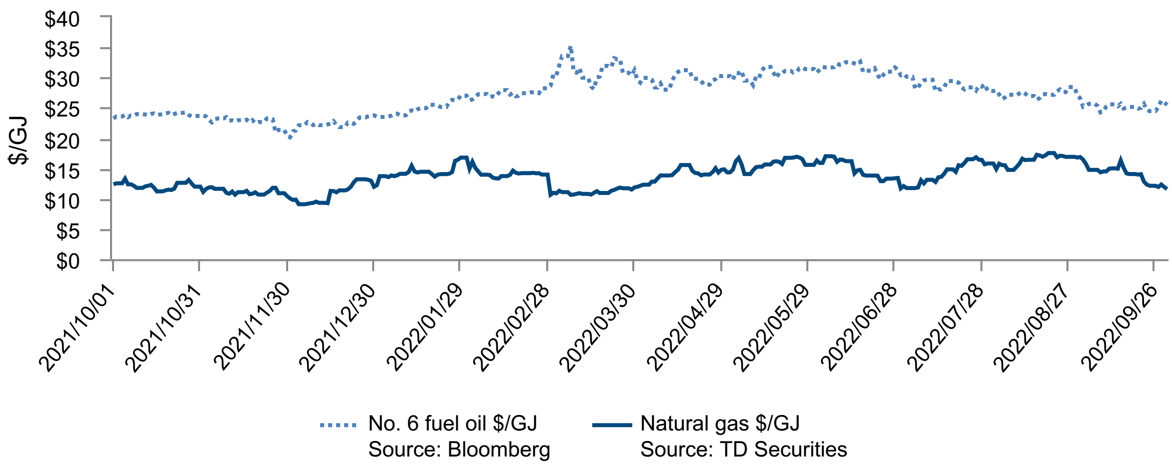
The following graph shows the average unit cost of using No. 2 fuel oil, No. 6 fuel oil, electricity and natural gas for a firm-service industrial System Gas customer during the fiscal years 2020 to 2022:

Evolution of average unit cost of using energy for an industrial customer (annual consumption equivalent to 10 Mm3 in firm service)



In the spot market, natural gas held its advantage against No. 6 fuel oil in fiscal year 2022. Natural gas had benefited from a favourable competitive position throughout the previous fiscal year.

Evolution of competitive situation of natural gas on industrial market over short term during fiscal year 2022



4.1.1.4 System Operations

Énergir, L.P.'s primary objective with regard to its system operations is to provide continuous safe natural gas supply to all customers. To do so, constant efforts are made to ensure that its facilities are protected through effective system maintenance and improvement programs. Moreover, certain portions of its system have reached a high level of saturation: Énergir, L.P. has therefore commenced developing and implementing measures to remedy this situation.

This year, the annual preventive maintenance program was prioritized and fully completed, with the exception of the indoor facilities inspections, which have only been partially completed(6). Delays resulting from limited access to customers' buildings due to the healthcare context over the last two years have all been caught up, with the exception of indoor facilities inspections. For these inspections, a new strategy will be developed so as to identify solutions that will improve the execution of these activities within the program's timetables. In addition, municipal and other infrastructure rehabilitation again resulted in major improvement work on Énergir, L.P.'s system. This work was in addition to Énergir, L.P.'s other planned activities designed to keep its system in good condition.

Consistent with the deployment of its action plan to implement a proactive asset management approach, Énergir, L.P. gave priority to actions on assets deemed most likely to have a significant impact on its operations or customers in fiscal year 2022. In its 2023 rate case, Énergir, L.P. anticipated investments of up to $53.4 million, not including major projects, for the continued implementation of this asset management approach.

In the last several years, Énergir, L.P. has noted the occurrence of new natural events, and that these types of events are becoming more frequent (e.g., floods, ice storms, thaw-freeze events triggered by temperature fluctuations, landslides) or more intense (e.g., heavy rain, flooding and extreme heat waves). These events in all likelihood result from climate change.

Accordingly, when Énergir, L.P. reviews its procedures, processes, emergency measures plan and system maintenance and improvement programs, it takes into consideration what impact these new natural events might have on its network and the operation thereof.

Énergir, L.P. has also stepped up its efforts to increase its employees' awareness of the prevention rules associated with such events.

With regard to the third-party damage prevention program, Énergir, L.P. continued its sensitization efforts with the main intervenors, including municipalities, excavation contractors, the Régie du bâtiment and the Commission des

(6) The partial completion of the indoor inspections does not contravene regulatory requirements. Énergir, L.P. is complying with its regulatory obligation to establish a preventive maintenance program.

normes, de l'équité, de la santé et de la sécurité du travail (CNESST). Énergir, L.P. is also actively involved in Info-Excavation's work to promote best practices in this area.

Moreover, Énergir, L.P. complies, among other things, with that portion of standard CAN/CSA-Z662 "Oil and Gas Pipeline Systems" that pertains to the implementation of a documented safety and security and loss management system for pipeline systems (including incidents) in order to ensure personal safety and the protection of property and the environment. Énergir, L.P. elected to have its system audited by an independent auditor every three years. A new certificate attesting that Énergir, L.P.'s system complies with the requirements of this standard was obtained from the Bureau de normalisation du Québec (BNQ) in February 2022.

4.1.1.5 Environmental Protection

a) Environmental Policy

Under its environmental policy, Énergir, L.P. has committed to showing leadership, rigour and determination in pursuing its environmental actions in its activities related to the Quebec natural gas distribution pipeline system and the LSR Plant. It is committed to doing likewise with its customers and the general public in a context of sustainable development.

This environmental policy presents Énergir, L.P.'s commitments regarding the implementation of various actions in three areas: (i) prevention of pollution and protection of the environment, (ii) contribution to the fight against climate change and reduction of pollution, and (iii) the fostering of close ties and collaboration between stakeholders. The policy also states that Énergir, L.P. is committed to maintaining and improving the regular disclosure of its environmental performance.

b) ISO 14001 Standard

Since 2000, Énergir, L.P. has had an ISO 14001-certified environmental management system (the "**Environmental Management System**").

In order to maintain its certification, in February 2022 Énergir, L.P. had an independent auditor perform a recertification audit of its Environmental Management System using the 2015 version of the standard (which audit only takes place once every three years, the two other years being subject to a maintenance audit). Based on the results of that audit, it maintained its ISO 14001 certification.

As part of the Environmental Management System, Énergir, L.P. has identified those of its activities that could have an impact on the environment. It has adopted and implemented a number of procedures to manage the main environmental impacts that could arise from its activities and to ensure compliance with its obligations under applicable laws and regulations. These procedures concern, among other things, the storage and handling of hazardous substances, the management of contaminated soil, the recovery and management of waste, the quantification of GHGs, and applications for environmental authorizations. The procedures are revised regularly. As a result, the Environmental Management System makes it possible to set environmental goals and targets, monitor the results achieved and favour the development of coherent environmental strategic guidelines, among other things.

In addition to the annual audit by an independent auditor, internal audits are performed annually in accordance with ISO 19011 "*Guidelines for quality and/or environmental management systems auditing*" in order to verify whether certain elements of the Environmental Management System are compliant. Moreover, environmental compliance audits are performed to ascertain the extent of the activities' legal compliance.

Finally, a report on the performance of the Environmental Management System is submitted annually to Management. Following its review of this report, Management approves any adjustment or change of direction to be made to the environmental policy, the objectives and targets, or other elements of the Environmental Management System.

The CGEE Committee has the mandate to receive a quarterly report from Management on Énergir, L.P.'s environmental performance and, if necessary, to make recommendations to the Board or, if it has deemed it appropriate, to other committees of the Board. In addition, the Board continues to receive an annual report on environmental risks and issues.

c) Environmental Management Site

Before Énergir, L.P. assumed ownership in 1957 of the land where its head office is located, at 1717 Du Havre Street in Montréal, Quebec, a manufactured gas plant had operated there. The operation of that plant resulted in the contamination of the land. Énergir, L.P. and the Ministry of Environment have entered into an agreement for the environmental management of the land that requires Énergir, L.P. to (i) more precisely define the extent of the contamination and (ii) continuously monitor the contaminants in the land to ensure, among other things, that they are confined to the cadastral boundaries of the land.

Environmental management of the site includes, in particular, supervising the movement of high-density contaminants, groundwater contaminant levels downstream from the property, if necessary, and monitoring building air quality. The reports and analyses conducted under this agreement are submitted annually to the Ministry of Environment. In connection with the agreement with the Ministry of Environment, Énergir, L.P. invested approximately $450,000[7] between 2020 and 2022 to, among other things, manage and monitor the contaminant confinement work.

d) Climate Change and GHG

Under its environmental policy, as in force as at September 30, 2022 and described under Item 4.1.1.5 a) *Environmental Policy*, Énergir, L.P. must, among other things, reduce its own GHG emissions in keeping with Quebec's target. Énergir, L.P. has therefore set itself the objective of reducing its GHG emissions in the context of its natural gas distribution activities and in keeping with Quebec's 2030 target. Quebec, in its 2030 PGE, more fully described below, set itself an emission reduction target of 37.5% below 1990 emissions levels by 2030, compared to its previous 2020 GHG emission reduction target of 20.0% below 1990 levels.

In calendar year 2021, Énergir, L.P.'s GHG emissions totalled 63,549 tonnes of CO_2 eq.,[8] which represents a 21.1% reduction compared to 1990 levels. Énergir, L.P.'s goal is to reduce its GHG emissions in keeping with Quebec's target, which is 37.5% below 1990 levels by 2030.

Compared to 2020 emissions, this is an increase of 8,070 tonnes of CO_2 eq. This increase is due mainly to the fact that in calendar year 2021, the *Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere* required a global warming potential of 25 to be used for methane emissions instead of a global warming potential of 21. This amendment had the effect of increasing the GHG emissions emitted into the atmosphere for the same quantity of natural gas. Had a global warming potential of 25 been used to calculate Énergir, L.P.'s GHG emissions for calendar year 2020, those emissions would have been 63,372 tonnes of CO_2 eq. This therefore represents a 0.3% increase in Énergir, L.P.'s GHG emissions compared to 2020 levels.

Furthermore, in order to reduce GHG emissions attributable to the natural gas it distributes, Énergir, L.P. has (i) identified or taken measures to increase the quantity of RNG injected in its system, and (ii) implemented a responsible gas supply mechanism the goal of which is to improve the traceability of its natural gas supplies (by, among other things, purchasing natural gas directly from specific producers) and to favour producers who demonstrate they have adopted some of the best practices to reduce the impacts of their operations, notably in terms of methane emissions.

The goal of Énergir, L.P.'s third-party damage prevention program, described at greater length in Item 4.1.1.4 *System Operations*, is also to reduce GHG emissions.

To address climate change risks and opportunities, Énergir, L.P. developed its Vision 2030-2050, which aims to attain carbon neutrality by 2050 in the energy it distributes to its customers. To achieve this goal, Vision 2030-2050 outlines, among others, four initiatives, which include accelerating the growth of energy efficiency efforts. These four initiatives are described at greater length in Item 4.1.1.6 c) *Resiliency of Énergir, L.P.'s Business Model.*

2030 PGE

In 2012, the Government of Quebec adopted the 2013-2020 Climate Change Action Plan, which expired on December 31, 2020. This action plan was replaced by the 2030 PGE, and its first 2021-2026 implementation plan.

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(7) The 2021 AIF indicated that as part of an agreement with the Ministry of Environment, Énergir, L.P. had invested approximately $640,000 between 2018 and 2021 to, among other things, manage and monitor the contaminant confinement work. It should have stated that the amount invested in this work between 2019 and 2021 was approximately $470,000.

(8) All Énergir, L.P. GHG emissions figures under Item 4.1.1.5 d) *Climate Change and GHG* include (i) its GHG emissions, (ii) GHG emissions caused by fugitive emissions and breakdowns, and (iii) emissions resulting from Énergir, L.P.'s vehicle fleet and buildings, even though such emissions did not need to be included in the GHG emissions report to the Ministry of Environment for calendar year 2021. These figures, however, do not include GHG emissions from Énergir, L.P.'s customers.

The 2030 PGE guides the Quebec government's actions in this area until 2030, the goal being to help it achieve the GHG emission reduction target that the government set for itself for 2030, namely 37.5% below 1990 emissions levels. This first implementation plan has the same five main focal points, notably mitigating and adapting to climate change. Énergir, L.P. is closely monitoring the implementation of the priorities defined in the 2030 PGE and its first action plan to determine how these will impact its growth prospects and competitive position, where applicable. The implementation plan is updated annually to cover the five following years. Consequently, the 2022-2027 implementation plan has the same five main focal points as the 2021-2026 implementation plan. This update provides for injecting an additional $47.5 million into the RNG production support program over five years. This program helps provide financial assistance to (i) feasibility studies, such as projects in Quebec to produce RNG for injection into the natural gas distribution system, and (ii) the completion of these projects. In updating this plan, the government of Quebec is stepping up its efforts to support the completion of energy efficiency and conversion projects under the EcoPerformance program. With Vision 2030-2050, Énergir intends to contribute to a 30.0% total reduction in GHG emissions for natural gas used in the building sector by 2030 compared to 2020 levels, which is in keeping with the 2030 PGE's targets of achieving a 50.0% reduction in building sector emissions by 2030. For more information on Vision 2030-2050, please refer to Item 4.1.1.6 c) *Resiliency of Énergir, L.P.'s Business Model.*

e) ESG

In fiscal year 2022, Énergir, L.P. completed its process of integrating ESG topics into its strategic planning. ESG priorities were identified in collaboration with its stakeholders and a roadmap was established. Énergir, L.P. will continue to implement the concrete actions of its ESG approach in fiscal year 2023.

Énergir, L.P. also publishes the two following documents to account for its ESG activities.

Since 2021, Énergir, L.P. also published an annual Climate Resiliency Report, which is prepared in line with the framework prescribed by the TCFD. This report presents the climate-related risks and opportunities specific to Énergir, L.P. and its main subsidiaries, as well as climate-related strategy, governance and risk management. It also provides an assessment of the business model's resilience. Énergir, L.P. expects to publish is next Climate Resiliency Report in the second quarter of fiscal year 2023.

In addition, since 2013, Énergir, L.P. has published three sustainable development reports based on the guidelines set out in the Global Reporting Initiative. The financial and extra-financial indicators presented in these reports address the priority economic, social, environmental and governance concerns identified by Énergir, L.P.'s internal and external stakeholders. These indicators are published annually on a tracking platform available at www.energir.com.

No element relating to the sustainability performance, including the sustainability report and the Climate Resiliency Report, has been incorporated herein.

f) Legislative Framework

Federal

In April 2021, the Government of Canada announced its commitment to reduce its GHG emissions by 40 to 45.0% below 2005 levels by 2030. This is the context in which the *Act respecting transparency and accountability in Canada's efforts to achieve net-zero greenhouse gas emissions by the year 2050* was assented to on June 29, 2021. Pursuant to this law, Canada's Minister of the Environment must set national targets for the reduction of GHG emissions for 2035, 2040 and 2045 to achieve carbon neutrality in 2050. These targets must be set no later than by December 1, 2024, 2029 and 2034, respectively.

This is the context in which the federal government adopted, in June of 2022, the *Clean Fuel Regulations* requiring gasoline and diesel producers and importers to lower the carbon intensity of the gasoline and diesel they produce or import into Canada by 3.5 grams of CO_2 eq. per megajoule in 2023 compared to 2016 levels, and 14 grams by 2030. Although gaseous fuels (including natural gas) were initially supposed to be subject to the regulations, the latter do not provide for an obligation to lower the carbon intensity of natural gas across its lifecycle. Énergir, L.P. is therefore not subject to these regulations. This standard complements the *Greenhouse Gas Pollution Pricing Act*, which does not apply to Quebec because the province has adopted a CATS, as described at greater length in Item 4.1.1.5 f) i. *Cap-and-Trade System for Greenhouse Gas Emission Allowances (CATS).*

Concurrently with the development and implementation of the *Clean Fuel Regulations*, the Government of Canada is taking additional measures to reduce GHG emissions or fight against climate change. Consequently, under the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream

Oil and Gas Sector), some of Énergir, L.P.'s facilities are, among other things, required to comply with standards governing the quantity of methane released into the atmosphere in the course of its activities and will be subject to three annual leak detection inspections. These new requirements came into force progressively starting on January 1, 2020.

To date, and subject to the above, there are no other federal regulations compelling Énergir, L.P. to reduce its GHG emissions.

Provincial

i. Cap-and-Trade System for Greenhouse Gas Emission Allowances (CATS)

The Government of Quebec implemented CATS which, since January 1, 2014, is connected with California's cap-and-trade system for greenhouse gas emission allowances.

As such, Énergir, L.P.:

(1) is required to report to the Ministry of Environment (i) its own GHG emissions; (ii) fugitive GHG emissions and GHG emissions caused by damage; and (iii) the GHG emissions of its customers (other than those customers that are themselves emitters subject to the CATS, that are attributable to the use or combustion of natural gas for their establishments covered by the system) resulting from the use or combustion of the natural gas distributed by Énergir, L.P.;

(2) is required to have an independent ISO 14065-accredited auditor verify annually its GHG emissions, fugitive GHG emissions, emissions caused by damage and the GHG emissions of its aforementioned customers pursuant to the ISO 17011 program;

(3) is required to cover the GHG emissions verified by its auditor.

The CATS is subject to a compliance period of three years, with the exception of the first such period which was two years. Therefore, the fourth CATS compliance period began on January 1, 2021 and will end on December 31, 2023. No later than by November 1 after the end of each relevant compliance period, every entity subject to the CATS must have at least as many emission allowances in its compliance account as its GHG emissions verified by the independent auditor (as indicated above) during the compliance period in question.

ii. Duties

The *Act respecting Transition énergétique Québec* provided that every energy distributor (including Énergir, L.P.) must pay an annual contribution to the TEQ to finance its activities, namely the programs and measures necessary to achieve the energy targets defined by the Quebec Government. Under the Regulation respecting the annual share payable to Energy Transition Quebec, the annual contribution is payable in four instalments, on March 31, June 30, September 30 and December 31 of each year. The contribution paid by Énergir, L.P. during fiscal year 2022 was $15,765,250, compared to $15,768,337[9] for fiscal year 2021.

As explained above under Item 4.1.1.3 a) *Normalized Deliveries*, under the *Act mainly to ensure effective governance of the fight against climate change and to promote electrification*, the annual share described above is maintained but must now be paid to the Ministère de l'Énergie et des Ressources naturelles.

In fiscal year 2022, the environmental protection requirements did not have any material financial or operational impact on (i) Énergir, L.P.'s property, plant and equipment acquisitions, (ii) Énergir, L.P.'s consolidated net income and (iii) Énergir, L.P.'s competitive position, with the exception, in particular, of the impact of the coming into force of the CATS, which affected the competitive position, as previously described under this item. However, the costs associated with the environmental protection requirements cannot be easily identified separately as they are embedded in Énergir, L.P.'s system maintenance and development programs. Except for the CATS and the related compliance costs, as described under this item, in Management's view, the environmental protection requirements will not have any material financial or operational impacts in fiscal year 2023.

[9] The amounts are set by orders-in-council of the Government of Quebec.

4.1.1.6 Climate Change

a) Climate Change Risks and Opportunities

To structure its understanding of the risks and opportunities related to climate change based on the recommendations of the TCFD, Énergir, L.P., Green Mountain and Vermont Gas use a common methodology. The table below therefore presents these risks and opportunities for Énergir, L.P., Green Mountain and Vermont Gas, and specifies how they would manifest themselves and what the potential financial repercussions would be.

The following table presents the physical and transitional risks relating to climate change. Please note that in this table, the electricity-related risks apply solely to Green Mountain, and that the gas-related risks apply solely to Énergir, L.P. and Vermont Gas.

Risks			Potential Financial Impacts	Opportunities
Transition Risks	**Political and legal**	▪ Increase in the Price of Carbon; ▪ More aggressive decarbonization goals; ▪ More restrictive regulation of existing products and services; ▪ Inconsistency between the regulatory framework and business objectives; ▪ Exposure to GHG emissions litigation or non-compliance with GHG emission reduction regulations.	▪ Increase in service costs (implementation of specific measures to reduce the carbon footprint) reflected in customers' rates; ▪ Decrease in demand for fossil natural gas, resulting in particular from increased compliance costs (e.g.: CATS).	▪ Increased demand for RNG and energy services; ▪ Increased demand for the responsible procurement of natural gas; ▪ Policies, regulations and financing conducive to RNG and hydrogen development; ▪ Injection of green hydrogen in the gas network; ▪ Diversification of renewable energy sources; ▪ Energy efficiency in offices, electrification of certain vehicle fleets, reduction at the source, re-use, recycle and repurpose of resources used; ▪ Achievement of the 100% renewable supply targets (Green Mountain 2030 target); ▪ Reduction of emissions with a renewable electricity supply.
	Technological	▪ Lesser efficiency of natural gas technologies compared to alternative energy solutions; ▪ Technological advances that facilitate decarbonization for customers; ▪ Unsuccessful investments in new technology.	▪ Decrease in demand for fossil natural gas (resulting from the use of comparatively more efficient equipment, electrotechnology and storage); ▪ Stranded investment costs in technologies that do not favour the achievement of our objectives.	▪ Development of complementary energy services (energy expertise, storage assets, fuel, green hydrogen); ▪ Increase in the offer of energy efficiency programs; ▪ New clean technologies to decarbonize the energy delivered.
	Market-related	▪ Change in customer behaviour that favours energy sources with lower GHG emissions; ▪ Increase in supply cost.	▪ Decrease in demand for fossil natural gas; ▪ Lower share on certain markets that could have an impact on the distribution of revenues from Énergir, L.P.	▪ Dual energy offer for Quebec customers; ▪ Diversification of renewable energy sources including solar energy from sites of varied sizes (from residential rooftops to those of larger sites); ▪ Sharing program for peak electricity periods with customers.

<table>
<tr><th colspan="3">Risks</th><th>Potential Financial Impacts</th><th>Opportunities</th></tr>
<tr><td></td><td>Reputational</td><td>▪ Change in customer behaviour towards energy sources with lower GHG emissions;
▪ Increased stakeholder concern about GHG emissions.</td><td>▪ Reduced or more difficult access to financing (resulting from the consideration of environmental (including GHG emissions), social and societal criteria in the financing of projects or businesses);
▪ Decrease in demand for fossil natural gas.</td><td>▪ Greater demand for Énergir, L.P.'s carbon-neutral solutions.</td></tr>
<tr><td rowspan="2">Physical risks

(for more on this, please refer to the sub-section below, Physical Risks.)</td><td>Acute</td><td>▪ Increased severity of extreme weather events (floods, landslides, freeze/thaw cycles).</td><td rowspan="2">▪ Lower revenues relating to a decreased energy distribution capacity (resulting, for example, from breaks in the supply chain);
▪ Increased operating costs (maintenance and repairs, including labour, equipment and potential environmental damage, insurance premiums and costs related to the negative impacts on the workforce);
▪ Increase in required investments (more resilient construction or more frequent repairs);
▪ Reduced insurability of assets located in "high risk" areas;
▪ Changes in demand due to milder winters and hotter summers.</td><td rowspan="2">▪ Investment in network resilience projects;
▪ Recognition of the added value of carbon-neutral gas assets owing to their resiliency to climate changes.</td></tr>
<tr><td>Chronic</td><td>▪ Changes in precipitation patterns and extreme variations in meteorological profiles;
▪ Rise in average temperatures.</td></tr>
</table>

Physical Risks

The physical risks have a different influence depending on the nature of the activities. Indeed, electricity production and distribution activities, which rely on assets that are mostly above ground, are more sensitive than gas distribution activity to the variability and intensity of storms, forest fires, variability in precipitation thus affecting maintenance or production costs. Green Mountain's wind production is more widely influenced by wind strength and its solar production is dependent on intensity and periods of sunshine.

The impact of climate change can also have an impact on consumption profiles with greater demand for electricity in summer depending on the demand for air conditioning, for example.

The gas network, which is mostly underground, can be more significantly impacted by landslides or floods and consumption can also be influenced by climate change. Indeed, the decrease in cold periods can reduce the volumes distributed. Énergir, L.P. remains proactive in ensuring the resilience of its networks.

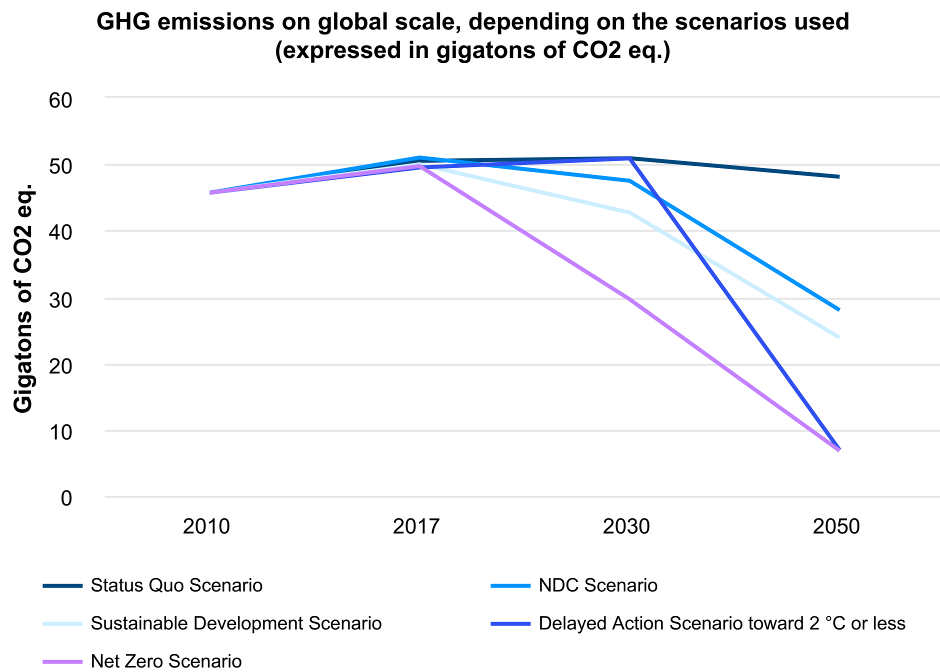
In 2022, Énergir, L.P., Green Mountain and Vermont Gas launched a thought process to assess how sensitive their assets are to various climate change scenarios. They are currently considering a process for identifying and assessing climate risks, and responding thereto over a long-term time horizon to reduce their assets' exposure to the effects of climate change and identify which effects will have the greatest impact on their assets. This exercise comes in the wake of the summary assessment of physical risks presented above.

b) GHG Emissions Scenarios for Horizons 2030 and 2050

i. Global Scenarios

In order to better assess the potential impact of the climate change risks and opportunities (described more fully under Item 4.1.1.6 a) *Climate Change Risks and Opportunities*) on the resiliency of Énergir, L.P.'s business model and over short term, medium term and long term timelines, Énergir, L.P. relied, in line with TCFD recommendations, on five quantitative scenarios from independent agencies that predict several possible global GHG emission pathways in the 2030-2050 timeframe. The use of these scenarios allows Énergir, L.P., Green Mountain and Vermont Gas to analyze the impacts of climate change on the resilience of the business models over different time horizons. The scenarios used are not GHG emissions forecasts. They represent a range of possible futures with respect to GHG emissions. While other scenarios are available or forthcoming, the scenarios used in this Annual Information Form have the advantage of proposing a range of possible futures that are for the most part distinct from each other.

These scenarios are described below.



Status Quo Scenario[10]

The Status Quo Scenario represents a future where few actions are taken to limit global warming. The physical risks for this scenario are greater than for other scenarios described below in the second half of this century, as no additional measures are taken to reduce GHG emissions.

NDC Scenario

The NDCs embody the commitments of each Paris Agreement signatory country,[11] to reduce their national GHG emissions and adapt to the effects of climate change. Every five years, each signatory country must establish, disclose and update the successive NDCs it plans to make at the national level. As a signatory of the Paris Agreement, Canada has submitted an NDC plan that came into effect in 2016. The NDC plan was subsequently revised in 2017, and in 2021. The United States submitted an NDC plan in April 2021. This scenario is therefore evolving in line with the new NDCs announced by various countries over time.

Since the scenarios were last scaled for fiscal year 2021, the Climate Action Tracker's[12] NDC curve shows a 23% drop in emissions for 2050 compared to that previously used.[13] Consequently, the pathway of the NDC Scenario is becoming more and more similar to the Sustainable Development Scenario. The GHG emission levels for 2030, however, remain unchanged. What is more, the NDC Scenario published in the 2021 Annual Information Form already reflected the new NDCs for Canada and the United States announced alongside the COP 26 meeting held at the end of calendar year 2021.

Sustainable Development Scenario

The Sustainable Development Scenario represents a stabilization of energy demand whilst maintaining economic and population growth. This stabilization is supported by significant and internationally coordinated efforts to boost energy efficiency and shift away from fossil fuels for energy production. The substitution of fossil fuels and the

(10) Bank of Canada - Scenario Analysis and the Economic and Financial Risks from Climate Change: https://www.bankofcanada.ca/2020/05/staff-discussion-paper-2020-3/?page_moved=1

(11) Among other things, this agreement seeks to limit any rise in the planet's average temperature way under 2 °C compared to pre-industrial levels, and to continue taking action to limit the rise in temperature to 1.5 °C compared to pre-industrial levels. This agreement came into effect on November 4, 2016.

(12) The Climate Action Tracker is an independent scientific analysis that tracks climate actions taken by governments and measures them against the target provided for in the Paris Agreement to limit warming to well under 2°C and pursue efforts to limit warming to 1.5°C. This analysis is performed by Climate Analytics, a non-profit climate science and policy institution based in Berlin, Germany.

(13) Global emissions under the NDC Scenario, Climate Action Tracker.

sustained decarbonization efforts in this scenario are consistent with a world where global warming is limited to 2°C or less compared to preindustrial levels.

Delayed Action Scenario

The Delayed Action Scenario represents a future where countries fail to meet their NDC commitments between 2020 and 2030, and then take more stringent mitigation measures to limit warming to 2°C or less compared to preindustrial levels. Measures are delayed until 2030 and require significant catch-up between 2030 and 2050. As a result, GHG reductions after 2030 and the associated transition risks are much greater.

Net Zero Scenario

The Net Zero Scenario represents a transformation of the global energy system to achieve global carbon neutrality by 2050 and limits the global temperature rise to 1.5°C or less compared to the pre-industrial era. It also assumes continued economic growth.

In this scenario, declining final energy demand, the rapid deployment of more energy-efficient technologies, electrification and the rapid growth of renewables play a central role in reducing GHG emissions across all sectors. Emerging fuels and technologies, such as hydrogen and hydrogen-based fuels, bioenergy and carbon capture and storage, also play a major role, especially in sectors where emissions are often the most difficult to abate. This scenario excludes any new oil or gas fields beyond the projects already approved at the time the Net Zero Emissions by 2050 Scenario was published by the International Energy Agency in May 2021.

This Annual Information Form presents an emissions pathway for the Net Zero Scenario that is virtually unchanged, though modifications have been made to this scenario's underlying assumptions. The main changes to the assumptions compared to those of the Net Zero Scenario published in the 2021 Annual Information Form are:

- An additional 10% and 15% reduction by 2030 and 2050, respectively, in the global consumption of natural gas compared to 2020;
- A drop of approximately 20% in carbon emissions captured and removed from the atmosphere in 2030 and 2050 (capture and sequestration of bioenergy emissions and direct air capture); and
- Continued investment in existing fossil energy projects to meet demand up to the 2030 horizon, but without new traditional investments. The assumption in 2021 only presumed that no new investment in conventional fossil fuels would be necessary.

The current and announced policies so far do not allow the realization of the Net Zero Scenario.

ii. Quebec-Wide Scenarios

To ensure that its Vision 2030-2050 enables its resiliency by 2050, Énergir, L.P. used the scenarios presented under Item 4.1.1.6 b) i. *Global Scenarios* above, having scaled them to the province of Quebec. Quebec has its own policies and regulations and has made political commitments to combat climate change that influence possible future pathways for GHG emissions.

Énergir, L.P. used the Under2 Coalition methodology[14] where applicable and, in other cases, the proportional method to adapt the scenarios to the Quebec context.[15] Once this scale is carried out, the GHG reduction pathways in these scenarios become more significant for Quebec. This methodology is relevant for Quebec as it is a member of the Under2 Coalition. The proportional methodology is also relevant for Quebec when the Under2 Coalition methodology cannot be applied. Indeed, the proportional methodology consists in transposing the percentage of emission reductions at the global level to Quebec.[16]

The exercise of scaling global GHG emission reduction pathways to apply to Quebec reveals that the pathway of the NDC Scenario, when adapted to the Quebec context using the proportional methodology, will now reach nearly 30 million tonnes of CO_2 equivalent by 2050 (compared to nearly 40 million tonnes of CO_2 equivalent in the 2021 Annual Information Form). The 2030 pathway remains unchanged.

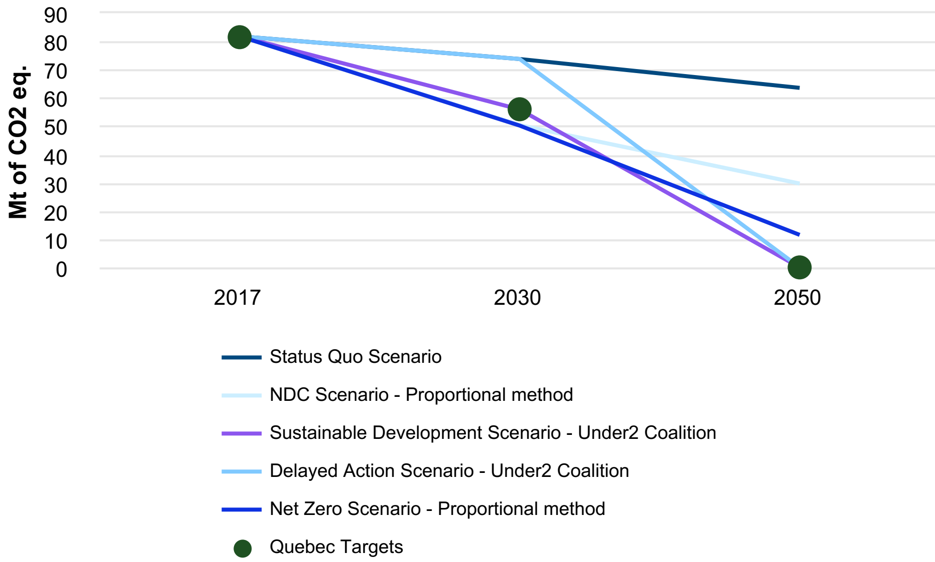
(14) The Under2 Coalition became the Net Zero Coalition on October 19, 2021. As of December 16, 2021, Quebec had not revised its targets based on the Memorandum of Understanding revised by this coalition.

(15) This methodology is based on achieving the target of limiting global warming to 2° Celsius or less by 2100 from pre-industrial levels and reducing GHG emissions by one percentage compared to the 1990 levels in each jurisdiction by 2050. This methodology is therefore not applicable to scenarios that do not limit global warming to 2 degrees Celsius or less by 2100 from pre-industrial levels.

(16) For example, under this methodology, 20% of global emission reductions scaled up at the Quebec and Vermont levels represents a 20% reduction in emissions in Quebec, and 20% in Vermont. This methodology is therefore not applicable to scenarios that do not limit global warming to 2 degrees Celsius or less by 2100 from pre-industrial levels.

The following graph therefore presents the possible GHG emission pathways according to the scenarios used as they apply to Quebec. It also presents Quebec's targets in 2030 and 2050.

Possible annual GHG emission pathways according to the scenarios used as they apply to Quebec (expressed in million tonnes of CO2 eq.)



(a) The scenarios used for Status Quo Scenario come from reports produced by Dunsky Energy Consulting for Quebec and Vermont, and are based on a modelling of the NATEM-Canada optimization model in the case of Quebec, and an earlier version of a similar modelling for Vermont. These scenarios have been developed across jurisdictions of interest, so no scaling is required.
(b) For scenarios scaled according to the Under2 Coalition methodology, the methodologies for Quebec and Vermont were harmonized to facilitate understanding. This is why the Sustainable Development Scenario curve reaches net zero emissions in 2050.

If Quebec were to align itself with a GHG emissions pathway that limits the rise in global temperatures to 1.5°C, it would have to reduce its GHG emissions by at least about an additional 5 million tonnes of CO_2 eq. than the reduction anticipated by 2030. In addition, some scenarios do not succeed in reducing all GHG emissions in 2050. For example, the assumptions of the Net Zero Scenario indicate that there would remain a small share of fossil natural gas for certain uses that are more difficult to decarbonize in Quebec's energy mix in 2050. Quebec could still achieve carbon neutrality if it consistently commits to such a pathway, first by reducing energy consumption and then by integrating more renewable energies and finally by offsetting residual emissions.

All the scenarios predict a reduction in GHG emissions and therefore a reduction in the use of more GHG emitting energy sources over the 2030 and 2050 horizons. This would necessarily lead to a transformation of the markets Énergir, L.P. serves. However, the speed and intensity of GHG emission reductions vary from scenario to scenario, and Énergir, L.P. will need to remain vigilant regarding the evolution of possible scenarios in how they present future GHG emission pathways.

As mentioned in Item 4.1.1.6 b) i. *Global Scenarios* above, these scenarios are not projections but are used to analyze Énergir, L.P.'s risks and opportunities related to climate change from different angles.

Scenarios	Description of the impacts on Énergir, L.P.
Status Quo	Growth in the natural gas volume distributed by Énergir would continue past 2030. The increase in global temperatures could reach 3.6°C. It is therefore expected that climate change would further affect Énergir, L.P.'s physical assets.
NDC	Compliance with GHG emission reduction policies and achievement of GHG emission reduction targets would result in significant changes to Énergir, L.P.'s traditional business model. Some of Énergir, L.P.'s markets are expected to be significantly impacted, specifically the building heating market, where lower GHG emitting alternatives are available. Because the physical impacts of climate change over the next decade are driven by past emissions, some of the physical effects of climate change would be felt without reaching the significant impacts of the *Status Quo* Scenario. A global warming above 2°C is nevertheless expected to result in significant physical impacts.
Sustainable Development and Delayed Action	The physical impacts of climate change would be the same for these two scenarios, but they are expected to affect Énergir, L.P. at different times and in a more or less significant way. Énergir, L.P. should therefore be less affected by the physical impacts of climate change after 2040. In the Sustainable Development Scenario, the energy transition would already be underway and continuing gradually through to the 2030 and 2050 horizons. In this scenario, Énergir, L.P. would have to continuously deal with sustained transition risks. Note that Quebec's targets are aligned with the pathway presented in this scenario. In the Delayed Action Scenario, the possibility of a shock (an abrupt change in policies after 2030 affecting Énergir, L.P. directly or the operations of its customers) is foreseeable. In this case, the adaptation of Énergir, L.P.'s business model in order to manage the risks associated with this transition could represent a significant challenge. These scenarios are consistent with limiting the temperature rise to 2ºC or less by 2100 compared to pre-industrial levels.
Net Zero	Énergir, L.P. will have to deal continuously with sustained short-term transition risks. While the decarbonization effort will be major for all sectors of the economy by 2030 to limit temperature to 1.5°C compared to the pre-industrial era, this scenario imposes increased transition risks for Énergir, L.P. but creates conditions conducive to the implementation of its decarbonization solutions. Despite limiting temperature increases, physical risks are still expected, but are mitigated by prompt and concerted action. The current and announced policies so far do not allow the realization of the Net Zero Scenario.

c) Resiliency of Énergir, L.P.'s Business Model

To address climate risks and opportunities, as more fully described under Item 4.1.1.6 a) *Climate Change Risks and Opportunities*, Énergir, L.P. announced its Vision 2030-2050 in the fall of 2020, which aims to enable it to make the energy distributed to its customers carbon neutral by 2050.

To achieve this, Énergir, L.P.'s Vision 2030-2050 primarily targets, by the 2030 horizon, the GHG emissions of its customers that come from the use of natural gas for the heating of air and water in the buildings sector (residential, commercial and institutional markets).

Vision 2030-2050 is based on the four following orientations:(17)

(1) Accelerating the growth of long-term energy efficiency efforts

Énergir, L.P. intends to accelerate the growth of energy efficiency efforts. It has set itself the target of helping its customers, through its various energy efficiency programs (as described more in detail under Item 4.1.1.3 a) *Normalized Deliveries*), achieve a cumulative reduction of one million tonnes of CO_2 eq. between 2020 and 2030.(18)

Énergir, L.P. aims to maintain this accelerated pace between 2030 and 2050, despite the fact that achieving this target could become progressively more difficult. To this end, Énergir, L.P. should be launching several strategies to

(17) In the 2020 Annual Information Form, Vision 2030-2050 presented a fifth initiative: continue to replace more polluting energy with natural gas in the industrial sector. This initiative, however, should have been included in the fourth initiative, namely: diversify Énergir, L.P.'s activities to foster new growth drivers.
(18) This target covers the period from October 1, 2020 to September 30, 2030, and covers all of the markets served by Énergir, L.P. and takes into account the contribution of its Energy Efficiency Programs.

enhance its current offering while promoting new and increasingly efficient technologies and digital intelligence. To do so, it is developing marketing strategies and communication campaigns to maximize customer participation in its energy efficiency programs and offer new energy services.

(2) Thanks to new marketing approaches, ensure that the RNG's share rapidly increases to at least 10% of its customers' consumption by 2030

Énergir, L.P. aims to deliver increasingly more RNG to its customers annually. Its goal is for RNG to represent at least 10% of the annual volume it delivers for consumption by 2030, which in terms of today's volume would equate to about 567 million m^3 and an annual GHG emission reduction of 1 million tonnes of CO_2 eq. In the longer term, the technical and economic potential of RNG production in Quebec could be even greater with the possible arrival of new technologies, such as methanation.[19]

In the course of its fiscal year 2022, Énergir, L.P. launched the commercial offering of voluntary RNG consumption to its business and residential customers. This key step in the deployment of Énergir, L.P.'s decarbonization strategy should accelerate voluntary RNG consumption among its customers and therefore minimize the rate impact associated with achieving the regulatory targets for the volume of RNG to be delivered.

(3) Develop a strong complementarity with electricity

Electricity will play a key role in decarbonizing Quebec's economy, including in the building sector by 2030. However, the conversion of hydrocarbon uses in Quebec to electricity presents significant challenges. Hydro-Quebec, Quebec's electricity distributor, is forecasting a power deficit[20] in the coming years because of increased demand from the electrification of transportation and the conversion of other uses currently employing petroleum products. Specifically, this electrification could significantly increase Hydro-Québec's peak demand, which could entail significant costs in electrical infrastructure to meet this demand of a few hundred hours per year and would greatly increase the societal cost of decarbonization.

Therefore, complementarity between Hydro-Québec's electricity network and Énergir, L.P.'s gas network would see a portion of natural gas uses being electrified in the residential, commercial and institutional market segments, while natural gas and RNG would be used during peak electricity use periods, occurring during the year's cold spells, reducing buildings' carbon footprint in a much more cost-effective way in Quebec.

In this context, in fiscal year 2021, Énergir, L.P. entered into, with Hydro-Québec, an agreement for the establishment of a joint and coordinated dual-energy approach.

In September 2021, Énergir, L.P. and Hydro-Québec jointly filed an application before the Régie for its approval in order to implement this agreement with respect to the matters under its jurisdiction. In a May 2022 decision, the Régie approved Hydro-Québec and Énergir, L.P.'s joint request to offer a shared dual-energy electricity-natural gas solution to existing natural gas customers in the residential sector. It provides that Hydro-Québec will pay Énergir, L.P. a GHG contribution recognizing the gas network's value during winter peak demand periods. The Régie decision acknowledges that it is in the public interest that regulated entities assume their responsibilities by contributing to the economy's decarbonization in a context of climate crisis. An application to review this Régie decision has been filed. With dual energy, the two leading energy distributors will therefore work to considerably reduce the natural gas consumption (and, consequently, GHG emissions) of over 100,000 customers currently using natural gas for heating purposes by 2030. The distributors will also offer all Énergir, L.P. customers, including new buildings, a zero-emission solution thanks to dual-energy electricity-renewable natural gas. The dual-energy project is counting on a pragmatic approach that could help save Quebec society considerable amounts of money while accelerating the decarbonization of heating buildings. By 2030, this solution should save close to $1.7 billion compared to the full electrification of the markets targeted, limit the impacts on rates for the customers of both distributors, and eliminate up to 540,000 tonnes of GHG emissions.

An application to offer dual energy to the commercial and institutional sectors was filed before the Régie in October 2022. If the Régie approves the application, dual energy may be available to customers in these sectors as early as the summer of 2023.

The Government of Quebec has expressed its support for this initiative by issuing an order in council respecting the economic, social and environmental concerns in which it emphasizes the project's importance in achieving the

[19] Methanation is the reaction of carbon monoxide or carbon dioxide with hydrogen in the presence of a catalyst to produce methane (https://www.afgaz.fr/sites/default/files/u3/methanation.pdf. https ://www.afgaz.fr/sites/default/files/u3/methanation.pdf).
[20] Hydro-Quebec: Supply Plan 2020-2029 (http://publicsde.regie-energie.qc.ca/projets/529/DocPrj/R-4110-2019-B-0005-Demande-Piece-2019_11_01.pdf).

targets of the 2030 Plan for a Green Economy. This plan allocates a budget of $125 million to support customers and fund initiatives designed to achieve an optimal complementarity of the electricity and gas networks.

(4) Diversify Énergir, L.P.'s activities to foster new sustainable growth drivers

The diversification of its operations in Quebec would also allow Énergir, L.P. to achieve medium- and long-term growth. For example, Énergir, L.P. is currently evaluating certain opportunities in the development of district energy loops, as well as the expansion of services offered to customers, particularly in terms of optimizing its energy consumption. In addition, diversification could also take the form of more upstream involvement in the RNG sector, through the intermediary of an Énergir, L.P. affiliate, as well as in the development of the green hydrogen sector as a source of energy supply.

Resilience of Énergir, L.P.'s Business Model

In achieving the four initiatives, Énergir, L.P.’s Vision 2030-2050 is consistent with a GHG emission reduction pathway as provided for in the Sustainable Development Scenario, which is aligned with the Government of Quebec’s targets. This pathway should help limit global warming to 2^{o}C. To aim for a more ambitious pathway that would limit global warming to 1.5^{o}C, new initiatives will need to be deployed, especially with Énergir, L.P.’s major industrial customers whose decarbonization strategies require specialized support.

Consequently, this pathway would ensure the viability of the business model by focusing on value creation rather than on the volume of natural gas distributed, while the quantities of natural gas distributed could be maintained or slightly reduced by 2030 and then decrease more markedly by the 2050 horizon. At the same time, the increasing volumes of RNG distributed by 2050 would reduce exposure to higher carbon taxation.

Ensuring the resilience of Énergir, L.P.’s business model will be a complex task. The business model will have to ensure that it maintains competitive rates and preserves revenues and profits, at a time when the volumes distributed are expected to decrease and the integration of new sources of renewable energy will be more expensive. Énergir, L.P. is confident that its Vision 2030-2050 and its related initiatives will ensure this resilience.

The update in fiscal year 2022 reveals slight variations in the buildings sector, i.e. for typical cases in the residential, commercial and institutional markets. Several elements are considered when calculating a competitive position’s evolution, especially the evolution of cost of service, including the Price of Carbon under the regulations in effect at the time of this calculation. These elements are updated on an ongoing basis. These projections show that the energy solutions Énergir, L.P. offers remain globally competitive even though the economic advantage will deteriorate over time due to electrification.

The measures to ensure Énergir, L.P.'s resilience by 2050 are based mainly on the following premises:

1. In most markets, Énergir, L.P. expects that until 2050, RNG will remain competitive with respect to electricity. RNG, moreover, is still less expensive from a societal point of view than several electricity solutions: RNG draws its main value from being interchangeable with fossil natural gas, which means existing infrastructures can be upgraded and offer the same flexibility to meet Quebec’s demanding seasonal needs. Moreover, RNG is a low-impact option that allows Énergir, L.P.’s customers to decarbonize their activities without requiring modifications or investments.

2. Fossil natural gas has a significant competitive advantage and should remain stable in the Industrial Market until 2050, giving Énergir, L.P. enough flexibility to integrate more decarbonization opportunities. Note that energy bills are one of the financial elements taken into consideration by industrial customers, as switching from natural gas to electrical processes requires considerable investments, if such a switch is technically possible.

3. The reduction in revenues associated with the estimated decrease in the natural gas volume distributed in 2050 could be offset by initiatives that allow Énergir, L.P. to maintain its revenues, such as support for energy efficiency or the implementation of the joint dual-energy program with Hydro-Québec, as these two actions are more fully described above.

Maintaining Énergir, L.P.'s competitive position is indeed important. A decrease in the distributed volume coupled with an increase in costs (Price of Carbon, integration of renewable energy sources) induces upward pressure on rates. To limit this pressure over time and maintain a competitive energy supply, Énergir, L.P. must therefore focus on value-added activities. Maintaining a competitive energy supply is an essential element of Énergir, L.P.'s business model. Indeed, natural gas distribution activities in Quebec are regulated. The profit generated by Énergir, L.P.

depends on the net value of its assets (its rate base) as well as the rate of return authorized by the Régie. Like operating costs, profit is authorized annually during the presentation of the rate case to the Régie and recovered through Énergir, L.P.'s rates, as described at greater length in Item 4.1.1.1. a) *Regulatory Process*. Rates that remain competitive in the majority of the target markets significantly limit the risk of not recovering invested capital and the associated return in the medium and long term.

For the energy that Énergir, L.P. distributes to achieve carbon neutrality by 2050, additional solutions to those presented in Vision 2030-2050 will be needed. During fiscal year 2023, Énergir, L.P. intends to continue working to refine its decarbonization roadmap and further align its strategy with a pathway compatible with limiting temperature rise to 1.5°C and less.

d) Climate Change Risk Identification and Management Practices

In this section, information on the risks and opportunities related to climate change is presented from a group perspective.

Aware of their exposure to the climate change risks described in greater detail under Item 4.1.1.6 a) *Climate Change Risks and Opportunities*, Énergir, L.P., Green Mountain and Vermont Gas have adopted a risk governance framework to facilitate the achievement of business objectives and strategies while favouring an organizational culture committed to managing risks in a proactive and efficient way. Risks are an integral part of the activities and decisions of Énergir, L.P. and its subsidiaries.

The existing integrated risk management process includes risks related to climate change. Indeed, the process to identify, assess and manage climate risks is integrated into the business risk management process and asset management processes.

Énergir, L.P., Green Mountain and Vermont Gas have implemented risk assessment methodologies that consider the probability of occurrence and potential impact of each risk. The controls in place and mitigation measures are considered, and management ensures that the risks are prioritized and addressed according to their relative impact.

Through a consolidated dashboard that takes into account the activities of Energir, L.P., Green Mountain Power and Vermont Gas, major risks are presented semi-annually to the Management Committee, the Audit Committee and the Board.

4.1.1.7 Governance as it relates to Climate Change

Énergir, L.P.’s governance reflects its commitment to contribute to and support efforts to counter the impacts of climate change.

Risks and opportunities related to climate change are monitored by the Board and by Management. The Board oversees the management of Énergir, L.P.’s activities to ensure, among other things, the company’s financial health and resilience over the short, medium and long term. More specifically, it ensures that Management adopts a strategic planning process and periodically implements a strategic plan that addresses business opportunities and risks, among other things. It also ensures that Énergir, L.P.’s corporate strategy, including strategic orientations stemming from climate change issues, is deployed. It identifies and monitors Énergir, L.P.’s main risks and ensures the implementation of appropriate measures and management systems for such risks.

In fiscal year 2022, the Board was supported by the following committees, which jointly oversaw the effectiveness of Énergir, L.P.’s strategies and performance with respect to climate change risks and opportunities: the OHS-Env. Committee, the Audit Committee, and the HR-CG Committee.

Reporting on climate-related risks and opportunities to the Board
The OHS-Env. Committee was responsible, among other things, for the climate change component. It received periodic reports from Management in this regard, including a follow-up report on the achievement of GHG reduction targets. As part of the preparation of the Climate Resiliency Report, this committee examined the action plan in this regard and discussed with Management the initiatives that Énergir, L.P. proposed for the fiscal year in order to pursue its climate ambition. It also made its recommendations to the Board for approval of the report. On the other hand, this committee monitored the implementation of Énergir, L.P.'s Environmental Policy.
The Audit Committee ensured that Management took appropriate steps to identify financial risks that could affect Énergir, L.P., including those stemming from climate change, and that it implemented sufficient measures to manage those risks.
The HR-CG Committee developed Énergir, L.P.'s corporate governance approach, including the governance regarding overseeing climate-related risks and opportunities, as well as practices and procedures for applying this approach.

Following the October 18, 2022, and December 15, 2022, changes to the Board's mandate, as described at greater length in Item 10.2.1.1. *Board of Directors*, the Board's mandate now explicitly indicates the Board's oversight responsibilities where ESG factors and corporate risks are concerned.

Furthermore, following the changes to the structure of the Board committees made on October 18, 2022, the Board committees are: the CGEE Committee, the HR-SR Committee and the Audit Committee. In order to ensure that the members of these committees have the expertise and knowledge required to support the Board, a grid of the requisite profiles and expertise has been drawn up which includes environmental and climate change expertise. The main responsibilities of these Board committees, including environmental and climate change responsibilities, are described in Items 10.2.1.6 *Committees of the Board* and 10.2.2.1 *Relevant Education and Experience*.

On October 1, 2020, Énergir, L.P. amended its Long-Term Incentive Program for Executive Officers. The program, which tracks performance indicators, includes the following strategic indicator - the "Decarbonization effort - reduction of greenhouse gas (GHG) emissions." This indicator tracks GHG emission reductions in Quebec. For more information on this program, please refer to Item 10.1.3.7 *Long-Term Incentive Program.*

Énergir Inc.'s President and Chief Executive Officer manages Énergir, L.P.'s operations. He is ultimately responsible for strategic planning and ensuring that its initiatives cover risks and opportunities related to climate change. He is supported in his responsibilities related to Énergir's Affiliates by the Group Management Committee, which consists of certain members of Management as well as the presidents of Green Mountain Power and Vermont Gas. Under the leadership of the President and Chief Executive Officer of Énergir Inc., the Management Committee of Énergir, L.P. (in which all sectors of Énergir, L.P. are represented) has developed Vision 2030-2050 to guide Énergir, L.P.'s development. The vision's alignments are regularly reviewed to take into account in particular emerging and new trends and ensure that they remain relevant. The Management Committee has established a framework in order to identify, assess and manage the various risks inherent to the industry in which Énergir, L.P. operates, including those related to climate change. These elements are also addressed during the Group Management Committee meetings of the Énergir group.

Énergir, L.P. has adopted an internal governance structure that promotes the sound management of climate issues in establishing its objectives, strategies and actions across various levels of the organization. Thus, the offices of several vice presidents and the financial department support the Management Committee in its reporting to the Board and its committees. They are assisted by their respective teams, the Sustainable Development Strategy Committee and the collaborators of Énergir, L.P.'s various segments.

4.1.1.8 Development Projects

Additional information regarding Énergir, L.P.'s development projects in the area of natural gas distribution in Quebec can be found in section D) *Segment Results* on pages 18 to 21 of the 2022 MD&A.

4.1.2 Distribution of Electricity and Natural Gas in Vermont

Green Mountain, a wholly owned subsidiary of NNEEC, is the largest electricity distributor in the State of Vermont in the United States. Green Mountain generates, transports, distributes, purchases and sells electricity in Vermont and provides electric network construction services in that State. Green Mountain also transports electricity in the State of New Hampshire and generates electricity in relatively small quantities in the States of New York, Maine and Connecticut.

Vermont Gas, also a wholly owned subsidiary of NNEEC, is the sole gas distributor in the State of Vermont and provides other energy-related services, including increasing energy efficiency by renovating natural gas equipment.

4.1.2.1 Green Mountain

a) Regulatory Process and Rates

Green Mountain is regulated by the VPUC. Electricity rates are approved annually by the VPUC and are established using a cost-of-service method. For fiscal year 2022, an annual adjustment mechanism was in place to ensure that additional costs or savings, above a set limit (referred to as a "dead band") of US$307,000 plus 10% of costs or US$150,000 plus 10% of savings for certain power supply expenses as ordered by the VPUC, resulting from retail revenue and the electricity supply and transmission compared to forecasts are recovered from or returned to customers. In addition, according to the current regulatory framework, Green Mountain must also meet certain service quality performance indicators on a calendar year and quarterly basis. These indicators mainly address

- quality of service provided to customers and customer satisfaction;
- workplace safety; and
- system reliability.

If Green Mountain fails to meet its performance indicator thresholds, a monetary penalty may be imposed on Green Mountain.

Green Mountain's capital structure consisted of shareholder's equity of 50.4% in fiscal year 2022 and 49.9% in fiscal year 2021. Its allowed rate of return was 8.57% in fiscal year 2022 and 8.20% in fiscal year 2021.

i. <u>Multi-Year Regulation Plan, Fiscal Years 2019- 2022</u>

In May 2019, the VPUC approved Green Mountain's Multi-Year Regulation Plan (the "**MYR Plan**") effective October 1, 2019 through September 30, 2022. Under the MYR Plan, the traditional rate case filed on April 13, 2018, served as the base year for adjustments in fiscal years 2020-2022. The features of the MYR Plan were designed to best serve customers, provide stability, and addressed changes in the energy landscape and included, namely, the following:

- a projected, smoothed base rate for the three years of the MYR Plan, based on a three-year forecast of all costs. The projected, smoothed base rate was the projected average rate for each fiscal year in the MYR Plan. This rate was used to set the initial annual base rate for fiscal year 2020 and provided the projected rates for fiscal years 2021 and 2022. The second base rate filing was made on June 1, 2020 for fiscal year 2021, and the third base rate filing was made on June 1, 2021 for fiscal year 2022, which rates were subject to any annual adjustments authorized under the MYR Plan as described below;
- the non-power costs contained in the initial annual base rate filing for fiscal year 2020 were fixed for the term of the MYR Plan. The MYR Plan provided a revenue decoupling mechanism for electricity sales revenues, annual adjustments to Green Mountain's power supply costs, revenue forecasts, return allowed on shareholder's equity and associated ancillary impacts on income tax expense and gross revenue and fuel gross receipts tax. As a result of the revenue decoupling mechanism, revenue variances against the rate case were allowed to be recovered or returned to customers after a netting against variances in power supply costs, minus a dead band described above, and allowed major storm costs. These recoveries or returns were made in accordance with the quarterly smoothing mechanism approved by the VPUC;
- a three-part exogenous change adjustor designed to address the impact of climate change which has increased the severity and frequency of major storms, and other exogenous events. The first component of the exogenous change adjustor addressed non-storm exogenous events outside Green Mountain's control; the second component addressed major storm events that occurred during the term of the MYR Plan; and the third and final component of this adjustor addressed collection of prior major storm costs that were incurred prior to the inception of the MYR Plan, which allowed Green Mountain to collect US$8 million per year from customers as a separate line item surcharge to cover the approximately US$24 million of prior year major storm costs;
- a return allowed on shareholder's equity which adjusted annually, up or down, based on 50% of the change in the 10-year U.S. Treasury bond yield over a defined three-month period;
- continuation of the synergy savings plan and O&M platform provided for after the Merger and required until September 30, 2022;
- fixed capital spending over the three-year life of the MYR Plan with the ability to seek regulatory approval for limited exceptions;
- a mechanism for sharing with customers returns in excess of or short of the return allowed on shareholder's equity;

- an emerald ash borer adjustor to collect US$1.2 million annually as a separate line item on customer bills to proactively remove ash trees in power line corridors confirmed to have emerald ash borer infestations or are at high risk for infestation, separate from normal vegetation management due to the infestation emerging at the time the MYR Plan was approved;
- authorization for Green Mountain to seek approval of a climate plan ("**Climate Plan**") (which approval was obtained in fiscal year 2020, as further described below);
- continuation of Green Mountain's innovative pilot program and existing service quality and reliability performance monitoring and reporting requirements; and
- the filing of a traditional cost of service rate case no later than January 15, 2022 for rates for fiscal year 2023.

The interplay of the various components of the MYR Plan resulted in certain charges or credits for customers. Pursuant to the MYR Plan, Green Mountain annually applied for approval of its base rate filing.

On August 31, 2021, the VPUC approved Green Mountain's third and final annual base rate filing under the MYR Plan for fiscal year 2022, effective October 1, 2021, reflecting a 4.69% increase to base rates and an allowed rate of return on shareholder's equity of 8.57%.

ii. Multi-Year Regulation Plan, Fiscal Years 2023-2026

On September 1, 2021, Green Mountain filed for approval of its next Multi-Year Regulation Plan (the **"New MYR Plan**"). The New MYR Plan proposes to continue the framework for capital investments developed in the MYR Plan which allowed for flexibility in project planning and execution. The 10-year synergy savings plan and Operating and Maintenance ("**O&M**") platform originally approved during the Merger procedure and incorporated in the MYR Plan was completed in fiscal year 2022. For this reason, the New MYR Plan proposes a new methodology for O&M costs with some of the O&M costs fixed for the term of the New MYR Plan based on a forecast at the beginning of the New MYR Plan, some components updated annually using a formula based on an established inflation factor, and some components re-forecasted and updated annually (like costs subject to annual bidding and items outside of Green Mountain's control). Finally, the New MYR Plan starts with base rates established in a traditional rate case for fiscal year 2023, described below, and contains an option to further smooth rates between fiscal years 2024-2026 if warranted and approved by the VPUC. Like the MYR Plan, the traditional rate case (filed on January 1, 2022 and in effect since October 1, 2022) will serve as the base year for adjustments for each fiscal year of the New MYR Plan.

In August 2022, the VPUC approved Green Mountain's application with no substantive changes to Green Mountain's proposal and its parameters took effect on October 1, 2022. The New MYR Plan is designed to respond to the changing energy landscape and to support Green Mountain's efforts to continue introducing transformative energy programs to the benefit of customers while also providing a reliable, safe, inexpensive and low carbon-emission form of energy through a more resilient and modern network. The New MYR Plan incorporates Green Mountain's Climate Plan work to permit further investments in grid hardening, undergrounding, and operations technology to improve reliability and resilience. The New MYR Plan also supports Green Mountain's current and ongoing technology investments and permits Green Mountain to seek approval for additional cybersecurity investments.

iii. 2023 Fiscal Year Base Rate Case

In January 2022, Green Mountain filed its fiscal 2023 rate case application with the VPUC. Prepared using the parameters of the New MYR Plan simultaneously reviewed by the VPUC, the rate case sought to maintain the 8.57% return on common equity and presents a common equity ratio of 50%, a 2.34% increase in base rates, and a rate base of US$1,768 million, up US$104 million from the 2022 rate case. In August 2022, the VPUC approved Green Mountain's application with minor adjustments agreed to during the approval process. The final decision provided for a 2.18% increase in base rates, which took effect on October 1, 2022.

iv. Integrated Resource Plan 2022 Fiscal Year

In December 2021, Green Mountain filed an Integrated Resource Plan («**IRP**») as required by the VPUC every three years. The IRP is a comprehensive review of customer programs, system investments, innovative programs, power supply portfolio choices, and service quality results that is designed to provide the VPUC an opportunity to review and approve Green Mountain's planning framework for the upcoming years. Green Mountain's IRP incorporated its Climate Plan, as set forth in the VPUC's approval of the Climate Plan, so that investments both for reliability and resiliency would be incorporated into the IRP. Green Mountain and the Vermont Department of Public Service agreed that the IRP is complete and comprehensive, and submitted in September 2022 a joint Memorandum of Understanding and Proposal for Decision, which the VPUC approved on November 22, 2022.

v. Climate Plan

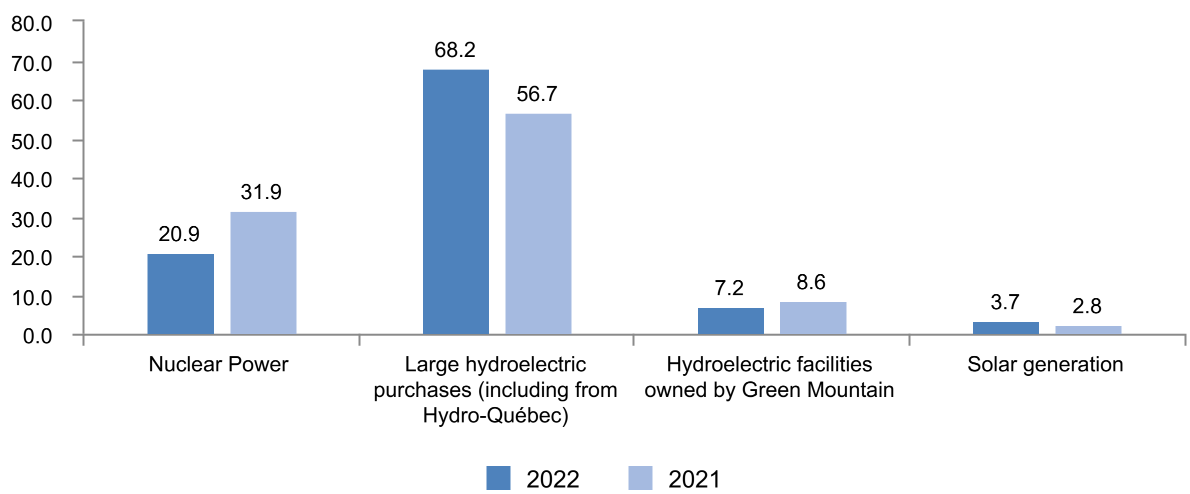
Green Mountain's authorization to file a Climate Plan allowed it to propose resiliency expenditures in addition to base capital plan and targeted operational and maintenance expenses that already are robust in order to address the impacts of climate change.

The Climate Plan approved by the VPUC on September 24, 2020, had two interrelated goals, which were to (1) harden Green Mountain's grid and restoration response in the face of increasing frequency of storms driven by the climate crisis to better serve customers; and (2) better prepare the grid to serve as the backbone for Vermont's aggressive goals to cut greenhouse gas emissions and transition off fossil fuels. These goals helped customers by targeting the interrelated needs of reliability and resiliency. The Climate Plan allowed Green Mountain to invest up to US$14 million per year for fiscal years 2020, 2021 and 2022, in addition to capital investments allowed under the MYR, in projects that Green Mountain would not have pursued but for the need to respond to more frequent and damaging storms, changing weather patterns and changing environmental conditions driven by climate change. Climate planning and resiliency work now is incorporated into the New MYR Plan and the IRP. Green Mountain's 2023 fiscal year base rate filing for rates effective October 1, 2022 and the new MYR Plan that will be in effect through fiscal year 2026 now incorporate climate plan projects in the approved capital investment amounts.

b) Supply Sources

Green Mountain's territory covers approximately two-thirds of the State of Vermont's geographic area. Although it produces part of the electricity it distributes, Green Mountain meets most of its customer demand through a series of short- and long-term contracts. Its supply portfolio includes various generation sources, the main ones being hydroelectricity and regional system energy purchases.[21] The following graph illustrates the breakdown of Green Mountain's power sources for fiscal years 2022 and 2021:

Distribution of Sources Portfolio (1)



(1) The data in this graph reflect the treatment of supply sources from which RECs (as defined and explained under Item 4.1.2.1 e) iv. *Renewable Energy Programs and GHG*) and other carbon free-generation attributes were retained or retired. Accordingly, the amount of energy attributable to the various sources could be significantly lower or higher without consideration of the RECs or other attributes. Data for fiscal year 2021 are subject to further review under the RES (as defined and explained under Item 4.1.2.1 e) iv. *Renewable Energy Programs and GHG* for renewability and carbon contribution from generation supply sources. This review is based upon calendar year 2022 reporting and will be completed in August 2023.

Green Mountain met essentially all of its load requirements in fiscal year 2022 through its contracts and owned generation and other power supply resources. Green Mountain's contracts and resources significantly reduce Green Mountain's exposure to volatility in wholesale energy market prices. The prices in these contracts, along with those of other resources in Green Mountain's diverse portfolio of supply sources, allow Green Mountain to enjoy stable and competitive retail electric rates compared to other utilities in the State of Vermont and elsewhere in New England. To address the impact of climate change, in April 2019, Green Mountain announced its goal to have a 100% carbon free energy portfolio by 2025 and 100% renewable energy by 2030 through direct sourcing, retirement of RECs or a combination of both. In calendar years 2020 and 2021, Green Mountain accomplished this carbon free goal earlier than

(21) Regional system energy purchases include primarily short-term contracts with various counterparties in the normal course of business, as well as purchases in the real-time power market to balance long- and short-term open power positions.

targeted with contracts and attribute retirements that enabled a carbon-free supply portfolio. These goals exceed Vermont's requirements.

Additional information regarding Green Mountain's supply sources can be found in section B) *Conditions in the Energy Market and for Énergir, L.P.* on page 13 of the 2022 MD&A.

i. Hydro-Québec Contract

In August 2010, Green Mountain and 17 other State of Vermont utilities, entered into a long-term Power Purchase and Sale Agreement with Hydro-Québec Energy Services (U.S.) Inc. ("**HQUS**"), a subsidiary of Hydro-Québec, for the purchase of a portion of 225 MW of energy and a portion of the environmental attributes (such as, for example, credits, benefits or emission reductions) ending in 2038. HQUS markets electricity from Hydro-Québec's generating fleet, whose output is over 99.0% hydroelectric. This purchase contract is Green Mountain's most significant power supply contract. The HQUS contract provides Green Mountain with continued access to a reliable and low carbon supply of power from Hydro-Québec facilities.

ii. NextEra Energy Seabrook

The power purchase agreement entered into with NextEra Energy Seabrook, LLC for long-term energy and capacity from the Seabrook Nuclear Power Plant in New Hampshire, which expires in 2034, is a fixed-price contract in which the price is adjusted according to an inflation mechanism designed to protect customers from the inevitable fluctuations in energy prices. In fiscal year 2022, Green Mountain used 55 MW of power from the Seabrook plant and will gradually reduce the quantity to 50 MW before the end of the contract.

iii. Great River

In 2021, Green Mountain received a *Certificate of Public Good* from the VPUC to purchase hydroelectric output and RECs from Great River Hydro, LLC's ("GRH") facilities on the Connecticut and Deerfield Rivers. Through a power purchase agreement entered into on March 2, 2021, with GRH, Green Mountain will begin taking deliveries of energy and RECs in January 2023. There are three distinct products covered by said power purchase agreement including baseload energy, peaking product, which is hydroelectric output that is shaped to meet high demand periods in New England that tend to have higher than average market prices, and level annual REC purchases of 800,000 MWh including the RECs associated with the energy purchased. The two energy products are structured so that the energy volumes delivered grow between 2023 and 2033 and then remain at a constant through the end of the long-term contract on December 31, 2052. The baseload product begins to deliver 5MW around the clock in 2028 and grows by 5MW per year until it reaches its maximum volume of 30MW in 2033. The peaking product begins deliveries in 2023 with Green Mountain purchasing 5% of the anticipated 600,000 MWh output of the shaped hydroelectric output from GRH's Fifteen Miles Falls facilities. This percentage will increase annually until Green Mountain is purchasing 50% of the facilities' output in 2029. The REC purchase is designed to ensure that Green Mountain has a stable, long-term supply of Vermont Tier I eligible RECs that can be retired to meet Green Mountain's obligations under the Vermont RES (as defined and explained in Item 4.1.2.1 e) iv. *Renewable Energy Programs and GHG*) and Green Mountain's long-term renewable goals.

On October 12, 2022, after the close of Green Mountain's fiscal year, Hydro-Quebec announced a purchase agreement to acquire all assets and liabilities of GRH, subject to regulatory approvals. The power purchase agreement entered into on March 2, 2021, requires Green Mountain's consent for this acquisition; which will be evaluated in the course of the regulatory proceedings. Should the transaction be approved by regulatory agencies, the power purchase agreement entered into on March 2, 2021, will remain in effect on the same terms and conditions.

iv. Other material contracts

Green Mountain has two long-term contracts to purchase renewable energy from Granite Reliable Power, LLC at stable, long-term prices until 2032. Green Mountain also has a long-term contract to purchase renewable energy from Deerfield Wind Power, LLC's southern Vermont facility, at stable, long-term prices until 2042.

Green Mountain also makes purchases of energy under short-term contracts with various counterparties in the regional market in the normal course of business. These contracts are typically less than five years in duration.

v. Electric Facilities

Green Mountain owns 42 small hydroelectric generating facilities throughout New England, and the output of these facilities is included in Green Mountain's supply portfolio.

vi. Kingdom Community Wind Generation Facility

The output generated by the 63 MW Kingdom Community Wind generation facility owned by Green Mountain and located in the Town of Lowell, State of Vermont is included in Green Mountain's supply portfolio.

c) Customers and Competitive Position

The following chart illustrates the breakdown of Green Mountain's customers by deliveries in terms of gigawatt hours ("**GWh**") and revenues during the fiscal years 2022 and 2021:

Electricity Deliveries and Revenues Generated								
	Deliveries (in GWh)		% of GWh Delivered by Customer Class		Revenues (millions $ US)		% of Revenues by Customer Class	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Residential Customers	1,568.3	1,572.7	37.9	38.4	317.7	304.1	45.4	45.9
Small & Medium Consumption Commercial & Industrial Customers	1,451.3	1,409.2	35.0	34.4	252.5	234.6	36.1	35.4
High Consumption Commercial & Industrial Customers	1,116.1	1,111.4	27.0	27.1	126.6	121.5	18.1	18.3
Other Customers	3.7	3.8	0.1	0.1	2.7	2.6	0.4	0.4
Total	**4,139.4**	**4,097.1**	**100.0**	**100.0**	**699.5**	**662.8**	**100.0**	**100.0**

The quantity of electricity delivered by Green Mountain can vary significantly in response to seasonal changes in weather or unusual or severe temperatures. Unlike Énergir, L.P., for the purposes of regulatory accounting, Green Mountain does not have a temperature and wind normalization mechanism, and its deliveries therefore vary based on actual temperature and wind velocity. Green Mountain's New MYR Plan, including the revenue decoupling mechanism described under Item 4.1.2.1 a) i. *Multi-Year Regulation Plan, Fiscal Years 2019- 2022* that remains in effect under the New MYR Plan, mitigates some of the effects of deviations in the sale of electricity resulting from weather and temperatures that are outside a utility's control.

Green Mountain's largest customer, GlobalFoundries Inc. ("**GF**"), accounted for 9.2% of gigawatt hour deliveries, and 5.0% of retail revenues for fiscal year 2022. The next largest customer accounted for 3.9% of gigawatt hour deliveries, and 2.4% of retail revenues for fiscal year 2022. In December 2018, the VPUC approved a multi-year term contract between Green Mountain and GF, Green Mountain's only Rate 70 Transmission Class customer (meaning it takes service directly from a high-voltage transmission grid and has peak demands in excess of 10 MW), to provide the customer with stable and predictable energy costs through a fixed rate. In exchange, GF agreed to maintain its power use on site, and forgo credits or rate cuts flowing to other Green Mountain customers during the term of the contract, including the federal income tax savings returned to other customers during the nine-month rate period. The term contract is effective from January 1, 2019 up through September 30, 2023 if needed, as described immediately below.

In March 2021, GF filed a petition with the VPUC to operate a self-managed utility effective in fiscal year 2023 at the end of Green Mountain's MYR Plan. Scheduling changes delayed the VPUC proceeding to review the petition past the end of the MYR Plan in fiscal year 2022; to accommodate that scheduling delay the term contract between Green Mountain and GF was extended for up to a year through the end of fiscal year 2023 or the closing of the transaction contemplated in the GF petition, whichever is first.

The VPUC approved the GF petition on October 21, 2022. GF is now authorized to complete all steps necessary to take over electric service for its Vermont business and to manage its own electric supply after a transition period that will last through fiscal year 2026, to align with Green Mountain's New MYR Plan period. The VPUC simultaneously approved Green Mountain's petition to modify its service territory to remove GF's Essex, Vermont campus from Green Mountain's service territory once GF begins serving its own electricity needs. In order to reduce the impact of a GF transition on Green Mountain's other customers, Green Mountain and GF entered into a Letter of Intent pursuant to which GF will enter into a Transitional Power Purchase Agreement through fiscal year 2026 ("**Transitional PPA**"). Under the Transitional PPA, Green Mountain will provide GF its full energy and capacity requirements during Green Mountain's fiscal years ending September 30, 2023 to September 30, 2026 (the "**Transition Period**"), and GF will pay a transition fee of US$15.6 million. The Transitional PPA will be GF's contribution to Green Mountain's revenue requirement during the Transition Period.

In Green Mountain's market, competition can take several forms. At the wholesale level, in New England, a detailed competitive market framework was implemented that has resulted in bid-based wholesale competition of power suppliers rather than prices set under cost of service regulation. At the retail level, in addition to electricity, customers have energy options such as propane, natural gas or oil for heating and water heating. There also exists the potential for municipalities located in Green Mountain's service territory, with the citizens' approval, to form and operate municipally owned utilities.

In addition, self-generation, demand side management programs and cogeneration can lower network electric sales by displacing supplied electric demand within Green Mountain's service territory and potentially reducing the customer base over which Green Mountain costs are spread, driving up costs for remaining customers. As of September 30, 2022, approximately 692MW of self-generation was installed on behalf of Green Mountain's customers, compared to approximately 240 MW in fiscal year 2021. This represented approximately 8.0% of Green Mountain's total deliveries in fiscal year 2022, compared to approximately 7.0%[22] in fiscal year 2021. While advanced self-generation technologies can lower Green Mountain's sales thereby increasing rates for customers, this trend may be partially offset by innovative energy transformation initiatives through RES (as defined and explained under Item 4.1.2.1 e) iv. *Renewable Energy Programs and GHG*), including the setting of goals for energy transformation projects. Green Mountain has undertaken a series of initiatives to offset decreased sales for customers and satisfy RES' goals through investing in storage, efficient electrification, and integrated energy services. Green Mountain's New MYR Plan also mitigates some of the effects on its net income of deviations in the sale of electricity resulting from self-generation, demand side management programs, and cogeneration. Additionally, in April 2019, the VPUC commenced a proceeding to review the net metering rule including its rate structure. Green Mountain is participating in this proceeding. The VPUC has not yet issued an order in this proceeding.

Additional information regarding Green Mountain's strategic partnerships and innovative products and services can be found in section D) *Segment Results* on pages 23 and 24 of the 2022 MD&A.

d) System Operations

Green Mountain's primary goal with its system operations is to provide reliable, safe, cost-effective and increasingly distributed renewable and carbon free energy solutions for its customers. For fiscal year 2022, Green Mountain delivered its capital asset management plan in the amount of US$59.9 million with projects targeted to improve reliability and resiliency of its system including tree trimming, fuse coordination, sectionalizing, new infrastructure and reconstruction in three areas: transmission, distribution and substations.

Green Mountain also has an integrated, long-term vegetation management program, pole inspection system and participates in and adheres to the procedures thereof. Dig Safe® notifies participating utilities of plans to excavate in areas where underground facilities may be present. Green Mountain also has formalized its practices for inspecting overhead and underground distribution equipment and conducts aerial patrol of its entire subtransmission system every spring and fall, and after major storms, to locate, assess and fix any damage.

Given the climate changes that are causing an increase in the frequency and severity of storms, Green Mountain has taken steps to make the grid safer and more resilient. To address these climate changes and their impact, over the past ten years, Green Mountain has been consistently investing capital in important resiliency projects to harden the system and modernize the grid. Examples include hardening the system against disruption events by moving cross country sections to roadside and enhancing storm restoration and forecasting capabilities. Green Mountain also has encouraged and invested in local, distributed generation and distributed energy sources such as battery backup systems. Incorporating the Climate Plan goals and objectives into Green Mountain's New MYR Plan, as discussed above, furthers Green Mountain's ability to make these important investments.

e) Environmental Protection

i. Environmental Policy

Green Mountain is committed to environmental action, awareness and accountability in all its business practices and operations. Green Mountain is further committed to ensuring safe and healthy working conditions in all its facilities for employees. Green Mountain has in effect certain procedures, plans, and guidelines applicable to environmental matters adopted in the normal course of business. Additionally, Green Mountain has a Code of Ethics and Conduct, approved by the Green Mountain Board, applicable to all directors, officers, employees and agents of Green Mountain.

Green Mountain's by-laws include a requirement that the board of directors consider the environment and how to use energy as a force for the common good in the board of directors' decision-making process. This is one of the requirements for Green Mountain to be eligible for certification as a "Certified B Corporation" pursuant to the

[22] The 2021 Annual Information Form indicated that the installed megawatts of self-generation represented approximately 9.3% of Green Mountain's total deliveries in fiscal year 2021. The percentage that should have been indicated is 7%.

requirements and performance standards of B Lab, a non-profit organization, which certifies companies who voluntarily meet higher standards of social and environmental performance, transparency and accountability. Green Mountain submitted its recertification application in January 2020. The recertification process occurs every three years, and Green Mountain was recertified in November 2021 after being delayed due to COVID-19.

Green Mountain actively seeks out opportunities to minimize the impacts of all wastes resulting from its activities through reduction, reuse and recycling. For example, Green Mountain ships retired electrical equipment to facilities capable of decontaminating and recycling nearly all of the component parts and ships waste mineral oil dielectric fluid to a facility that decontaminates and re-refines it for use in new electric equipment. Through these efforts, in calendar year 2021, Green Mountain recycled approximately 15,500 U.S. gallons of oil in addition to the oil contained in retired transformers and other equipment shipped intact for recycling and disposal.

ii. Environmental Laws, Rules and Regulations

Green Mountain's operations and facilities are subject to U.S., state and local laws, regulations and permits regarding the environment.

Green Mountain is also required to obtain and comply with many different permits and certificates, issued by federal, state and local authorities that govern its operations and facilities. Many of these permits contain terms and conditions that are designed to protect the environment.

iii. Environmental Matters

Green Mountain has been cited as being potentially liable for polluting land on which a manufactured gas plant that ceased operations in 1966 was located. In 1999, a settlement protocol was signed between the U.S. Environmental Protection Agency ("**EPA**") and the enterprises involved (including Green Mountain). It included an action plan to restore the site and a cost-sharing method. This action plan was approved by the VPUC in 2001 and has generally proven effective, except for a portion of the contaminated area, for which the EPA mandated the installation of an additional remedial device.

For fiscal year 2022, Green Mountain incurred approximately US$333,587 related to such site, compared to approximately US$308,583 in fiscal year 2021. The fiscal year spending includes ongoing monitoring which continues to confirm that the site remedy is adequate. The EPA issues a review of the project every five years ("**Five Year Review**"). In late December 2021, the EPA issued its fourth Five Year Review for the project and concluded the site remedy continued to function as intended, and the review did not identify any information questioning the effectiveness of the remedy. In fiscal year 2022, there has been considerable interest in business development on adjacent property. Green Mountain is cooperating with developers to assure any adjacent development will not affect the site remedy. Non-Government Organizations have also conducted trash clean-up events at the site. The EPA's Five Year Review encourages Green Mountain, Government Organizations and Non-Government Organizations to ensure future recreational use of the site is protective of human health and is consistent with the site remedy. The VPUC has agreed that the costs incurred to date by Green Mountain can be recovered in rates over a period of 10 to 20 years. If future outlays exceed the provisions already recorded on the books, new requests to recover such amounts in rates will be submitted to the VPUC.

iv. Renewable Energy Programs and GHG

- *Renewable Energy Standard and Renewable Energy Certificates*

Green Mountain is subject to the State of Vermont's policy encouraging the development of renewable energy sources in the State of Vermont as well as the purchase of renewable power by the State's electricity distributors. The Vermont Department of Public Service's "Comprehensive Energy Plan" sets a goal to have 90.0% of the State of Vermont's energy needs come from renewable sources by the year 2050. In 2020, the State of Vermont passed the Global Warming Solutions Act, described below, requiring certain GHG reductions across all energy use sectors by 2025, 2030 and 2050.

Additionally, the Vermont renewable energy law establishing a mandatory Renewable Energy Standard ("**RES**") for Vermont utilities specifically requires that retail electricity providers: (1) have a minimum amount of renewable electricity in their supply portfolios; (2) support relatively small (less than 5 MW) new renewable energy projects connected to the Vermont grid; and (3) invest in projects to reduce fossil fuel use for heating and transportation. The renewable energy sources requirements under this new law began in 2017 and escalate in quantity until 2032. Green Mountain met or exceeded all three tiers of its calendar year 2021 RES obligations, is well-positioned to comply with the RES and expects to meet the calendar year 2022 goals.

Green Mountain has an increasing number of renewable energy sources in its long-term supply portfolio as a result of Vermont's former Sustainably Priced Energy Enterprise Development Program (commonly referred to as "**SPEED**") and of Green Mountain's own commitment to the development of renewable energy resources. Under RES, only energy sources that are represented by Renewable Energy Certificates ("**RECs**") which are retained and retired by the utility for the purpose of meeting RES requirements may be counted toward each utility's requirements. Renewable energy sources produce RECs, and a REC represents evidence that one megawatt hour of electricity was actually generated and delivered within the New England region from an eligible source.[23] While Green Mountain can purchase and sell RECs, in order to qualify as renewable energy sources under RES, a sufficient number of RECs that correspond to Green Mountain's resource requirements must be retained and retired. As required by statute, the VPUC commenced a rulemaking proceeding for the RES in which it addressed, among other issues, the types of RECs or environmental attributes that may satisfy the RES. Specifically, the VPUC determined that Hydro-Québec environmental attributes are eligible for RES compliance regardless of whether they are purchased with energy. Energy purchased under the contract with HQUS described above under Item 4.1.2.1 b) *Supply Sources* includes environmental attributes, but Green Mountain also purchases environmental attributes under separate contracts with HQUS, tied to transmission rights rather than energy. The latter contracts remain in effect for the next several years, so the VPUC determination that Hydro-Québec environmental attributes need not be purchased with energy in order to comply with the RES is favourable for customers.

Many states in Green Mountain's surrounding geographic region have adopted renewable portfolio standards that require electricity distributors in those states to produce a certain amount of energy from renewable sources. Green Mountain is not subject to renewable portfolio standards in other states. Green Mountain currently sells RECs from its sources to these surrounding states to help reduce net power costs for the benefit of customers. The sale of RECs totalled approximately US$17.3 million in fiscal year 2022, compared to approximately US$12.3 million in fiscal year 2021. The value and volume of RECs available to sell depends on many factors.[24] For fiscal year 2022, the price was comparable to fiscal year 2021, but premium REC volumes were higher overall. Due to market demand, Green Mountain also sold RECs from small existing hydroelectric resources, for an additional US$1.5 million in revenue that lowered power supply costs for customers.

Green Mountain's future revenue from the sale of RECs is uncertain due to the intermittent nature of production from the renewable energy sources and variation in the market prices for RECs. In addition, Green Mountain's ability to sell RECs, and the level, type and price of such RECs, in the future is made uncertain by potential changes in renewable energy and carbon policy in the State of Vermont or in surrounding states, along with Green Mountain's own long-term carbon and renewable goals.

The third tier of the RES establishes annual compliance goals tied to Green Mountain's support for projects and measures that reduce fossil fuel consumption by Green Mountain customers in order to address climate change. The goals are set and measured in megawatt hours that are roughly equivalent to RECs. Green Mountain meets these goals (1) with residential programs, focused on replacing fossil fuel heating with cold climate heat pumps, and replacing fossil fuel-based transportation with electric vehicles; and (2) by supporting projects for commercial and industrial customers that remove or reduce fossil fuels from heating, diesel generation, compression and other industrial processes. Many of these projects leverage beneficial electrification, which not only reduces fossil fuels, but improves operations and cuts costs for participating businesses and builds load that benefits all Green Mountain customers through lower costs. These efforts, which began in 2017, have supported projects that will offset over 450,000 lifetime tonnes of CO_2. Calendar year 2022 projects are forecast to offset an additional 476,000 lifetime tonnes of CO_2.

- *Global Warming Solutions Act*

On September 22, 2020, the Vermont Legislature passed Act 153, also known as the *Global Warming Solutions Act* ("**GWSA**") which established the Vermont Climate Council and set forth several GHG reduction requirements for the State to meet. The Act requires reductions in Vermont's GHG emissions tied to three time periods: 2025, 2030, and 2050. Pursuant to the State's membership in the United States Climate Alliance and commitment to implement policies to achieve the objectives of the 2016 Paris Agreement, Vermont is required to reduce its GHG emissions by no less than 26% below 2005 GHG emission levels by January 1, 2025. The first Climate Plan under the GWSA was released in December 2021. Legislation tied to its recommendations will continue to be considered in the upcoming legislative session. Investments, such as in electrified transportation and heating and in infrastructure upgrades necessary to support that, were included in the most recently-passed Vermont state budget and future investments in line with the GWSA will continue to be proposed through the Vermont budget process and through use of federal appropriations to Vermont. State rulemaking for vehicle emissions tied to the Climate Plan is presently underway; Vermont continues to follow California emissions standards for vehicles and is in the midst of adopting California's most recent update, through what is known as Advanced Clean Cars II rulemaking, to phase out most internal combustion light duty,

[23] RECs can be sold and traded independent of the underlying energy, and the owner of the REC can claim to have purchased renewable energy.
[24] These factors include the year the RECs were issued, the type and location of the renewable energy source, and the relationship of supply and demand.

passenger, truck and SUV sales from manufacturers by 2035. Further rulemaking and legislation to implement the GWSA's mandated reductions are expected to occur in the upcoming years.

- *Solar Energy and Battery Storage*

Furthering the goals of state energy policy and Green Mountain's commitment to solar development and energy storage, Green Mountain has constructed and commissioned five projects that pair utility-scale solar with battery storage and four utility-scale solar projects, all of which are used to advance Green Mountain's strategy to target peak loads to reduce power supply and transmission costs to drive down costs for customers. Green Mountain also was the first utility to launch a Tesla Powerwall pilot program, and through a series of groundbreaking programs, Green Mountain was the first utility with tariffed home energy storage programs for customers. These programs provide participating customers with clean, seamless backup power in residential batteries in exchange for sharing some of that stored energy to reduce peak demand on the grid. There are about 4,100 Powerwalls installed in customers' homes along with batteries from other manufacturers, and Green Mountain's network of stored energy, including Powerwalls, car chargers, and utility-scale batteries, helped reduce costs for customers by more than $3 million in calendar year 2021 through peak reduction.

- *Renewable Net Metering Program*

As part of a state program, Green Mountain also offers customers a renewable energy rate permitting customers to receive monetary credits against their retail bills for renewable generation produced by the customer's net metering system. The credits can vary depending on the date that the net metering system was commissioned.

f) Energy Efficiency

Efficiency services to customers are primarily provided through an energy efficiency utility, which is financed through a separate charge on electric bills. As part of the third tier of the RES, Green Mountain works with its customers and the efficiency utility to find opportunities to replace fossil fuel use with efficient smart electrification in areas such as building heat and transportation. Additionally, Green Mountain may provide incentives for efficiently electrifying business processes that were previously dependent on fossil fuel such as installation of line extensions to replace diesel generators.

g) Climate change

i. Climate Change Risks and Opportunities

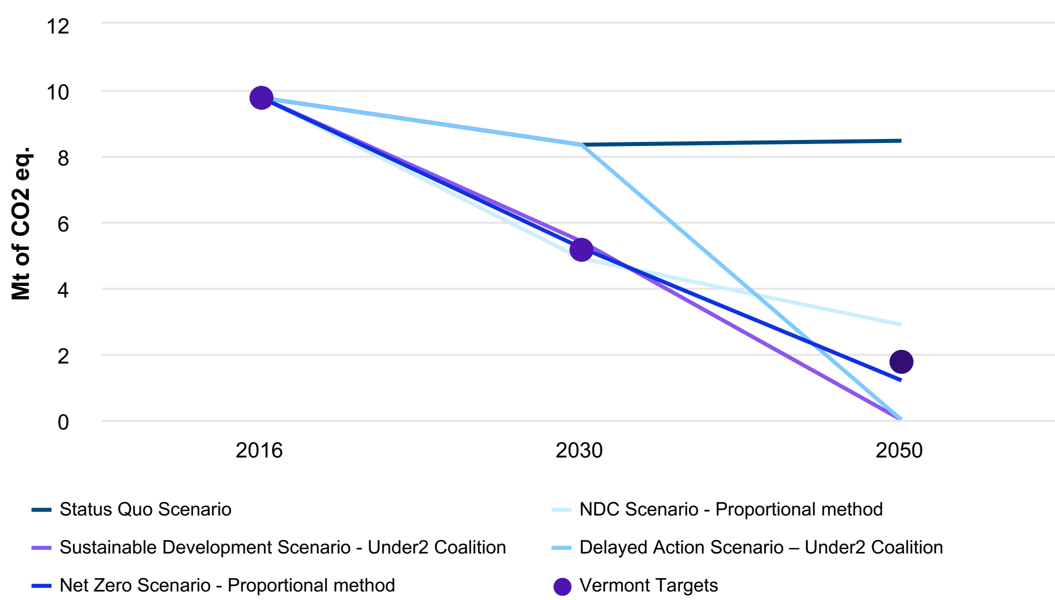
Green Mountain may be exposed to climate change risks and opportunities. In this context, Green Mountain assessed such risks and opportunities, which are described in Item 4.1.1.6 a) *Climate Change Risks and Opportunities*. In fact, Énergir, L.P., Green Mountain and Vermont Gas all used a common methodology to assess their risks and opportunities.

ii. <u>GHG Emissions Scenarios over the 2030-2050 Horizons</u>

In order to interpret the meaning of the global scenarios presented under Item 4.1.1.6 b) i. *Global Scenarios* above for Green Mountain, they have been scaled to the jurisdiction of Vermont. Green Mountain and Vermont Gas(25) used the Under2 Coalition methodology where applicable and, in other cases, the proportional methodology, as more fully described in the *Quebec-Wide Scenarios* section. The Under2 Coalition methodology is relevant to Vermont, which is a member of the Under2 Coalition. The proportional methodology is also relevant for Vermont when the Under2 Coalition methodology cannot be applied. Indeed, the proportional methodology consists in transposing the percentage of emission reductions at the global level to Vermont.

As seen in the Quebec-wide scenarios, the scaling of the NDC Scenario for Vermont reveals a net drop of GHG emissions in 2050. These emissions should reach nearly 3 million tonnes of CO_2 eq. in 2050, though they were estimated at close to 4 million tonnes in 2021. Once again, the pathway by 2030 remains unchanged.

Possible annual GHG emissions pathways according to the scenarios used as they apply to Vermont (expressed in million tonnes of CO2 eq.)



(25) The scaling for Vermont applies to Énergir, L.P.'s two subsidiaries, Green Mountain and Vermont Gas, which are in Vermont. This is why Vermont Gas is included in this item.

The above-mentioned scenarios may have the following impacts:

<table>
<tr><th>SCENARIOS</th><th colspan="2">DESCRIPTION OF IMPACTS</th></tr>
<tr><th></th><th>GREEN MOUNTAIN</th><th>VERMONT GAS</th></tr>
<tr><td>Status Quo</td><td colspan="2">Distributed volume would remain relatively stable beyond 2030. Global temperatures could rise by 3.6°C; in such a case, climate change would be likely to affect certain physical assets such as hydroelectric assets (increase in water level and volume, especially during very intense rainfall events), transmission and distribution (accelerated vegetation growth rates, stress on trees resulting from rising temperatures, isolated flooding episodes) of Green Mountain or Vermont Gas assets.</td></tr>
<tr><td rowspan="2">NDC</td><td colspan="2">Compliance with Vermont's GHG emission reduction policies and achievement of Vermont's GHG emission reduction targets would result in significant changes to the current traditional business model of Green Mountain and Vermont Gas. Because physical impacts of climate change over the next decade are driven by past GHG emissions, at least some of their above-mentioned physical effects would be felt even if the NDC Scenario materializes. A global warming above 2°C would nevertheless have significant physical repercussions.</td></tr>
<tr><td>Some markets would be affected, such as building heating and transportation, for which less emissive alternatives are available through electrification. These changes would benefit Green Mountain customers by increasing the load and reducing the pressure on rates.</td><td>Some markets would be affected, such as building heating and transportation, for which less emissive alternatives are available through electrification.</td></tr>
<tr><td rowspan="3">Sustainable Development and Delayed Action</td><td colspan="2">The physical impacts of climate change would be the same, but they are expected to affect Green Mountain and Vermont Gas customers at different times and in a less severe way. In both scenarios, global warming is limited to 2°C or less by 2100 and therefore the assets and customers of Green Mountain and Vermont Gas would be less disrupted by climate change after 2040.</td></tr>
<tr><td>In the Sustainable Development Scenario, the energy transition is underway and is faster, but stable by the 2030 and 2050 horizons. Green Mountain would benefit from this.</td><td>In the Sustainable Development Scenario, the energy transition is underway and is faster, but stable by the 2030 and 2050 horizons. Vermont Gas would have to continuously deal with sustained transition risks.</td></tr>
<tr><td>In the Delayed Action Scenario, the actions needed to limit global warming to 2°C do not occur until a sharp change in policies after 2030. In this case, managing Green Mountain's portfolio and operating activities to maintain a clean, cost-effective and reliable energy system would be key to helping its customers.</td><td>In the Delayed Action Scenario, there is a possibility of a shock (a sharp change in policies after 2030 affecting Vermont Gas directly or its customers' activities). In this case, adapting Vermont Gas' business model to control the risks associated with this transition could represent a considerable challenge. These scenarios are consistent with limiting temperature rise to 2ºC or less by 2100 compared to pre-industrial levels.</td></tr>
<tr><td rowspan="2">Net Zero</td><td colspan="2">Despite limiting temperature increases, physical risks are still expected, but are mitigated by prompt and concerted action. The current and announced policies so far do not allow the realization of the Net Zero Scenario.</td></tr>
<tr><td>Green Mountain customers would reap maximum benefits from the Net Zero Scenario through greater load growth, thus reducing pressure on rates. While the decarbonization effort will be major for all sectors of the economy by 2030 to limit the temperature to 1.5ºC compared to the pre-industrial era, this scenario imposes increased transition risks, but creates very favourable conditions for the implementation of its decarbonization solutions.</td><td>In the Net Zero Scenario, Vermont Gas has to continually deal with sustained transition risks in the short term. While the decarbonization effort will be major for all sectors of the economy by 2030 to limit the temperature to 1.5ºC compared to the pre-industrial era, this scenario imposes increased transition risks for the gas distributor, but creates favourable conditions for the implementation of its decarbonization solutions.</td></tr>
</table>

iii. Sustainability of Green Mountain's Business Model

To address climate risks and opportunities, Green Mountain's *Path to 100% Renewable* has one priority: customers – how best to serve them cost effectively and reliably in this time of climate change, and to offer them the latest available technologies. Green Mountain is providing clean, cost-effective, and reliable power, as more and more customers choose strategic electrification. For these purposes, Green Mountain has adopted a proactive and detailed Climate Plan, with ambitious goals that exceed Vermont's regulatory requirements, to achieve 100% carbon-free electricity supply on an annual basis by 2025 and 100% renewable by 2030. In fact, Green Mountain has exceeded the goal of getting to 100% carbon free by four years (through direct sourcing, the retirement of carbon-free generation attributes or a combination of both), as explained in Item 4.1.2.1 b) *Supply Sources*. As of September 30, 2022, Green Mountain's annual electricity supply portfolio is 100% carbon free and 78% renewable.

Because Green Mountain's supply portfolio is already decarbonized, it is less exposed to the transition risks inherent to climate change. This is why Green Mountain is focusing on physical resilience risks to develop an energy system where generation is closer to end users, interconnected and empowering for customers, which requires:

- switching from a one-way energy system of centralized, fossil fuel-based generation transmitted through traditional electric poles and cables to a power generation system that is lower in GHG emissions, renewable and distributed with new possibilities for managing complex local and regional networks;

- switching from one-way electricity flowing from a central plant, to storage and delivery of a two-way flow between customers and Green Mountain. Green Mountain is deploying a large battery fleet across the network to reduce costs and carbon emissions and increase resiliency for customers;
- leveraging growing demand associated with strategic electrification to decarbonize the transportation and thermal power sectors, major sources of carbon pollution in Vermont; and
- continually improving the resiliency of the energy distribution system and customers' buildings through innovative programs and solutions, including battery storage and smart electric infrastructure in homes and businesses.

Green Mountain is investing in energy distribution models that seek transformation to adapt to the evolving energy generation context in the following ways:

- leveraging many different resources (distributed energy resources) to manage the new, multi-directional grid with intermittent resources. Using battery storage to meet the need previously fulfilled by fossil-fuel generators and retiring these assets.
- establishing communities of distributed energy resources that are communications enabled to optimize the operating cost of the electrical system and the use of renewable and non-GHG-emitting generating sources.
- offering a diverse portfolio of innovative energy programs that promote measures consistent with Vermont's energy policy and appeal to the specific goals of each customer.

Green Mountain invests in resiliency and reliability measures to counter the effects of climate change on its system through its Climate Plan by:

- integrating evolving technology to underground parts of the distribution system to lead to a cost-competitive solution allowing for more burial of lines in locations with reliability issues, notably to reduce exposure of Green Mountain's assets to physical risks of climate change such as severe storms.
- better preparing Green Mountain's grid to serve as the backbone for Vermont's aggressive goals to cut GHG emissions and transition off fossil fuels.
- favouring the creation of resiliency zones to take a targeted approach to communities that have multiple resiliency challenges, including electric, communications and social vulnerability. This helps customers achieve ubiquitous broadband connectivity that is required to unlock innovative energy services that help cut costs and reduce GHG emissions through load management and control. Green Mountain successfully launched a broadband internet service deployment program to quickly help more Vermonters get connected at a lower cost. Green Mountain is in the midst of a federally funded major rollout.

The implementation of Green Mountain's roadmap sert out in *Path to 100% Renewable* is consistent with the GHG emission reduction pathway described in the Sustainable Development Scenario or the Delayed Action Scenario described in Item 4.1.2.1 g) ii. *GHG Emissions Scenarios over the 2030-2050 Horizons*. Green Mountain has set specific targets for itself that are either more stringent than those of the Under2 Coalition of which Vermont is a member, or in line with Vermont's stated objectives.

Green Mountain uses a scenario to assess its climate resilience in a pathway to limit the temperature rise to 1.5°C or less. It is important to clarify that, for the moment, neither Vermont nor the United States have adopted climate targets to align with this pathway. Green Mountain is aware that there are additional emission reductions that would have to be achieved, particularly in the next ten years, if Vermont were to adopt a more aggressive GHG emission reduction pathway than those limiting global warming to 2°C or less. This may have a positive impact on Green Mountain's customers, as the company is already well positioned to offer decarbonized solutions to Vermonters that will grow load, which will reduce the pressure on rates.

iv. Management of Climate Risks and Opportunities

This information can be found in Item 4.1.1.6 d) *Climate Change Risk Identification and Management Practices*.

v. Governance as related to Climate Change Risks and Opportunities

Green Mountain is governed by the Green Mountain Board, which has the power to oversee the management of the business in support of the resilience of Green Mountain for its customers in the short, medium and long term. Green Mountain is managed by its President and Chief Executive Officer. Its corporate governance structure is comprised of the Green Mountain Board, two Board committees and its executive team.

The Green Mountain Board reviews Green Mountain's strategic goals with management, provides general advice and suggests general guidelines to Green Mountain's management. The Green Mountain Board currently maintains an audit committee and a CGC and carries out many of its responsibilities through these two committees.

- audit committee: assesses the steps management takes to minimize significant risks or exposures to Green Mountain, including climate-change related risk assessment and risk management policies.
- CGC: reviews developments related to corporate governance matters and management's short- and long-term goals to achieve good outcomes at lower cost to customers and with reduced GHG emissions.

Green Mountain's long-term incentive program for executive officers is based on the monitoring of performance indicators and incorporate the following strategic environmental indicator, "decarbonization effort – reduction of greenhouse gas (GHG) emissions." This indicator tracks GHG emission reductions in Vermont.

h) Equity Interest in Transco and VELCO

As at September 30, 2022, Green Mountain owned a 75.70% direct ownership interest in Transco[26] and a 38.80% direct ownership interest in VELCO. Green Mountain currently receives an approximate 10.57% annual return on these investments from Transco and VELCO, which rate of return is approved by the FERC. The amount of this return is applied to Green Mountain's regulated retail cost of service to benefit its customers.

VELCO is Vermont's state-wide electricity-transmission-only company which owns and operates all of the major electricity transmission facilities in Vermont. VELCO is jointly owned by Vermont investor-owned utilities, rural electric cooperatives, and municipal electric systems. Transco owns the high-voltage electricity transmission system in Vermont, enabling electricity transmission service to over 17 electricity distributors in Vermont and two in New Hampshire. It also supplies electricity to New England through ISO-NE, which manages power generation and transmission operations in that region. VELCO is the manager of Transco pursuant to a management services agreement conferring on VELCO the power to manage, in its discretion, Transco's day-to-day operations. VELCO also owns and operates (through its wholly owned subsidiary, Vermont Electric Transmission Company, Inc.) a transmission line used to transmit electricity purchased by the New England electricity distributors from Hydro-Québec. VELCO and Transco are regulated by the FERC when it comes to rate-setting and financing and by other Vermont regulatory agencies for such matters as the construction of electricity transmission-related assets.

i) Nuclear Investments

Green Mountain has a 1.73% ownership interest in Unit #3 of the Millstone Nuclear Power Station, a 1,229 MW nuclear generating facility located in Waterford, Connecticut. Green Mountain has the right to a share of the output of Unit #3 corresponding to its percentage ownership interest.

Dominion Energy Nuclear Connecticut, Inc. is the lead owner of Millstone Unit #3 with approximately 93.47% of the plant ownership. As a partial owner, Green Mountain has the obligation to fund its ownership percentage share of decommissioning of this plant. There is an external trust fund dedicated to funding these costs. The amount of this trust fund is currently sufficiently funded to cover the expected costs of decommissioning under U.S. Nuclear Regulatory Commission standards. If a need for additional decommissioning funding is necessary, Green Mountain will be obligated to resume contributions to the trust fund, based on its ownership share.

Green Mountain also has a small minority ownership interest in three decommissioned nuclear power plants: 2.0% ownership interest in Maine Yankee Atomic Power Company, 2.0% in Connecticut Yankee Atomic Power Company and 3.5% in Yankee Atomic Electric Company. These plants have been permanently shut down for many years and are completely decommissioned except for the Independent Spent Fuel Storage ("**ISFSI**") at each location. There are continuing costs relating to long-term ISFSI operations and maintenance, the decommissioning of these plants and other remaining cost obligations, which have historically been funded primarily through sponsor contributions to the decommissioning trust funds for each plant. As a result of litigation payments to these plants from the U.S. Department of Energy regarding liability for spent fuel storage costs, Green Mountain does not have any net estimated future contributions to these trust funds as of September 30, 2022. However, due to changing technologies, new requirements of law and other uncertainties, sponsor contributions to the decommissioning trust funds could resume in the future.

Any of Green Mountain's contribution to these decommissioning trust funds is recoverable in its rates.

[26] VELCO has a 3.70% direct ownership interest in Transco. Green Mountain's indirect ownership interest in Transco through VELCO, together with its direct ownership interest, totals 77.13%.

4.1.2.2 Vermont Gas

a) Regulatory Process and Rates

Vermont Gas is regulated by the VPUC. The rates for its activities are established using a cost-of-service method, which enables Vermont Gas to establish its revenues so as to recover the costs it expects to incur to serve its customers, excluding certain items not recoverable in rates, and provides an opportunity to earn a reasonable rate of return on rate base.

Vermont Gas' regulatory capital structure consisted of 50% shareholder's equity for fiscal years 2022 and 2021. Its authorized rate of return on common equity was 8.80% and 8.65% for fiscal years 2022 and 2021, respectively.

Vermont Gas' rates, both base rates recovering non-gas costs and natural gas rates recovering supply costs, are approved by the VPUC. Base rates are generally set on an annual basis while the natural gas rates are adjusted quarterly.

Additional information regarding Vermont Gas' regulatory framework can be found in section D) *Segment Results* on pages 22 to 24 of the 2022 MD&A.

b) Supply Sources and Storage

Vermont Gas obtains nearly all of its natural gas supply from Canada, with the exception of one RNG production facility in Vermont that began injecting RNG directly into Vermont Gas' system in fiscal year 2021. During fiscal year 2022, Vermont Gas had 15 base load supply contracts that provided the majority of Vermont Gas' firm natural gas supply. Numerous other suppliers provided spot supply on an as-needed basis. The price of Vermont Gas' base load supply contracts is generally indexed to recognized, liquid market points.

Of the 15 base load supply contracts, Vermont Gas has three long-term contracts for the purchase of RNG[27] in support of its RNG program. The program provides RNG supply for i) company use at Vermont Gas buildings and gate stations, ii) the Vermont Gas voluntary RNG program, and iii) including RNG as part of its base supply portfolio. One contract started deliveries in February 2020 and is a seven-year contract for volumes of at least 20,000 MMBTUs per year, with the possibility of providing up to 72,000 MMBTUs per year. A second contract started deliveries in July 2021 bringing locally sourced RNG into Vermont Gas' system. The contract is for 20 years and a minimum of 41,640 MMBTUs, but could deliver as much as 180,000 Mcf per year. The third is a 15-year contract for RNG that is expected to begin deliveries in 2023. This contract will deliver to Vermont Gas between 70,000 and 120,000 MMBTUs per year of RNG. In addition to the 15 base load supply contracts, Vermont Gas has an RNG supply contract, which is also a base load contract. It is a 14.5-year contract for 300,000 MMBTUs per year. The deliveries under this contract are expected to begin in January 2023 with approximately half of the supply being delivered to Vermont Gas via Dawn, Ontario, and the other half being delivered to the transportation market with those revenues being used to reduce overall RNG costs for Vermont Gas' customers. This contract includes an option for Vermont Gas to increase volumes each year by 100,000 MMBTUs up to a maximum of 1 million MMBTUs.

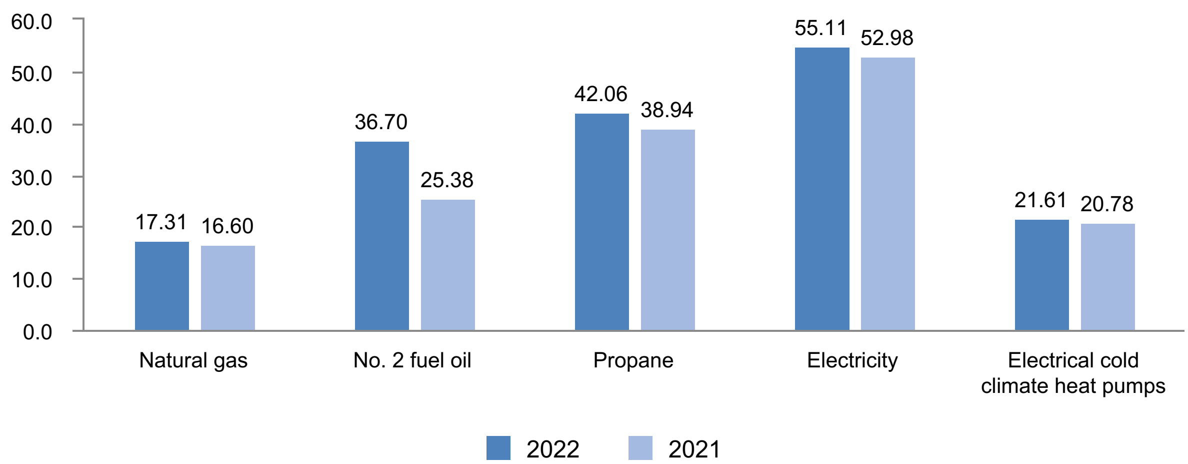
In addition, Vermont Gas has a storage contract with Tenaska Marketing Canada, a division of TMV Corp.; said contract was renewed in fiscal year 2022 and expires on March 31, 2024. Under the contract, Vermont Gas delivers natural gas to the Enbridge Gas system at Dawn, Ontario, during the injection season (typically April through October) and Tenaska Marketing Canada, redelivers the gas to the same point as needed during the withdrawal season (typically November to April). Additionally, Vermont Gas has a storage contract with Enbridge Gas System for a small amount of supplemental storage enabling additional winter flexibility, said contract was renewed in fiscal year 2022 and expires on March 31, 2024. The contract with Tenaska Marketing Canada provides the flexibility of the Enbridge Gas System storage contract mentioned above, including off-season injections and withdrawals.

[27] In fiscal year 2022, the three long-term contracts to purchase RNG represented approximately 2% of Vermont Gas' overall supply of natural gas.

c) New Customers

In fiscal year 2022, Vermont Gas delivered 13.7 Bcf of natural gas to its customers, compared to 13.5 Bcf in fiscal year 2021. Based on Vermont Gas and Green Mountain VPUC-approved residential rates and Vermont-specific data from the Vermont Department of Public Service for No. 2 fuel oil and propane, the average cost per MMBTU at the close of fiscal years 2022 and 2021 was as follows:

Average cost per MMBTU (US$)
(consumption equivalent to 95 Mcf of natural gas per year)



d) Energy Efficiency

Since the early 1990s, Vermont Gas has offered a comprehensive portfolio of energy efficiency programs to its 55,000+ customers. In fiscal year 2022, Vermont Gas invested US$4.19 million in its energy efficiency programs, slightly lower than the amount invested in fiscal year 2021, which totaled a little more than US$4.2 million. In fiscal year 2022, annual savings were in excess of 0.05 Bcf, compared to annual savings of approximately 0.065 Bcf in fiscal year 2021. This made it possible to avoid 3,261 tonnes of GHG emissions in 2022, and 4,003 tonnes in 2021. This helped to prevent the emission of 3,261 tonnes of GHG in 2022 and 4,003 tonnes of GHG in 2021. COVID-19 recovery, inflation and the war in Ukraine continue to drive a series of economic disruptions. The decrease from fiscal year 2021 to fiscal 2022 in spending by Vermont Gas on its energy programs and in annual savings, can be explained by the impact of higher material costs, limited material availability and contractor workforce constraints that contributed to longer lead times and unexpected delays moving commercial and new construction projects to completion. Vermont Gas has consequently completed fewer large commercial projects in fiscal year 2022 than in fiscal year 2021.

Since the inception of its demand-side management programs, Vermont Gas has assisted its customers with completing 43,350 energy efficiency projects through programs covering equipment replacement, retrofit, and new construction. At the end of calendar year 2021, Vermont Gas completed the first year of the three-year energy efficiency utility performance budget. The budget was approved by the VPUC and represents just over US$15 million with savings at approximately 0.24 Bcf.

e) Competitive Position

In Vermont Gas' market, despite the recent volatility in the energy markets, natural gas has a competitive advantage when compared with other energy sources in the Residential, Commercial, and Industrial Markets. Electricity continues to evolve as a potential source of competition in the heating or domestic hot water markets due to the Vermont State's energy goals, which focus has shifted to renewable electrification and carbon reduction targets. Moreover, new renewable building ordinances in the cities of Burlington and South Burlington, in Vermont, may limit the use of fossil fuels for new construction in these regions in the future. Vermont Gas continues to monitor emerging heat pump technology and state policies driving electrification of various end-uses, which may change the competitive landscape. Vermont Gas also continues to explore additional offerings to its own customers, including new water heating technology.

f) Climate Change

i. Climate Change Risks and Opportunities

This information is presented in Item 4.1.1.6 a) *Climate Change Risks and Opportunities.*

ii. GHG Emissions Scenarios over the 2030 and 2050 Horizons

This information is presented in Item 4.1.2.1 g) ii. *GHG Emissions Scenarios over the 2030-2050 Horizons.*

iii Sustainability of Vermont Gas' Business Model

Vermont Gas has proactively adopted a strategy to transform its operations so as to make its in-house activities and energy distributions carbon neutral by 2050, in line with the State of Vermont's GHG emission reduction requirements. Vermont Gas has steadily expanded its weatherization efforts, added to its suite of decarbonized in-home services, and is establishing a portfolio of low- and no-carbon alternative fuels to transform how its customers warm their homes and businesses.

To achieve its Climate Plan benchmarks, Vermont Gas' innovation is focused on three key areas:

- Expanding weatherization and energy efficiency accelerating access to affordable weatherization services: Vermont Gas has increased weatherization rebates and incentives available to income-qualified Vermonters and is assessing ways to ensure these funds go to customers with the highest energy burden. Vermont Gas is one of several Vermont utilities that is participating in a pilot project to offer its customers funding opportunities for comprehensive weatherization improvements using the tariffs available under the Weatherization Repayment Assistance Program (WRAP).
- Launching renewable in-home solutions: Vermont Gas is developing renewable, in-home heating technologies for its customers. It was the first natural-gas-only distributor of the American Gas Association to offer electric heat pump water heaters. Vermont Gas is testing the installation of hybrid heating systems that integrate forced air furnaces with centrally ducted heat pump technology. Vermont Gas is also testing geothermal energy systems for commercial and multi-family housing applications.
- Growing the alternative energy supply: Vermont Gas is steadily increasing the renewable energy supply of its system. It develops biomethane RNG projects in Vermont, and oversees the development of green hydrogen, district energy loops, and networked geothermal energy for commercial purposes.

Achieving Vermont Gas' Climate Plan outlined is consistent with a GHG emission reduction pathway as described in the Sustainable Development Scenario or the Delayed Action Scenario, described in Item 4.1.2.1 g) ii. *GHG Emissions Scenarios over the 2030-2050 Horizons*. Vermont Gas has set specific goals that are equal to or greater than those set through the GWSA that was adopted and came into force in 2020. This Act was adopted in response to Vermont's concerns over climate change and the magnitude of what must be done to reduce GHG emissions and prepare for the effects of climate change on Vermont's landscape. In this context, this Act requires the State of Vermont to reduce GHG emissions to 26% below 2005 levels by 2025, 40% below 1990 levels by 2030 and 80% below 1990 levels by 2050.

Over the past years, global climate discussions and government commitments have begun to take greater account of new scenarios aligned with pathways to limit temperature rise to 1.5°C or less compared to the pre-industrial era. To reflect this reality, Vermont Gas uses a scenario in the range of pathways to be used to assess its climate resilience. It is important to clarify that for the moment, neither Vermont nor the United States have adopted climate targets to align with a pathway to limit the temperature rise to 1.5°C or less. Vermont Gas is aware that additional emission reductions would have to be achieved, particularly in the next ten years, if Vermont were to adopt a more restrictive GHG emission reduction pathway than those limiting global warming to 2°C or less.

Vermont Gas is revisiting even more aggressive targets to accomplish GHG emission reductions. Vermont Gas set the following:

- Contribute to Vermont's goal of reducing GHG emissions by at least 40% below 1990 levels by 2030.
- Achieve a carbon neutral energy supply by 2050.

iv. Climate Change Risk Identification and Management Practices

This information is presented in Item 4.1.1.6 d) *Climate Change Risk Identification and Management Practices.*

v. Governance as related to Climate Change Risks and Opportunities

Vermont Gas is regulated by the VPUC, and governed by Vermont Gas Board, which exerts strategic influence on the business to ensure its resilience and maintenance of the foundational values of safety and economic accessibility for its customers. Vermont Gas is led by its President and Chief Executive Officer. Its corporate governance structure is comprised of the Vermont Gas Board and an executive team.

The Vermont Gas Board reviews and approves Vermont Gas' annual strategic plan, key performance indicators ("KPIs") and major initiatives, and provides general advice and guidelines to Vermont Gas' executive team. The Vermont Gas Board currently has an audit committee and a human resources and compensation committee, which meet regularly to review Vermont Gas' performance and fulfill other Vermont Gas Board responsibilities.

The audit committee is responsible for providing guidance to management and making recommendations to the full Vermont Gas Board on all financial and accounting issues. Specifically, they are responsible for risk management review, including reviewing climate related risks.

The human resources and compensation committee is responsible for corporate performance plans and awards inclusive of reviewing climate related goals around carbon reduction.

The executive team manages strategic matters and presents key matters to the Vermont Gas Board for review and, as needed, for approval. Updates to Vermont Gas' Climate Plan are presented and reviewed in depth by the Vermont Gas Board.

4.2 Natural Gas Transportation

In Canada, interprovincial transportation activities and transportation activities beyond the limits of any province are regulated by the CER; in the United States, interstate transportation activities are regulated by the FERC. Énergir, L.P. owns financial interests in three natural gas transportation enterprises, namely TQM, Champion Pipe Line Corporation Limited and PNGTS.

TQM

Énergir, L.P. owns a 50.0% indirect interest in TQM, which operates a gas pipeline in Quebec that connects upstream with that of TCPL and downstream with that of PNGTS and the Énergir, L.P. system. Its activities are regulated by the CER.

In February 2022, the CER approved a (multiyear) rate agreement for TQM covering a two-year period. Under this agreement, annual rates are calculated using a formula that includes a fixed cost component and a cost component that is fully recoverable from or repayable to customers. Under this method, TQM can determine the optimal capital structure that would better reflect its economic reality and business risks.

Additional information on the regulatory framework of TQM can be found in section D) *Segment Results* on pages 24 and 25 of the 2022 MD&A.

Champion Pipe Line Corporation Limited

Champion Pipe Line Corporation Limited, a wholly owned subsidiary of Énergir, L.P., operates two gas pipelines that cross the Ontario border and supply Énergir, L.P.'s distribution network in northwestern Quebec. Its activities are regulated by the CER with respect to revenue determination, tolls, construction and operation of its network. Its rates are based on the annual cost of service, which includes a specified rate of return on equity as well as operating expenses, taxes and amortization. The deemed equity component is established at 46.0% for fiscal year 2022 (the same as for fiscal year 2021); its authorized rate of return was 8.32% for fiscal year 2022 (the same as for fiscal year 2021).

PNGTS

Énergir, L.P. owns a 38.3% indirect interest in the PNGTS pipeline, which starts at the Quebec border and extends to the suburbs of Boston. The activities of PNGTS are regulated by the FERC. Its rates are based on its cost of service, which includes a rate of return. Accordingly, in February 2015, the FERC approved PNGTS's rates, which are valid until a request for review is filed. However, when it deems it appropriate, PNGTS may negotiate agreements with specific customers that provide for a lower rate than the one approved by the FERC.

Additional information on the regulatory framework of TQM and the network reinforcement projects of TQM and PNGTS can be found in section D) *Segment Results* on page 24 and 25 of the 2022 MD&A.

4.3 Electricity Production

This segment consists of the non-regulated electricity production activities related to Wind Farms 2 and 3 and Wind Farm 4.

4.3.1 Wind Farms in Quebec

Wind Farms 2 and 3:	**WIND FARMS LOCATED ON THE PRIVATE LANDS OF THE SEIGNEURIE DE BEAUPRÉ** IN PARTNERSHIP WITH ÉNERGIR DEVELOPMENT AND BORALEX	**Wind Farm 4:**
126 WIND TURBINES **272 MW** OF INSTALLED CAPACITY		**28** WIND TURBINES **68 MW** OF INSTALLED CAPACITY

Wind power is one of the cleanest forms of energy as it produces no air emissions. It is sought after for its benefits, and is also complementary to hydroelectricity, because it serves as a back-up energy source that often reaches its maximum potential during periods of extreme cold and high winds.

To promote energies that reduce the environmental footprint, while also encouraging regional economic development, Énergir, L.P. and Énergir Development decided to invest in wind power production through the deployment of wind farms, particularly Wind Farms 2 and 3 and Wind Farm 4.

Beaupré Éole (in which Gaz Métro Éole and Valener Éole hold, respectively, a 51.0% and 49.0% interest) and Boralex are equal-share partners in two wind farms with an installed capacity of 272 MW on private lands of the Seigneurie de Beaupré, namely Wind Farms 2 and 3. All of the electricity generated is sold to Hydro-Québec under 20-year contracts with expiry dates between 2033 and 2034.

Beaupré Éole 4 (in which Gaz Métro Éole 4 and Valener Éole 4 hold, respectively, a 51.0% and 49.0% interest) and Boralex are equal-share partners in a third wind farm with an installed capacity of 68 MW on private lands of the Seigneurie de Beaupré, namely Wind Farm 4. All of the electricity generated is sold to Hydro-Québec under a 20-year contract

Additional information regarding Wind Farms 2 and 3 and Wind Farm 4 can be found in section D) *Segment Results* on page 25 of the 2022 MD&A.

On April 19, 2022, Énergir Inc. announced a partnership with Boralex and Hydro-Québec for the development of three wind power projects of 400 MW each on Seigneurie de Beaupré land. The projects will be implemented by Énergir Development, an affiliate to which the relevant development rights were transferred. If these projects are completed, the power generated will be purchased by Hydro-Québec. The goal of these projects is to propose concrete and promising solutions for a better energy future and to contribute to the development of renewable energy sources.

4.4 Energy Services, Storage and Other

4.4.1 Energy Services and Other

Énergir, L.P., through its subsidiaries, (i) sells natural gas as fuel for the heavy transportation market; (ii) continues to develop LNG marketing and production activities and to market CNG; (iii) offers natural-gas-powered appliance sales, leasing and maintenance services (until June 30, 2022); and (iv) operates the Montréal Thermal Plant, which supplies heat and air conditioning to the downtown area. The activities related to energy services are not regulated.

4.4.1.1 LNG

Énergir, L.P., through its subsidiary Gaz Métro LNG, is engaged in the development of LNG production and commercialization activities. Gaz Métro LNG's goal is to structure the LNG offer and ensure the marketing of the LNG produced using the LSR Plant's infrastructure. The various initiatives of Gaz Métro LNG include:

- developing a market for LNG as marine fuel;
- using LNG as an alternative to fuel oil or propane in the industrial and mining markets;
- selling LNG to a U.S. broker that then resells it to customers during peak periods; and

- developing the U.S. market: canvassing for new customers and maintaining existing contractual relations.

The objective of Transport Solutions, a wholly owned subsidiary of Énergir, L.P., is to develop the market for natural gas (both compressed and liquefied) as a fuel in the heavy transportation market and as an alternative to diesel fuel. It is Quebec's leader in this field, offering integrated LNG refuelling services in the industrial, road and maritime sectors. It also provides industrial customers LNG equipment maintenance services. Transport Solutions also plays a key role in the operation of LNG refuelling stations for the transportation industry between Lévis and Mississauga.

4.4.1.2 Énergir Management

On June 30, 2022, Énergir Management sold some of its assets and liabilities so as to divest itself of a portion of its operations. Since this sale, Énergir Management no longer offers a range of products and services associated with the installation, sale, rental, maintenance and repair of natural gas equipment. For more on this transaction, see section D) *Segment Results* of the 2022 MD&A.

Énergir, chaleur et climatisation urbaines s.e.c., an indirect wholly owned subsidiary of Énergir Management, owns and operates three separate steam, hot water and cool water networks that are used to meet the heating, hot water and air conditioning needs of office towers, shopping centres, hotels, railroad stations, campuses and prestige apartments. Its network extends over 4.8 kilometres and services 1.8 million m^2 of commercial area in downtown Montréal.

4.4.2 Storage

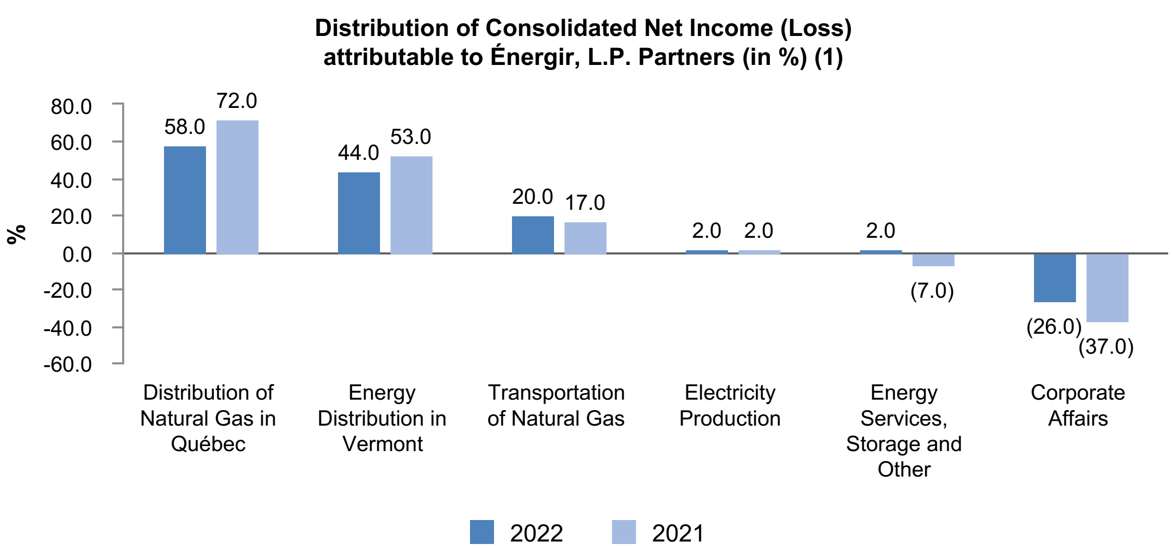
Énergir, L.P. owns an indirect interest in Intragas, whose main activity is underground natural gas storage. This activity fits within Énergir, L.P.'s overall mission, as natural gas storage is an integral part of its supply chain. The respective ownership interests of Énergir, L.P. and ENGIE, the other co-owner of Intragas, range from 40.0% to 60.0%, depending on the entities that make up Intragas.

Intragas, whose rates are approved by the Régie, operates the only two underground natural gas storage facilities in Quebec in the service area of Énergir, L.P., which is Intragas' only customer. Intragas sets its rates using the cost-of-service method.

4.5 Corporate Affairs

Among other things, this segment includes all of Énergir Inc.'s activities that cannot be directly attributed to other sectors, such as the costs incurred to finance the interests held and the development costs of various projects.

4.6 Consolidated Net Income by Business Segment



(1) Consolidated net income attributable to the partners of Énergir, L.P. for fiscal year 2022 included a $26.8 million unfavourable impact related to adjustments excluded from ongoing operations. The adjustments' amount is explained by a change in the tax treatment of the depreciation of investments in information technology development ($13.8 million), Énergir Management's disposal of some of its assets and liabilities ($8.6 million), and the writing-off of assets associated with the implementation of a customer information system ($4.4 million). For more information on these adjustments, see the 2022 MD&A. Had it not been for these items, the distribution of

consolidated net income attributable to the partners of Énergir, L.P. for fiscal year 2022 would have been as follows: Distribution of Natural Gas in Quebec, 57.0%; Distribution in Vermont, 41.0%; Transportation of Natural Gas, 18.0%; Electricity Production, 2.0%; Energy Services, Storage and Other, 5.0%; Corporate Affairs, -23.0%.

ITEM 5 HUMAN RESOURCES MANAGEMENT

As at September 30, 2022, Énergir, L.P. had, on a consolidated basis, 2,328 regular and temporary employees. The following table provides specific information on employees, broken down by segment.

Segment	Number of employees	Number of employees governed by a collective agreement	Number of collective agreements
Energy Distribution			
➔ Énergir, L.P.	1620	909	3
➔ Green Mountain	522	292	1
➔ Vermont Gas	132	54	1
Natural Gas Transportation(1)	0	0	0
Electricity Production(2)	0	0	0
Energy Services, Storage and Other(3)	48	22	2
Corporate Affairs	6	0	0
Total	**2,328**	**1,277**	**7**

(1) This segment has no employees owing to the existence of services agreements.
(2) This segment has no employees owing to the existence of service contracts for the wind farms in Quebec.
(3) This segment has seen the number of employees drop as compares to the number indicated for fiscal year 2021 owing to the fact that on June 30, 2022, Énergir Management disposed of some of its assets and liabilities so as to divest itself of a portion of its operations. Since this sale, Énergir Management has no employees, but a service agreement instead.

Énergir, L.P. is party to three collective agreements. The collective agreement for office workers affiliated with the SEPB-Québec union (which is itself affiliated with the Fédération des travailleurs et travailleuses du Québec (F.T.Q.)) was renewed on December 11, 2017, effective retroactively to September 1, 2015, and expired on August 31, 2020. Negotiations to renew began in January 2022. The collective agreement for sales representatives, who are also affiliated with the SEPB-Québec union, was renewed on September 18, 2018, and expired on September 30, 2021. Negotiations to renew will begin once negotiations to renew the collective agreement for office workers have been completed. The collective agreement for blue collar workers, who are affiliated with the Confédération des syndicats nationaux (CSN), was renewed on November 20, 2021, effective retroactively to October 1, 2019, and will be expiring on September 30, 2024.

The collective agreement for the unionized employees of Green Mountain was renewed on January 1, 2018, and will be in effect until December 31, 2022. The collective agreement for the unionized employees of Vermont Gas was renewed on June 1, 2018, and will be in effect until May 31, 2023.

The businesses of the Energy Services, Storage and Other segment are party to two collective agreements. In the case of the first collective agreement, the validity period is April 1, 2022 to March 31, 2026. A second collective agreement was renewed from June 1, 2019 until December 31, 2021, with an extension until December 31, 2023.

Énergir, L.P., its subsidiaries and joint ventures maintain good relations with their various unions and representatives. Management is of the opinion that relations with its employees are good. A survey on employee mobilization was conducted in September 2022 to measure progress since the last survey, conducted in September 2021. The results remain positive, showing employees to be committed and robust organizational health in a culturally evolving context involving, among other things, a transition to hybrid work for a majority of workers. In fiscal year 2022, Énergir, L.P. conducted a total of ten surveys to see whether its employees are mobilized and doing well, as well as to check their level of commitment and sense of belonging.

Énergir, L.P. wants to provide a discrimination-free workplace and has initiated an awareness campaign to ensure that everyone adopts non-discriminatory attitudes, language and practices that are free of unconscious bias. In addition, the talent acquisition process has been implemented on an ongoing basis, with improvements having been made in 2021 to further efforts to ensure the representation of women, particularly in non-traditional occupations, and more specifically in positions involved in the operation of the gas system.

Énergir, L.P.'s equity, diversity and inclusion action plan, inspired by the best practices in the field and launched in the fall of 2020, unfolded over the course of the last fiscal year. More specifically, for fiscal year 2022, all actions provided for in the action plan were successfully carried out. For example, the Diversity, Equity and Inclusion in Employment Policy was approved by the Board on August 4, 2022; a strategic diversity, equity and inclusion ("**DEI**") map, consisting of a plan of action and corporate governance, was developed; and an overall portrait of diversity (addressing, among other things, gender and visible minority status) was prepared for all Énergir, L.P. workers. An analysis was performed by an external firm offering DEI expertise to compare Énergir, L.P.'s practices with best DEI practices and to analyze the variances using that firm's DEI maturity model. In September 2022, training on unconscious bias was offered to all managers. This training will be extended to all Énergir, L.P. workers in fiscal year 2023.

Énergir, L.P. also adopted a general psychological health plan that includes, among other things, a rehabilitation program, a psycho-social risk assessment process and an employee and family assistance program tailored to their needs.

In fiscal year 2020, Énergir, L.P. completed a pay equity audit under the *Quebec Pay Equity Act*, which requires employers to demonstrate that positions held by women are treated equally to those held by men, in connection with the pay equity exercise. In fiscal year 2021, Énergir, L.P. completed the pay equity exercise. The analyses revealed that no adjustment was required. The various pay equity committees also concluded that pay equity has been maintained over the years and that Énergir, L.P., together with its committees, had implemented an efficient pay equity maintenance process that precluded any sexist bias.

The key to the success of Énergir, L.P., its subsidiaries and joint ventures lies partly in the specialized skills and knowledge required for operating and maintaining natural gas and electricity distribution systems. Such skills and knowledge are currently available; however, to protect themselves against the risk of future shortages in such specialized job positions, due principally to the increasing rate of planned retirements, Énergir, L.P. and some of its subsidiaries and joint ventures offer competitive direct compensation and benefit programs as well as the training needed to maintain and develop skills. Énergir, L.P. is certified for the quality of its contribution to workforce skills development pursuant to the *Regulation respecting the exemption applicable to a holder of a training initiative quality certificate.* Moreover, Énergir, L.P.'s École de technologie gazière in Boucherville, Quebec (which is an in-house training centre that dispenses gas technology education to the gas industry's entire workforce, including to an outside clientele) continues to help prepare succession in Quebec's gas industry and its development.

For more than 15 years, Énergir, L.P. has also been implementing a succession plan to ensure the transfer of skills as its employees retire. This succession plan is updated annually. This yearly exercise enables Énergir, L.P. to evaluate its vulnerability to future shortages in some specialized trades and implement action plans that are also monitored on an annual basis. Some of Énergir, L.P.'s subsidiaries and joint ventures also have a succession plan with a similar objective.

ITEM 6 FINANCIAL INFORMATION

6.1 Énergir Inc.

6.1.1 Consolidated financial data

The consolidated financial data for the fiscal years ended on September 30, 2022 and 2021 can be found in the 2022 MD&A, which is to be read in conjunction with the 2022 Financial Statements, which are available on the SEDAR website at www.sedar.com under the profile for Énergir Inc.

6.1.2 Declaration of dividends

For the past three fiscal years, Énergir Inc. declared to its shareholder the following dividends in accordance with the amount of cash available for that purpose:

	Fiscal years ended September 30		
	2022	2021	2020
Dividends declared to the shareholder (in millions of $)	99.0	45.5	326.5(1)

(1) In fiscal year 2020, Énergir Inc. paid a special dividend of $220.0 million taken out of the proceeds of the disposition of all shares held in Enbridge.

Noverco has undertaken to maintain Énergir Inc.'s equity at no less than $10.0 million as long as the subordinated debentures issued by Énergir Inc. remain outstanding. The five series of subordinated debentures totalling $892.8 million will mature in 2052. The interest rates on all series of subordinated debentures are adjusted on October 1 of each year based on a pre-established formula.

6.2 Énergir, L.P.

6.2.1 Income distribution

As explained under Item 1.2.3.4 *Distribution Practice*, subject to satisfaction of the financial ratios set out in the trust deeds, the credit agreement and the note purchase agreements (as more fully described under Item 10.2.4.1 *Financial Contracts (Énergir Inc. and Énergir, L.P.)*), Énergir, L.P. intends to continue to distribute substantially all of its net income for a given fiscal year, in accordance with its past practice, and the Limited Partnership Agreement provides that Énergir, L.P. will distribute not less than 85.0% of its net income, excluding non-recurring items, subject to certain exceptions. In principle, distributions are made on the first business day following the end of a calendar quarter, i.e., the first business day of January, April, July and October of each year.

Énergir, L.P. occasionally reviews the level of its quarterly distribution in light of anticipated changes in net income, which largely depends on changes in the rate of return allowed by the Régie and other regulatory bodies, as well as on the profitability of its non-regulated activities.

The following table shows the distributions declared to Énergir, L.P.'s partners over the last three fiscal years:

	Fiscal years ended September 30		
	2022	2021	2020
Distributions declared to the partners (in millions of $)	225.67	543.47[(1)]	206.15

(1) The distributions declared in fiscal year 2021 included four distributions to Énergir, L.P.'s partners totalling $337.3 million paid as part of the October 1, 2020 sale, to Énergir Solutions (US) Inc., of the common shares held by NNEEC in Standard Solar. The amount of regular distributions stands at $206.2 million for fiscal year 2021.

6.2.2 Restrictions on Distributions and Issuance of Long-Term Debt under the Deeds Creating and Governing the Long-Term Debt

The deeds and agreements creating and governing Énergir, L.P.'s long-term debt, or long-term debt for which Énergir, L.P. is responsible, impose certain restrictions on the distribution of earnings and the issuance of long-term debt by Énergir, L.P. Under such deeds and agreements, which define the expressions "aggregate capitalization" and "long-term debt":

i. Énergir, L.P. may not make any such distribution if, after giving effect thereto, Énergir, L.P.'s aggregate long-term debt would exceed 75.0% of its aggregate capitalization;

ii. Énergir, L.P. may not issue, assume or guarantee long-term debt if all such long-term debt issued, assumed or guaranteed by Énergir, L.P. and outstanding on the date of the proposed issuance, assumption or guarantee would exceed 65.0% of the aggregate capitalization of Énergir, L.P. on that date, after giving effect to the issue, assumption or guarantee and the receipt and allocation of the proceeds therefrom; and

iii. Énergir, L.P. may not issue, assume or guarantee long-term debt if earnings available for payment of interest charges during any period of 12 consecutive months selected by Énergir, L.P. out of 18 such months preceding the date of the proposed issuance, assumption or guarantee of the new long-term debt would be less than one and one-half times the sum of the annualized interest charges on all long-term debt issued or guaranteed by Énergir, L.P. outstanding at the date of such proposed issuance, assumption or guarantee and the annualized interest charges on the long-term debt proposed to be issue, assumed or guaranteed.

Énergir, L.P. calculates these ratios on the basis of its non-consolidated financial statements.

6.3 Financial Management

Énergir, L.P.'s financial strength depends, among other things, on the availability of natural gas at competitive prices, customer demand, the regulatory framework and the capital structure. Its financial health also depends on the ability of Énergir, L.P. and Green Mountain to earn the return allowed by their respective regulators. These issues have already been discussed in Item 4 *NARRATIVE DESCRIPTION OF ÉNERGIR, L.P.'S FIVE MAIN BUSINESS SEGMENTS.*

Historically, given certain legislative restrictions, the financing strategy consisted of having Énergir Inc. borrow on capital markets and then lend the borrowed amounts to Énergir, L.P. under identical conditions. Given that such restrictions no longer exist, the financing strategy has been reassessed, and Énergir, L.P. amended its deed of trust during the quarter ended December 31, 2021 so that it could finance itself directly without Énergir Inc.'s intervention.

Loan agreements in effect as at September 30, 2022

On July 13, 2022, Énergir Inc. and Énergir, L.P. entered into a new credit agreement with their bank consortium. The agreement features a renewable guaranteed credit facility of $800.0 million that expires on July 13, 2027. Subject to the lenders' approval, the expiry date of this credit agreement may be extended annually for one year. This credit agreement replaces the one entered into on March 2, 2012 by Énergir Inc. as borrower and by Énergir, L.P. as surety. As part of the change in financing strategy, Énergir, L.P. became the only borrower under the terms of the credit agreement starting in September of 2022. This agreement has a universal hypothec on the assets of Énergir, L.P. The terms of the credit agreement are similar to those in the previous agreement. Concurrently with the conclusion of this credit agreement, Énergir, L.P. issued an information circular for the issuance of short-term notes (also called commercial papers) up to an amount of $800.0 million. These notes are issued taking into account Énergir, L.P.'s financial imperatives and are backed by the credit agreement described above.

On August 18, 2021, Green Mountain replaced its US$150.0 million credit facility entered into with KeyBank National Association and a syndicate of lenders by a new US$175.0 million credit facility maturing on August 18, 2024. This credit facility was entered into with KeyBank National Association and People's United, and contains a US$25.0 million accordion facility. In fiscal 2022, Green Mountain activated this accordion facility to increase its available credit from US$175.0 million to US$195.0 million until September 2022.

Private placements during the fiscal year ended September 30, 2022

On September 27, 2022, after a series of secured senior notes totalling $167.0 million matured in May of 2022 , Énergir, L.P. issued $200.0 million in first mortgage bonds by way of private placement. These bonds yield interest at an annual rate of 4.67%, will mature on September 27, 2032, and are guaranteed by a hypothec on the assets of Énergir, L.P. The proceeds of the issuance were used to repay existing debts and for the general purposes of Énergir, L.P.

On September 23, 2022, Green Mountain issued US$25.0 million in first mortgage bonds. These bonds will be maturing in October of 2052 and yield interest at an annual rate of 5.0%. The proceeds of the issuance were used to repay a portion of its credit facility.

On February 9, 2022, Énergir, L.P. issued $325.0 million in first mortgage bonds by way of private placement. These bonds yield interest at an annual rate of 3.04%, will mature on February 9, 2032, and are guaranteed by a hypothec on the assets of Énergir, L.P. The proceeds of the issuance were used to repay existing debts and for the general purposes of Énergir, L.P.

ITEM 7 LEGAL PROCEEDINGS

Additional information regarding litigation involving Énergir, L.P. can be found in section K) *Additional Information* on page 46 of the 2022 MD&A.

ITEM 8 MARKET FOR SECURITIES, CAPITAL STRUCTURES AND TRANSFER AGENT AND REGISTRAR

8.1 Market for Énergir Inc.'s securities

Although Énergir Inc.'s common shares are not listed on any stock exchange or equivalent market, it is a reporting issuer under securities legislation because it has issued first mortgage bonds on the capital markets.

8.2 Énergir Inc.'s capital structure

Énergir Inc. can issue an unlimited number of common shares without par value. As at September 30, 2022, 2,977,158 shares were issued and outstanding. Énergir Inc. can also issue one or more series of preferred shares, the votes, privileges, conditions and restrictions of which will be fixed by the Board. As at September 30, 2022, no such preferred shares had been issued.

8.3 Credit ratings

Énergir Inc. and Énergir, L.P. receive solid credit ratings from S&P and DBRS.

As at September 30

Énergir Inc.	2022	2021
Corporate (S&P/DBRS)	**A/A**	A/A
First mortgage bonds/secured senior notes (S&P/DBRS)	**A/A**	A/A
Commercial paper (S&P/DBRS)	**-**	A-1(mid)/R-1(low)
Énergir, L.P.	**2022**	2021
Corporate (S&P/DBRS in 2022 - S&P in 2021)	**A/A**	A
First mortgage bonds (S&P/DBRS)	**A/A**	-
Commercial paper (DBRS)	**R-1(low)**	-

The rating agencies S&P and DBRS reconfirmed, in December of 2021 and April of 2022, respectively, the credit ratings assigned to Énergir Inc. In December, S&P also reconfirmed the corporate credit rating of Énergir, L.P. for 2021. Énergir, L.P. obtained credit ratings in fiscal year 2022 for the first mortgage bonds and for the commercial paper.

In August 2021, S&P increased the credit rating of Green Mountain from A- to A.

The corporate credit ratings assigned to Énergir Inc. and Énergir, L.P. by S&P and DBRS, and the ratings assigned to the first mortgage bonds and the commercial paper represent an assessment, by the credit rating agencies, of Énergir Inc. and Énergir, L.P.'s ability to meet their financial commitments. The ratings are based on certain assumptions with respect to Énergir, L.P.'s future return and capital structure that may or may not be realized.

S&P's ratings for long-term debt instruments range from a high of AAA to a low of D. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to S&P's rating system, debt instruments rated A are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt instruments in higher-rated categories. However, the obligor's capacity to meet its financial commitments is still strong.

DBRS's ratings for long-term debt instruments range from a high of AAA to a low of D. The assignment of a "high" or "low" designation within each rating category indicates relative standing within that category. The absence of a "high" or "low" designation indicates that the rating is in the "middle" of the category. The "high," "middle" and "low" grades are not used for the AAA and D categories. According to DBRS's rating system, debt instruments rated A are characterized as satisfactory credit quality. Protection of interest and principal is still substantial, but the degree of strength of entities having A-rated securities is less than that of entities having AA-rated securities. While A is a respectable rating, entities having securities in this category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than entities having higher-rated securities.

S&P's ratings for Canadian commercial paper range from a high of A-1 to a low of D. A "high," "mid" or "low" designation may be assigned to A-1 ratings only. S&P's A-1 (mid) rating is the second highest of eight categories. According to S&P's rating system, commercial paper rated A-1 (mid) reflects the obligor's strong ability to meet its financial commitments.

DBRS's ratings for commercial paper range from a high of R-1 to a low of D. A "high," "middle" or "low" designation may be assigned to R-1 and R-2 ratings only. DBRS's R-1 (low) rating is the third highest of 10 categories. According to DBRS's rating system, commercial paper rated R-1 (low) is of satisfactory credit quality. The outlook for key liquidity, debt and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the borrower is normally of sufficient size to have some influence in its industry.

These credit ratings do not constitute recommendations to purchase, sell or hold positions and the rating agencies that gave them can change or withdraw them at any time.

Énergir, L.P. paid fees to S&P and to DBRS for surveillance services in relation to the ratings they assigned to the first mortgage bonds and commercial paper and in relation to the corporate ratings, based on their respective fee schedules. Over the course of the last two years, fees were paid by Énergir Inc. to S&P for rating assessment services. No other amounts were paid to DBRS in relation to any other services rendered to Énergir Inc. and Énergir, L.P. for the last two years.

8.4 Transfer agent and registrar

Computershare Trust Company of Canada is the transfer agent and registrar for the Énergir Inc. first mortgage bonds and secured notes. The main transfer register is maintained in Montréal, Quebec, Canada.

Énergir Inc. acts as registrar and transfer agent for the Units. The main transfer register is kept in Montréal, Quebec, Canada.

ITEM 9 DIRECTORS AND OFFICERS

9.1 Directors

The Directors of Énergir Inc. are appointed by Noverco, its sole shareholder, and hold office until the next annual meeting or until their replacements are appointed.

As of the date hereof, the Directors of Énergir Inc. are as follows:

Renaud Faucher

Quebec, Canada

Non-independent[(1)]

Director since March 10, 2014

Areas of Expertise

- Finance
- Engineering
- Accounting/Audit

Mr. Renaud Faucher joined the CDPQ in 2006. He is currently Managing Director, Infrastructure, North America. Mr. Faucher holds a bachelor's in civil engineering from École Polytechnique de Montréal, an MBA from Concordia University and a DESS (specialized graduate diploma) in accounting from ESG-UQAM. He is a member of the Ordre des Ingénieurs du Québec, of the Ordre des CPA and of the Institute of Corporate Directors (ICD). From 1986 to 1990, Mr. Faucher worked, as an engineer, on the construction management of projects in Canada and Europe, including the Channel Tunnel project. From 1992 to 1998, Mr. Faucher worked on the management and financing of independent power plants across Canada. From 1998 to 2006, he held different positions within international subsidiaries of Hydro-Québec as Director Investments, Vice President Finance and Vice President Risk Management. In addition to sitting on the boards of various corporations of the CDPQ's corporate group, Mr. Faucher is a member of the compensation committee of Colonial Pipeline Company and the following boards of directors: Noverco (2014 and Chair of the board since 2015, prior to that from 2006 to 2009), Colonial Pipeline (2014), Southern Star Central Gas Pipeline (2018 and Chair of the board from 2019 to 2021), Énergir Development (Chair of the board since 2019), Valener Éole Inc. (2019), Valener Éole 4 Inc. (2019), Mercury Taiwan Holdings Limited (2021), Greater Changhua SE Holdings (2021) and Greater Changhua Offshore Wind Farm SE LTD (2021). From 2003 to 2021, he also sat on various boards of directors in the energy, pipeline, aviation and infrastructure sectors. Over the course of his career, he also sat on the human resources committees of several companies in the pipeline and health sectors.

Principal occupation	Managing Director, Infrastructure, North America, CDPQ.		
Attendance at meeting during fiscal year 2022			**Total compensation**[(2)]
Board	5/5	100%	N/A
Executive Committee	N/A	N/A	
Audit Committee (chair)	5/5	100%	
HR-CG Committee	5/5	100%	
Other reporting issuer directorships held as at the date hereof			
Nil.			

(1) Mr. Faucher is chair of the board of Noverco, Énergir Inc.'s sole shareholder, and, as such, is not independent.
(2) The representatives of the CDPQ who sit on the Board have waived their compensation as directors of Énergir Inc. and as members of its committees.

Ghislain Gauthier

Quebec, Canada

Independent

Director since March 10, 2014

Areas of Expertise

- Finance
- Human Resources

A graduate in administration from the Université du Québec à Chicoutimi, Mr. Ghislain Gauthier is also a Chartered Financial Analyst (CFA). Following a few years with the Business Development Bank of Canada and Export Development Canada, Mr. Gauthier joined the CDPQ in 1982, where he worked primarily in private placements. While at the CDPQ, he has been responsible for the management and growth of a substantial North American and European portfolio of corporate securities in the energy and infrastructure sectors. From January 2010 to September 2013, he was Chief Investment Officer of Citi Infrastructure Investors in New York and was Chair of its Investment Committee. He is currently a member of the Board of Directors and of the Investment Committee of Fiera Infrastructure. Mr. Gauthier has been a director of many airport and infrastructure corporations, and has therefore had the opportunity to intervene in various aspects of human resource management.

Principal occupation: Advisor and Corporate Director

Attendance at meeting during fiscal year 2022			Total compensation
Board (chair)	5/5	100%	$225,000
Executive Committee (chair)	N/A	N/A	
Audit Committee[(1)]	3/3	100%	
HR-CG Committee (chair)	5/5	100%	
OHS-Env. Committee (chair)[(2)]	5/5	100%	

Other reporting issuer directorships held as at the date hereof

Nil.

(1) Mr. Gauthier stepped down from the Audit Committee on February 24, 2022 and attended all of the Audit Committee meetings prior to that date.

(2) Mr. Gauthier was named chair of the OHS-Env. Committee on February 11, 2022.

Jean-Luc Gravel

Quebec, Canada

Independent

Director since August 7, 2014

Areas of Expertise

- Finance
- Human Resources
- Sustainable Development/ Environment

Mr. Jean-Luc Gravel has a master of business administration from the University of Ottawa and holds a bachelor of science from the Université de Sherbrooke. He served as Strategic Advisor to the President at the CDPQ from 2018 to 2020. He supported the President and Chief Executive Officer to steer CDPQ's orientations and design growth strategies. Mr. Gravel was Executive Vice-President, Equity Markets at CDPQ between 2009 and 2018. In this role, he developed strategies and explored new opportunities for all CDPQ's equity market activities. A Chartered Financial Analyst (CFA) and a Fellow of the Canadian Securities Institute, he began his career in the financial industry in 1982. He began as an analyst, and later held management positions in large financial institutions established in Montréal, including Nesbitt Burns, Newcrest Capital and TD Newcrest Securities. He has also been a financial reporter for the investment section of the newspaper Les Affaires. He worked at CDPQ for two years in the 1980s and later returned in 2004, where he held the position of Senior Vice-President, Canadian Equity, until 2009, overseeing a team of 25 portfolio managers and financial analysts. Mr. Gravel sits on the Board of Directors of First Eagle Holdings, the Bromont Environmental Advisory Committee, and the Investment Committee of Blue Bridge Wealth Management Inc. From 1995 to 2016, he was also a member of the boards of directors of financial corporations.

Principal occupation: Corporate Director

Attendance at meeting during fiscal year 2022			Total compensation[(1)]
Board	5/5	100%	$104,000
OHS-Env. Committee	5/5	100%	

Other reporting issuer directorships held as at the date hereof

First Eagle Holdings, Inc.[(2)]

(1) In addition to his compensation as director of Énergir Inc. and member of the OHS-Env. Committee, Mr. Gravel received compensation as an invitee on the Investment Committee of Énergir, L.P., which is not a Board committee. For more information on the subject, see Item 10.1.6.3 *Director Compensation Table.*

(2) This corporation is listed on the U.S. Securities and Exchange Commission but is not a reporting issuer in Canada.

Éric Lachance

Quebec, Canada

Non-independent(1)

(member of Management)

Director since January 1, 2020

Areas of Expertise

- Finance
- Accounting/Audit

Mr. Éric Lachance became President and Chief Executive Officer on January 1, 2020. He holds a bachelor's degree in business, finance and economics from McGill University and has been a chartered financial analyst since 2000. He joined Énergir Inc. in January 2017 as Vice President, Finance, and was appointed Senior Vice President, Regulatory, IT, Logistics and Chief Financial Officer on June 1, 2018. From February 2000 to December 2016, he held various positions at the CDPQ, the last three years as Regional Director – Europe within its subsidiary, CDPQ Paris, where he led the team responsible for ensuring the supervision and valuation of the CDPQ's European infrastructure investment portfolio. In this role, he represented the CDPQ as a member of the boards and oversight committees of many infrastructure companies. Firmly committed to the energy transition, Mr. Lachance strives to think of energy not as a product, but as a service that must meet various needs as best as possible, notably that of moving toward a lower-carbon economy. He sees the metamorphosis of the energy world over the next 20 years as a source of challenge that will require creativity and adaptability. Since January 2020, he has been a member of board of directors of the Canadian Gas Association and of the Industries and Transportation division committee of Centraide Of Greater Montreal's campaign cabinet.

Principal occupation	President and Chief Executive Officer, Énergir Inc.		
Attendance at meeting during fiscal year 2022			**Total compensation**(2)
Board	5/5	100%	N/A
Executive Committee	N/A	N/A	
Other reporting issuer directorships held as at the date hereof			
Nil.			

(1) Mr. Lachance is President and Chief Executive Officer of Énergir Inc. and, as such, is not independent.
(2) The President and Chief Executive Officer does not receive any compensation for his services as a director.

Jean-Christophe Lincourt-Éthier

Quebec, Canada

Independent

Director since January 26, 2022

Areas of Expertise

- Finance
- Accounting/Audit

Mr. Jean-Christophe Lincourt-Éthier is currently Senior Director, Infrastructure, at the CDPQ, where he is responsible for the management of investments in North America in the energy sector and public transport. Mr. Lincourt-Éthier holds a bachelor's degree in business administration, specializing in finance and accounting, from HEC Montréal and is a member of the Ordre des CPA du Québec. He joined the CDPQ in 2012 and, from 2015 to 2018, he participated in the creation of the CDPQ Infra subsidiary and in the development of the Réseau express métropolitain ("**REM**"), a 67-km light rail metro in the greater Montreal area. From 2018 to 2021, he took over the financial operations of the REM in addition to sitting on the boards of directors of REM Commandité Inc., Réseau express métropolitain Inc. (as well as on the audit committee) and InfraMTL Inc. as an executive. Before joining the CDPQ, Mr. Lincourt-Éthier participated in the financing and completion of infrastructure projects at SNC-Lavalin Capital, including the Restigouche Hospital Center in New Brunswick, the Highway 407 Extension in Ontario and the McGill University Health Centre in Montreal. Since 2021, Mr. Lincourt-Éthier serves on the boards of directors of Noverco, Énergir Development, Valener Éole Inc. and Valener Éole 4 Inc. He has been sitting on the board of directors of Immeuble VDS Inc. (a subsidiary of CDPQ Infra) since 2022.

Principal occupation	Senior Director, Infrastructure, CDPQ		
Attendance(1) **at meeting during fiscal year 2022**			**Total compensation**(2)
Board	3/3	100 %	N/A
Audit Committee	3/3	100 %	
Other reporting issuer directorships held as at the date hereof			
Nil.			

(1) Mr. Lincourt-Éthier attended all meetings of the Board and of the Audit Committee after he was appointed director of Énergir Inc. on January 26, 2022.
(2) The representatives of the CDPQ who sit on the Board have waived their compensation as directors of Énergir Inc. and as members of its committees.

Mary G. Powell

Vermont, United States

Non-independent[1]

Director since November 21, 2019

Areas of Expertise

- Human Resources
- Sustainable Development/ Environment

In 2021, Ms. Mary Powell became President and Chief Executive Officer of Sunrun Inc., the United State's leading home solar, battery storage and energy services company. Ms. Powell is a graduate of the Wharton Executive Education Program and is recognized as an energy visionary in the United States. From 2008 to 2019, Ms. Powell served as President and Chief Executive Officer for Green Mountain, where she positioned the company as a world leader in energy transformation. While CEO, she initiated and implemented a strategic and comprehensive restructuring of the company that dramatically transformed Green Mountain, thus becoming the backbone of a cultural transformation and service quality improvement. Under Ms. Powell's leadership, Green Mountain was the first utility in the world to become a member of B Corp, showing a commitment to use energy as a force for good. Prior to joining Green Mountain, Ms. Powell was Senior Vice President, Community Banking, at Keycorp from 1992 to 1997. She also held the positions of Director of Human Resources for the State of Vermont from 1989 to 1992 and of Associate Director of Operations at the Reserve Fund in New York from 1980 to 1989. Ms. Powell has received much recognition during her career, including, in 2018, being named one of the 25 Most Influential Women of the Mid-Market by CEO Connection. Conscious Capitalism Media also added her to its 2018 list of 30 World-Changing Women in Conscious Business. Ms. Powell currently serves on the boards of directors of CGI Inc. and Sunrun Inc. She also served as the Chair of CRIS, a special purpose acquisition company (SPAC) that took EVgo public. Ms. Powell was also Chair of The Solar Foundation and sat on the boards of directors of various corporations in the energy and insurance sectors.

Principal occupation	President and Chief Executive Officer, Sunrun Inc.		
Attendance at meeting during fiscal year 2022			**Total compensation**[2]
Board	5/5	100%	$92,000
OHS-Env. Committee	4/5	80%	
Other reporting issuer directorships held as at the date hereof			
CGI Inc.	Sunrun, Inc.[3]		

(1) Ms. Powell was President and Chief Executive Officer of Green Mountain, a material subsidiary of Énergir, L.P., until December 31, 2019, and, as such, is not independent.
(2) Ms. Powell is paid in U.S. dollars.
(3) This corporation is listed on the U.S. Securities and Exchange Commission, but is not a reporting issuer in Canada.

Marie-Pier St-Hilaire

Quebec, Canada

Independent

Director since February 24, 2022

Areas of Expertise

- Finance
- Technology
- Human Resources

In 2000, Ms. St-Hilaire founded AFI Expertise, currently one of the corporate names of Groupe Edgenda inc., for which she has acted as president since 2017. In that role, she is reinventing the traditional world of organizational transformation consulting by placing skills development at the heart of business strategies. Ms. St-Hilaire holds a bachelor's degree in corporate management and an MBA (with a specialization in information technology) from Université Laval, and graduated from the Owner/President Management Program at Harvard Business School. In 2020, she became a certified business coach and started professionally accompanying other leaders in their growth processes. She inspires organizations to rethink their know-how and soft skills as well as adapt and grow in a thriving digital environment. She pursues the company's mission by bringing together technology and people to develop the full potential of individuals, teams, and organizations. She also shares her time and expertise as a speaker and volunteer. Over the past 20 years, she has been able to achieve her entrepreneurial vision and produce organic, continuous, and profitable growth for her company. She has also led several acquisitions, including that of Apprentx, which, with its B12 application, has consolidated the group's position as the Canadian leader in skills development. Ms. St-Hilaire currently sits on the boards of directors of Amerispa (since April 2022) and Entrepreneuriat Laval (since September 2021).

Principal occupation	President, Groupe Edgenda inc.		
Attendance[1] **at meeting during fiscal year 2022**			**Total compensation**[2]
Board	2/2	100 %	$52,667
Audit Committee	2/2	100 %	
Other reporting issuer directorships held as at the date hereof			
Nil.			

(1) Ms. St-Hilaire attended all meetings of the Board and of the Audit Committee after she was appointed director of Énergir Inc. on February 24, 2022.

Keri Sweet Zavaglia

New York, United States

Independent

Director since July 5, 2022

Areas of Expertise

- Law

Ms. Keri Sweet Zavaglia joined National Grid in the United States in 2006, one of the largest investor-owned energy companies in America serving more than 20 million people throughout New York and Massachusetts. Since 2019, she serves as General Counsel and, as such, is responsible for all corporate, commercial, governance, litigation, employment, finance and securities, real estate, and federal and state regulatory legal matters across the company's service territory. Ms. Sweet Zavaglia helps implement National Grid's vision of a fossil-free future while providing a safe, reliable and affordable service. Ms. Sweet Zavaglia earned her Juris Doctor degree from Temple University Beasley School of Law and holds a bachelor of arts in journalism, also from Temple University. Prior to this role, Ms. Sweet Zavaglia served as the Vice President, Performance and Strategy for National Grid's three New York operating companies (2015-2018) and as the Acting Vice President of Upstate New York Gas Operations (2014-2017). While in operations, Ms. Sweet Zavaglia was responsible for ensuring the safe and reliable operation of nearly 14,500 kilometres of gas pipelines and the maintenance and construction of assets serving a territory with more than 600,000 customers. Prior to joining National Grid in 2006, she served as an Assistant District Attorney in Philadelphia in the Repeat Offenders Unit (2002-2005). Ms. Sweet Zavaglia was recently added by the National Diversity Council to its 2022 Power 50 list, and was recognized as one of INvolve Heroes 100 Executives Role Models 2022, an initiative sponsored by Yahoo! Finance. She serves on the boards of directors of the Trinity Health of New York Hospitals (2022) and the United Way of Central New York (2022), and previously sat on the board of directors of St. Joseph's Health Hospital (2020 to 2022) and its foundation (2018 to 2020). Ms. Sweet Zavaglia is a member of Executive Women in Energy, and serves on the legal committees of multiple industry organizations. She chaired the American Heart Association's 2022 CNY Heart Challenge and serves as member of the Executive Leadership team.

Principal occupation	General Counsel, United States, National Grid		
Attendance[1] at meeting during fiscal year 2022			**Total compensation[2]**
Board	1/1	100 %	$23,000
HR-CG Committee	1/1	100 %	
Other reporting issuer directorships held as at the date hereof			
Nil.			

(1) Ms. Sweet Zavaglia attended all meetings of the Board and of the HR-CG Committee after she was appointed director of Énergir Inc. on July 5, 2022.
(2) Ms. Sweet Zavaglia is paid in U.S. dollars.

Nathalie Viens

Quebec, Canada

Independent

Director since November 27, 2020

Areas of Expertise

- Engineering
- Sustainable Development/ Environment
- Technology

Ms. Nathalie Viens is an Operating Partner supporting the global portfolio of the CDPQ's Infrastructure group. Ms. Viens has a bachelor's and master's degree in chemical engineering from École Polytechnique de Montréal. She has a professional engineering certificate for the province of Quebec and is also a certified project management professional (PMP) and a certified board member (ASC & C. Dir). Prior to joining the CDPQ in August 2020, Ms. Viens was Senior Vice-President of Operations for Eastern Canada at Veolia North America. In that role, she managed the activities related to energy and water, environmental solutions and services (ESS) and all oil regeneration and industrial cleaning activities. From 2015 to 2018, Ms. Viens was Vice-President responsible for activities related to the mining environment as well as mine and plant engineering for SNC-Lavalin's North American Mining and Metallurgy group. From 2000 to 2015, Ms. Viens led various projects and teams at Accenture: management of functional and operational teams, program management and major operational transformations, and integration of information and operational systems. During her career, Ms. Viens has held various management positions in large corporations, where she was responsible for service offices and operating plants, management (P&L) as well as support functions, including human resources. Ms. Viens currently sits on the following boards of directors: Noverco, Transportadora Associada de Gás S.A., Student Transportation of America, Plenary Americas, and FiBrasil. She is also President and Chair of the French Chamber of Commerce and Industry in Canada (CCIF).

Principal occupation	Operating Partner, Infrastructure, CDPQ		
Attendance at meeting during fiscal year 2022			**Total compensation**[1]
Board	5/5	100%	N/A
Audit Committee	4/5	80%	
HR-CG Committee	4/5	80%	
Other reporting issuer directorships held as at the date hereof			
Nil.			

(1) The representatives of the CDPQ who sit on the Board have waived their compensation as directors of Énergir Inc. and as members of its committees.

Positions and Offices Held During the Preceding Five Years

Over the past five years, all of the aforementioned Directors have had the principal occupation indicated opposite their names or have held various positions with the above-mentioned companies or their subsidiaries, predecessors or affiliated companies, with the exception of:

- Mr. Jean-Luc Gravel, who was Strategic Advisor to the President at the CDPQ from 2018 to 2020. As Vice President, he led the Equity Markets team at the CDPQ from 2009 to 2018.
- Ms. Mary Powell, who was President and CEO of Green Mountain until December 31, 2019, and who was appointed President and Chief Executive Officer of Sunrun Inc. on August 31, 2021;
- Ms. Keri Sweet Zavaglia who, from 2015 to 2018, was Vice-President, Performance and Strategy for National Grid in the New York State, and Interim Vice-President, Gas Operations in the north of New York State from 2014 to 2017; and
- Ms. Nathalie Viens who, from August 2018 to August 2020, was Senior Vice-President of Operations for Eastern Canada at Veolia North America. From 2015 to 2018, she was Vice-President of Sustaining Capital and Consulting Services for SNC-Lavalin's North American Mining and Metallurgy group.

Conflicts of Interest

Except as otherwise described herein, none of the directors whose name appears above is in a situation of conflict of interest.

Ms. Nathalie Viens, and Messrs. Renaud Faucher and Jean-Christophe Lincourt-Éthier, all employees of the indirect majority shareholder of Noverco, Ms. Keri Sweet Zavaglia, General Counsel for National Grid, as well as Ms. Mary Powell, President and Chief Executive Officer of Sunrun Inc., may be, or be perceived as being, in a situation of conflict of interest. Particularly, CDPQ, National Grid and Sunrun Inc. or any of their subsidiaries could find themselves in competition with Énergir, L.P. or one of its subsidiaries in some investment projects.

The CGEE Committee is responsible for overseeing and managing actual or potential conflicts of interest of officers and directors. Moreover, the Énergir Inc. By-Laws require a director to disclose any actual or potential conflict of interest, to abstain from any deliberations on any matter that could affect his or her interest, to avoid influencing a vote thereon and to abstain from voting thereon. These rules are strictly followed. For more information on the management of conflicts of interest, please refer to Item 10.2.1.3 *Organizational Ethics*.

9.2 Executive Officers

As of the date hereof, the position, province and country of residence of Énergir Inc.'s executive officers are as follows:

Name, province/state and country of residence	Current position with Énergir Inc.
Éric Lachance Quebec, Canada	President and Chief Executive Officer
Claudine Beaudet Quebec, Canada	Vice President, Employees and Culture
Charles Brenn Quebec, Canada	Vice President, Information Technologies
Étienne Champagne Quebec, Canada	Vice President, Development and Major Projects
Marc-André Goyette Quebec, Canada	Vice President, Strategy, Finance and Regulation
Frédéric Krikorian Quebec, Canada	Vice President, Sustainability, Public and Government Affairs
Mathieu Lepage Vermont, United States	Chief Financial Officer
Nathalie Longval Quebec, Canada	Assistant Vice President, Legal Affairs
Renault-François Lortie Quebec, Canada	Vice President, Customers and Gas Supply
Stéphane Santerre Quebec, Canada	Vice President, Operations
Stéphanie Trudeau Quebec, Canada	Executive Vice President, Quebec

All of the aforementioned executive officers hold or have held the position indicated opposite their name or another position with Énergir Inc. or its Affiliates during the past five years, with the exception of:

- Mr. Charles Brenn who, from June 2018 to March 2019, was Vice President, Clients and Product Development at Sogema Technologies Inc. Mr. Brenn was also Vice President, Software and Product Development at Outbox Technology Inc. from June 2015 to June 2018.

9.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

The directors and executive officers have made no statement concerning the corporate cease trade orders or bankruptcies of public companies of which they are or have been a director or officer within the 10 years preceding the date hereof.

ITEM 10 ADDITIONAL INFORMATION

As explained under Item 3 *NARRATIVE DESCRIPTION OF ÉNERGIR INC.'S CORE BUSINESS*, Énergir Inc. acts as general partner of Énergir, L.P., which, therefore, pays the fees and compensation related to the directors and officers of Énergir Inc.

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 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, 2022, whose total compensation for that fiscal year was, individually, more than $150,000 (the "**Named Executive Officers**").

Under Form 51-102F6, Énergir Inc. is required to disclose the compensation of the President and Chief Executive Officer of Green Mountain, Ms. Mari McClure, as one of the Named Executive Officers for disclosure purposes in this Annual Information Form. Ms. McClure received compensation based on Green Mountain's executive officer compensation policy and the Green Mountain Board is responsible for determining principles underlying the executive officer compensation policy. She is paid in U.S. dollars by Green Mountain.

The following table shows the five Named Executive Officers for the fiscal year ended on September 30, 2022:

Company	Éric Lachance	Stéphanie Trudeau	Renault-François Lortie	Mathieu Lepage	Mari McClure
	Énergir Inc.			Green Mountain	
Positions	President and Chief Executive Officer	Executive Vice President, Quebec	Vice President, Customers and Gas Supply	Chief Financial Officer, Énergir, L.P. and Vice President, Chief Financial Officer and Treasurer of Green Mountain	President and Chief Executive Officer
Basis of compensation	Énergir, L.P.'s Compensation Policy for Senior Executives			Green Mountain's executive officer compensation policy(1)	
Compensation policy	Principles determined by the Board			Principles determined by the Green Mountain Board(1)	
Currency Compensation	Canadian			U.S.	

(1) Although Mr. Lepage is the Chief Financial Officer of Énergir Inc., he is compensated in accordance with Green Mountain's compensation policy. For further details, please see Item 10.1.3.1 *Compensation Policies for Named Executive Officers.*

10.1.2 Report on Named Executive Officer Compensation

10.1.2.1 Human Resources and Social Responsibility Committee

a) Compensation Committees

Énergir, L.P.

The members of the HR-SR Committee are independent, in accordance with the independence requirements of Regulation 52-110, with the exception of Mr. Renaud Faucher. As a result of their education and professional background, including (in some cases) having served on human resources and corporate governance committees of other corporations, all members of the HR-SR Committee have the experience needed and the skills to enable the HR-SR Committee to make recommendations to the Board on the suitability of Énergir, L.P.'s compensation policies and practices. For more information on the qualifications and experience of the HR-SR Committee members, please refer to their biographies in Item 9.1 *Directors*.

The HR-SR Committee has four members: Renaud Faucher, Ghislain Gauthier (Chair), Keri Sweet Zavaglia and Nathalie Viens.

The mandate of the HR-SR Committee is available on Énergir L.P.'s website at www.energir.com. For an overview of the HR-SR Committee, please refer to Item 10.2.1 *Governance Information*.

Green Mountain

Green Mountain has its own separate compensation committee, namely, the Compensation Governance Committee ("**CGC**"), which has no ties with Énergir's HR-SR Committee. The CGC follows Green Mountain's corporate governance policies to examine and recommend compensation as described herein. 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.

b) Compensation Consultants

Énergir, L.P.

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

Willis Towers Watson[28] has acted as a compensation consultant to the HR-CG Committee since 2006 and, in that capacity, was 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;
- reviewing 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 2022, the HR-CG Committee conducted an executive officer compensation analysis process, for which it retained the services of Willis Towers Watson.

The following table shows the fees paid to Willis Towers Watson during fiscal years 2022 and 2021 in consideration of the services referred to above:

Type of fees (before tax)	2022	2021
Executive compensation/Related fees[1]	$74,601.76	$60,787.72
Other fees	$0.00	$0.00

(1) The amounts for fiscal year 2021 represent fees for services rendered in connection with the executive compensation analysis process and accompaniment in the review of the Long-Term Incentive Program. The amounts for fiscal year 2022 represent fees for services rendered in connection with the executive compensation analysis process.

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

Green Mountain

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

During fiscal year 2022, Green Mountain did not retain the services of an independent compensation consultant. Green Mountain retained the services of Willis Towers Watson to conduct a competitive compensation assessment for executive officer positions in the 2023 fiscal year and beyond.

c) Risk Management

Énergir, L.P.

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.

(28) 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." Since the Board committee mandates were consolidated on October 18, 2022, the compensation responsibilities of the HR-CG Committee have been assumed by the HR-SR Committee.

The HR-SR Committee 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.

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

- its pay for performance philosophy is embedded into its compensation program design;
- its total compensation is appropriately allocated to the various components of its compensation program and established based on the appropriate short- and long-term results;
- 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;
- its short-term incentive program does not focus unduly on one measure in particular, and includes a wide range of criteria so that executive officers are compensated for their short-term performance using a combination of financial, operational, health, safety, engagement, environment, GHG reduction, DEI 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 long-term performance by offering a performance bonus that could increase substantially if a three-year target is exceeded, and performance thresholds are also established that include both minimum and maximum payouts.

The HR-SR Committee 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.

<u>Green Mountain</u>

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 ensuring pay is aligned with the goals and needs of Green Mountain's stakeholders, avoiding inappropriate or excessive risks and materially adverse effects on Green Mountain and its customers. 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 structured compensation policies and practices to all executives;
- Green Mountain uses a mix of pay programs and goal setting, establishing targets with multiple levels of performance and evaluation of performance results, to drive good judgment and results;
- 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 its role as state regulator; 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 poor performance in those areas.

The CGC has considered 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.

d) Hedging Policy

Énergir, L.P. and Green Mountain do not offer equity compensation because Énergir, L.P.'s Units and Green Mountain's shares are not traded on any exchange.

e) Discretionary Power

Under Énergir, L.P.'s *Compensation Policy for Senior Executives,* the Board on the recommendation of the HR-SR Committee 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 one Named Executive Officer during fiscal year 2022 by granting him a discretionary incentive greater than that provided for in the *Compensation Policy for Senior Executives*. For more information on this incentive, please refer to the *Summary Compensation Table* in Item 10.1.4 *Compensation Summary for Named Executive Officers* of this Annual Information Form.

The Green Mountain Board and the CGC may, at their discretion, modify incentive compensation in view of events or circumstances that would make it inappropriate to award incentive compensation strictly in accordance with Green Mountain's performance metrics. For fiscal year 2022, with respect to the long-term incentive compensation, the CGC exercised their discretionary power to raise the eligible executive officers to the 100% target.

10.1.3 Analysis of the Compensation of the Named Executive Officers

10.1.3.1 Compensation Policies for Named Executive Officers

Énergir, L.P.

The *Compensation Policy for Senior Executives*, from which the Named Executive Officers benefit, is designed:

- to attract, retain and motivate top-performing executives
- to also encourage them to enhance Énergir, L.P.'s strategic and organizational performance
- 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.

The executive officers receive a compensation that is both fixed and variable and consists of five (5) components: (i) a base salary, (ii) pension plans, (iii) the allowances and employee benefits program, (iv) the annual short-term incentive compensation program, and (v) the long-term incentive program.

Green Mountain

The executive officer compensation policy of Green Mountain is designed:

- to attract, retain and motivate high calibre talent while balancing fiduciary responsibility to its shareholder and other stakeholders including the community in general

- to also promote the strategic objectives of Green Mountain, especially its service to customers

- to provide total compensation that is between the 25^{th} and 50^{th} percentile for the comparison group if objectives are achieved, with the possibility of higher amounts for results that exceed expectations.

Green Mountain's executive officers receive a compensation that is both fixed and variable and consists of five (5) components: i) base salary, ii) retirement benefits, in the form of a defined contribution retirement plan, iii) employee benefits program, iv) annual short-term incentive compensation, and v) long-term incentive compensation.

Services Agreement between Énergir L.P. and Green Mountain

Mr. Lepage has been acting as the Vice President, Chief Financial Officer and Treasurer of Green Mountain since August 5, 2019. Prior to his appointment at Green Mountain, he had been acting as Director of Finance and Treasurer of Énergir, L.P.

On April 30, 2021, Mr. Lepage was appointed as Chief Financial Officer of Énergir, L.P. Green Mountain continues to employ Mr. Lepage and entered into a services agreement with Énergir, L.P. Under this services agreement, Green Mountain, through Mr. Lepage, provides Énergir, L.P. with the services usually rendered by a chief financial officer. In consideration of these services, Énergir, L.P. pays to Green Mountain a monthly fee based upon a third-party review of the arms' length value of such services. For the services rendered to Énergir, L.P. in fiscal year 2022, Énergir, L.P. was billed a total of $549,246.82 by Green Mountain.[29]

[29] The amount shown is in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the 2022 Financial Statements, which was $1.2707 per U.S. dollar in 2022.

Mr. Lepage is subject to Green Mountain's compensation policy. More specifically, Green Mountain remains the sole and exclusive employer of Mr. Lepage and as such is responsible for the payment of his remuneration. The details of Mr. Lepage's compensation is presented in Item 10.1.4 *Compensation Summary for Named Executive Officers*.

10.1.3.2. Decision Regarding Compensation

Énergir, L.P.

The Board is responsible for determining the principles underlying the *Compensation Policy for Senior Executives*. The Board has set up an HR-SR Committee whose mandate, among other things, is to review all aspects of executive officer compensation and make recommendations in this regard.

The HR-SR Committee 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 as regards Énergir, L.P.'s comparison groups and make appropriate recommendations regarding adjustments, if required. The diagram below illustrates the process used to set Énergir, L.P.'s executive officer compensation.

Decision Regarding Compensation

Overall Planning

1b. President and CEO

- establishment of the business's strategic initiatives
- establishment of the corporate objectives

1a. Independent Compensation Consultant

- analysis of the overall compensation of executive officers compared to Énergir, L.P. comparison groups
- making of appropriate recommendations regarding adjustments to the HR-SR Committee, if required

2. HR-SR Committee

- review of (i) the corporate objectives proposed by the President and CEO, and (ii) the strategic initiatives
- in determining these objectives, review of the results of previous years and setting of strategic initiatives at levels it considers sufficiently ambitious and demanding in light of past results and future issues
- recommendation of strategic initiatives and corporate objectives to the Board

3. Board (on recommendation of HR-SR Committee)

- establishment of the business's strategic initiatives
- approval of the corporate objectives

Annual Performance Assessment and Recommendations

4. President and CEO

- appraisal of the personal performance of each executive officer and reporting to the HR-SR Committee
- positioning of each executive officer within their respective salary scales, based on this appraisal and the total payroll allocated
- recommendation of the incentive compensation for each executive officer

5. HR-SR Committee

- appraisal of the performance of the President and CEO
- review of the report prepared by the President and CEO assessing the performance of the executive officers reporting to him
- evaluation of the extent to which the corporate objectives and strategic initiatives are met and making of recommendations to the Board
- review of the recommendations of the President and CEO with respect to the incentive compensation of executive officers
- review of the salary scales for each executive position

Annual Decision-making and Approvals

6. HR-SR Committee

- recommendation to the Board of the executive officers' incentive compensation
- recommendation to the Board of the executive officers' salary increase effective the following January 1st
- discretionary power to grant amounts to executive officers in excess of those provided for by the *Compensation Policy for Senior Executives* and recommendation to the Board in this regard

→

7. Board

- approval of the executive officers' incentive compensation
- approval of the executive officers' salary increase for the following January 1st
- approval of the use of the discretionary power to grant amounts in excess of those provided for in the *Compensation Policy for Senior Executives*

Green Mountain

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 and mandated it, among other things, to review all aspects of executive compensation and make recommendations in this regard. The diagram below presents the process that is followed in setting Ms. McClure's and Mr. Lepage's compensation, along with that of the other executive officers of Green Mountain.

Decision Regarding Compensation

Overall Planning

1. Independent Compensation Consultant - periodically

- review of overall compensation of the President and CEO and the other executive officers
- comparison of compensation with that of the comparison group
- recommendation of necessary compensation policy adjustments

2a. CGC Committee - annually

- establishment of individual performance goals, as well as the relative weight assigned to each measure
- approval of the annual strategic and financial objectives of the President and CEO and the other executive officers

2b. Board - annually

- on the recommendation of the CGC, approval of the individual performance goals for the President and CEO

Annual Performance Assessment and Recommendations

3. President and CEO

- annual individual performance appraisal for each executive officer
- based on the annual appraisal and the total payroll allocated, positioning of each executive officer within their respective scales

→

4. CGC Committee

- review of the salary scales for each position
- assessment of the extent to which the annual strategic and financial objectives are met and recommendations in this regard
- review of the compensation proposed by the President and CEO for the executive officers

Annual Decision-making and Approvals

5. CGC Committee

- recommendation to the Board with regard to the incentive compensation for executive officers
- recommendation to the Board regarding the compensation for the President and CEO effective the following January 1st
- recommendation to the Board with regard to the increase in the executive officers' salary effective the following January 1st
- discretionary power to modify incentive compensation in view of events or circumstances that would make it inappropriate to award such compensation strictly in accordance with Green Mountain's performance metrics

6. Board

- approval of the incentive compensation for executive officers
- approval of the compensation for the President and CEO
- approval of the increase in the executive officers' salary on the following January 1st
- approval of the use of the discretionary power for a bonus greater than that provided for in the *Executive Officer Compensation Policy*, if applicable in any year

10.1.3.3 Comparison Groups

The Board, on the recommendation of the HR-CG Committee, endorsed the Willis Towers Watson executive officers total compensation market study dated December 9, 2019 and the proposed comparison groups used by Énergir, L.P. for the President and CEO and the other executive officers.

With respect to Green Mountain, the compensation comparisons are periodically done[30] through proxy information from peer organizations as available as well as compensation surveys, both obtained through compensation consultants.

The table below sets out the comparison groups used in the compensation analysis for Énergir, L.P. and Green Mountain.

Comparison Groups Table for the Named Executives Officers

List of Companies for Énergir, L.P.		List of Companies for Green Mountain
Quebec Companies (19)	Companies in Other Canadian Provinces (12)	U.S. Companies (6)
Agropur Cooperative	Alberta Electric System Operator	Allete, Inc.
Boralex Inc.	ATCO Ltd.	Black Hills Power
BRP Inc.	Capital Power Corporation	Casella Waste Systems, Inc.
CAE Inc.	Emera Inc.	Montana - Dakota Utilities Company
Canam Group Inc.	Enbridge Gas Inc.	Madison Gas and Electric Co.
Cogeco Communications Inc.	ENMAX Corporation	Unitil Corp.
Cascades Inc.	EPCOR Utilities Inc.	
Dollarama Inc.	FortisAlberta Inc.	
Innergex Renewable Energy Inc.	Inter Pipeline Fund	
Lassonde Industries Inc.	Just Energy Group Inc.	
Quebecor Inc.	Toronto Hydro-Electric System Limited	
Resolute Forest Products Inc.	TransAlta Corporation	
Richelieu Hardware Ltd.		
Tembec Inc.		
Transat A.T. Inc.		
Transcontinental Inc.		
TFI International Inc.		
Velan Inc.		
Uni-Select Inc.		

The Canadian companies are in the energy and transformation and distribution services sectors. The Quebec companies are in various sectors such as distribution, services and manufacturing. As for the U.S. companies, they are similar-sized utility companies or Vermont-based general companies of similar size to Green Mountain.

[30] The last compensation comparison was completed in 2018; another is anticipated in fiscal year 2023.

Énergir Inc.'s HR-SR Committee and Green Mountain's CGC are respectively of the opinion that the comparison groups chosen for these two companies are relevant for the purposes of establishing points of comparison for the compensation of the executives officers, as the groups are composed of companies operating in similar fields as Énergir, L.P. and Green Mountain or have properties comparable to those of Énergir, L.P or Green Mountain. The HR-SR Committee of Énergir Inc. and the CGC of Green Mountain are therefore of the opinion that the issues relating to the compensation of the Named Executive Officers are likely to be similar to those related to the compensation of the executives of the companies that form the comparison groups.

10.1.3.4 Components of the Named Executive Officer Compensation Programs

Énergir, L.P.

As stated under Item 10.1.3.1 *Compensation Policies for Named Executive Officers*, the executive compensation consists of fixed and variable components. The following table presents these components and shows the position of each compensation component in relation to the comparison group described under Item 10.1.3.3 *Comparison Groups*.

Components of Compensation of Énergir Inc.				
Type of Compensation	**Components**	**Position with respect to comparison group**	**Objectives**	**Description**
Fixed	Base salary	Comparison group median	• retention • recognition of skills, competence and experience	– Base salary for executive officers, including Named Executive Officers, is determined according to a salary scale for each position. – The base salary scale for Named Executive Officers is determined taking into consideration Énergir, L.P.'s comparison groups for positions involving similar responsibilities. – Salary increases for employees whose base salary falls within their scale are based on their annual appraisal for their personal performance.
	Pension and allowances	Comparison group median (but may be raised above comparison group median to retain executive officers)	• provision of adequate retirement income • commensurate with position	– Readers are referred to Item 10.1.3.9 *Retirement Benefits* of this Annual Information Form, which presents the retirement plans.
	Employee benefits program	Above median of comparison group. This program is designed to be competitive with equivalent positions in comparable companies.	• commensurate with position • capped since January 1, 2009	– The group insurance plan covers: • death • disability • illness – 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: • annual base salary X 12.5% • with a maximum based on position held: ◦ Executive Vice President, Quebec and vice presidents: $25,000[(1)] ◦ President and CEO: $40,000. – The costs of the group insurance plan are primarily borne by the employer.

(1) The Executive Vice President, Quebec receives an additional allocation of $2,000 to lease an electric vehicle.

Components of Compensation of Énergir Inc.				
Type of Compensation	**Components**	**Position with respect to comparison**	**Objectives**	**Description**
Variable	Annual Incentive Compensation	Comparison group median	• recognition of individual performance and overall performance of Énergir, L.P.	– Named Executive Officers may receive a performance bonus based on their performance in achieving corporate objectives relating to Énergir, L.P.'s overall performance according to the applicable regulatory framework. – 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 Executive Vice President, Quebec; • 40.0% of base salary for the other executive officers. – In the event of exceptional results or extraordinary circumstances, the Board on the recommendation of the HR-SR Committee may decide on the appropriateness of paying amounts in excess of those provided for under the *Compensation Policy for Senior Executives* with respect to any component of total compensation
	Long-Term Incentive Program	Comparison group median	• creation of long-term economic and strategic value for Énergir, L.P.	– Please refer to Item 10.1.3.7 *Long-Term Incentive Program* of this Annual Information Form, which presents the long-term incentive program

Green Mountain

As Named Executive Officers, Ms. McClure and Mr. Lepage[31] receive both fixed and variable compensation, consisting of five (5) components: i) base salary, ii) defined contribution retirement plan, iii) employee benefits program, iv) annual short-term incentive compensation, and v) long-term incentive compensation. The following table presents these components and shows the position of each component in relation to the comparison group described under Item 10.1.3.3 *Comparison Groups*.

Components of Compensation Green Mountain				
Type of Compensation	**Components**	**Position with respect to comparison group**	**Objectives**	**Description**
Fixed	Base salary	Below median of comparison group	• retention • recognition of skills, competence and experience	– Base salary for the President and CEO and other executive officers is determined according to a salary scale for the position. – The base salary scale for the President and CEO and other executive officers is positioned between the 25th and 50th percentile of the comparison group, and is determined taking into account Green Mountain's comparison groups for positions of similar responsibility. – Salary increases for employees whose base salary falls within their scale are based on their annual appraisal for their personal performance.
	Retirement Benefits	Comparison group median	• provision of adequate retirement income • commensurate with position	– Readers are referred to the Item 10.1.3.9 *Retirement Benefits* of this Annual Information Form, which presents the retirement benefits.
	Employee Benefits Program	Comparison group median	• commensurate with position • retention	**Deferred Compensation** – Available to executive officers only – Deferral and then interest accrual of compensation is available both for Green Mountain aggregate (base and variable) salary and for VELCO board compensation. **Life Insurance Plan** – The insurance policy provides adequate protection in the event of death, disability or illness. – The coverage is equivalent to four times base salary for the President and 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. – Employee and indirect benefits for executive officers are designed to be competitive with equivalent positions in comparable companies. – They are periodically reviewed by the CGC.

[31] For more details on Mr. Lepage's compensation, please see Item 10.1.3.1 *Compensation Policies for Named Executive Officers.*

Components of Compensation Green Mountain				
Type of Compensation	**Components**	**Position with respect to comparison group**	**Objectives**	**Description**
Variable	Short-Term Incentive Compensation	Below median of comparison group	• recognition of individual performance and overall performance of Green Mountain	– The President and CEO may receive a performance bonus based on her performance in achieving : • corporate service quality objectives, i.e., 16 customer service quality performance standards (60.0% of award); • personal objectives set for each year (40.0% of award). She must achieve 90.0% of the allowed rate of return on equity to be eligible for an award. – Based on performance, the annual incentive compensation of the President and CEO, as a percentage of salary, may be up to 60.0% of base salary, with target set at 50.0% of base salary, respectively. – The Chief Financial Officer may receive a performance bonus based on his performance in achieving: • corporate service quality objectives, i.e., 16 customer service quality performance standards (60.0% of award); • personal objectives set for each year (40.0% of award). He must achieve 90.0% of the allowed rate of return on equity to be eligible for an award. – Based on performance, the annual incentive compensation of the Chief Financial Officer, as a percentage of salary, may be up to 36.0% of base salary, with the target set at 30.0% of base salary, respectively.

Variable	Long-Term Incentive Compensation	Below median of comparison group	• creation of long-term economic value for Green Mountain and its customers	– The goal of the Long-Term Incentive Program is to promote the creation of long-term economic value for Green Mountain – For the three-year cycles ending on September 30, 2021 and 2022,[1] the creation of economic value is based on four measurements: • Return on Equity • Sustainable Bill Impacts • Building Financial Strength and Stability • Synergy savings from Merger integration – 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. – 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. **Target bonus** – 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%). – The performance target award for the Chief Financial Officer is 40.0% of base salary and is based on achievement of each performance level, namely the threshold (60.0%), the target (100.00%) or the ideal (120.0%).

[1] For the three-year cycle ending on September 30, 2023, the creation of economic value is based on three measurements: Return on Equity, Building Financial Strength and Stability, and Climate and Carbon Achievement.

10.1.3.6 Objectives

Énergir, L.P.

The table below shows the Named Executive Officers' objectives as well as the achievement of the objectives in fiscal year 2022.

Corporate Objectives (Corporate objectives result calculations are validated by the internal auditors.)	2022 Objectives Achieved
Partners' Net Income[(1)] – This includes : • the result for Quebec distribution activities ("**QDA**"); • the result of the other activity sectors. – This annual budget is approved at the beginning of the fiscal year by the Board, on the recommendation of the HR-SR Committee.	– The result for income from QDA activities was $153.3 million compared to a target of $137.6 million and the result for non-QDA activities was $103.8 million compared to a target of $88.4 million, for a total of $257.1 million compared to the target of $226.0 million. – The result triggered payment of a proportionate share of the applicable annual incentive compensation.
QDA Operations – This is measured by two categories of indicators: corporate indicators and indicators imposed by the Régie: • The corporate indicators are: Customer satisfaction, Customer attrition rate, New sales, Energy efficiency and their Retention, Mobilization, Number of surveys and Attainment of occupational health and safety objectives; • The indicators required by the Régie are: Customer satisfaction, 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 emission reduction, and Overall satisfaction with Énergir, L.P. large enterprises market. – The overall result for the "Distribution of Natural Gas in Quebec" performance indicators takes into consideration weighting between corporate indicators and indicators	**2022 Objectives Achieved** – The result is 82.6%. – The result triggered payment of a proportionate share of the applicable annual incentive compensation.
Strategic Initiatives – At the end of each fiscal year, the HR-SR Committee 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.	**2022 Objectives Achieved** – The result recognized by the Board for this indicator is 95.0% for the QDA and 85.0% for the group. – The result triggered payment of a proportionate share of the applicable annual incentive compensation.

Occupational Health and Safety Objectives ("OHS")	2022 Objectives Achieved
OHS objectives have been included for each Named Executive Officer to influence their conduct and commitments. The objective has five indicators, which are: • the frequency of accidents; • the severity of those accidents; • the implementation of the three-year Occupational Health and Safety Plan; • the total number of close-call incidents reported by employees; and • participation in the "Leadership in action" program, which consists of activities and discussions on the promotion, by executive officers, of workplace safety and mental health.	– The achievement result is 71.0%. – The result triggered payment of a proportionate share of the applicable Annual Incentive Compensation.

[(1)] This area is based on the net income attributable to partners, as calculated in Énergir, L.P.'s 2022 Financial Statements, adjusted to exclude the effects of exchange rate fluctuations, certain expenses, unforeseen revenues in the budget and the impact of the disposal of a subsidiary's assets.

Green Mountain

The table below presents the objectives of Ms. McClure and Mr. Lepage, in his capacity as Vice President, Chief Financial Officer and Treasurer, of Green Mountain, as well as the achievement of the objectives in fiscal year 2022.

Corporate Service Quality Objectives	Objectives Achieved in 2022
– 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 corporate service quality 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 2022 includes corporate service quality performance results from calendar 2021, which earnings were earned, approved and paid within fiscal year 2022, along with a personal objectives component.	– For Fiscal 2022, the results of Ms. McClure and Mr. Lepage for the corporate goal component were based on calendar year 2021 and were earned and determined in February 2022, after the close of the 2021 calendar year performance period, and the portion of the award was paid to them in February 2022. – For fiscal year 2022, Ms. McClure's results related to corporate goals attained 120.0% of target and represent 60.0% of the short-term incentive award. – For fiscal year 2022, Mr. Lepage's results related to corporate goals attained 120.0% of target and represent 60.0% of the short-term incentive award.
Individual Performance Goals	**Objectives Achieved in 2022**
– 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.	– For fiscal year 2022, the individual goal component of the short-term incentive compensation program was earned over fiscal year 2022 and will be paid in the coming fiscal year in February 2023.
Individual Goals for Ms. McClure and Mr. Lepage	**Objectives Achieved in 2022**
– Mari McClure: her individual performance goals were notably related to effective regulatory proceedings, strong financial results, development of innovative customer programs, community and stakeholder relations, and improvement in customer service including expanded communication options. – Mathieu Lepage: his individual performance goals were notably related to strong financial performance, effective regulatory proceedings, as well as development of innovative customer programs, community and stakeholder relations and strong customer service.	– For fiscal year 2022, Ms. McClure earned 104% of target for the individual component of the short-term compensation program, which accounts for 40% of the total award. – For fiscal year 2022, Mr. Lepage earned 97% of target for the individual component of the short-term compensation program, which accounts for 40% of the total award.

10.1.3.7 Long-Term Incentive Program

Énergir, L.P.

The former long-term incentive program of Énergir, L.P., which had been in effect since October 1, 1997 (the "**Former Program**"), was replaced by a new long-term incentive program that came into effect on October 1, 2020 (the "**New Program**"). The first payment will be made to the Named Executive Officers at the end of fiscal year 2023, namely on September 30, 2023.

Former long-term incentive program

The Former Program was based on the two following measures: (i) the spread between the return on partners' equity and the average return authorized by the regulatory bodies governing natural gas in Quebec (Régie) and electricity in Vermont (VPUC), and (ii) the growth in partners' value. Changes in economic value were determined using a three-year moving average and served as the basis for annual bonus payments to executive officers after each three-year cycle.

A new three-year cycle began on October 1 of each year. One of the main features of the program was the fact that the bonus reserve (hereinafter the "**reserve-at-risk**") was 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) was the balance of what could not be paid at the end of a fiscal year and was carried over to the following fiscal year. For the annual bonus calculation, the payment factor was 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 represented one-third (1/3) of the total reserve. As a result, the annual payment factor increased or decreased depending on each fiscal year's results.

As part of the transition from the Former Program to the New Program, the reserve-at-risk will be calculated, based on the results for September 30, 2020, in two parts so as to bring the balance to zero and will be paid in two instalments, one in December 2021 and another in December 2022.

New long-term incentive program

The New Program is designed to retain and strengthen the commitment of named executives, including the Named Executive Officers,[32] all the while ensuring that they are focused on the financial and strategic performance of the business. The New Program is based on the two following performance measures:

Indicator	Measure	Value (Weighting)	Definition/ Composition
Financial	Free cash flow ("**FCF**")	75%	The FCF corresponds to cash flows related to operating activities adjusted to exclude the variation of the effects of regulatory and operating assets and liabilities. It also includes the depreciation deduction for regulated activities, maintenance capital for unregulated activities and distributions to non-controlling partners.
Strategic	Decarbonization effort: Reduction of GHG emissions	25%	In Quebec, three complementary segments are monitored for a value of **75% of the indicator:** 1. Energy efficiency; 2. Injection RNG; 3. Transfer of customers to dual energy (calculated as tonnes of CO_2 equivalent). For Green Mountain, the achievement of GHG reduction objectives in Vermont is calculated on the achievement of three tiers, for a value of **25% of the indicator:** **Tier 1:** Total electricity sales from all sources of renewable energy; **Tier 2:** Total electricity sales from new generation of renewable energy; **Tier 3:** In addition to attainment of Tier 2, fossil fuel savings resulting from energy transformation projects are added (calculated as megawatt-hours).

The payment factor is calculated based on a recommended grid:

Recommended Grid	
	Payment factor
Threshold(1)	0.5
Target	1
Ideal	2

(1) If the result is less than the threshold, a factor of 0 is assigned.

(32) With the exception of Ms. McClure and Mr. Lepage, who are compensated by Green Mountain. For more information on Mr. Lepage's compensation, please refer to Item 10.1.3.1 *Compensation Policies for Named Executive Officers*.

To be eligible for the bonus, the Named Executive Officer[33] must have been in Énergir, L.P.'s employ on the last day of the fiscal year in question. In the event of departure before that date, the annual payment is lost, except in the following situations:

- Retirement, death or disability;
- Departure following dismissal within 18 months of a change in control of Énergir Inc., "i.e., the direct or indirect acquisition, by a third party, of voting shares in Énergir Inc. representing at least 51% of all voting shares in Énergir Inc., as well as any transaction enabling a third party to exercise "de facto" control of the Énergir Inc.

In such a situation, the payment for the current year is prorated according to the time elapsed. The amounts are determined based on the results at the end of the current fiscal year. The annual payment due is made in the months after the end of the fiscal year based on the audited financial statements and upon the approval of the Board.

Targets are set for a cumulative period of three years that begins on October 1st of each fiscal year. One payment is made to the named executives at the end of each cumulative period: the President, the Executive Vice President and the vice presidents.

The bonus payable is calculated as follows:

FCF — **SALARY** X **TARGET BONUS** X **PAYMENT FACTOR** = **TOTAL BONUS** X **75%**

GHG — **SALARY** X **TARGET BONUS** X **PAYMENT FACTOR** = **TOTAL BONUS** X **25%**

= **BONUS PAYABLE**

The target bonus, as a percentage of annual salary, is:

• President	100%
• Executive Vice President	60%
• Vice presidents	45%

<u>Green Mountain</u>

Green Mountain's long-term incentive program is further described in Item 10.1.3.4 *Components of the Named Executive Officer Compensation Programs* under the Green Mountain section. The bonus payable is calculated as follows:

BASE SALARY X **TARGET PERCENTAGE** X **WEIGHTED PERFORMANCE FACTOR** = **BONUS PAYABLE**

The target bonus, as a percentage of annual salary, is:

• Chief Executive Officer	85%
• Chief Financial Officer	40%
• Vice presidents	40%

[33] *Idem.*

The following table shows the long-term incentive bonus that will be paid to Ms. McClure and Mr. Lepage based on the results for the three-year cycle ended September 30, 2022 :

Long-Term Incentive Program Bonus Table

Name	2022 Long-Term Bonus ($)	Reserve at risk ($)
Mari McClure(1) President and CEO	510,345	N/A
Mathieu Lepage(1) Vice-President, Chief Financial Officer and Treasurer	167,732	N/A

(1) Ms. McClure and Mr. Lepage are 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 2022 Financial Statements, which was $1.2707 per U.S. dollar in 2022. The amount reflects the discretionary decision of the CGC to raise eligible executive officers to the 100% target for the 2022 fiscal year, as described in Item 10.1.2 *Report on Named Executive Officer Compensation*.

10.1.3.8 Incentive Plan Awards

The following table shows the value vested or value earned by the Named Executive Officers under Énergir, L.P. and Green Mountain's incentive plans during fiscal year 2022. These amounts will be paid during fiscal year 2023.

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	
Éric Lachance President and Chief Executive Officer	N/A	N/A	302,403	981,101	1,283,504
Mathieu Lepage(1) Chief Financial Officer of Énergir, L.P. and Vice President, Chief Financial Officer and Treasurer of Green Mountain	N/A	N/A	194,402(2)	167,732(3)	362,134
Stéphanie Trudeau Executive Vice President, Quebec	N/A	N/A	180,105	430,500	610,605
Renault-François Lortie Vice President, Customers and Gas Supply	N/A	N/A	144,807(4)	252,788	397,595
Mari McClure(1) President and CEO, Green Mountain	N/A	N/A	330,738(5)	510,345(6)	841,083

(1) Mr. Lepage and Ms. McClure are 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 2022 Financial Statements, which was $1.2707 per U.S. dollar in 2022.
(2) Annual Short-Term Incentive Plan is earned during both fiscal year and calendar year. The fiscal 2022 amount represents the amount of $90,576 earned through December 2021, the first quarter of the fiscal year and paid in February 2022, plus the individual goal results of $103,826 earned in the 2022 fiscal year and payable in the fiscal year ending on September 30, 2023.
(3) This amount will be paid during the fiscal year ending on September 30, 2023.
(4) This amount includes a $32,000 discretionary bonus greater than the one provided for in the *Compensation Policy for Senior Executives.*
(5) The Annual Short-Term Incentive Plan is earned during both fiscal year and calendar year. The fiscal 2022 amount represents the amount of $205,853 earned through December 2021, the first quarter of the fiscal year and paid in February 2022, plus the individual goal results of $124,885 earned in the 2022 fiscal year and payable in the fiscal year ending on September 30, 2023.
(6) This amount will be paid during the fiscal year ending on September 30, 2023.

10.1.3.9 Retirement Benefits

This section is presented in two parts, one covering the retirement benefits which are offered to the executive officers of Énergir, L.P. and another covering the retirement benefits offered to Ms. McClure, President and CEO of Green Mountain and Mr. Lepage, Chief Financial Officer of Énergir, L.P. and Vice President, Chief Financial Officer and Treasurer of Green Mountain.

Énergir, L.P.

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 (Quebec) and the tax limits prescribed by the Canada Revenue Agency – 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 (without annuity reduction)	– 65
Credited years of services	– Save for some exceptions, accumulation of one year of service for each year of participation
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 – 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 annuity	– Payable to participants who retire before 65 years of age and equal to the product of 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

Green Mountain

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. – 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 \$26,049[(1)] in 2022, or \$ 34,309[(1)] for those over age 50. – Green Mountain contributes 3.75% of the base salaries of employees who do not qualify for the defined benefit pension plan 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)] The amounts shown are converted on the basis of the average exchange rate used to present expense information in the 2022 Financial Statements, which was \$ 1.2707 per U.S. dollar in 2022.

The following table shows Ms. McClure and Mr. Lepage's accumulated value in the 401(k) retirement plan as of September 30, 2022.

401(k) Retirement Plan Table

Name	Accumulated value at start of year ($)	Compensatory ($)	Non-compensatory ($)	Accumulated value at year end ($)
Mari McClure[(1)] President and CEO	\$640,474	29,067[(2)]	(123,901)	545,640
Mathieu Lepage[(3)] Chief Financial Officer of Énergir, L.P. and Vice President, Chief Financial Officer and Treasurer of Green Mountain	—	51,358[(4)]	23,321	74,679

[(1)] Ms. McClure 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 2022 Financial Statements, which was \$1.2707 per U.S. dollar in 2022.
[(2)] Green Mountain contributions totaled \$29,067 and investment performance was -5.8% on a total of employee and employer contributions of \$52,606.
[(3)] Mr. Lepage 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 2022 Financial Statements, which was \$1.2707 per U.S. dollar in 2022.
[(4)] Green Mountain contributions totaled \$51,538 and investment performance was -10.8% on a total of employee and employer contributions of \$92,506.

Non-Qualified Deferred Compensation Plan	FIXED
Features	The executive officers are eligible to participate in a deferred compensation plan for Green Mountain executives. Ms. McClure is also eligible to participate in a deferred compensation plan for Board Members of VELCO which is partially owned by Green Mountain (38.8% ownership), as Ms. McClure currently maintains a seat as part of her duties as President and CEO of Green Mountain. Ms. McClure chose not to participate in either of these plans for fiscal year 2022. Mr. Lepage also did not choose to participate in the deferred compensation plan for Green Mountain executives. – Green Mountain Plan: May defer a portion of base salary up to $95,303[1] (US$75,000) per calendar year – VELCO Board Plan: May defer up to 100.0% of compensation received – For both plans, amounts deferred are credited to a separate account for each participant.
Monthly Growth Percentage	Each of the following plans credits the participant's deferral account with a monthly growth percentage. – 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. – 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.

(1) The amount shown is in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the 2022 Financial Statements, which was $1.2707 per U.S. dollar in 2022.

Énergir, L.P. and Green Mountain

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

Name	Credited years of service[1]		Annual life benefits payable ($)		Accrued benefit obligations at beginning of fiscal year ($)[2]	Variations attributable to compensation items ($)	Variations attributable to non-compensation items ($)[3]	Accrued benefits obligations at end of fiscal year ($)[4] (g)
	Registered Pension Plan	Post-Retirement Allowance Program	At end of fiscal year	At age 65				
(a)	(b)	(b)	(c)1)	(c)	(d)	(e)	(f)	(d + e + f = g)
Éric Lachance President and Chief Executive Officer	5.65	5.65	50,100	235,000	824,600	176,300	(295,100)	705,800
Mathieu Lepage Chief Financial Officer of Énergir, L.P.[5] and Vice President, Chief Financial Officer and Treasurer of Green Mountain	10.99	—	37,600	37,600	512,300	—	(152,100)	360,200
Stéphanie Trudeau Executive Vice President, Quebec	15.74	10.00	86,500	262,000	1,209,200	189,500	(359,400)	1,039,300
Renault-François Lortie Vice President, Customers and Gas Supply	8.25	5.75	37,700	156,500	569,900	114,900	(218,900)	465,900
Mari McClure President and Chief Executive Officer of Green Mountain[6]	—	—	—	—	—	—	—	—

(1) As of September 30, 2022.

(2) As at September 30, 2021, i.e., at the measurement date of the pension obligations used in preparing Énergir, L.P.'s audited consolidated financial statements for fiscal year 2021. 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, 2022, i.e., at the measurement date of the pension obligations used in preparing Énergir, L.P.'s 2022 Financial Statements. 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.

(5) Mr. Lepage has held the position of Chief Financial Officer of Énergir, L.P. since April 30, 2021. He accumulated years of service for the purposes of Énergir, L.P.'s registered pension plan up to April 30, 2021. Mr. Lepage is not eligible to participate in the Defined Benefit Registered Pension Plan or the Post Retirement Allowance Program now or in the years ahead, but he is eligible for Green Mountain's 401(k) Retirement Plan and Non-Qualified Deferred Compensation Plan, which are discussed in this section.

(6) Ms. McClure is not eligible to participate in these plans, either now or in the years ahead. Ms. McClure is eligible for Green Mountain's 401(k) Retirement Plan and Non-Qualified Deferred Compensation Plan, which are discussed in this section.

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 & Principal Position (a)	Fiscal Year (b)	Salary ($) (c)	Non-Equity Incentive Plan Compensation ($) (d)		Value of Pension Plans ($) (e)	Other Compensation [1] ($) (f)	Total Compensation (g) ($) (c + d + e + f = g)
			Annual Incentive Plan	Long-Term Incentive Plan			
Éric Lachance President and Chief Executive Officer	2022	556,544	302,403	309,441[2]	176,300	671,660[3]	2,016,348
	2021	540,974[4]	295,637	309,440	195,100	234,860[3]	1,576,011
	2020	493,671	270,969	255,677	319,000	—	1,339,317
Mathieu Lepage[5] Chief Financial Officer of Énergir, L.P. and Vice President, Chief Financial Officer and Treasurer of Green Mountain	2022	419,331	194,402	167,732	51,358[6]	194,731[7]	1,027,554
	2021[8]	392,689	131,593	167,706	31,200[9]	81,158[10]	804,346
	2020[11]	388,850	70,178	63,097	49,000	2,520	573,645
Stéphanie Trudeau Executive Vice President, Quebec	2022	400,648	180,105	137,175[2]	189,500	293,325[3]	1,200,753
	2021	370,324[12]	171,540	137,175	122,500	86,835[3]	888,374
	2020	355,499	160,631	114,139	171,300	—	801,569
Renault-François Lortie Vice President, Customers and Gas Supply	2022	315,754	144,807[13]	72,767[2]	114,900	180,021[3]	828,249
	2021	294,120	110,120	72,767	127,900	62,233[3]	667,140
	2020	270,430	128,275[14]	60,277	110,000	—	568,982
Mari McClure[5] President and Chief Executive Officer, Green Mountain	2022	624,549[15]	330,738	510,345	29,067[16]	6,322[17]	1,501,021
	2021	599,726[18]	317,879	485,966	27,633[19]	6,321[20]	1,437,526
	2020	581,761[21]	190,932	272,179	35,348[22]	2,892[23]	1,082,572

(1) For an explanation of this other compensation, please refer to the explanatory table for the Allowances and Employee Benefits Program under Item 10.1.3.4 *Components of the Named Executive Officer Compensation Program*.
(2) This amount represents the last payment made under the former long-term incentive program, as indicated in Item 10.1.3.7 *Long-Term Incentive Program.*
(3) This amount represents a lump sum compensating monetarily for the market discrepancy for the transition period between the former long-term incentive program and the new long-term incentive program.
(4) The 2021 Annual Information Form indicated Mr. Lachance's salary for the January 1, 2021 to September 30, 2021 period. That amount was corrected in this Annual Information Form to reflect the salary for the October 1, 2020 to September 30, 2021 period.
(5) Mr. Lepage and Ms. McClure are 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 2022 Financial Statements, which was 1.2707 per U.S. dollar in 2022. As for the compensation paid to Ms. McClure and Mr. Lepage for the fiscal year ended September 30, 2021 and for the fiscal year ended September 30, 2020, the average exchange rate used was $1.2705 per U.S. dollar in 2021 and $1.3389 per U.S. dollar in 2020.
(6) This amount represents a variation in the compensatory amount of Mr. Lepage's 401(k) retirement plan, as he is now participating therein for Green Mountain as described in Section 10.1.3.9, and includes a lump-sum catch-up contribution at the time he joined the plan in the first quarter of fiscal year 2022.
(7) This amount includes an annual lump payment of $192,014 for fiscal year 2022 payable to Mr. Lepage for performing additional duties for Énergir, L.P. It is paid by Green Mountain and reimbursed by Énergir, L.P. through the monthly fee described in Item 10.1.3.1 *Compensation Policies for Named Executive Officers* above. This amount also includes $2,717 of life insurance premiums, which were not deferred.
(8) Mr. Lepage has been acting as the Vice President, Chief Financial Officer and Treasurer of Green Mountain since August 5, 2019. On April 30, 2021, Mr. Lepage was appointed Chief Financial Officer of Énergir, L.P. A services agreement was entered into between Énergir, L.P. and Green Mountain, as described in Item 10.1.3.1 *Compensation Policies for Named Executive Officers*.
(9) This amount represents a variation in the compensatory elements.
(10) This amount includes an annual lump payment of $78,612 for the period between May and September 2021, more specifically the period for which Mr. Lepage was performing additional duties for Énergir, L.P. It was paid by Green Mountain and reimbursed by Énergir, L.P. through the monthly fees described in Item 10.1.3.1 *Compensation Policies for Named Executive Officers* above. This amount also includes $2,546 of life insurance premiums, which were not deferred.
(11) The compensation of Mr. Lepage that is presented for the 2020 fiscal year corresponds to the compensation he received as Vice President, Chief Financial Officer and Treasurer of Green Mountain, said compensation was paid by Green Mountain.
(12) The 2021 Annual Information Form indicated Ms. Trudeau's salary for the January 1, 2021 to September 30, 2021 period. That amount was corrected in this Annual Information Form to reflect the salary for the October 1, 2020 to September 30, 2021 period.
(13) For fiscal year 2022, this amount includes a $32,000 discretionary incentive greater than that provided for in the *Compensation Policy for Senior Executives.*
(14) For fiscal year 2020, this amount includes a $30,000 discretionary incentive greater than that provided for in the *Compensation Policy for Senior Executives*.
(15) 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, 2022). For fiscal year 2022, Ms. McClure received an annual base salary of $600,406 from Green Mountain, as well as fees of $24,139 as a director of VELCO until September 30, 2022.
(16) This amount represents a variation in the compensatory amount of Ms. McClure's 401(k) retirement plan.
(17) This amount represents $6,322 of life insurance premiums; no compensation was deferred.
(18) 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, 2021). For fiscal year 2021, Ms. McClure received an annual base salary of $575,587 from Green Mountain, as well as fees of $24,139 as a director of VELCO until September 30, 2021.
(19) This amount represents a variation in the compensatory amount of Ms. McClure's 401(k) Plan.
(20) Represents $6,321 of life insurance premiums; no compensation was deferred.
(21) 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, 2020). For fiscal year 2020, Ms. McClure received an annual base salary of $117,154 from Green Mountain as Executive Vice President until December 31, 2019 and $451,887 as President and Chief Executive Officer, as well as fees of $12,720 as a director of VELCO until September 30, 2020.
(22) This amount represents a variation in the compensatory amount of Ms. McClure's 401(k) retirement plan.
(23) Represents $2,892 of life insurance premiums; no compensation was deferred.

10.1.5 Termination and Change of Control Benefits

a) President and CEO of Énergir, L.P.

The current President and CEO, Mr. Lachance, is the only executive officer, including the other Named Executive Officers, who has an employment contract.

Mr. Lachance's employment contract provides for compensation in certain cases of termination of his employment, such as a termination of contract by or a change in the control of Énergir Inc. resulting in either a significant change in his responsibilities or a termination of his functions as President or the fact that he no longer reports directly to the Board. In such cases, should Énergir Inc. decide to terminate the contract, Mr. Lachance would be entitled to compensation equal to two years of his annual base salary as at the termination date. Should Mr. Lachance's responsibilities be reduced to any significant extent, such as in certain cases prescribed in the contract, he may resign and receive the same compensation. In either of the foregoing situations, Mr. Lachance 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.

Mr. Lachance's contract contains a confidentiality clause with respect to confidential information he received about Énergir Inc., its operations, its business and its subsidiaries during his employment. The contract also includes a provision, valid in any area of the province of Quebec, the Province of Ontario and the Northeastern United States whereby Mr. Lachance agrees not to provide his services directly or indirectly as an employee, officer, director, shareholder or consultant to an enterprise carrying on activities that compete with Énergir Inc. in the energy sector, without Énergir Inc.'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 Mr. Lachance as a result of a termination of his employment or a change in control in the circumstances described above, assuming either of those events occurred on September 30, 2022:

Termination and Change of Control Benefits Table

Name	Termination of Employment Benefits ($)	Annual Incentive Compensation[1] ($)	Long-Term Incentive Program [1][2] ($)	Retirement Benefit [3] ($)	Employee and Indirect Benefits ($)
Éric Lachance President and CEO	1,121,258	302,403	981,101	—	—

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

(2) This amount represents the last instalment paid under the former long-term incentive program, as indicated in Item 10.1.3.7 *Long-Term Incentive Program.*

(3) 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, Mr. Lachance 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 Named Executive Officers of Énergir, L.P. 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.

Green Mountain's President and CEO, Ms. McClure, and Chief Financial Officer of Énergir, L.P, and Vice President, Chief Financial Officer and Treasurer of Green Mountain, Mr. Lepage, are not entitled to such benefits in the event of termination or change of the control. Mr. Lepage, however, has accumulated years of service for the purposes of Énergir, L.P.'s registered pension plan up to April 30, 2021. Should his employment be terminated, he would be entitled to the benefits accrued under that plan.

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 took place on September 30, 2022:

Termination and Change of Control Benefits Table

Name	Termination of Employment Benefits ($)	Annual Incentive Compensation[(1)] ($)	Long-Term Incentive Program [(1)(2)] ($)	Retirement Benefit [(3)] ($)	Employee and Indirect Benefits ($)
Mathieu Lepage Chief Financial Officer[(4)]	—	—	—	275,900[(5)]	—
Stéphanie Trudeau Executive Vice President, Quebec	—	180,105	430,500	682,300	—
Renault-François Lortie Vice President, Customers and Gas Supply	—	144,807	252,788	271,700	—

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

(2) Assuming as at September 30, 2022, 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. These amounts represent the last instalment paid under the former long-term incentive program, as indicated in Item 10.1.3.7 *Long-Term Incentive Program.*

(3) 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.

(4) As explained in Item 10.1.3.1 *Compensation Policies for Named Executive Officers*, Mr. Lepage is subject to Green Mountains compensation policy.

(5) This amount represents the value of the retirement benefits accumulated in Énergir, L.P.'s registered retirement plan up to April 30, 2021 since he was hired in September 2005.

10.1.6 Énergir Inc.'s Director Compensation Analysis

10.1.6.1 Director Compensation Policy

The CGEE Committee reviews as needed the compensation of directors (other than (i) the President and CEO, and (ii) the directors who are also regular CDPQ employees and do not receive any compensation as a director) and makes recommendations to the Board for approval. In developing its recommendation to the Board for appropriate director compensation, the CGEE Committee's objective is to attract and retain competent individuals to sit on the Board. The compensation has to be competitive and commensurate with the growing complexity of Énergir, L.P.'s activities as well as with the risks and responsibilities associated with a directorship at Énergir Inc. To determine the appropriate compensation to pay to the directors, the CGEE Committee does a market comparison with other listed Canadian corporations with assets or activities comparable to Énergir, L.P., and analyzes the director compensation practices of that comparison group following the compensation consultant's recommendations.

The director compensation program consists of an annual lump-sum cash fee, paid quarterly. Directors are also reimbursed for expenses they incur, in particular for travel to attend Board and committee meetings.

In fiscal year 2022, the HR-CG Committee, which then assumed the director compensation responsibilities now performed by the CGEE Committee, did not retain the services of a compensation consultant with respect to director compensation.

10.1.6.2 Director Compensation Components

The following table shows the components of director compensation during fiscal year 2022:

	Compensation
	Annual Fees ($)
Chair of the Board	225,000
Board member[1] (except the Chair of the Board)	80,000
Chair of Audit Committee[2]	20,000
Committee Chair[2]	12,000
Committee member[3]	12,000

(1) The President and CEO and the directors who are also regular CDPQ employees do not receive any compensation as a director.
(2) Excluding the Chair of the Board and the directors who are also regular CDPQ employees, if they chair a committee.
(3) Excluding the Chair of the Board and the directors who are also regular CDPQ employees, if they sit on a committee.

10.1.6.3. Director Compensation Table

The total compensation paid to the directors as members of the Board and various committees during fiscal year 2022 is presented in Item 9.1 *Directors*.

The following table details the director compensation for fiscal year 2022:

Director Compensation Details for Fiscal Year 2022

Name	Fees ($)	Other Compensation ($)	Total ($)
Renaud Faucher[1]	N/A	—	—
Ghislain Gauthier	225,000	—	225,000
Jean-Luc Gravel	92,000	12,000 [2]	104,000
Jean-Christophe Lincourt-Éthier[1]	N/A	—	—
Mary G. Powell[3]	92,000	—	92,000
Marie-Pier St-Hilaire	52,667	—	52,667
Keri Sweet Zavaglia[3]	23,000	—	23,000
Nathalie Viens[1]	N/A	—	—
Allen C. Capps[4][5]	23,000	—	23,000
Matthew Akman[4]	20,000	—	20,000
Cynthia Hansen[4][6]	26,000	—	26,000

(1) The representatives of the CDPQ who sit on the Board have waived their compensation as directors of Énergir Inc. and as members and chairs of its committees.
(2) On July 21, 2021, the Board abolished the Pension Fund Committee that had been created by the Board and entrusted most of the responsibilities it previously had to a new committee consisting of Management, namely the Investment Committee. In fiscal year 2022, as part of transitioning the Pension Fund Committee's responsibilities to the Investment Committee, Mr. Gravel, who was Chair of the Pension Fund Committee at the time it was abolished, participated in the Investment Committee as an invitee, for which he received $12,000 in compensation.
(3) Mses. Powell and Sweet Zavaglia are paid in U.S. dollars.
(4) Messrs. Capps and Akman and Ms. Hansen stepped down on December 31, 2021, and their compensation was prorated for the period from October 1 to December 30, 2021. Their compensation was paid to their employer, Enbridge.
(5) Mr. Capps' compensation includes his fees as member of the Audit Committee.
(6) Ms. Hansen's compensation includes her fees as Chair of the OHS-Env. Committee and member of the HR-CG Committee.

10.1.7. Loans to Directors and Named Executive Officers

As at September 30, 2022, there were no loans granted to directors, potential directors or any person related to such persons.

As at September 30, 2022, there were no loans granted to a Named Executive Officer or to a person related to such person, other than loans normally offered to all Énergir, L.P.'s employees under employee programs.

10.2 Additional Information

10.2.1 Governance Information

This information is provided as required by the Canadian corporate governance guidelines, namely, R*egulation 58-101 Respecting Disclosure of Corporate Governance Practices* and *Policy Statement 58-201 to Corporate Governance Guidelines* of the Canadian Securities Administrators, and *Regulation 52-110 respecting Audit Committees*. It is presented as at the date of this Annual Information Form.

10.2.1.1. Board of Directors

Énergir Inc.'s affairs are managed by its Board. The Board is made up of nine directors, six of whom are independent. Mr. Ghislain Gauthier is independent and chairs the Board.

For more information, please see Item 9.1 *Directors* of this Annual Information Form, which presents the directors' biographies and information on: (i) the independence of the directors; and (ii) the other reporting issuer directorships in or outside Canada, as the case may be.

The day-to-day management of Énergir Inc. is delegated to the President and Chief Executive Officer and the other officers, but is overseen by the Board. The Board develops a position description for the chair and the chair of each board committee. Their roles and responsibilities are described in Schedule 10.2.1.1 *Board of Directors - Mandate*. Moreover, the Board as well as the President and Chief Executive Officer have developed a written position description for the latter's position, which is available on Énergir, L.P.'s website at www.energir.com.

The Board holds quarterly meetings, which include one quarterly meeting focused more on strategy, and *ad hoc* meetings, as required. Given its composition, the Board feels it is unnecessary to hold regular periodic meetings without the non-independent directors. However, in camera sessions are held at the end of each meeting without Management in attendance.

<u>Attendance Record of Directors for Board and Committee Meetings</u>

The attendance record of each director for all Board and committee meetings held since the beginning of the most recently completed fiscal year of Énergir Inc., namely, October 1, 2022, is presented in Item 9.1 *Directors*.[34]

<u>Board Mandate</u>

The mandate of the Board is set out in Schedule 10.2.1.1 *Board of Directors - Mandate*. The role and responsibilities of the chair of the Board are described therein. The Board mandate was amended on October 18, 2022, and December 15, 2022, to add, among other things, provisions respecting the constitution and composition of the Board, the guests invited to meetings and the quorum required for Board meetings. The amendments to the Board mandate also reflect changes made to the committees' structure and the Executive Committee's abolition. The Board mandate, thus amended, also explicitly indicates the Board's oversight responsibilities where ESG factors and corporate risks are concerned.

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[34] Mr. Matthew Akman, Mr. Allen C. Capps and Ms. Cynthia Hansen ceased being directors during the fiscal year, namely on the effective date of December 30, 2021. Therefore, for the period between October 1, 2021 and December 30, 2021, (i) Mr. Matthew Akman partially participated in a Board meeting (a participation rate of 50%), (ii) Mr. Allen Capps did not participate in any Board meeting (a participation rate of 0%) and participated in an Audit Committee meeting (a participation rate of 50%), and (iii) Ms. Cynthia Hansen participated in a Board meeting, partially participated in another Board meeting (a participation rate of 100%), participated in three HR- CG Committee meetings (a participation rate of 100%) and participated in two OHS-Env. Committee meetings (a participation rate of 100%).

The following table sets out the Board's main responsibilities for fiscal year 2022 and highlights of the Board for fiscal year 2022.

Board of Directors	
Main Responsibilities	In fiscal year 2022, the Board's responsibilities included, among other things: • ensuring that management maintains a culture of integrity throughout the organization; • adopting a strategic planning process and periodically approving a strategic plan that addresses, among other things, business opportunities and risks; • identifying and monitoring the main risks faced by the enterprise and ensuring appropriate measures and systems are implemented for managing such risks; • planning the succession for senior executives; • developing Énergir Inc.'s approach to corporate governance; • periodically evaluating the effectiveness of the Board, its members, its chair, its committees and their members and chairs; • on a recommendation of the HR-CG Committee, establishing and approving the compensation policies and programs for management, evaluating the performance of the President and CEO based on the objectives set, and establishing his/her compensation; • with the assistance of the Audit Committee, ensuring compliance with accounting standards, as well as the integrity and adequacy of financial reporting; and • on a recommendation of the Audit Committee, adopting the interim and annual financial statements of Énergir Inc. and the annual financial statements of Énergir, L.P.
2022 Highlights	• supervising the strategic planning and annual strategic review, notably as regards decarbonization as well as merger and acquisition strategies; • reviewing the business risk assessment; • reviewing the cybersecurity positioning assessment; • reviewing the major energy and market trends; • reviewing the main events/changes for Énergir, L.P. and Énergir Inc.; • approving the interim and annual financial statements of Énergir Inc. and the annual financial statements of Énergir, L.P.; • approving the external audit plan, namely the Audit Planning Report for the fiscal year; • approving the (i) extension and amendment of the credit agreement, including the addition of Énergir, L.P. as co-debtor with Énergir Inc., (ii) transfer of Énergir Inc.'s commercial paper program to Énergir, L.P., and (iii) issuance and sale, by Énergir, L.P., of short term promissory notes; • approving the (actual) external audit fees; • approving the Climate Resiliency Report; • approving the private placement of first mortgage bonds; • approving 2022 strategic initiatives; • approving the Diversity, Equity and Inclusion in Employment Policy; • reviewing the new structure of the Board committees; and • analyzing the financial results of Énergir, L.P. and Énergir Inc.

The Board's responsibilities, as amended by the changes to its mandate on October 18, 2022, and December 15, 2022, appear in Schedule 10.2.11, *Board of Directors - Mandate.*

10.2.1.2 Orientation and Continuing Education

In fiscal year 2022, the HR-CG Committee was responsible for implementing a directors' education program ("**Education Program**") to promote the integration of new directors and support them in learning the fundamental aspects of the business in order to bring their understanding up to the level of other directors over a one-year period, and further deepen the knowledge of already existing directors from a continuing education perspective. Since October 18, 2022, the CGEE Committee has been responsible for this program.

The Education Program includes a component for new directors that deals with some of the more fundamental aspects of the business and targeted meetings with the vice presidents.

Each new director therefore participates in an official orientation program. The program consists of a series of meetings between the new director and the Board chair, the President and CEO, the chair of any standing committee on which the director may sit and other key Énergir, L.P. officers. Depending on the director's background and experience and the results of the meetings with officers, additional meetings may be organized.

In addition to these meetings, the new director has access to the Énergir Inc. Director's Manual, which is posted on a secure portal dedicated to the directors. The Manual includes, among other things, information on Énergir, L.P. and Énergir Inc., a summary of Énergir Inc.'s directors' and officers' liability insurance coverage as well as a summary of the duties, obligations and responsibilities of a director and the Board. The portal also contains, among other materials, a full set of documents containing public and private information on Énergir, L.P. and Énergir Inc., which documents provide detailed information on the business, including on its strategic plan, operations, financial situation and management structure; its corporate policies, basic texts and continuous disclosure documents; the work plans, mandates and minutes of the meetings of the Board and its committees; as well as biographical information on Board members and key executives of Énergir, L.P. This portal is updated regularly.

Another component of the Education Program is for all directors, new and experienced, and consists of various training sessions offered over the course of a year that focus more on the business's activities and operations, as well as the environment in which it evolves.

The Board ensures that directors are familiar with the activities of Énergir, L.P. and the industry through information provided by Management and external sources. Management is also always available for information sessions for directors. Moreover, the Board encourages directors to update their energy and governance related knowledge through attendance at conferences, seminars or workshops. In this regard, Management or invited speakers periodically update the directors on the main issues, projects, challenges and prospects for Énergir, L.P. or the energy industry.

All directors are also members of the Institute of Corporate Directors ("**ICD**"), which gives them access to publications and activities enabling them to develop their knowledge of director obligations and current trends in corporate governance. The ICD contributes to the development and promotion of good governance and corporate governance best practices.

The following table shows the various trainings offered by Énergir, L.P. that the directors attended in fiscal year 2022.

Board	Subject
February	Dual Energy: Operationalization and launch of offering
April	Major human resource trends and cultural evolution
May	New climate plan in Vermont and impacts on the strategic outlook of Green Mountain and Vermont Gas
May	Tour of the École de technologie gazière
May	Occupational health and safety, environment and the Process Safety Management System - Key operational trends
May	2022 economic outlook
May	Research file: Carbon capture, sequestration and utilization

10.2.1.3 Organizational Ethics

The Board has adopted a Code of Ethics for directors, officers and employees of Énergir, L.P. and its Quebec and Canadian subsidiaries and for any person or enterprise hired to represent them.

The Code of Ethics is distributed to all new directors, as well as the officers and employees of Énergir, L.P. It is also available on the portal dedicated to the directors, on Énergir, L.P.'s intranet site, to which every employee has access, and on Énergir, L.P.'s website. Furthermore, in accordance with Section 2.3 of *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices of the Canadian Securities Administrators*, a copy of the *Code of Ethics* is available on the SEDAR website at www.sedar.com.

The *Code of Ethics* invites any individual to whom it applies who has reason to believe that a director or employee is not complying with the provisions of this Code to anonymously report the situation, at no cost, through *ClearView Connects,* as provided for in the *Policy on the Reporting and Handling of Public and Employee Complaints.* For more information on this subject, please refer to Item 10.2.5 *Complaints or Concerns*.

All employees of Énergir, L.P. are required to take an online ethics training course called "Ethics in Action." This interactive training course is available on Énergir, L.P.'s human resources portal. When the training course has been completed by the employee, proof of participation is entered in his or her training record. Follow-up is conducted each quarter with the managers to ensure that the training course has indeed been completed by all employees. Unionized employees also take an ethics training course. An annual commitment reminder was also implemented to raise awareness of specific ethical behaviours. The purpose of this reminder is to ensure that each employee develops an ethical culture and commits to complying with the *Code of Ethics*. For the year 2022, the annual commitment reminder was completed through an ethics survey that was sent to all employees.

Employees are also consulted to guide organizational actions and identify what measures can be taken in priority to provide support and ensure that a culture of ethical conduct is always promoted within the corporation. Managers and employees all participate in ethical awareness and learn about the conduct that is expected of them by means of testimonials or group discussions, among others.

In addition, at the time of hiring, all new employees are required to sign a form in which they acknowledge the provisions of the *Code of Ethics* and undertake to comply therewith. The directors, the executive officers and the presidents of the Quebec and Canadian subsidiaries sign an attestation annually as regards their commitment to comply with the *Code of Ethics*. The managerial personnel in the Goods and Services Procurement Department Administration Contractor Agreements annually sign a form in which they acknowledge Énergir's ethics and undertake to comply therewith. The attestation process promotes integrity as a core value.

The rules of conduct for directors and executive officers are clearly set out in Énergir Inc.'s By-Laws, particularly as they apply to conflicts of interest and to their disclosure. Each director is required to inform the Board of any real, potential or apparent conflict of interests with Énergir, L.P. Directors may not participate in deliberations during which any matter that could affect their interest is discussed, must avoid influencing the vote and must abstain from voting on such matters.

Accordingly, any director or executive officer who has an interest in a contract or a transaction to which Énergir Inc. or Énergir, L.P. is party is required to disclose this fact in accordance with the Énergir Inc. By-Laws. Such director is also required to disclose any contract or transaction to which is party Énergir Inc. or Énergir, L.P. and (i) a person related to him/her, (ii) a group (within the meaning of the *Business Corporations Act* (Quebec)) of which he/she is a director or officer, and (iii) a group in which he/she has an interest or in which a person related to him/her has an interest.

The Chair of the Board shall ensure compliance with these rules in consultation with the Corporate Secretary.

Moreover, directors and executive officers have to submit an annual declaration of their outside positions and interests informing the Chair of the Board and the President and Chief Executive Officer of any potential conflicts of interest. The Chair of the Board shall report thereon to the CGEE Committee. The CGEE Committee monitors and manages actual or potential conflicts of interest involving directors and officers.

Other steps the Board has taken to encourage and promote a culture of ethical business conduct include the adoption of the business Mission, a corporate policy stating the values of Énergir, L.P. that is promoted inside the organization. It deals, among other things, with relations with customers, communities and players in the energy sector and society in general.

10.2.1.4 Nomination of Directors

The Board has adopted Guidelines for Recruiting and Renewing Directors of Énergir Inc. (the "**Guidelines**") for the selection and recruitment of candidates for nomination to the Board and to favour renewal within the Board. The aim of these Guidelines is to recruit dedicated, qualified candidates with an exemplary reputation who will add to the Board's expertise in order that it may carry out Énergir, L.P.'s business strategy.

Directors are appointed either directly by Noverco, or by the Board, with the consent of Noverco, if there is a vacancy between two annual meetings. The CGEE Committee, based on the Guidelines, reviews the composition of the Board and provides the sole shareholder with its opinion as to the size of the Board, nominated candidates or individuals who should be considered as candidates by Noverco. If there is a vacancy, the CGEE Committee will examine the candidates nominated by Noverco to replace a director and submit a recommendation to the Board.

10.2.1.5 Compensation of Directors and Executive Officers

The compensation of the directors is fixed by the Board, on the recommendation of the CGEE Committee, which carries out periodic benchmarking and, when it deems fit, uses studies published by compensation specialists for this purpose. The primary responsibilities of the CGEE Committee are described in Item 10.2.1.6 *Committees of the Board*.

The compensation of executive officers is fixed by the Board, on the recommendation of the HR-SR Committee based on the *Compensation Policy for Senior Executives*. Readers are urged to consult Item 10.1 *Report on Executive Officer and Director Compensation* of this Annual Information Form, which deals with executive compensation.

10.2.1.6 Committees of the Board

For the composition of the Board committees during fiscal year 2022, please see Item 9.1 *Directors*.

In fiscal year 2022, the Board committees were as follows: the HR-CG Committee, the OHS-Env. Committee, the Audit Committee and the Executive Committee.

The following table indicates fiscal year 2022 highlights of the HR-CG Committee and the OHS-Env. Committee:

2022 Highlights	
HR-CG Committee	• reviewing the results of 2021 strategic initiatives; • recommending that the Board approve the 2022 strategic initiatives; • examining the five-year salary movements - middle management, specialized personnel and unionized employees; • evaluating the performance of the President and CEO; • reviewing progress made in DEI within the business; • recommending the Diversity, Equity and Inclusion in Employment Policy to the Board; • reviewing the status on labour relations; and
OHS-Env. Committee	• monitoring and managing the impacts of COVID-19, including the procedures and initiatives implemented to ensure the safety and well-being of all, and supervising the gradual return to the office; • monitoring the process safety management system approach; • monitoring the psycho-social risk assessment process; • monitoring the analysis of the ESG approach and the priority ESG topics; • monitoring the third-party damage prevention program; • examining the Climate Resiliency Report and recommending its approval to the Board; • reviewing the results of the absolute GHG emissions for fiscal year 2021; and • reviewing the quarterly and annual environmental reports and occupational health and safety reports.

Since October 18, 2022, the Board committees are as follows: the CGEE Committee, the HR-SR Committee and the Audit Committee.

<u>CGEE Committee</u>

The Board has a nominating committee, the CGEE Committee, composed of directors who are independent in accordance with the independence requirements of Regulation 52-110, except for Ms. Mary G. Powell, who is not independent. The Board is of the opinion that Ms. Powell is able to exercise the impartial judgment needed to fulfill her responsibilities as a CGEE Committee member, and that her appointment is in the best interests of Énergir Inc. The other members of the CGEE Committee are Messrs. Jean-Luc Gravel (Chair) and Jean-Christophe Lincourt-Éthier.

The CGEE Committee's mandate can be consulted on Énergir, L.P.'s website at www.energir.com. This mandate was approved on October 18, 2022, and amended on December 15, 2022. It attributes to the CGEE Committee the corporate governance responsibilities previously assumed by the HR-CG Committee, the environmental responsibilities previously assumed by the OHS-Env. Committee, as well as responsibilities relating to complaints and ethical concerns previously assumed by the Audit Committee, and further develops these responsibilities. New ethical and legal compliance responsibilities were also added.

The operation of the CGEE Committee is described in its mandate. The CGEE Committee meets four times a year on the dates and at the times and places determined by the Board.

The following table indicates the main responsibilities of the CGEE Committee.

CGEE Committee	
Main Responsibilities	The CGEE Committee's responsibilities include, among other things: • reviewing Énergir Inc.'s and Énergir, L.P.'s approach to corporate governance as well as the practices and procedures used for applying the approach in this area, including the Board's adoption of corporate policies that the Board did not specifically delegate to another Board committee, seeing to the implementation thereof and ensuring that they are updated with the President and CEO and Corporate Secretary, and submitting recommendations to the Board; • reviewing reports from Management on the identification and analysis of corporate governance, ethics and environmental risks; • recommending to the Board the overall profile of qualifications and experience sought on the Board for the selection of Board members; • determining and submitting to the Board for approval the process for the recruitment of qualified persons to stand for election to the Board at a meeting of shareholders or for appointment by the Board to fill any vacancy on the Board; • developing the criteria to be considered for the selection of candidates for the position of Director, in accordance with the Guidelines; • proposing to the Board, for recommendation to Noverco, the number of members on the Board and the number of members who are not related to Noverco; • recommending to the Board the names of the Directors who will sit on the committees of the Board as well as the names of the Directors who will chair the committees; • recommending to the Board the compensation of its members, committee members, committee Chairs and the Chair of the Board; • reviewing from time to time matters addressed by the Board and the Committees, the quality of the documentation provided, the organization and the frequency of meetings, the quality of follow-up of decisions by Management as well as the methods and the quality of the communications between the Directors and Management; • developing, updating and evaluating the effectiveness of the initial and continuing education for Board members; • on a yearly basis, reviewing the diversity on the Board and the impact of the steps taken towards achieving the objectives set by the Board, reporting to the Board and proposing any adjustments that may be required; • overseeing and reviewing Énergir, L.P.'s approach to ethics and making recommendations to the Board as appropriate; • reviewing and evaluating, on a periodic basis, the effectiveness of management's ethics practices, discussing this with the President and CEO and the Corporate Secretary and reporting thereon to the Board; • overseeing procedures for the receipt, retention and treatment of any complaints and concerns received by Énergir, L.P. regarding ethics and compliance, and investigating such complaints and concerns; • reviewing changes in legislation that may materially affect Énergir, L.P. and its subsidiaries and receiving, on an annual basis, the report on compliance with legislation applicable to Énergir, L.P. and its subsidiaries; • receiving and reviewing environmental strategies, best practices and trends, and making recommendations to the Board as required; • reviewing and monitoring from time to time the environmental actions, targets, performance indicators and objectives included in Énergir, L.P.'s ESG plan or identified by Énergir, L.P.; • receiving a quarterly report on Énergir, L.P.'s environmental performance to ensure its operations comply with industry standards and the standards imposed by the applicable laws and regulations; • receiving and reviewing, on a quarterly basis, the CATS report; • as required, reviewing the year's strategies, plan and priorities in relation to the Sustainability Report and the Climate Resiliency Report; • receiving and reviewing the Sustainability Report, the Climate Resiliency Report and the sections of the Annual Information Form for which it is responsible and recommending their approval to the Board; • presenting periodic reports and making recommendations on significant environmental matters; and • reviewing Énergir, L.P.'s Environmental Policy and recommending the approval thereof to the Board.

HR-SR Committee

The following table indicates the main responsibilities of the HR-SR Committee. The members of the HR-SR Committee are Renaud Faucher, Ghislain Gauthier (Chair), Keri Sweet Zavaglia and Nathalie Viens.

HR-SR Committee	
Main Responsibilities	The HR-SR Committee's responsibilities include, among other things: • reviewing reports from management on the identification and analysis of human resource and social responsibility risks; • managing, when required, the recruiting process for a President and CEO; • recommending to the Board the appointment of a candidate for the position of President and CEO; • on a yearly basis, reviewing the diversity within management and the impact of the steps taken to achieve the objectives set by the Board, reporting to the Board and proposing required adjustments, if applicable; • reviewing the corporate objectives proposed by the President and CEO as well as the President and CEO's proposals for the objectives of the executive officers, and submitting recommendations to the Board; • reviewing and approving the performance evaluation policies and processes for senior executives and other management personnel; • evaluating the performance of the President and CEO against the objectives set at the beginning of the fiscal year; • reviewing the report prepared by the President and CEO evaluating the performance of the executive officers reporting to him; • reviewing the global compensation policy for executive officers, including that of the President and CEO, and ensuring that the compensation to be paid (including incentive compensation based on the performance evaluation) complies therewith, recommending any changes it deems desirable and making its recommendations to the Board; • recommending to the Board appropriate compensation packages in light of the benefits and risks associated therewith, including the risks associated with ESG factors; • reviewing the benefit plans and receiving an annual report on the evolving costs thereof; • reviewing a report on the status of labour relations for staff governed by collective bargaining agreements, including a follow-up on current negotiations and/or the outcome of negotiations with respect to such collective bargaining agreements; • reviewing and deciding on the pension plans of management personnel and employees governed by a collective agreement as well as matters relating to the utilization of any actuarial surplus and contribution holidays; • ensuring that there are adequate succession planning mechanisms for executive officers, including the President and CEO, and ensuring that the succession plan is updated annually and that programs are used to identify, develop and retain executive officers and their successors, particularly for senior executives; • reviewing the orientation of human resource management policies and ensuring the existence of adequate human resource systems for recruiting, motivating and retaining executive officers and employees who exhibit high standards of integrity and competence; • ensuring that Énergir, L.P.'s human resource practices and organizational culture are aligned with its ESG practices and strategies; • receiving and reviewing strategies, best practices and trends in social responsibility, including occupational health and safety, and making recommendations to the Board, as appropriate; • reviewing and monitoring, as appropriate, the corporate social responsibility actions, targets, performance indicators and objectives included in Énergir, L.P.'s ESG Plan or identified by Énergir, L.P.; and • receiving and reviewing reports from management on the Énergir, L.P.'s accident and workplace safety performance in order to ensure, among other things, that Énergir, L.P.'s activities comply with industry standards and the standards imposed by the applicable laws and regulations, and that Énergir, L.P. is adopting best practices in the prevention of work-related accidents.

The HR-SR Committee's mandate is available on Énergir, L.P.'s website at www.energir.com. This mandate was approved on October 18, 2022, and amended on December 15, 2022. Among other things, it attributes to the HR-SR Committee the human resources and community impact responsibilities previously assumed by the HR-CG Committee and the occupational health and safety responsibilities previously assumed by the OHS-Env. Committee, and further develops these responsibilities. The new mandate also explicitly incorporates the HR-SR Committee's responsibility for ESG factors.

Audit Committee

For an overview of the Audit Committee, please refer to Item 10.2.2 *Audit Committee Information.* The Audit Committee table is presented in Item 10.2.2.1 *Relevant Education and Experience*.

Executive Committee

In fiscal year 2022, an Executive Committee was in place that held all of the Board powers attributed to it under Énergir Inc.'s by-laws. This committee did not meet in fiscal year 2022 and was abolished by the Board on October 18, 2022.

10.2.1.7 Evaluation

The HR-CG Committee has implemented an annual process for assessing the effectiveness of the Board, its committees and their Chairs and a peer assessment for each director. The entire assessment process was benchmarked to the latest practices advocated by corporate governance authorities and to certain issuers.

The questionnaires are developed by the Chair of the Board jointly with the Corporate Secretary. This assessment, which is performed on an anonymous basis, has been overseen by the CGEE Committee since October 18, 2022.

Under the process, after the results of the assessments have been compiled, they will be discussed by the Board, and each committee will review the assessments of its specific activities. The Board and the committees will then decide on the steps to be taken, based on the assessment results, to improve their effectiveness, if necessary.

In addition, the Chair of the Board will meet with each director in order to discuss his/her overall assessment and his/her perceptions regarding the contributions of the other members of the Board and committees. During that meeting, the directors also have the opportunity to discuss any matter they deem relevant with the Chair.

10.2.1.8 Director Term Limits and Other Mechanisms of Board Renewal

As discussed under Item 10.2.1.4 *Nomination of Directors*, the Board has adopted the Guidelines, which provide a framework for the approach to selecting and recruiting directors for the Board. The Guidelines set a term of 12 years of continuous service after which directors may not sit on the Board. However, this criterion may be adjusted in response to contexts and circumstances, based on the intermittent needs of the Board wishing to retain a director’s expertise beyond such term limit.

To guarantee adequate Board renewal, the CGEE Committee is responsible for assessing the directors, the Board and the committees. The term limit and performance of each director and the composition and effectiveness of the Board and its committees are stringently assessed. An expertise and profile grid in the form of a table is used to verify that the Board has the necessary professional and operational experience, expertise and knowledge to administer Énergir Inc. effectively. The representation of women on the Board and its committees is also reviewed as part of the assessment.

10.2.1.9 Diversity and Inclusion

This item is presented in three parts: (i) the Diversity, Equity and Inclusion in Employment Policy; (ii) the Policy Regarding Diversity on the Board of Directors; and (iii) the representation of women in executive officer appointments. The last two are presented in accordance with Form 58-101F1 of *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices*.

i) Diversity, Equity and Inclusion in Employment Policy

Énergir, L.P. has made it its mission to reflect not only the community in which it operates, but also where its customers live and work. Diversity and inclusion are part of the values and culture of Énergir, L.P.

Énergir, L.P. reinforced its commitment to diversity and inclusion by adopting (in 2013) and updating (in June 2019) an equal access to employment policy and publishing the *Code of Ethics*, which upholds the importance of ensuring employment equity while also confirming its commitment to promoting diversity and inclusion in the workplace.

In addition to this, Énergir, L.P. adopted a positioning in 2020 that very clearly seeks to encourage dialogue, deepen its analysis and nurture an openness to difference. Énergir, L.P. intends to promote DEI by:

- creating a workplace where everyone feels at ease and free to be themselves without fear of being judged, excluded or penalized, the whole subject to the Code of Ethics and other applicable corporate policies and guidelines;
- creating conditions where everyone is able to contribute and reach their full potential;
- raising awareness of the positive impacts of diversity and inclusion; and
- demonstrating that inclusion is a powerful driver of development for the business.

In August 2020, in support of Énergir, L.P.'s commitment to diversity and inclusion, Management approved its first annual action plan. This action plan was pursued in 2022, and several initiatives have been carried out since 2020. For more information on the subject, please refer to Item 5 *Human Resources Management.*

On August 4, 2022, the Board approved the Diversity, Equity and Inclusion in Employment Policy. This policy applies to Énergir, L.P. and all of its employees. It provides that the responsibilities for creating an even more inclusive workplace within Énergir, L.P. are shared by different stakeholders, including the Board and its committees, certain executive officers and the managers.

Énergir, L.P. will pursue its commitment to diversity and inclusion within the organization, given that diversity and inclusion can only enrich its organizational culture.

ii) Policy Regarding Diversity on the Board of Directors

In November of 2015, the Board adopted a written policy regarding diversity called *Policy Regarding Diversity on the Board of Directors* (the "**Diversity Policy**") This policy sets representation targets and measures for attaining them.

The Board believes that it is essential to include gender, age and cultural representation characteristics of the communities in which Énergir, L.P. carries on its activities. As indicated above, Énergir, L.P. has made it its mission to reflect the community in which it operates, but also where its customers live and work. Having a broad range of candidates with diverse backgrounds and perspectives can only have a positive effect on the direction taken by the Board and, consequently, the sound management of the business.

That is why, under the Diversity Policy, the Board has made it an objective to strive for parity between men and women among the directors. The Board also set itself the target that at least 30.0% of its directors must be women.

In fiscal year 2022, Énergir Inc. exceeded its 30.0% target. The number of women directors rose to 44.44%, compared to 33.3% in 2021. There are currently four women on the Board: Mary Powell, Marie-Pier St-Hilaire, Keri Sweet Zavaglia and Nathalie Viens. Women therefore account for 44.44% of the nine directors.

Candidates

As Énergir Inc. is a controlled corporation, the appointment of directors falls to its controlling shareholder, Noverco. In this context, the Board only has the power to recommend candidates to its controlling shareholder, which ultimately has the last word on the choice of directors.

Given this situation, in order to achieve its objectives, Énergir Inc. has set out in the Diversity Policy that the CGEE Committee shall recommend to the controlling shareholder that it take into account Énergir Inc.'s objectives with respect to the representation of women when selecting candidates to fill director position vacancies. Furthermore,the Board recommends to the controlling shareholder that it evaluate candidates on their merits and taking into consideration the benefits of diversity and the needs of the Board. Gender diversity is one of the selection criteria under the Guidelines. The representation of women is therefore considered in recruiting new directors so as to enable the Board to achieve its objectives of striving for parity and maintaining the percentage of women directors at 30.0% or more.

In accordance with the Diversity Policy, the CGEE Committee assesses diversity on the Board annually. It also assesses the impact of the means deployed to achieve the objectives set by the Board.

The CGEE Committee reports to the Board, while proposing new measures or adjustments to already existing measures. Further to that report, the Board then assesses diversity in director positions. Taking into account the recommendations of the committee, it then determines new measures to be taken or adjustments to be made to better meet its needs in achieving its objectives.

Furthermore, in order to determine Board requirements when new directors are selected, the CGEE Committee maintains an up-to-date grid showing the various profiles and areas of expertise of the directors in office, including their gender and term limit.

iii) Representation of Women in Executive Officer Appointments

The Board believes that it is also essential to include diversity characteristics among the executive officers. The objective is to strive for parity in management positions, which include the position of President and Chief Executive Officer, the Vice President positions and the executive director positions.

In order to achieve the objective of striving for parity, Management implemented an annual diversity and inclusion action plan including internal and external steps that will lead, among others, to an increased representation of women in Énergir, L.P. management.

As at September 30, 2022, women accounted for 27.7% of management positions. Indeed, three of Énergir, L.P.'s eleven executive officers are women: Claudine Beaudet, Nathalie Longval and Stéphanie Trudeau. In the case of Green Mountain, a material subsidiary of Énergir, L.P., three of the eight executive officers are women: Mari McClure, Kristin Carlson and Liz Miller. Women therefore account for 31.58% of the executive officers of Énergir Inc. and its material subsidiary.

10.2.2 Audit Committee Information

The Audit Committee assists the Board in discharging its oversight responsibilities for accounting, information technologies and financial reporting processes, internal control systems and financial and risk management.

The mandate of the Audit Committee is reproduced in Schedule 10.2.2 *Audit Committee - Mandate*. This mandate was amended on October 18, 2022, and on December 15, 2022, for the purposes, among other things, of clarifying the Audit Committee's responsibility for monitoring corporate risks and transferring all responsibility for complaints and ethical concerns to the CGEE Committee. New privacy and information technology responsibilities (including cybersecurity) have also been added.

The Audit Committee is composed of four directors who are all financially literate and independent in accordance with Regulation 52-110, except for Mr. Renaud Faucher.

The Board relied on the exemption set forth in section 6.1 of Regulation 52-110 so as to allow Mr. Faucher to chair the Audit Committee. The flexibility afforded under section 6.1 allows venture issuers like Énergir Inc. to be exempted from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of Regulation 52-110, which stipulates that every audit committee member must be independent.

For more on the composition of the Audit Committee, please refer Item *9.1 Directors* of this Annual Information Form.

10.2.2.1 Relevant Education and Experience

The following tables provide a brief description of the education and experience of each member of the Audit Committee that are relevant to the performance of his responsibilities as an Audit Committee member.

Renaud Faucher		
Mr. Faucher holds a bachelor of civil engineering from École Polytechnique de Montréal, as well as an MBA 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 subsidiaries of Hydro-Québec, including Director Investments, Vice President Finance and Vice President Risk Management. In 2006, he joined the CDPQ, where he is currently Managing Director, Infrastructure, North America. Over the course of his career, he has sat on the audit committees of several companies in the airport, pipeline, electricity transmission and health sectors. He currently chairs the audit committee of Colonial Pipeline Company. He was a member of the audit committee of Heathrow Airport Holdings for eight years, including four years as chair.		
Attendance at meetings of the Audit Committee during fiscal year 2022	5/5	100%

Jean-Christophe Lincourt-Éthier		
Mr. Lincourt-Éthier holds a bachelor's degree in business administration (with specialization in finance and accounting) from HEC Montréal and is a member of the Ordre des CPA du Québec. He joined the CDPQ in 2012. He is currently Director, Infrastructures where he is responsible for the management of investments in North America in the energy sector and public transport. From 2015 to 2018, he participated in the creation of the CDPQ Infra subsidiary and in the development of the REM, a 67-km light rail metro in the greater Montreal area. From 2018 to 2021, he took over the financial operations of the REM, in addition to sitting on the boards of directors of REM Commandité Inc., Réseau express métropolitain Inc. and InfraMTL Inc. as an executive. Before joining the CDPQ, Mr. Lincourt-Éthier participated in the financing of infrastructure projects at SNC-Lavalin Capital, including the Restigouche Hospital Center in New Brunswick, the Highway 407 Extension in Ontario and the McGill University Health Centre in Montreal. He also sits on the board of directors of Immeuble VDS inc., a subsidiary of CDPQ Infra.		
Attendance(1) at meetings of the Audit Committee during fiscal year 2022	3/3	100%

(1) Mr. Lincourt-Éthier attended all Audit Committee meetings held after he was appointed director of Énergir Inc. on January 26, 2022.

Marie-Pier St-Hilaire		
Ms. St-Hilaire holds a bachelor's degree in corporate management and an MBA (with specialization in information technology) from Université Laval, and graduated from the Owner/President Management Program at Harvard Business School. In 2000, Ms. St-Hilaire founded AFI Expertise, currently one of the corporate names of Groupe Edgenda inc., for which she has acted as president since 2017. In that role, she is reinventing the traditional world of organizational transformation consulting by placing skills development at the heart of business strategies. Over the past 20 years, she has been able to achieve her entrepreneurial vision and produce organic, continuous, and profitable growth for her company. She has also led several acquisitions, including that of Apprentx, which, with its B12 application, has consolidated the group's position as the Canadian leader in skills development. Ms. St-Hilaire currently sits on the boards of Amerispa (since April 2022) and Entrepreneuriat Laval (since September 2021).		
Attendance(1) at meetings of the Audit Committee during fiscal year 2022	2/2	100%

(1) Ms. St-Hilaire attended all Audit Committee meetings held after she was appointed director of Énergir Inc. on February 24, 2022.

Nathalie Viens		
Ms. Viens holds a bachelor’s and master’s degree in chemical engineering from École Polytechnique de Montréal as well as a professional engineering certificate for the province of Quebec. Ms. Viens is also a certified project management professional (PMP) and a certified board member (ASC & C. Dir). She has been an Operating Partner supporting the global portfolio of the CDPQ's Infrastructure group since August 2020. Prior to joining the CDPQ, Ms. Viens held various management positions in large corporations, most notably as Senior Vice-President of Operations for Eastern Canada at Veolia North America, as Vice-President responsible for activities related to the mining environment as well as mine and plant engineering for SNC-Lavalin’s North American Mining and Metallurgy group, and as Senior Manager in charge of multiple programs and service offers at Accenture. During her career, she was responsible for the administration of large diversified and multisite portfolios. Ms. Viens currently sits on the following boards of directors: Noverco, Transportadora Associada de Gás S.A., Student Transportation of America, Plenary Americas and FiBrasil. She is also President and Chair of the French Chamber of Commerce and Industry in Canada (CCIF).		
Attendance at meetings of the Audit Committee during fiscal year 2022	4/5	80%

The following table indicates the main responsibilities and fiscal year 2022 highlights of the Audit Committee.

Audit Committee	
Main Responsibilities	The Audit Committee's responsibilities include, among other things: • ensuring that adequate and rigorous financial and information technology controls are in place; • reviewing reports from the management with respect to the identification and analysis of the financial risks that may affect the corporation and the risks related to information technologies, including cybersecurity; • supporting the Board in its semi-annual review of management's report on integrated management of risks and opportunities for the entire business; • reviewing each quarter the report on information technology projects and priorities, cybersecurity and the physical security of the facilities; • reviewing periodically the report on compliance with respect to personal information to ensure that its practices comply with industry standards and the standards imposed by the applicable laws and regulations; • reviewing and monitoring the actions, targets, performance indicators and governance objectives related to physical and digital robustness and resilience included in Énergir, L.P.'s ESG plan or identified by Énergir L.P.; • ensuring oversight of the process safety approach and of the process safety management system; • ensuring the effectiveness of internal controls; • assuming responsibilities in respect of the external audit; • monitoring the integrity and quality of the internal control systems, the financial reporting process and accounting policies through investigations and discussions with management, the internal auditor and the external auditor; • in collaboration with the CGEE Committee, reviewing the corporate policies with respect to financial reporting and, if it deems appropriate, those concerning information technology, and the related follow-up being done; • reviewing the financial forecasts communicated by the management of Énergir, L.P. to the Board and ensuring that adequate controls and procedures are established and maintained by the management of Énergir, L.P. to ensure the integrity of these financial forecasts; • reviewing the annual information forms, prospectuses, as well as the interim and annual financial statements and MD&A of Énergir Inc.; and • on a quarterly basis, reviewing the internal audit activities report with the external and internal auditors.
2022 Highlights	• approving the financial statements of Énergir, L.P.; • recommending to the Board that it approve the MD&A and financial statements of Énergir Inc.; • approving the external audit plan, namely the *Audit Planning Report for the Fiscal Year;* • following up on the internal audit activities and reviewing its mandate; • reviewing the annual quality-control of the audit; • reviewing the internal control and internal audit reports; • reviewing reports on managing corporate risks; • reviewing reports on information technology projects and priorities, as well as cybersecurity; • recommending to the Board that it approve the (i) extension and amendments of the credit agreement, including the addition of Énergir, L.P. as co-debtor with Énergir Inc., (ii) transfer of Énergir Inc.'s commercial paper program to Énergir, L.P., and (iii) issuance and sale, by Énergir, L.P., of short term promissory notes; • filing reports, including tax and legal records, the procedure for handling complaints and concerns and the annual report on the Committee's compliance with the applicable regulations and policies.

During fiscal year 2022, all the recommendations of the Audit Committee to nominate or compensate the external auditor were adopted by the Board.

10.2.2.2 Pre-approval Policy and Procedures

The Audit Committee considered the question of whether the provision of services other than audit services is compatible with maintaining the independence of Énergir Inc.'s and Énergir, L.P.'s independent external auditors. The Audit Committee has adopted the *Policy and Procedure Regarding Pre-approval of External Audit and Non-Audit Related Services* (the "**Pre-approval Policy**"), which it reviews periodically. This Pre-approval Policy covers three types of services: (i) external audit or external audit-related services, (ii) external non-audit services that are allowed, and (iii) external non-audit services that are not allowed. In accordance with securities regulations, the Pre-approval Policy requires that all services rendered by the external auditors be pre-approved by the Audit Committee or, depending on the circumstances, its chair.

Furthermore, the Pre-approval Policy prohibits Énergir Inc. and Énergir, L.P. from retaining the services of the external auditors for certain non-audit services, including: bookkeeping services; design and implementation of information systems; valuation services, fairness opinions or reports on contributions in kind; actuarial services;

internal audit outsourcing services; management functions; human resources services; brokerage, investment consulting or investment banking services; and legal services.

In accordance with securities regulations, the Pre-approval Policy allows for a de minimis waiver for certain of the external non-audit services listed. If Management uses this waiver, it must promptly disclose this fact to the Audit Committee and publicly disclose it to the extent Énergir Inc. is required to do so by securities regulations, including Regulation 52-110. Management did not use this waiver in fiscal year 2022.

Each quarter, the external auditors provide to the Audit Committee a report on external audit services, external audit-related services and external non-audit services that are allowed that it provided as a result of the prior authorization granted by the Audit Committee or its chair or under the de minimis waiver, as the case may be, as well as the actual fees received in respect of such services.

For fiscal year 2022, all services rendered by the independent external auditors, be they audit or non-audit services, were pre-approved by the Audit Committee or its chair.

10.2.2.3 External Auditors' Fees

Énergir Inc.

The following table shows, by category, the fees invoices to Énergir Inc. by KPMG for its services for fiscal years 2022 and 2021:

Fees (by category)	2022 ($)	2021 ($)
Audit fees	139,977	132,680
Audit related fees	14,445	—
Tax fees	1,635	27,160
All other fees	—	—
Total	**156,057**	**159,840**

Audit fees include the total fees invoiced for the audits of the annual consolidated and non-consolidated financial statements, and the services related to quarterly reports and other documents to be filed with the Canadian Securities Administrators.

Énergir, L.P.

The following table shows, by category, the fees invoiced to Énergir, L.P. by KPMG for its services for fiscal year 2022 and 2021:

Fees (by category)	2022 ($)	2021 ($)
Audit fees	1,918,296	1,953,033
Audit related fees	148,899	115,142
Tax fees	—	—
All other fees	—	—
Total	**2,067,195**	**2,068,175**

Audit fees include the total fees invoiced for the audits of the annual consolidated and non-consolidated financial statements, and the services related to quarterly reports.

Audit-related fees include the total fees invoiced for assurance or related services, such as the audit of the pension plans, services related to public offerings and general advice about accounting standards and the change in accounting framework.

Tax fees include the total fees invoiced for income tax and consumption tax compliance and the various other tax obligations.

All other fees include the total fees invoiced for consulting services, primarily in information technologies.

10.2.3 Interest of Experts

KPMG, Chartered Professional Accountants, acts as the independent external auditors of Énergir Inc. and Énergir, L.P. in accordance with the rules of professional conduct for auditors in Quebec, and consequently signed the auditors' reports on the 2022 Financial Statements of both corporations.

10.2.4 Material Contracts

The following is a list of material contracts entered into by Énergir Inc. and Énergir, L.P. or one of their subsidiaries and in effect as at September 30, 2022:

10.2.4.1 Financial Contracts (Énergir Inc. and Énergir, L.P.)

- On September 22, 2022, Énergir, L.P., as borrower, entered into an agreement with a syndicate of dealers led by BMO Nesbitt Burns Inc. and RBC Capital Markets, whereby, on September 27, 2022, the dealers subscribed for $200.0 million in first mortgage bonds. The bonds yield interest at the annual rate of 4.67% and will mature on September 27, 2032. The bonds are guaranteed by a hypothec on the assets of Énergir, L.P.
- On July 13, 2022, Énergir, L.P. and Énergir Inc. entered into a credit agreement with the Bank of Montreal and a lender's syndicate, as more fully described under Item 6.3 *Financial Management.*
- On February 7, 2022, Énergir L.P., as borrower, entered into an agreement with a syndicate of dealers led by CIBC World Markets and TD Securities Inc. whereby, on February 9, 2022, the dealers subscribed for $325.0 million in first mortgage bonds. The bonds yield interest at the annual rate of 3.04% and will mature on February 9, 2032. The bonds are guaranteed by a hypothec on the assets of Énergir, L.P.
- On April 14, 2020, Énergir Inc., as borrower, and Énergir, L.P., as guarantor, entered into an agreement with a syndicate of dealers led by BMO Nesbitt Burns Inc., National Bank Financial Inc. and Desjardins Securities Inc. whereby, on April 16, 2020, the dealers subscribed for $300.0 million in first mortgage bonds. The bonds yield interest at the annual rate of 2.10% and will mature on April 16, 2027. The bonds are guaranteed by Énergir, L.P. as regards payment of principal and interest, and are secured by collateral security backed by the assets of Énergir Inc. and Énergir, L.P.
- On December 9, 2014, Énergir Inc., as borrower, and Énergir, L.P., as guarantor, entered into a note purchase agreement with investors by way of a private placement. The notes were issued for an aggregate principal amount of US$100.0 million. The notes bear interest at an annual rate of 3.22% and will mature on December 9, 2024. The notes are guaranteed by Énergir, L.P. as regards payment of principal and interest, and are secured by collateral security backed by the assets of Énergir Inc. and Énergir, L.P.
- On February 5, 2013, Énergir Inc., as borrower, and Énergir, L.P., as guarantor, entered into a note purchase agreement with certain investors by way of a private placement. On April 10, 2013, the notes were issued for an aggregate principal amount of US$200.0 million, i.e., two series of US$100.0 million each. The notes bear interest at an annual rate of 4.04% and 4.19%, respectively, and will mature on April 10, 2043 and April 10, 2048, respectively. The notes are guaranteed by Énergir, L.P. as regards payment of principal and interest, and are secured by collateral security backed by the assets of Énergir Inc. and Énergir, L.P.
- On November 11, 2011, Énergir Inc., as borrower, and Énergir, L.P., as guarantor, entered into a note purchase agreement with investors by way of a private placement. On May 15, 2012, the notes were issued for an aggregate principal amount of US$260.0 million, i.e., two series of US$130.0 million each. The notes bear interest at an annual rate of 3.86% and 5.06%, respectively. One matured on May 15, 2022, while the other will mature on May 15, 2042. The notes are guaranteed by Énergir, L.P. as regards payment of principal and interest, and are secured by collateral security backed by the assets of Énergir Inc. and Énergir, L.P.
- On July 15, 1982, Énergir Inc. entered into a trust indenture with La Compagnie de Fiducie, Canada Permanent (replaced by Montreal Trust Company of Canada, to which Computershare Trust Company of Canada succeeded as trustee, effective on June 30, 2000), as trustee, which was amended and restated pursuant to the Trust Deed of Hypothec, Mortgage and Pledge dated August 12, 1991, entered into between Énergir Inc., Montreal Trust Company of Canada, as trustee (to which Computershare Trust Company of Canada succeeded as trustee, effective on June 30, 2000), and Énergir, L.P., as guarantor, as further amended and supplemented by 29 supplemental trust deeds. Such Trust Deed governs the issuance of first mortgage bonds by Énergir Inc. and sets forth the mortgage bondholders' rights. It also provides for the creation of a universal hypothec on all assets of Énergir Inc. in favour of the holders of the first mortgage bonds issued by Énergir Inc.

- On August 12, 1991, Énergir, L.P. entered into a Trust Deed of Hypothec, Mortgage and Pledge with Montreal Trust Company of Canada, as trustee (to which Computershare Trust Company of Canada succeeded as trustee, effective on June 30, 2000), as further amended and supplemented by 36 supplemental trust deeds. Such Trust Deed governs the issuance of the first mortgage bonds by Énergir, L.P. and sets forth the mortgage bondholders' rights. It also provides for the creation of a universal hypothec on all of Énergir, L.P.'s assets in favour of holders of Énergir Inc.'s first mortgage bonds issued under the Trust Deed described in the previous paragraph, the whole as security for Énergir, L.P.'s corporate guarantee pursuant to Énergir Inc.'s Trust Deed.
- On August 12, 1991, Énergir Inc. entered into a trust indenture with General Trust of Canada, as trustee (replaced by National Bank Trust Inc.), as amended by six supplemental trust agreements. This trust agreement governs the issuance of subordinated debentures by Énergir Inc. and sets forth the subordinate debenture holders' rights.

10.2.4.2 Operating Contracts (Énergir, L.P.)

Transportation Contracts with TCLP

- Énergir, L.P. and TCPL have entered into 15 transportation contracts. The first one was signed on September 22, 2003. The contract that first comes to maturity will expire on October 31, 2026, and the last one to come to maturity will expire on October 31, 2040. Under these contracts, TCPL must transport natural gas to Énergir, L.P.'s natural gas distribution system based on TCPL's tolls, as approved or modified from time to time by the CER.
- Énergir, L.P. and TCPL also entered into four transportation service contracts relating to natural gas stored in Ontario. The first one was signed on April 16, 1985. They will expire on October 31, 2026. Under these contracts, TCPL must transport natural gas to Énergir, L.P.'s natural gas distribution system from November 1 to April 15 inclusively of each year, based on TCPL's tolls as approved or modified from time to time by the CER.

Other Contracts with TCPL

- On October 31, 2013, Énergir, L.P. and Ontario's natural gas distributors entered into an agreement in principle with TCPL to ensure access to diversified and affordable sources of natural gas from the Dawn Hub, Ontario. This agreement will expire on December 31, 2030, barring early termination related to external factors. Further to this agreement in principle, Énergir, L.P. and Ontario's natural gas distributors entered into an agreement with TCPL on October 30, 2015 concerning the Energy East and Eastern Mainline projects. This agreement will expire on December 31, 2050, barring early termination related to external factors.

Storage and Transportation Contracts with Enbridge Gas

- Énergir, L.P. and Enbridge Gas entered into three storage contracts. The first one was signed on April 1, 2020. The contract that first comes to maturity will expire on March 31, 2023, and the last one to come to maturity will expire on March 31, 2025. Under these contracts, Enbridge Gas must store natural gas for Énergir, L.P. based on Enbridge Gas's Market Price Service Schedule (or a replacement tariff), depending on the circumstances, as approved or modified from time to time by the Ontario Energy Board.
- Énergir, L.P. and Enbridge Gas entered into eight transportation contracts. The first one was signed on September 2, 2008. The contract that will first come to maturity will expire on March 31, 2024, and the last one to come to maturity will expire on October 31, 2032. Under these contracts, Enbridge Gas must transport natural gas to the system of TCPL (which then transports the natural gas to Énergir, L.P.'s natural gas distribution system) based on Enbridge Gas's Tariff M12 (or a replacement tariff), depending on the circumstances, as approved or modified from time to time by the Ontario Energy Board.

GasEDI Contracts and Other Contracts of a Similar Nature

- Énergir, L.P. entered into GasEDI Base Contracts for short-term sale and purchase of natural gas or contracts of a similar nature with various co-contracting parties. The first of these contracts is dated May 29, 2015. Under these contracts, Énergir, L.P. and these co-contracting parties entered into seven transactions pursuant to which such co-contracting parties shall deliver natural gas to the delivery point specified in the transaction. The first of these transactions is dated November 22, 2017. The first to mature will expire on October 31, 2023 and the last to mature will expire on October 31, 2026.

Storage Contracts with Intragas, Limited Partnership

- On June 20, 2013, Énergir, L.P. and Intragas, Limited Partnership entered into two natural gas storage contracts covering the period from May 1, 2013, to April 30, 2023. The contract is based on Intragas, Limited Partnership's Tariffs E-6 and E-7, as approved or modified from time to time by the Régie.

10.2.4.3 Financing of Wind Farms 2 and 3

- On May 3, 2016, Wind Farms 2 and 3 GP entered into an amended and restated credit agreement for the non-recourse refinancing of Wind Farms 2 and 3 for a total amount of $617.5 million consisting of (i) a $383.4 million term loan maturing in December 2032, (ii) a $192.7 million term loan maturing in December 2029 guaranteed by the Federal Republic of Germany through its export credit agency Euler-Hermes and (iii) a $41.4 million letter of credit facility. The group of lenders consists of Bank of Tokyo-Mitsubishi UFJ, KfW IPEX-Bank, Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, AKA Bank, DZ Bank, Laurentian Bank of Canada, Commonwealth Bank of Australia and Crédit Industriel et Commercial.

10.2.4.4 Financial Contracts (Green Mountain)[35]

- On September 23, 2022, Green Mountain entered into a Bond Purchase Agreement with investors. The first mortgage bonds were issued for an aggregate principal amount of US$60.0 million namely, a series for US$25.0 million and a series for US$35.0 million. These bond series yield interest at an annual rate of 5.00% and 4.56%, respectively, and will mature on October 1, 2052 and December 1, 2032, respectively.
- On December 15, 2020, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$60.0 million, namely, a series for US$35.0 million and a series for US$25.0 million. These bond series yield interest at an annual rate of 1.99% and 3.05%, respectively, and will mature on December 15, 2031 and December 30, 2049, respectively.
- On August 18, 2021 Green Mountain entered into a credit agreement with KeyBank National Association and a lending syndicate, as more fully described under Item 6.3 *Financial Management*. The credit agreement has a limit of US$175.0 million and includes an accordion feature of US$25.0 million. The facility matures on August 18, 2024.
- On December 18, 2019, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$40.0 million, namely, a series for US$15.0 million and a series for US$25.0 million. These bond series yield interest at an annual rate of 3.01% and 3.53%, respectively, and will mature on December 18, 2034 and December 18, 2049, respectively.
- On June 13, 2019, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$90.0 million, namely, a series for US$50.0 million and a series for US$40.0 million. These bond series yield interest at an annual rate of 3.79% and 3.95%, respectively, and will mature on June 13, 2034 and June 13, 2039, respectively.
- On September 19, 2018, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$45.0 million, i.e., a series of US$25.0 million and a series of US$20.0 million. These series yield interest at an annual rate of 3.84% and 4.20%, respectively, and will mature on September 19, 2030 and December 3, 2048, respectively.
- On April 26, 2017, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$80.0 million, i.e., a US$65.0 million series and a US$15.0 million series. These series yield interest at an annual rate of 3.45% and 4.17%, respectively, and will mature on June 17, 2029 and April 26, 2047, respectively.
- On December 16, 2015, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$50.0 million, i.e., a US$18.0 million series and a US$32.0 million series. These series yield interest at an annual rate of 3.31% and 4.26%, respectively, and will mature on December 15, 2027 and December 15, 2045, respectively.
- On December 16, 2013, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$75.0 million, i.e., a US$12.0 million series, a US$20.0 million series and a US$43.0 million series. These series yield interest

[35] For the purpose of this Item 10.2.4.4 *Financial Contracts (Green Mountain)* refers either to (i) Green Mountain Power Corporation after the Merger, or (ii) Green Mountain Power Corporation before the Merger or to CVPS, or both.

at an annual rate of 4.07%, 4.39% and 4.89%, respectively, and will mature on January 9, 2029, December 16, 2033, December 16, 2043, respectively.

- On December 6, 2012, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$85.0 million. These series yield interest at an annual rate of 3.99% and will mature on December 1, 2042.
- On October 1, 2012, Green Mountain entered into a 23rd supplemental trust indenture with The Bank of New York Mellon Trust Company, N.A., amending and replacing the trust indenture governing the issuance of the Green Mountain first mortgage bonds bearing the date February 1, 1955. This 23rd supplemental trust indenture has been amended by nine supplemental trust indentures. This Trust Deed governs the issuance of first mortgage bonds by Green Mountain and sets forth the mortgage bondholders' rights. It also provides for the creation of a mortgage on all of Green Mountain's assets in favour of the holders of the first mortgage bonds issued by Green Mountain.
- On September 26, 2012, Green Mountain entered into an agreement with holders of first mortgage bonds issued by CVPS (one of the corporations included in the Merger) to exchange such bonds for bonds issued by Green Mountain and governed by the Green Mountain Trust Indenture described in the previous paragraph.
- On November 16, 2011, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$75.0 million, i.e., a US$50.0 million series and a US$25.0 million series. These series yield interest at an annual rate of 4.56% and 4.61%, respectively, and will mature on November 18, 2041.
- On March 18, 2010, Green Mountain entered into a Bond Purchase Agreement with KeyBanc Capital Markets Inc. and the Vermont Economic Development Authority for the purchase by KeyBanc Capital Markets Inc. of the bonds to be issued by the Vermont Economic Development Authority under the loan and trust agreement described in the following paragraph.
- On March 1, 2010, Green Mountain entered into a Loan and Trust Agreement with the State of Vermont, acting by and through the Vermont Economic Development Authority and The Bank of NY Mellon Company, N.A., acting as trustee, governing the issuance of bonds by the Vermont Economic Development Authority, the proceeds of which were loaned to Green Mountain. The Series B bonds were issued for an amount US$5.0 million. The Series B bonds yield interest at a rate of 6.0% and will mature on April 1, 2035.
- On December 13, 2007, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$16.0 million. They yield interest at an annual rate of 6.17% and will mature on December 1, 2037.
- On July 27, 2006, Green Mountain entered into a Bond Purchase Agreement with investors. These first mortgage bonds were issued for an aggregate principal amount of US$30.0 million. They yield interest at an annual rate of 6.53% and will mature on August 1, 2036.

10.2.4.5 Operating Contracts (Green Mountain)

- On March 2, 2021, Green Mountain entered into a power purchase agreement with Great River Hydro, LLC, as more fully described under Item 4.1.2.1 *Green Mountain*.
- On October 9, 2015, Green Mountain entered into a power purchase agreement with Deerfield Wind, LLC, as more fully described under Item 4.1.2.1 *Green Mountain*.
- On May 24, 2011, Green Mountain entered into a power purchase agreement with NextEra Energy Seabrook, LLC, as more fully described under Item 4.1.2.1 *Green Mountain*, which was amended by an amendment dated January 21, 2015.
- On August 12, 2010, Green Mountain and 17 other utilities in the State of Vermont entered into a long-term power purchase and sale agreement with Hydro-Québec Energy Services (U.S.) Inc., as more fully described under Item 4.1.2.1 *Green Mountain*.
- On December 16, 2009, Green Mountain entered into two long-term supply contracts for the purchase of renewable energy with Granite Reliable Power, LLC, as amended on October 18, 2010 and October 11, 2010, respectively, as more fully described under Item 4.1.2.1 *Green Mountain*.

10.2.5 Complaints or Concerns

The *Policy on the Reporting and Handling of Public and Employee Complaints* states that any person, including employees of Énergir, L.P. and its subsidiaries, wanting to lodge a complaint about the accounting, internal accounting controls or the audit of Énergir, L.P. or to report any violation of the principles set forth in the Code of Ethics may do so, anonymously and at no cost, through the *ClearView Connects* service by one of the following means:

By mail:	ClearView Connects P.O. Box 11017 Toronto, Ontario M1E 1N0
By telephone:	1-844-288-1704
Online at the secure website:	http//www.clearviewconnects.com

ClearView Connects is a service of Syntrio, Inc., a business that offers governance, risk, compliance and human resource solutions as well as anonymous and confidential feedback systems. Their secure feedback systems are designed to protect the identity of those who use the service.

All complaints will be sent to an analytical team consisting, among others, of a representative from each of the following departments: Internal Audit, Corporate Secretariat, Legal Affairs, and Human Resources. This analytical team will examine the complaint. If the complaint pertains to a member of the analytical team, it will be forwarded directly to the Chair of the CGEE Committee.

10.2.6 Risk Factors relating to Énergir Inc. and Énergir, L.P.

Énergir Inc. has developed and applied risk identification, assessment and management practices to mitigate the nature and scope of key risks that could have a material impact on its operations, financial position and consolidated net income.

Additional information regarding Énergir Inc.'s risk factors can be found in section G) *Risk Factors Relating to Énergir Inc. and Énergir, L.P.* on pages 31 to 41 of the 2022 MD&A.

10.2.7 Other Information

Additional information regarding Énergir Inc. is available on the SEDAR website at www.sedar.com under the profile for Énergir Inc.

Additional financial and related information are provided in the 2022 Financial Statements and the 2022 MD&A. The 2022 Financial Statements, the 2022 MD&A and any other public document issued by Énergir Inc. (including the annual information form and any other documents expressly incorporated therein by reference) may be obtained from the Investor Relations Service, 1717 du Havre Street, Montréal, Quebec H2K 2X3, by telephone: (514) 598-3444 ext. 7238 and by email: investors@energir.com or by consulting the SEDAR website at www.sedar.com.

BOARD OF DIRECTORS

MANDATE [1]

In this mandate, the masculine gender is used solely for the sake of brevity and refers to both women and men.

1. CONSTITUTION AND COMPOSITION

The Board of Directors (the "**Board**") shall be composed of a number of directors set by the Board, upon recommendation of the Corporate Governance, Ethics and Environment Committee, in accordance with the articles of Énergir Inc. (the "**Corporation**"), a majority of whom shall be independent within the meaning of *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* ("**Regulation 58-101**").

The members of the Board must have the relevant qualifications and experience to enable the Board to carry out its responsibilities effectively.

Unless approved by the Board upon the recommendation of the Corporate Governance, Ethics and Environment Committee, a member of the Board shall not receive any compensation from the Corporation or any of its affiliates other than the compensation received as a director or member of a Board committee. Prohibited compensation includes, without limitation, fees paid, directly or indirectly, as a consultant or legal or financial advisor.

The members of the Board are appointed annually by resolution of the sole shareholder in lieu of an annual general meeting of the Corporation.

2. MEETINGS

Regular meetings, four (4) per year, shall be held on such dates, at such times and in such places as the Board may determine. They shall be called by notice given to the members by the Secretary or Assistant Secretary on behalf of the Chair of the Board. Meetings may be held without notice provided the members consent. The presence of a member at the meeting shall constitute consent.

A special meeting may be called at any time by the Chair of the Board, the President and Chief Executive Officer or at the request of any member of the Board.

3. INVITEES

Subject to certain exceptions, the Chief Financial Officer and the Executive Vice-President, Quebec, as well as any other person upon invitation by the Chair of the Board, shall be invited to participate in all or part of the Board's meetings.

4. QUORUM

A quorum at meetings shall consist of a simple majority of the current members of the Board.

5. CHAIR

The Chair of the Board is appointed by the members of the Board upon recommendation of the Corporate Governance, Ethics and Environment Committee. The Chair shall be an independent director within the meaning of Regulation 58-101. He shall preside over the meetings of the Board and ensure the proper conduct of the work arising from its mandate. When the Chair of the Board is unable to attend a meeting, a member of the Board chosen from among the members present may act as Chair of the Board.

6. GENERAL MANDATE

The Corporation's affairs are managed by the directors assembled in a Board, subject to the restrictions in the *Business Corporations Act* (Québec) and the Corporation's By-Laws. However, the Board is not responsible for day-to-day management, which is delegated to the President and Chief Executive Officer and the other officers, but oversees it.

[1] Revision approved by the Board of Directors on December 15, 2022.

Accordingly, the Corporation expects that each director shall:

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

(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.

To assist it in discharging its responsibilities, the Board has formed the following standing committees, namely the Audit Committee, the Human Resources and Corporate Social Responsibility Committee and the Corporate Governance, Ethics and Environment Committee. The Board has established a mandate for each of the committees it has formed. In addition, the Board has delegated day-to-day management to management by assigning specific responsibilities to the President and Chief Executive Officer.

The Chair of the Board shall ensure that the Board has the human, material and financial resources necessary to carry out its mandate.

7. SPECIFIC RESPONSIBILITIES

The Board's objective is to ensure that the enterprise's resources and its potential are used and developed in such a way as to create value for Noverco Inc., the Corporation's sole shareholder, (the "**Shareholder**") and Énergir, L.P.'s partners. This is to be done in compliance with applicable laws, and the Corporation's values and corporate governance policies and practices. This growth objective includes the protection of the value of the enterprise against the risks it faces. It is also responsible for reviewing and ensuring that Énergir, L.P.'s practices, directions and organizational culture are aligned with its strategic plan.

More specifically, the Board shall, among other things, directly or through its committees:

(a) ensure that management maintains a culture of integrity throughout the organization;

(b) adopt a strategic planning process and periodically approve a strategic plan that addresses business opportunities and risks, among other things;

(c) formulate the Board's expectations of management;

(d) identify and monitor the main risks faced by the business and, in this regard, review biannually the report from management with respect to integrated risk and opportunity management of the business and ensure that there are adequate risk management procedures, measures and systems in place to identify, manage and control of these risks;

(e) plan the succession for senior executives, including hiring, appointments, compensation, evaluation, training and career development;

(f) define responsibilities of the senior executives and their authority to bind the Corporation;

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

(h) develop the Corporation's approach to corporate governance, including the preparation of a specific set of principles and guidelines, including for recruiting and renewing directors;

(i) approve and monitor the Corporation's *Policy respecting disclosure of information*;

(j) on the recommendation of the relevant Committee, adopt and revise any other corporate policy it considers appropriate and ensure it is followed;

(k) establish measures for receiving reactions and comments from interested parties (including holders of the Corporation's and Énergir, L.P.'s securities);

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

(m) on the recommendation of the Corporate Governance, Ethics and Environment Committee and in compliance with Énergir's *Policy Regarding Diversity on the Board of Directors*, fill any vacancy in a Board directorship until the next annual meeting of the Shareholder, and review candidates proposed by the Shareholder;

(n) prepare and adopt a Code of Conduct and Ethics for the directors and officers of the Corporation and the employees of Énergir, L.P. and those of its Canadian subsidiaries, ensure it is updated regularly and followed, including monitoring and approval of all exemptions, where applicable;

(o) periodically evaluate the effectiveness of the Board, its members, its Chairman, its committees and their members and chairmen and, based on the report of the Corporate Governance, Ethics and Environment Committee, 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 dynamic;
v. the individual competencies and skills of each director;
vi. the means likely to improve the performance of the Board and each of its members in the future;
vii. the cooperation received from management;
viii. the mandates and operating mode of the Board and its committees, making any necessary adjustments; and
ix. Énergir's *Policy Regarding Diversity on the Board of Directors*, including the objectives set forth by the Corporation regarding diversity on the Board;

(p) receive the report of the Corporate Governance, Ethics and Environment Committee regarding diversity on the Board and the report of the Human Resources and Corporate Social Responsibility Committee regarding diversity within the Corporation's management, review and assess this representation and the impact of steps taken in order to achieve its objectives and, if needed, set forth new measures or adjustments to existent measures;

(q) prepare a job and function description for the President and Chief Executive Officer, which shall define the responsibilities of management;

(r) ensure all directors:

i. all relevant information 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, which information is contained in the director's online site; and
ii. understand the nature of the activities of the Corporation and Énergir, L.P. and how they are managed;

(s) 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 and Énergir, L.P.;

(t) with the assistance of the Corporate Governance, Ethics and Environment Committee, create committees of the Board, establish their mandate and appoint their members;

(u) with the assistance of the Corporate Governance, Ethics and Environment Committee, appoint the Chair of the Board and the Chair of each committee of the Board, and approuve the amount of their compensation and that of the directors;

(v) on the recommendation of the Human Resources and Corporate Social Responsibility Committee, establish and approve the compensation policies and programs for senior management, evaluate the performance of the President and Chief Executive Officer based on the objectives set, and establish his compensation;

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

(x) on the recommendation of the Audit Committee, approve the interim and annual financial statements of the Corporation and the annual financial statements of Énergir, L.P.;

(y) determine the appropriateness of declaring, and declare, where applicable, the payment of dividends to the Shareholder, a reduction of the capital of the Corporation as well as the distribution of Énergir, L.P.'s income to the partners;

(z) on the recommendation of the Audit Committee, recommend the choice of the external auditors to the Shareholder;

(aa) on the recommendation of the Audit Committee, approve the interim and annual Management's Discussion and Analysis and the Annual Information Forms of the Corporation;

(ab) on the recommendation of the Human Resources and Corporate Social Responsibility Committee, approve the Report on Executive Compensation in the Corporation's Annual Information Form;

(ac) on the recommendation of the Corporate Governance, Ethics and Environment Committee, approve the governance and environmental disclosure in the Corporation's Annual Information Form;

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

(ae) approve important regulatory matters;

(af) approve operating and capital budgets of the Corporation and Énergir, L.P.;

(ag) approve and monitor important budgets and projects of the Corporation, Énergir, L.P. or a subsidiary, for a major (in terms of dollars or strategic nature) acquisition or investment;

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

(ai) approve any major reorganization or downsizing;

(aj) approve the issue, purchase or redemption of the securities of the Corporation and Énergir, L.P. and approve the related reporting process;

(ak) approve the form and content of the certificates evidencing the securities of the Corporation and Énergir, L.P; and

(al) in collaboration and on the recommendation of the applicable committees, (i) ensure that environmental, social and governance ("**ESG**") factors are incorporated into the long-term strategic objectives of Énergir, L.P. and monitor ESG initiatives and integration across Énergir, L.P., and (ii) approve Énergir, L.P.'s *ESG Policy* and *Environmental Policy*, as well as the Corporation's published report on climate change.

8. BOARD PERFORMANCE ASSESSMENT AND WORK PLAN

The Board:

(a) shall evaluate and review its performance in collaboration with the Corporate Governance, Ethics and Environment Committee;

(b) every two (2) years, shall review and revise the adequacy of its mandate in collaboration with the Corporate Governance, Ethics and Environment Committee; and

(c) shall prepare an annual work plan to be reviewed during the year as required.

9. ROLE OF THE CHAIR OF THE BOARD

The Chair 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 relations with the Corporate Secretary with respect to the affairs of the Board and its Committees. He shall also ensure that any important 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 shall ensure the decisions made by the Board are implemented. The Chair of the Board shall ensure all interested parties are informed about the Board’s policies with respect to compliance with the by-laws and the *Code of Ethics* of the Corporation. He shall also make himself available to advise the President and Chief Executive Officer.

Specific responsibilities of the Chair of the Board shall be:

(a) to ensure harmonious relations between the Shareholder, the Board and management;

(b) to ensure that the directors hold regularly scheduled meetings at which members of management are not in attendance;

(c) to inform the Shareholder of the recommendations for new directors based on the report of the Corporate Governance, Ethics and Environment Committee;

(d) to propose the composition of the Board Committees to the Corporate Governance, Ethics and Environment Committee;

(e) to ensure that the Board Committees have the human, material and financial resources required to carry out their mandate;

(f) to sit ex-officio as a member on the Human Resources and Corporate Social Responsibility Committee;

(g) at his discretion, to be able to sit as an invitee or member on other Board Committees;

(h) to inform management about his evaluation of the information provided to the directors; and

(i) to ensure, with the Corporate Governance, Ethics and Environment Committee, that the best corporate governance practices are followed.

10. COMMITTEE CHAIRS

Each committee Chair shall ensure that the committee fulfills its mandate and shall, in collaboration with the Corporate Secretary:

(a) ensure that the affairs of the committee are properly managed and monitor its effectiveness;

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

(c) ensure that all matters and issues of strategic importance relating to this committee are communicated to the Board as soon as possible;

(d) ensure that the Board receives the information and recommendations it requires from the committee to properly discharge its duties; and

(e) present, at least once a year, a report on the committee’s work in fulfilling its mandate and adhering to its annual plan.

The Chair of the Corporate Governance, Ethics and Environment Committee shall also make himself available to address the concerns of any employee of Énergir, L.P. or other persons with respect to questionable accouting, internal control, auditing or information technology matters, including cybersecurity.

If the Chair of a committee does not attend a meeting of the committee, the committee shall choose one of the other members present at the time to chair the meeting.

11. CORPORATE SECRETARY

The Board and the President and Chief Executive Officer have given the Corporate Secretary the responsibility for organizing all meetings of the Board and its committees. He shall also:

(a) prepare information provided by management 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 a corporate file is maintained;

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

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

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

12. IN CAMERA SESSIONS

At the end of each meeting, the Board shall deliberate without management. The Chair of the Board shall chair the in camera session.

AUDIT COMMITTEE

MANDATE [1]

In this mandate, the masculine gender is used solely for the sake of brevity and refers to both women and men.

1. CONSTITUTION AND COMPOSITION

To assist it in discharging its oversight responsibilities for accounting processes, information technologies and financial reporting, internal control systems, financial management and the management of risks, the Board of Directors of Energir Inc. (the "**Board**") formed an Audit Committee (the "**Committee**") to which it appoints the members and the Chair.

The Committee shall be composed of a minimum of three (3) directors, each of whom must be financially literate within the meaning of the applicable securities laws and regulations, i.e. as a minimum be capable of reading and understanding the financial statements of the Corporation.[2] The Committee shall be composed of independent directors within the meaning of *Regulation 52-110 respecting Audit Committees* ("**Regulation 52-110**") of the Canadian Securities Administrators ("**CSA**"), subject to the independence exemptions provided therein.

Unless approved by the Board is received upon recommendation of the Corporate Governance, Ethics and Environment Committee, a member of the Committee shall not receive any compensation from the Corporation or any of its affiliates other than the compensation received as a director or member of a Board committee. Prohibited compensation includes, without limitation, fees paid, directly or indirectly, as a consultant or legal or financial advisor.

The members of the Committee shall be appointed annually by the Board upon recommendation of the Corporate Governance, Ethics and Environment Committee. The term of office of a member of the Committee shall automatically terminate if they cease to be independent as determined by the Board, subject to having availed themselves of an independence exemption provided for in Regulation 52-110, if applicable.

2. MEETINGS

Regular meetings, four (4) per year, shall be held on such dates, at such times and in such places as the Board may determine. Meetings shall be called by notice given to members by the Secretary or Assistant Secretary on behalf of the Chair of the Committee. Meetings may be held without notice provided the members consent. The presence of a member at the meeting shall constitute consent.

A special meeting may be called at any time by the Chair of the Committee, the Chair of the Board, the President and Chief Executive Officer of the Corporation or at the request of any member of the Committee.

In addition, the Chair of the Committee shall call a meeting of the Committee when requested by the external auditor (the "**External Auditor**") or the chief internal auditor (the "**Internal Auditor**").

3. INVITEES

Other members of the Board may be invited to attend meetings of the Committee on a regular or occasional basis without being a member of the Committee or having voting rights.

The Chair of the Board, if not a member of the Committee, may participate in any meeting. Subject to certain exceptions, the Chief Financial Officer, the Corporate Controller, the Assistant Corporate Controller, the Treasurer, the representative(s) of the External Auditor and the Internal Auditor, as well as any other person upon invitation by the Chair of the Committee or a member of the Committee, shall be invited to participate in all or part of its meetings.

4. QUORUM

A quorum at meetings shall consist of a simple majority of the current members of the Committee.

[1] Revision approved by the Board of Directors on December 15, 2022.
[2] For the purposes of this mandate, "Corporation" refers to Énergir Inc. and/or Énergir, L.P., depending on the context.

5. CHAIR

The Chair of the Committee is appointed by the Board upon recommendation of the Corporate Governance, Ethics and Environment Committee. The Chair shall preside over Committee meetings and ensure the proper conduct of the work arising from its mandate. When the Committee Chair is unable to attend a meeting, a member of the Committee chosen from among the members then present may act as Chair of the Committee.

6. GENERAL MANDATE

The Committee's mandate is to provide assurance to the Board that the Corporation has an adequate and rigorous financial and information technology control framework. It is responsible for overseeing the financial reporting process, the reporting of this information and the relationship with the External Auditor and the Internal Auditor. It has direct communication channels with the External Auditor and the Internal Auditor at all times. It also ensures the effectiveness of internal controls and compliance with laws and regulations and with the accounting principles, standards and rules applicable to the Corporation. It ensures that the Corporation's management protects the Corporation's assets through appropriate risk management. Finally, it reviews the performance, independence and compensation of the External Auditor and ensures an approval process for non-audit services provided by the External Auditor.

Under this mandate, the Committee may delegate certain authority to one or more of its members, including the authority to pre-approve external non-audit services to be provided by the External Auditor, provided such approval is submitted to the Committee at its first regular meeting after the approval has been given.

The Chair of the Board shall ensure that the Committee has the human, material and financial resources necessary to carry out its mandate. If it deems it necessary, the Committee has the power to hire any outside advisor it deems necessary to carry out its duties and to set and pay his compensation.

7. SPECIFIC RESPONSIBILITIES

The Committee’s specific responsibilities shall include the following:

Risk Management

(a) reviewing from time to time reports from management of the Corporation with respect to the identification and analysis of the financial risks and the risks related to information technologies, including cybersecurity, that may affect the Corporation, and ensuring that there are adequate risk management procedures, measures and systems in place to identify, manage and control these risks;

(b) support the Board in its review of the biannual report from management of the Corporation with respect to integrated risk and opportunity management of the business and ensuring that there are adequate risk management procedures, measures and systems in place identify, manage and control these risks;

(c) reviewing each quarter a report on the tax issues and the related follow-up being done and reviewing major disputes with tax authorities;

(d) reviewing each quarter the report on disputes, claims, notices of assessment or regulatory non-compliance, and threats to the Corporation’s operations and the related follow-up being done and reviewing the material disputes or potential material disputes with third parties, and assessing the appropriateness of their disclosure in the documents reviewed by the Committee;

(e) reviewing annually or when circumstances require, the insurance coverage;

(f) requesting a special audit if required;

Information Technology, Operational Technology and Resilience

(a) reviewing each quarter the report on information technology projects and priorities, cybersecurity, the physical security of the facilities and the follow-up being done;

(b) reviewing from time to time the report on the Corporation’s compliance with respect to personal information to ensure that its practices comply with industry standards and the standards imposed by the applicable laws and regulations;

(c) reviewing and monitoring the actions, targets and performance indicators of the governance objective related to physical and digital robustness and resilience included in or identified by the Corporation's ESG plan;

(d) reviewing annually the results of the various penetration tests relating to the physical security of the facilities and the resilience of the Corporation;

(e) reviewing from time to time the Corporation’s emergency and resilience plans;

Internal Audit

(a) reviewing and approving the mandate and annual audit plan of the Internal Auditor;

(b) reviewing each quarter with the External Auditor and the Internal Auditor the internal audit activities report, and the follow-up of the management of the Corporation with respect thereto and reviewing with the Internal Auditor the difficulties encountered in connection with his mandate;

(c) reviewing from time to time the effectiveness of the Internal Audit function, including its compliance with the standards of the Institute of Internal Auditors;

(d) reviewing from time to time the performance and level of independence of the Internal Auditor and advising the President and Chief Executive Officer of the results of this evaluation;

(e) providing its opinion on his appointment or revocation;

External Audit

(a) recommending the appointment of the External Auditor for the Corporation to the Board, it being understood that the appointment of the External Auditor must ultimately be approved by the shareholder of Énergir Inc., on its own behalf and acting in its capacity as general partner of Énergir, L.P.;

(b) recommending to the Board, the compensation to be paid to the External Auditor for his services;

(c) overseeing the work of the External Auditor whose services are retained to prepare or issue an audit report or to render other audit, review or attestation services to the Corporation, including the resolution of disagreements between the management of the Corporation and the External Auditor concerning the financial information;

(d) pre-approving all non-audit services that the External Auditor shall provide to the Corporation;

(e) evaluating at least once a year the competence and the quality of the services of the External Auditor. The External Auditor shall report directly to the Committee;

(f) ensuring the External Auditor is a participating audit firm within the meaning of the *Regulation 52108 respecting Auditor Oversight* of the CSA and that it complies, where applicable, with any directive or restriction issued by the *Canadian Public Accountability Board;*

(g) reviewing the public reports and information bulletins of the *Canadian Public Accountability Board* published for audit committees and received from the External Auditors, along with any significant findings arising from the inspection of the Corporation's audit file;

(h) at least once a year, reviewing the written report prepared by the External Auditor describing:

    i. any significant issues concerning the audit file of the Corporation arising during any peer controls or reviews, information requests, or inquiries carried out by a government, regulatory or professional authority, as well as any steps taken in this regard; and

    ii. internal quality-control procedures implemented by the External Auditor, including any significant issues raised during the latest internal review thereof, as well as any steps taken in this regard;

(i) at least once a year, evaluating and ensuring independence of the External Auditor, and to that end, it shall:

    i. review the existing or proposed relationships between the Corporation, its personnel or its consultants and the partners, employees, former partners and former employees of the External Auditor;

    ii. review and approve the Corporation's hiring policy with respect to partners, employees, former partners and former employees of the present and former External Auditor of the Corporation, namely, the *Policy on hiring partners and employees of the external auditors*, and ensure it is complied with; and

    iii. ensure that the *Policy and Procedure Regarding Pre-approval of External Audit and Non-Audit Related Services* is complied with;

(j) ensuring there is a rotation of the engagement partner, the reference partner and other audit partners within the standards prescribed by the regulatory authorities and the applicable securities and governance laws and regulations;

(k) reviewing and approving the annual audit plan of the External Auditor and related budget proposed by the External Auditor as well as any change thereto;

(l) reviewing the scope of the audit, the External Auditor's reports following his interim reviews and annual audits, the External Auditor's letter addressed to the management of the Corporation and related comments therefrom and the follow-up done by the management of the Corporation;

(m) reviewing any problems encountered by the External Auditor in the course of his engagement, in particular any restrictions that may have been imposed by the Corporation's management;

(n) reviewing the External Auditor's recommendation letter with respect to internal controls, the responses thereto from management of the Corporation and the steps taken by management of the Corporation to address them;

(o) from time to time questioning the External Auditor about the competence and performance of the Corporation's personnel responsible for finance, accounting and internal controls;

Financial Information

(a) monitoring the integrity and quality of the internal control systems, the financial reporting process and accounting policies through investigations and discussions with the Corporation’s management, the Internal Auditor and the External Auditor;

(b) reviewing the financial forecasts communicated by the management of the Corporation to the Board and ensuring that adequate controls and procedures are established and maintained by the management of the Corporation to ensure the integrity of these financial forecasts;

(c) reviewing with the management of the Corporation and the External Auditor (i) the quality, relevance and disclosure of the accounting principles and policies used and the underlying assumptions and financial reporting practices and (ii) the impact of any proposed changes to these or securities regulations relating to accounting policies and financial reporting;

(d) ensuring the financial information complies with the applicable securities laws, regulations and policies;

(e) reviewing and approving the interim financial statements of Énergir, L.P., and also reviewing the annual financial statements of Énergir, L.P. which include the External Auditor’s Report, and recommending the approval thereof by the Board;

(f) reviewing, prior to public release, the annual information forms, prospectuses, interim and annual financial statements and Management’s Discussion and Analysis of Énergir Inc. (including the Corporation's risks and opportunities therein) and recommending the approval thereof by the Board;

(g) ensuring there are adequate procedures for reviewing public disclosures of financial information extracted or derived from the Corporation’s financial statements and from time to time assessing the adequacy of these procedures;

(h) reviewing the Declaration of the Chief Financial Officer regarding the quarterly income distribution and the quarterly dividend and making recommendations to the Board with respect thereto;

(i) reviewing all non-routine correspondence with the regulatory authorities, and any complaint involving a regulatory authority or published information that raises issues with respect to the financial statements, the financial information or the accounting policies;

(j) in collaboration with the Corporate Governance, Ethics and Environment Committee, reviewing the corporate policies, in particular with respect to financial reporting and, if it deems appropriate, those concerning information technology, and ensuring their follow-up;

(k) receiving each quarter an executive summary of the minutes of the Audit Committees of the Canadian and U.S. subsidiaries, if applicable;

Certifications and Compliance Reports

(a) ensuring the certifications of the President and Chief Executive Officer and the Vice President and Chief Financial Officer of the Corporation are provided on a timely basis and reviewing them following receipt;

(b) receiving from Corporate Control a report on compliance with the financial reporting laws and regulations as well as with the laws and regulations applicable to securities;

Committee Performance Assessment and Work Plan

(a) evaluating and reviewing its performance in collaboration with the Corporate Governance, Ethics and Environment Committee and reporting thereon to the Board. If necessary, preparing and following up on an action plan to address the assessment results;

(b) every two (2) years, reviewing and revising the adequacy of its mandate in collaboration with the Corporate Governance, Ethics and Environment Committee and making its recommendations to the Board; and

(c) preparing an annual work plan to be revised during the year as required.

8. OTHER MANDATES

The Committee shall carry out such other duties as may be assigned to it by the Board.

9. REPORTING

The Committee shall report to the Board at the Board meeting following its own meeting. The Chair of the Committee shall report verbally on items that are of immediate interest to the Board and submit the Committee's recommendations for approval by the Board. The Chair of the Committee shall also present, at least once a year, a report on the Committee's work in fulfilling its mandate and adhering to its annual work plan.

10. IN CAMERA SESSIONS

The Committee shall hold a number of in camera sessions during each meeting, with the External and Internal Auditors, as well as with and without the management of the Corporation.