



H₂O INNOVATION INC.

Notice of Annual General Meeting of Shareholders

and

Management Proxy Circular of H₂O Innovation Inc.

**for the Annual General Meeting of Shareholders
to be held on**

December 8, 2020, 10:00 a.m. (Eastern Time)

October 19, 2020



H₂O INNOVATION INC.

Quebec City, October 19, 2020

Dear Shareholders:

The Board of Directors and management of H₂O Innovation Inc. are pleased to invite you to the Annual General Meeting of shareholders of H₂O Innovation Inc. to be held on Tuesday, December 8, 2020, at 10:00 a.m. (Eastern Time), which will be conducted in a virtual only format at <https://web.lumiagm.com/430948235>.

This year, out of an abundance of caution, to proactively deal with the unprecedented public health impact of the novel coronavirus disease, also known as COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, we will hold the annual meeting in a virtual only format. All shareholders, regardless of their geographic location, will have an equal opportunity to participate in the meeting and engage with directors and management of the Corporation as well as other shareholders.

At this meeting, the shareholders will be asked to vote on the election of directors and the appointment of the auditor for the fiscal year ending June 30, 2021.

We urge you to give serious attention to the information on each matter set out in the attached Management Proxy Circular dated October 19, 2020. It is important that you exercise your vote, either in person at the meeting or by completing and returning the proxy form which was sent by mail to the shareholders of H₂O Innovation Inc.

Following the formal portion of the meeting, members of management will answer questions and talk about the business and operations of H₂O Innovation Inc.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa Henthorne', written in a cursive style.

Lisa Henthorne
Chairwoman of the Board of Directors

A handwritten signature in black ink, appearing to read 'Frédéric Dugré', written in a cursive style.

Frédéric Dugré
President and Chief Executive Officer

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS OF H₂O INNOVATION INC.
(the "Corporation")**

MEETING DATE:

**Tuesday, December 8, 2020
at 10:00 a.m.
(Eastern Time)**

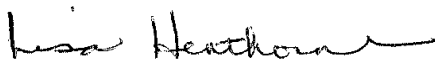
BUSINESS OF THE ANNUAL GENERAL MEETING

At the Annual General Meeting of shareholders of the Corporation (the "Meeting"), shareholders will be asked to:

1. receive the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2020;
2. elect the directors for the ensuing year;
3. appoint the auditor for the fiscal year ending June 30, 2021 and authorize the directors to fix its remuneration; and
4. to consider such other business that may properly come before the Meeting or any adjournment thereof.

This year, out of an abundance of caution, to proactively deal with the unprecedented public health impact of the novel coronavirus disease, also known as COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, we will hold the Meeting in a virtual only format. Shareholders will not be able to attend the Meeting physically. A virtual-only format is being adopted to enfranchise and give all shareholders an equal opportunity to attend, participate and vote at the Meeting regardless of their geographic location or the particular constraints, circumstances or risks they may be facing as a result of COVID-19. The Meeting can be accessed by logging in online at <https://web.lumiagm.com/430948235>.

By order of the Board of Directors,



Lisa Henthorne
Chairwoman of the Board of Directors
Quebec City, Quebec
October 19, 2020

Notes:

- The enclosed management proxy circular contains supplementary information on matters to be discussed at the Meeting and is hereby deemed to be an integral part of this notice.
- Shareholders qualified to vote but unable to attend the Meeting are encouraged to complete, sign, and return the form of proxy which was sent by mail to the shareholders of the Corporation no later than 5:00 p.m. (Eastern Time) on December 4, 2020.

MANAGEMENT PROXY CIRCULAR

October 19, 2020

1. VOTING INFORMATION

1.1 Notice-and-Access

This year, H₂O Innovation Inc. (the "Corporation") has elected to use "notice-and-access" procedures as permitted under *Regulation 51-102 respecting Continuous Disclosure Obligations* and *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* ("Regulation 54-101") to deliver the notice of meeting, this management proxy circular (the "Circular") and the annual report for the year ended June 30, 2020 (the "Meeting Materials") to its shareholders rather than mailing such documents, meaning that the Meeting Materials are available online, on the Corporation's website at www.h2oinnovation.com/general-assembly and under its SEDAR profile at www.sedar.com. The shareholders of the Corporation should have received a package (the "Notice Package") in the mail containing a notice of availability of materials with the information prescribed by Regulation 54-101 further explaining how to access and review the Meeting Materials and a form of proxy (if a Registered Shareholder, as defined in Section 1.7 – "Registered Shareholders" below) (the "Form of Proxy") or a voting instruction form (if a Non-Registered Shareholder, as defined in Section 1.8 – "Non-Registered Shareholders" below) (the "VIF").

Notice-and-access is an environmentally friendly alternative to distribute the Meeting Materials, by reducing the use of paper and the energy consumption, while also lowering the Corporation's printing and mailing costs.

As further detailed in the Notice Package, the shareholders of the Corporation can request a paper copy of the Meeting Materials no later than 4:00 p.m. (Eastern Time) on November 25, 2020, free of charge, by email at info@h2oinnovation.com or by phone at 1-888-688-0170 (Canada and United States). Please note that the shareholders will not receive another Form of Proxy or VIF and should retain the Form of Proxy or VIF included in the Notice Package to vote their common shares.

The Notice Packages are being sent to both Registered Shareholders and Non-Registered Shareholders of the Corporation's securities. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holding of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send the Notice Package to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering the Notice Package to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF.

1.2 Solicitation of Proxies

This Circular is related to the solicitation of proxies by the management of the Corporation for use at the Annual General Meeting of shareholders of the Corporation (the "Meeting") to be held at the date and time and for the purposes set forth in the accompanying notice of meeting. Unless otherwise indicated, information in this Circular is given as of October 19, 2020.

1.3 Appointment of Proxyholders

The persons designated in the Form of Proxy or the VIF are directors of the Corporation. **Any shareholder has the right to appoint a person other than the persons designated by management in the Form of Proxy or the VIF to represent such shareholder at the Meeting.** A shareholder desiring to appoint another person to represent such shareholder at the Meeting (including Non-Registered Shareholders wishing to appoint themselves) must submit their Form of Proxy or VIF (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once a shareholder has submitted their Form of Proxy or VIF. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a 13-digit Control Number to participate in the Meeting. To register a proxyholder, shareholders or their duly appointed proxyholder **MUST** call the Corporation's registrar and transfer agent, AST Trust Company (Canada) ("AST"), at 1-866-751-6315 or 1-212-235-5754 no later than 5:00 p.m. (Eastern Time) on December 4, 2020 and provide AST with the proxyholder's contact information, so that AST may provide the proxyholder with a Control Number via email.

A person acting as proxy need not be a shareholder of the Corporation.

1.4 Revocation of Proxies

A shareholder giving a proxy has the power to revoke it as to any matter yet to be submitted to a vote pursuant to the authority conferred by such proxy and may do so either: i) by delivering another properly executed Form of Proxy bearing a later date to AST, 1, Toronto Street, Suite 1200, Toronto (Ontario) M5C 2V6, or ii) by depositing with AST at the above-mentioned address a written notice revoking the proxy and executed by the shareholder or by his attorney authorized in writing, two (2) business days prior to the date of the Meeting. If the shareholder is a corporation, such notice must be executed by a duly authorized officer under its corporate seal or accompanied by a corporate resolution authorizing the signature, as applicable.

If you are using a 13-digit Control Number to login to the virtual Meeting and you vote by online ballot on the matters put forth at the Meeting, you will be revoking any and all previously submitted proxies. If you DO NOT wish to revoke all previously submitted proxies, you should refrain from voting during the Meeting.

1.5 Participating at the Meeting

The Meeting will be hosted online by way of a live webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information Shareholders will need to attend the online Meeting is provided below:

- The Meeting will begin at 10:00 a.m. (Eastern Time) on December 8, 2020 and can be accessed online by going to <https://web.lumiagm.com/430948235>.
- Registered Shareholders and duly appointed proxyholders who were assigned a Control Number by AST, will be able to vote and submit questions during the Meeting by clicking "Control #" and entering the 13-digit Control Number and Password before the start of the Meeting.
 - Registered Shareholders - the 13-digit control number located on the Form of Proxy is the Control Number and the Password (case sensitive) is "H2O2020".
 - Duly appointed proxyholders – AST will provide the proxyholder with a Control Number by email upon registration. The Password (case sensitive) is "H2O2020".
- Voting and submitting questions during the Meeting will only be available for Registered Shareholders and duly appointed proxyholders. Non-Registered Shareholders who have not appointed themselves may attend the meeting by clicking "Guest" and completing the online form. Guests (including Non-Registered Shareholders who have not appointed themselves) will be able to listen to the Meeting but will not be able to vote or submit questions. Please see the information in Section 1.8 – "Non-Registered Shareholders" for an explanation on how such Non-Registered Shareholders can vote or attend and participate at the Meeting.
- To attend and vote at the virtual Meeting, a United States Non-Registered Shareholders must first obtain a valid legal proxy from its broker, bank or other agent and then register in advance to attend the Meeting. United States Non-Registered Shareholders should follow the instructions from their broker or bank included with the proxy materials, or contact their broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from their broker, bank or other agent, to then register to attend the Meeting, United States Non-Registered Shareholders must submit a copy of their legal proxy to AST. Requests for registration should be directed to:

AST Trust Company (Canada)
1, Toronto Street, Suite 1200
Toronto (Ontario) M5C 2V6

Requests for registration must be labeled as "Legal Proxy" and be received no later than 5:00 p.m. (Eastern Time) on December 4, 2020. United States Non-Registered Shareholders will receive a confirmation of their registration by email after AST receives their registration materials. United States Non-Registered Shareholders may attend the Meeting and vote their common shares at <https://web.lumiagm.com/430948235> during the Meeting. Please note that United States Non-Registered Shareholders are required to register their appointment by calling AST at 1-866-751-6315 or 1-212-235-5754.

If you are eligible to vote at the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

1.6 Exercise of Voting Rights Attached to the Shares

Registered Shareholders can vote their common shares by (i) virtually attending the Meeting, (ii) by completing a Form of Proxy to appoint someone else as proxyholder to virtually attend the Meeting and vote their shares on their behalf, (iii) by phone using the number shown on the Form of Proxy (in which case the shareholders will not be able to appoint a person other than the persons designated by management in the Form of Proxy to represent such shareholder at the Meeting), or (iv) by Internet by visiting the website shown on the Form of Proxy (refer to the Control Number shown on the Form of Proxy) and following the online voting instructions. The Forms of Proxy must be executed by shareholders or the attorneys of such shareholders, duly authorized in writing, and must be deposited with AST (i) by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1, (ii) by fax to 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111, or (iii) by scan and email to proxyvote@astfinancial.com, no later than 5:00 p.m. (Eastern Time) on December 4, 2020 or, if the Meeting is adjourned or postponed, the last business day preceding any adjourned or postponed Meeting. Failure to deposit a Form of Proxy shall result in its invalidation.

Shareholders who wish to appoint a person other than the persons designated by management in the Form of Proxy to represent such shareholder at the Meeting must follow the procedure set out under the Section 1.3 – "Appointment of Proxyholders" above. If a shareholder fails to follow such procedure, its proxyholder will not be able to vote at the Meeting.

If the Form of Proxy is properly completed and submitted in favor of the persons designated in the printed portion thereof, the shares represented by such Form of Proxy will be voted on any ballot that may be called for and where the person whose proxy is solicited specifies a choice with respect to any matter identified therein and the shares will be voted, or withheld from voting, in accordance with the specifications so made.

Where shareholders have not specified in the Form of Proxy the manner in which the designated proxy holders are required to vote the shares represented thereby as to any matter listed on the Form of Proxy, such shares will be voted on any ballot that may be called for **in favor** of such matter.

The Form of Proxy also confers discretionary authority with respect to amendments or variations to the matters identified in the notice of meeting and with respect to matters other than those identified therein which may properly come before the Meeting. As of the date hereof, the management of the Corporation is not aware that any such amendments, variations, or other matters are to be presented for action at the Meeting. **If any matters that are not now known to the management of the Corporation should properly come before the Meeting, then on any ballot that may be called for, the Form of Proxy will be voted on such matters in accordance with the best judgment of the person voting same.**

1.7 Registered Shareholders

Shareholders who have a share certificate or a Direct Registration System (DRS) statement issued in their name and, as a result, have their name shown on the Corporation's register of shareholders kept by AST, are "Registered Shareholders".

Registered Shareholders can vote their common shares by (i) virtually attending the Meeting, (ii) by appointing someone else as proxyholder to virtually attend the Meeting and vote their shares on their behalf, by completing a Form of Proxy and returning it by mail, email or fax delivery in accordance with the instructions set forth therein, (iii) by phone using the number shown on the Form of Proxy (in which case the shareholders will not be able to appoint a person other than the persons designated by management in the Form of Proxy to represent such shareholder at the Meeting), or (iv) by Internet by visiting the website shown on the Form of Proxy (refer to the Control Number shown on the Form of Proxy) and following the online voting instructions. For additional information, refer to Sections 1.3 – "Appointment of Proxyholders", 1.5 – "Participating at the Meeting" and 1.6 – "Exercise of Voting Rights Attached to the Shares" above and to the Form of Proxy.

1.8 Non-Registered Shareholders

Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.

More particularly, a person is not a registered shareholder in respect of common shares which are held on behalf of that person (the "Non-Registered Shareholder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Shareholder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant.

Non-Registered Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners, or "NOBOs". Those Non-Registered Shareholders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners, or "OBOs".

In accordance with the requirements of Regulation 54-101, the Corporation has elected to use notice-and access to send proxy-related materials relating to the meeting to its shareholders. With that respect, the Corporation only sends, by mail, the Notice Package directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The solicitation of proxies will be primarily made by mail but may be supplemented by telephone or other personal contact by the directors of the Corporation without additional compensation. The cost of solicitation of proxies will be borne by the Corporation and the Corporation intends to reimburse Intermediaries for reasonable costs incurred in sending the Notice Package to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Notice Package to each OBO, unless the OBO has waived the right to receive them.

The Notice Package sent to Non-Registered Shareholders who have not waived the right to receive such documents contains a VIF. This form may be used instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a Non-Registered Shareholder is able to instruct a proxyholder how to vote on behalf of the Non-Registered Shareholder. VIFs, whether provided by the Corporation or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. In either case, the purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the shares which they beneficially own. For additional information, refer to Section 1.3 – "Appointment of Proxyholders" above and to the VIF.

Non-Registered Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

1.9 Record Date

Pursuant to Regulation 54-101, the Notice Package will be sent to all holders of common shares of the Corporation who are shareholders of record at 5:00 p.m. (Eastern Time) on October 23, 2020 (the "Record Date"). Any common share that is registered at the close of business on the Record Date will entitle its holder or any proxy named by such holder to vote at the Meeting and at any adjournment thereof. Common shares may be withheld from voting or voted for the proposals contained herein.

The Corporation will prepare, no later than ten (10) days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date at the Meeting that indicates the number of shares held by each shareholder. The list of shareholders entitled to vote at the Meeting is available for inspection during usual business hours at the office of AST, the Corporation's transfer agent and registrar, located at 1, Toronto Street, Suite 1200, Toronto (Ontario) M5C 2V6, and at the Meeting.

1.10 Common Shares and Principal Holders

As of October 19, 2020, the authorized share capital of the Corporation consists of an unlimited number of common shares without par value and an unlimited number of preferred shares, without par value, issuable in series, of which 77,419,477 common shares are issued and outstanding. Each holder of common shares of the Corporation as of the Record Date is entitled to vote at the Meeting, each common share conferring one (1) vote.

To the knowledge of the directors and officers of the Corporation, the only shareholders who, as of October 19, 2020, beneficially own, or control or direct, directly or indirectly, shares conferring 10% or more of the voting rights attached to the issued and outstanding shares of the Corporation are indicated in the table below:

Name of Shareholder	Number of Common shares	Percentage of Voting Rights
Investissement Québec	11,955,925	15.44%
BDC Capital Inc.	9,847,963	12.72%
Caisse de dépôt et placement du Québec	8,479,946	10.95%

1.11 Interest on Matters to be Acted Upon

Except as disclosed in this Circular, nobody who has been a director or an executive officer of the Corporation since the beginning of the Corporation's last fiscal year, or who is a nominee for election as a director of the Corporation, nor any associate or affiliate related to such director or executive officer has a material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of the auditors.

2. BUSINESS OF THE MEETING

2.1 Presentation of the Audited Consolidated Financial Statements

The consolidated financial statements of the Corporation for the fiscal year ended June 30, 2020 and the auditor's report thereon will be presented to the shareholders at the Meeting. No shareholder vote with respect thereto is required.

The audit committee of the Board of Directors of the Corporation (the "Audit Committee") has examined the audited consolidated financial statements for the fiscal year ended June 30, 2020 and discussed them with the management and the Corporation's external auditor, Ernst & Young LLP ("EY"). The goals of this audit are to express an opinion on the Corporation's presentation of the consolidated financial statements.

Based on the reports and discussions described in the management's report, and subject to the limitations on the role and responsibilities of the Audit Committee in its mandate, the Audit Committee recommended for approval by the Board of Directors the audited consolidated financial statements for the fiscal year ended June 30, 2020, the press release on the quarter and fiscal year ended June 30, 2020, and the Corporation's annual report for the fiscal year ended June 30, 2020.

The disclosure relating to the Audit Committee required by *Regulation 52-110 respecting Audit Committees* ("Regulation 52-110") is provided in Section 15 of the Corporation's Annual Information Form dated September 23, 2020 for the fiscal year ended June 30, 2020 (the "AIF"), which section is hereby included by reference in this Circular. A copy of the AIF can be obtained on SEDAR (www.sedar.com) and may also be obtained through the Investors Relations Department of the Corporation at the address set forth in Section 11 – "Additional Information" below.

2.2 Election of the Directors

According to the Restated Articles of Incorporation of the Corporation, the Board of Directors shall consist of a minimum of three (3) and a maximum of eleven (11) directors. At the Meeting, the management of the Corporation will propose for election as directors of the Corporation the eight (8) persons named hereunder.

Under an agreement entered into between Investissement Québec and the Corporation on December 5, 2013, Investissement Québec has the right to propose a nominee for election to the Board of Directors of the Corporation as long as it holds at least 10% of the issued and outstanding common shares of the Corporation. The nominee proposed for election by Investissement Québec is Mr. Robert Comeau.

Under an agreement entered into between Caisse de dépôt et placement du Québec and the Corporation on November 7, 2019, Caisse de dépôt et placement du Québec has the right to propose a nominee for election to the Board of Directors of the Corporation as long as it holds at least 10% of the issued and outstanding common shares of the Corporation. The nominee proposed for election by Caisse de dépôt et placement du Québec is Mr. René Vachon.

Except where authority to vote in favor of the election of directors is withheld, the nominees named in the Form of Proxy will vote the shares represented by such proxy in favor of the election of each of the eight (8) persons named hereunder.

Management does not contemplate that any nominee will be unable or unwilling to serve as a director, but should that occur for any reason prior to the Meeting, the persons designated in the Form of Proxy reserve the right to vote for another nominee at their discretion, unless otherwise instructed in the proxy. Each elected director will hold office until the next annual meeting of shareholders of the Corporation or until a successor is duly elected or appointed or unless his or her office is earlier vacated in accordance with the by-laws of the Corporation.

The table below indicates the names and city of residence of the persons proposed for election as directors of the Corporation, their principal occupation, and the number of shares and options of the Corporation they hold or over which they exercise control as of October 19, 2020.

Name and Place of Residence	Principal Occupation	Director since	Number of Common Shares	Number of Options
Robert Comeau ⁽¹⁾⁽²⁾ Montréal, Quebec, Canada	Corporate Director (formerly Chief Financial Officer for Lumenpulse Inc.)	December 6, 2017	195,873	---
Pierre Côté ⁽⁴⁾ Ancaster, Ontario Canada	President Côté Membrane Separation Ltd. (consulting firm)	November 12, 2013	248,642	---
Frédéric Dugré ⁽⁴⁾ Quebec City, Quebec Canada	President and Chief Executive Officer H ₂ O Innovation Inc.	January 12, 1999	864,505	1,375,000
Stéphane Guérin Montréal, Quebec Canada	Equity Owner and Executive Vice President Groupe CT Inc. (print and document management technologies and solutions company)	November 13, 2019	9,781	---
Lisa Henthorne ⁽¹⁾⁽³⁾ Tucson, AZ USA	Senior Vice President and Chief Technology Officer Water Standard (water desalination company)	July 12, 2010	86,131	8,000
Richard A. Hoe ⁽¹⁾⁽²⁾⁽³⁾ Naples, FL USA	Private investor (former lawyer at Winthrop & Weinstine P.A.)	July 10, 2008	2,778,013	8,000
Elisa M. Speranza New Orleans, LA USA	President Seventh Ward Strategies, LLC (consulting firm)	---	300	---

Name and Place of Residence	Principal Occupation	Director since	Number of Common Shares	Number of Options
René Vachon ⁽²⁾⁽³⁾ Sherbrooke, Quebec Canada	Corporate Director (formerly Vice President – Corporate Development and Chief Financial Officer for Miranda Technologies)	June 13, 2019	19,600	---

- (1) Member of the Executive Committee
(2) Member of the Audit Committee
(3) Member of the Corporate Governance, Remuneration and Risks Committee
(4) Member of the Projects, Operation and Innovation Committee

The following is a brief biography of the individual proposed by the management of the Corporation for election as director that was not elected to the present term of office by a vote of the shareholders at a duly constituted meeting of the shareholders, namely Ms. Elisa M. Speranza:

Elisa M. Speranza is recognized as a water treatment industry leader with a passion for promoting sustainable environmental, economic and social progress. Ms. Speranza was employed with CH2M Hill Inc. (acquired by Jacobs Engineering Group Inc.), a Fortune 500 listing company providing infrastructure and natural resources solutions to clients worldwide, for 15 years. She occupied several positions, such as President of the Operations Management Business Group from 2008 to 2013 as well as Senior Vice President and Corporate Director from 2014 to 2017. Since January 2018, Ms. Speranza acts as an independent director for Northeast Power Coordinating Council Inc., a non-for-profit corporation responsible for promoting and enhancing the reliability of the international, interconnected bulk power system in the Northeastern North America and, since May 2008, she acts as an adjunct instructor at the University of Colorado in Water Engineering and Management program. Furthermore, Ms. Speranza sat on several boards of directors and committees, such as the *American Water Works Association (AWWA)* and *Water for People (W4P)* and is a long-standing member of the *Water Environment Federation (WEF)*. Ms. Speranza is also serving as advisory member of the Projects, Operation and Innovation Committee of the Corporation since 2016.

Cease Trade Orders, Bankruptcies, Penalties, or Sanctions

No director or director nominee, is or has been, during the ten (10) years preceding the date of this Circular, a director, chief executive officer or chief financial officer of a company that: (i) was subject to a cease trade order or order similar to a cease trade order or an order that denied the relevant company access to any exemption under Canadian securities legislation for a period of more than thirty (30) consecutive days that was issued while the director or director nominee was acting in the capacity as director, chief executive officer or chief financial officer, (ii) was subject to a cease trade order or order similar to a cease trade order or an order that denied the relevant company access to any exemption under Canadian securities legislation for a period of more than thirty (30) consecutive days issued after the director or director nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in such capacity, (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets while that person was a director, chief executive officer or chief financial officer or within a year of that person ceasing to act in that capacity, or (iv) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except the following:

- Robert Comeau served as Vice President and Chief Financial Officer of Aveos Fleet Performance Inc. (“Aveos”) from January 26, 2009 until March 31, 2011. On March 19, 2012, Aveos filed a voluntary petition for relief under the *Companies’ Creditors Arrangement Act (Canada)* (the “CCAA”). The Québec Superior Court issued a stay of proceedings until April 5, 2012 and subsequently until November 22, 2013. On March 22, 2012, the Court issued an order appointing a restructuring officer with the requisite authority to carry on and supervise the affairs of Aveos. On November 18, 2013, Aveos presented a motion for the termination of the CCAA proceedings, and on November 22, 2013, following a Motion of the Issuance of an order to appoint a Receiver pursuant to Section 243 of the *Bankruptcy and Insolvency Act (Canada)* (the “BIA”) by certain creditors of Aveos, the Québec Superior Court issued a termination and discharge order with respect to the CCAA proceedings and issued an order appointing a receiver under the BIA. On November 25, 2013, the Québec Superior Court issued a notice of bankruptcy and called a first meeting of creditors pursuant to subsection 102(1) of the BIA.

Moreover, no director or director nominee has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority nor any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

2.3 Appointment of Auditor

At the Meeting, the shareholders of the Corporation will be asked to approve a resolution to appoint the auditor of the Corporation until the close of the next annual meeting and to authorize the directors to fix its remuneration. The Board of Directors, upon the advice of the Audit Committee, recommends that EY be re-appointed as auditor of the Corporation. EY was first appointed as

auditor of the Corporation on December 6, 2017 for the fiscal year ended on June 30, 2018. The re-appointment of EY for the fiscal year ending on June 30, 2021 must be approved by a majority of the votes cast on the matter at the Meeting.

Auditor fees for the fiscal years ended June 30, 2020 and June 30, 2019 are detailed in Section 15.4 of the AIF, which section is hereby included by reference in this Circular. A copy of the AIF can be obtained on SEDAR (www.sedar.com) and may also be obtained through the Investors Relations Department of the Corporation at the address set forth in Section 11 – “Additional Information” below.

Unless the authorization to vote is withheld, the persons designated in the Form of Proxy intend to vote in favor of the appointment of Ernst & Young LLP as auditor of the Corporation for the fiscal year ending June 30, 2021 and to authorize the directors to determine its remuneration.

3. STATEMENT OF EXECUTIVE COMPENSATION

3.1 General

3.1.1. Corporate Governance, Remuneration and Risks Committee

The Corporation's compensation mechanisms are monitored by the Corporate Governance, Remuneration and Risks Committee of the Board of Directors of the Corporation (the “Governance Committee”). As of October 19, 2020, the members of the Governance Committee are René Vachon, Lisa Henthorne and Richard Hoel. Mr. Vachon acts as Chairman of the Governance Committee since November 13, 2019, in replacement of Mr. Robert Comeau.

All of the members of the Governance Committee are independent directors within the meaning of Regulation 58-101, as defined in Section 9 – “Statement of Corporate Governance Practices” of this Circular and have relevant experience to fulfill their responsibilities as to the compensation of the Named Executive Officers (as defined in Section 3.7).

René Vachon, CPA, CA, held the positions of Vice President – Corporate Development and Chief Financial Officer at Miranda Technologies for close to ten (10) years, from 2003 to 2012. Previously, he served as Vice President – Strategy and Corporate Development and Chief Financial Officer at Autostock Inc. and Belron Canada from 1995 to 2002. During his career, Mr. Vachon also held various positions including those related to strategic planning, mergers and acquisitions, finance, IT and human resources. Over the last years, Mr. Vachon sat on the board of directors of several publicly traded and private companies. As of now, besides the Corporation, Mr. Vachon sits on the board of directors of a private company, for which he is also the chairman of the audit committee. Mr. Vachon's commercial knowledge, particularly in finances and human resources, allows him to bring valuable contribution to the Corporation as a member of the Governance Committee.

Lisa Henthorne holds a MS in Chemical Engineering from the Colorado School of Mines and a BS in Chemistry from the Missouri State University. Ms. Henthorne has over twenty-five (25) years of extensive experience in the field of membranes and desalination in seawater, brackish water and wastewater reclamation applications, where she also developed extensive knowledge regarding compensation policies and practices. She served as a Vice President of CH2M HILL, a \$6 billion global engineering and construction business, and was their Global Director of Desalination from 2004 to 2008. Over the course of her career, she has led and served as technical advisor on some of the world's largest desalination projects. She has also worked for the U.S. Bureau of Reclamation, the U.S. State Department and Aqua Resources International, a consulting firm specializing in desalination technology. She currently serves as Senior Vice President and Chief Technology Officer at Water Standard, where she is responsible for directing and developing the technology and design aspects of vessel-based desalination solutions. Ms. Henthorne was elected as the President of the International Desalination Association for the term 2007-2009, after having served on its board of directors since 1997 and, since June 2019, she is the President of the Produced Water Society. Her professional career and the positions held over all those years allowed her to acquire direct experience relevant to her responsibility in executive compensation.

Richard Hoel holds a J.D. from Harvard Law School and a B.A. in Economics from Hamline University. He was a founding partner of Winthrop & Weinstine, a Minneapolis law firm of approximately one hundred and thirty (130) lawyers. His law practice focused on representing corporate and entrepreneurial clients particularly in the area of buying, restructuring and selling companies. In addition to his law practice, he has been an owner, director, and investor in numerous companies in various industries for over twenty (20) years. As part of this process, he has been personally and professionally involved in the business, tax, securities, and regulatory issues associated with acquisitions, divestitures and restructurings. He has also been the Vice Chairman and long-time Trustee of Hamline University. Mr. Hoel's entrepreneurial knowledge developed over the years as a representative and an owner of many companies allowed him to acquire the relevant experience to fulfill his responsibilities as member of the Governance Committee.

The Governance Committee meets at least twice a year and provides oversight, assessment, guidance and/or recommendations to the Board of Directors on the following matters: (i) corporate governance affairs, (ii) internal controls, (iii) succession planning, performance review and compensation of the executive officers and members of the Board of Directors, (iv) employee benefits and talent management, (v) risk management, (vi) health & safety and environmental compliance as well as (vii) cybersecurity. In addition, the Governance Committee reviews and recommends, for approval by the Board of Directors, the “Statement of Executive Compensation” included in any management proxy circular as well as any other document related to executive compensation.

3.1.2. Compensation Objectives

The Corporation's executive compensation philosophy is designed to attract, retain and reward highly qualified individuals and motivate them to achieve performance objectives aligned with the Corporation's strategic orientation and consistent with shareholder value creation. The Corporation's goal is to provide market competitive remuneration consistent with responsibility level, experience and performance. The Governance Committee must ensure that the compensation of the Corporation's executive officers is consistent with the compensation philosophy of the Corporation.

In accordance with the Corporation's philosophy, a significant portion of the compensation of the Corporation's executive officers is related to the financial performance of the Corporation, and to the responsibilities inherent to their respective duties. The Governance Committee reviews, on an annual basis, the compensation packages of the executive officers in order to ensure their competitiveness and compliance with the objectives, values and strategies of the Corporation.

During the fiscal year ended June 30, 2019, the services of Gouvernance Expert Inc., a compensation consultant, were retained by the Governance Committee to review the compensation strategy and policies of the Corporation. Gouvernance Expert Inc. presented its report and recommendations to the Governance Committee in April 2019. After review and discussion between the members of the Governance Committee and the Board of Directors, certain recommendations provided by the compensation consultant were approved and implemented during the fiscal year ended on June 30, 2020. The recommendations of the compensation consultant are discussed in further details below.

3.1.3. Elements of Compensation

The Corporation seeks to achieve the compensation objectives described earlier through different elements of compensation, including short-term and long-term compensation plans. The Corporation believes that these various elements are important to effectively achieve the objectives of its executive compensation philosophy.

The components of the executive officers' compensation are:

- i) base salary;
- ii) annual variable remuneration; and
- iii) long-term incentives, such as stock option plan.

The executive officers of the Corporation also benefit from the Corporation's employee benefit programs, including the Share Purchase Plan described in Section 3.4.2 – "Share Purchase Plan" below.

The executive officers' global compensation includes fixed elements such as base salary, annual incentives and equity portion under the form of stock options. The Corporation's short-term incentive plan includes maximum potential payments based on various objectives related to the financial performance of the Corporation's consolidated results that are set at the beginning of the year, as well as certain strategic objectives, which spread the risk associated with any one objective at the expense of another. The vesting conditions of the stock option plan are closely tied to achievement of the Corporation's strategic objectives and promote behaviours that focus on mid- and long-term objectives, discouraging behaviours with a short-term risk focus. To ensure that the executive officers act in the best interest of the Corporation, Gouvernance Expert Inc. recommended to improve the long-term incentive portion of the executive officers' compensation by offering a mix of stock options and other forms of long-term incentive.

3.1.4. Benchmarking – Executive Officers' Compensation

As previously mentioned, the services of a compensation consultant, Gouvernance Expert Inc., were retained in the fourth quarter of fiscal year ended June 30, 2019 to review the compensation strategy and policies of the Corporation, including measuring the compensation against that of comparable companies and reviewing the different components or criteria of the annual variable remuneration. The compensation consultant performed a benchmark analysis with respect to the main components of the executive officers' compensation: base salaries, short-term incentives (such as annual variable remuneration) and long-term incentives (such as stock option or other similar grants).

The peer group which was identified and used to benchmark the main components of the executive officers' compensation was comprised of twenty-one (21) publicly-traded companies, eleven (11) which are comparable to the Corporation in terms of activity sector (water industry) and ten (10) Canadian companies sharing similarities in size, market cap, revenues and reach. The companies forming this peer group are: Aqua America, Inc., AquaVenture Holdings Limited, Consolidated Water Co. Ltd., Energy Recovery Inc., Evoqua Water Technologies Corp., Fluence Corporation Limited, Global Water Resources, Inc., Mueller Water Products, Inc., Suez S.A., Veolia Environnement S.A., Xylem Inc., CWC Energy Services Corp., Le Château Inc., Empire Industries Ltd., Exfo Inc., Orbit Garant Drilling Inc., Stornoway Diamond Corporation, Groupe Stingray Inc., Supremex Inc., ADF Group Inc. and Dynacor Gold Mines Inc.

The analysis performed by the compensation consultant set ranges for executive officers' global compensation, which includes base salary, annual variable remuneration and equity compensation. By taking into account the global compensation of the executive officers as a whole, it has been determined that the Corporation falls below the 25th percentile of its peer group. Therefore, the compensation consultant made recommendations to increase both the base salary and the annual variable remuneration of the

executive officers, in order for the Corporation to situate itself closer to the 25th percentile rank of its peer group. The other recommendations of the consultant as to executive officers' compensation were to improve the equity compensation by offering a mix of stock options and other forms of long-term incentive and consider additional goals as performance criteria. Certain recommendations of the consultant were retained by the Governance Committee and recommended for approval by the Board of Directors. Some of the recommendations were implemented during fiscal year ended on June 30, 2020, namely base salary and annual variable remuneration increases. The Corporation intends to implement a long-term incentive plan during fiscal year ending June 30, 2021.

3.1.5. Benchmarking – Non-Executive Directors' Compensation

Gouvernance Expert Inc. also performed a review of the compensation for the non-executive directors of the Corporation. The Corporation's non-executive director compensation structure was benchmarked against market compensation data gathered within the same peer group of companies outlined in Section 3.1.4 – "Benchmarking – Executive Officers' Compensation" of this Circular.

Based on the results of the benchmarking analysis, the Governance Committee recommended, and the Board of Directors approved, increases of the annual fixed cash retainer and equity grant for the non-executive directors and the implementation of an additional retainer for the non-executive directors who are members of a Board committee. Such modifications were implemented at the beginning of the fiscal year ended June 30, 2020.

3.1.6. Executive Compensation-Related Fees

During the past two (2) years, the Corporation paid the following fees to Gouvernance Expert Inc., the compensation consultant hired to assist the Governance Committee and the Board of Directors in determining the compensation of the Corporation's directors and executive officers:

Fees	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2019
Executive Compensation-Related Fees	---	\$14,250
All Other Fees	---	---

3.2 Non-Equity Compensation

3.2.1. Base Salaries

Base salaries offered to Named Executive Officers (as defined in Section 3.7 – "Summary Compensation Table" of this Circular) are revised annually by the Governance Committee, upon recommendations provided by the President and Chief Executive Officer.

The Corporation's philosophy as to base salary is intended to position the Corporation at a competitive level within its peer group and takes into consideration the Corporation's expansion objectives, while allowing certain flexibility. A Named Executive Officer's base salary may increase according to his level of experience and responsibilities, and the acquisition of new skills. Base salaries of the Named Executive Officers for the fiscal year ended June 30, 2020 are provided in Section 3.7 – "Summary Compensation Table" below.

For the fiscal year ended June 30, 2020, following the review performed by the compensation consultant, the Board of Directors increased the base salary of (i) the President and Chief Executive Officer by nearly 5%, (ii) the Chief Operating Officer by approximately 16% and (iii) the Chief Financial Officer by approximately 12%, in order to situate the Corporation closer to the 25th percentile of its peer group as to remuneration. In addition, the annual variable remuneration of the President and Chief Executive Officer and of the Chief Operating Officer have been increased by 10%, to now be up to 60% and 50% of their respective base salary. The other Named Executive Officers' base salary has been adjusted by an amount varying between 1.5% to 2.5%.

3.2.2. Annual Variable Remuneration

The Corporation believes that annual variable remuneration is an important component of its compensation strategy. Annual variable remuneration encourages the achievement of corporate and personal targets, and also support team spirit, which is a key element creating value for the Corporation's shareholders.

The aggregate amount of annual variable remuneration that may be paid to each Named Executive Officer ranges from 0% to 60% of the Named Executive Officer's annual base salary.

For the purpose of establishing the annual variable remuneration, each Named Executive Officer's performance is evaluated based on the achievement of group financials, division results and personal performance criteria (the "Performance Criteria"). The group financials and division results performance criteria are set each year and approved by the Board of Directors. Since July 1, 2019, those criteria (group financials and division results) comprised of growth targets such as level of revenues, EBAC¹, EBITDA² as well as tactical objectives. For the previous fiscal years, namely 2018 and 2019, the growth targets used for the calculation of the group financials and division results were level of revenues, gross margin, EBITDA, net earnings and EBAC as well as tactical objectives. Personal objectives are based on the Corporation's values, which stay the same year after year.

Each of these criteria is also attributed a specific weighting, which varies from one Named Executive Officer to the other. For the fiscal year ended June 30, 2020, group financials criteria, as a whole for the Named Executive Officers, represented 10% to 80% of their annual variable remuneration, while the division results portion represented 13% to 80%. Personal performance criteria, which is based on a 360° evaluation, represented a weighting varying between 6% to 10% of the Named Executive Officer's annual variable remuneration.

Each of the group financials criteria setting the variable remuneration has a target level within a range of a minimum and maximum performance level. All criteria, as well as their target, minimum and maximum performance levels, are approved every year by the Board of Directors further to the recommendations of the Governance Committee. Since July 1, 2019, the group financials criteria are only related to level of revenue and EBITDA. For the previous fiscal years, namely 2018 and 2019, the group financials criteria were related to level of revenue, gross margin, EBITDA and net earnings. Annual variable remuneration relating to group financials criteria is only payable if a certain EBITDA level is reached. For the fiscal year ended June 30, 2020, since the level of EBITDA previously established, and approved by the Board of Directors, was reached, the Named Executive Officers were entitled to an annual variable remuneration related to group financials criteria. Therefore, annual variable remuneration relating to group financials criteria represents 56% of the total amount of annual variable remuneration granted to the Named Executive Officers for the fiscal year ended June 30, 2020, regardless of the percentage to which each of them was entitled.

The Corporation believes that disclosing the minimum, target and maximum levels established for the group financials criteria would seriously prejudice the Corporation's interests. Disclosing these figures could be wrongly perceived by shareholders as an indication of the future growth of the Corporation. Also, such information is considered by the Corporation to be commercially sensitive in a highly competitive industry and the Corporation wishes to keep this information out of reach from its competitors, the vast majority of which are private companies who are not required to publicly disclose their financial information.

After year end, the Governance Committee evaluates the percentage level of achievement of each of the Performance Criteria of each Named Executive Officer, based on the actual performance and results, compared to the target level that had been set for each criteria (the "Performance Evaluation"). The Governance Committee then reviews, for each Named Executive Officer, the value for each of the criteria, based on the Performance Evaluation and on the weighting of each of the criteria for such Named Executive Officer. Then, the values for each of these criteria are added to obtain the actual annual variable remuneration payable to the Named Executive Officer.

In addition to such annual variable remuneration, the Board of Directors may also grant special bonuses to the Corporation's executive officers and management upon achievement of significant projects, completion of acquisition events or other particular milestones.

3.3 Equity Compensation

As a method of compensation to attract and retain personnel, to provide an incentive to participate in the long-term development of the Corporation and to increase shareholder value, the Corporation may authorize grant of stock options to its directors, executive officers and employees. The relative importance of stock options in the remuneration of executive officers and employees will generally vary depending on the number of stock options that are outstanding at the time.

No stock options were granted to executive officers during the fiscal year ended June 30, 2020.

The decision to grant options is based on the following factors: the terms and conditions of the employment agreements, anticipated future contributions, prior option grants, the number of vested and unvested options, competitive market practices and responsibilities and performance. Stock option grants are recommended by the Governance Committee to the Board of Directors which ultimately has the responsibility to award options. For further details as to the specific terms of the Stock Option Plan, see Section 7.1 - "Stock Option Plan" below.

3.3.1. Option-based Awards

⁽¹⁾ Earnings Before Administrative Costs

⁽²⁾ Earnings Before Interest, Taxes, Depreciation and Amortization.

Generally, option-based awards are set in the executive officers' employment agreements, in accordance with Section 7.1 - "Stock Option Plan" below. The terms and conditions of such employment agreements are recommended by the Governance Committee and approved by the Board of Directors. However, in certain circumstances, the Governance Committee may decide to grant stock options to executive officers even though there are no provisions to that effect in their employment agreement. Same as for any other grant of stock options, the Board of Directors ultimately has the responsibility to award such stock options.

3.4 Other Compensation

3.4.1. Employee benefits and perquisites

None of the Named Executive Officers is entitled to perquisites or other personal benefits which are worth over \$50,000 or over 10% of his base salary. Named Executive Officers receive perquisites such as participation in the Corporation's car program, car allowance, and life and disability insurance, as the case may be. Also, the Named Executive Officers are covered by the Corporation's health insurance plan.

The Corporation has implemented a collective Registered Retirement Savings Plan ("RRSP") for the benefit of all its Canadian employees, including the Named Executive Officers located in Canada. Any Canadian employee who has been employed by the Corporation for more than three (3) months can participate in the RRSP. During the fiscal year ended on June 30, 2020, the Corporation, as employer, contributed an amount equivalent to 1.5% of the employee's salary if the employee worked on a full-time basis and had contributed the same amount or more. The Corporation's contribution is only acquired or vested if the employee has contributed to the RRSP for more than one (1) year.

In January 2019, the Corporation merged its two (2) collective employer sponsored retirement savings plans in the United States (401(K)) to form one plan for the benefit of all its US employees, including the Named Executive Officers located in the USA. Employees are eligible to participate in such plan after three (3) months of employment. The Corporation, as employer, contributes an amount equivalent to 50% of the employee's contribution, up to a maximum amount equivalent to 2% of the employee's salary. The Corporation's contribution is acquired or vested over a period of five (5) years of full-time employment.

3.4.2. Share Purchase Plan

In July 2014, the Corporation established a Share Purchase Plan ("SPP") for the benefit of its employees, those of its affiliated companies, including the Named Executive Officers, and its directors. The purpose of the SPP is to encourage the Corporation's employees to hold shares of the Corporation, thereby aligning their interest with those of the other shareholders, and to promote the culture of synergies within the Corporation. The shares obtained pursuant to the SPP are purchased on the market and are not issued from treasury. Pursuant to the Corporation's SPP, all employees who have (i) completed three (3) months of continuous service with the Corporation or any of its affiliates, and (ii) contributed in the 401K plan or RRSP (as defined in Section 3.4 - "Other Compensation" below) an amount allowing the employee to maximise the Corporation's contribution in such plan or program, are allowed to contribute up to a certain percentage of their annual salary towards the purchase of shares of the Corporation. In addition, any new director is eligible, upon his or her nomination or election as member of the Corporation's Board of Directors, to participate in the SPP and each director is allowed to contribute up to the maximum amount received as annual fixed retainer.

During the fiscal year ended on June 30, 2020, the Corporation contributed an amount representing 25% of the participant's contribution, for all employees, executive officers and members of the Board of Directors. There is no vesting period on the shares purchased with the Corporation's contribution.

3.4.3. President and Chief Executive Officer

The compensation of the President and Chief Executive Officer includes the same elements described in Section 3.2 - "Non-Equity Compensation", Section 3.3 - "Equity Compensation" and Section 3.4 - "Other Compensation" as they are included in the compensation of other executive officers.

3.5 Risks associated with the Corporation's Compensation Policy

The Governance Committee has considered the implications of the possible risks associated with the Corporation's compensation policies and practices which includes identifying anything that may encourage Named Executive Officers to take inappropriate or excessive risks, and identifying and mitigating risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation. It is the Governance Committee's view that the Corporation's compensation policies and practices do not encourage inappropriate or excessive risk-taking.

The Named Executive Officers and directors of the Corporation are not restricted if they intend to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held by them, directly or indirectly.

3.6 Summary

The Governance Committee is satisfied that the Corporation's executive officers and directors compensation policies, programs and levels of compensation, as disclosed in Section 3 – "Statement of Executive Compensation" of this Circular are aligned with the Corporation's performance and shareholders' interest, and reflect competitive market practices.

3.7 Summary Compensation Table

The following table sets forth information concerning the total compensation earned during the fiscal years indicated for the President and Chief Executive Officer, the Chief Financial Officer and each of the three (3) most highly compensated executive officers of the Corporation who earned a total compensation of more than \$150,000 for the fiscal year ended June 30, 2020 (the "Named Executive Officers").

Name and Principal Position	Year ended June 30	Salary (\$)	Share based Award (\$)	Option based Award (\$)	Non-Equity Incentive Plan Compensation ⁽³⁾ (\$)		Pension Value (\$)	All Other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
					Annual Incentive plans	Long-term Incentive Plans			
Frédéric Dugré, President and Chief Executive Officer	2020	330,000	---	---	243,132 ⁽⁷⁾	---	---	11,926	585,058
	2019	315,000	---	---	303,460 ⁽⁶⁾	---	---	10,384	628,844
	2018	315,000	---	---	---	---	---	16,781	331,781
Marc Blanchet, Chief Financial Officer	2020	225,000	---	---	132,769 ⁽⁷⁾	---	---	9,894	367,663
	2019	200,000	---	---	163,690 ⁽⁶⁾	---	---	9,322	373,012
	2018	200,000	---	---	---	---	---	28,020	228,020
Guillaume Clairet, Chief Operating Officer	2020	250,000	---	---	171,609 ⁽⁷⁾	---	---	11,153	432,762
	2019	215,000	---	---	168,909 ⁽⁶⁾	---	---	6,393	390,302
	2018	215,000	---	---	---	---	---	28,225	243,225
William Douglass, Vice President and Managing Director, O&M ⁽¹⁾	2020	303,152	---	---	118,126	---	---	27,546	448,824
	2019	291,192	---	---	110,278	---	---	26,746	428,216
	2018	279,378	---	---	105,015	---	---	19,370	403,763
Gregory Madden, Vice President and Managing Director, Aftermarket and Digital Solutions ⁽²⁾	2020	229,434	---	---	83,052 ⁽⁷⁾	---	---	10,325	322,811
	2019	218,394	---	---	21,331	---	---	9,934	249,659
	2018	209,534	---	---	38,111	---	---	8,254	255,899

(1) William Douglass joined the Corporation on July 26, 2016 with the acquisition of Utility Partners, LLC ("Utility Partners") as Senior Vice President prior becoming Vice President, Operations and Maintenance and Managing Director of Utility Partners on January 26, 2018. Since Mr. Douglass' remuneration is paid in US dollars, his remuneration has been converted to Canadian dollars for the purposes of this Circular by using the average exchange rate in effect during the year, which means 1.3576 for 2020, 1.3236 for 2019 and 1.2699 for 2018.

(2) Gregory Madden joined the Corporation in November 2009. In February 2014, he was appointed as Vice President Products & Services before becoming Vice President and Managing Director, Aftermarket & Digital Solutions in September 2017. Since Mr. Madden's remuneration is paid in US dollars, his remuneration has been converted to Canadian dollars for the purposes of this Circular by using the average exchange rate in effect during the year, which means 1.3576 for 2020, 1.3236 for 2019 and 1.2699 for 2018.

(3) The non-equity incentive plan compensation refers to the annual variable remuneration, as further detailed in Section 3.2.2 – "Annual Variable Remuneration" above and to special bonuses granted by the Board of Directors from time to time.

(4) None of the Named Executive Officers is entitled to perquisites or other personal benefits which are worth over \$50,000 or over 10% of their base salary. The amounts disclosed represent the Corporation's contribution into the SPP, premium for life and disability insurance plan, and/or Corporation's contributions into personal saving plans, as the case may be, for each Named Executive Officer. In addition, Mr. William Douglass is entitled to a car allowance.

(5) For the fiscal year ended June 30, 2018, the President and Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer waived the aggregate amount of their respective annual variable remuneration.

(6) For the fiscal year ended June 30, 2019, Messrs. Frédéric Dugré, Marc Blanchet and Guillaume Clairet were each awarded a one-time special bonus recognizing their significant contribution in successfully planning, negotiating and closing the acquisition of Hays Utility South Corporation as well as completing, at the same time, an equity financing and negotiating new credit facilities. Mr. Frédéric Dugré received a special bonus in the amount of \$180,000, Mr. Marc Blanchet received a special bonus in the amount of \$100,000 and Mr. Guillaume Clairet received a special bonus in the amount of \$100,000.

- (7) For the fiscal year ended June 30, 2020, Messrs. Frédéric Dugré, Marc Blanchet and Guillaume Clairet were each awarded a one-time special bonus of \$50,000 recognizing their significant contribution in successfully planning, negotiating and closing the acquisition of Genesys Holdings Limited ("Genesys") as well as completing, at the same time, an equity financing and negotiating new credit facilities. Mr. Gregory Madden received a one-time special bonus of USD 20,000 as leader of the integration of the Genesys acquisition. Since Mr. Madden's one-time special bonus was paid in US dollars, that certain one-time bonus has been converted to Canadian dollars for the purposes of this Circular by using the average exchange rate in effect during 2020, which means 1.3576.

3.7.1. Significant Terms of Employment Agreements

Frédéric Dugré, President and Chief Executive Officer of the Corporation, has entered into an employment agreement with the Corporation for an indefinite term. As of June 30, 2020, the annual base salary of Mr. Dugré was \$330,000. Under his employment agreement, Mr. Dugré is entitled to receive an annual variable remuneration of an amount up to 60% of his base salary, depending on the level of achievement of the Performance Criteria. During the fiscal year ended June 30, 2020, Mr. Dugré received a 1.5% contribution in a collective RRSP retirement plan, was entitled to participate to the Corporation's car program and the Corporation assumed fees for a personal life and disability insurance. In addition, as Mr. Dugré participates to the Corporation's SPP, the Corporation contributed, for the benefit of Mr. Dugré in the SPP, as employer, an amount equal to 25% of his personal contribution. Mr. Dugré's employment agreement contains confidentiality and non-competition covenants for the duration of his employment and for a period of two (2) years thereafter.

Marc Blanchet, Chief Financial Officer of the Corporation, has entered into an employment agreement with the Corporation for an indefinite term. As of June 30, 2020, the annual base salary of Mr. Blanchet was \$225,000. Under his employment agreement, Mr. Blanchet is entitled to receive an annual variable remuneration of an amount up to 40% of his base salary depending on the level of achievement of the Performance Criteria. During the fiscal year ended June 30, 2020, Mr. Blanchet received a 1.5% contribution in a collective RRSP retirement plan, was entitled to participate in the Corporation's car program and the Corporation assumed fees for a personal life and disability insurance. In addition, as Mr. Blanchet participates to the Corporation's SPP, the Corporation contributed, for the benefit of Mr. Blanchet in the SPP, as employer, in an amount equal to 25% of his personal contribution. Mr. Blanchet's employment agreement contains confidentiality and non-competition covenants for the duration of his employment and for a period of one (1) year thereafter.

Guillaume Clairet, Chief Operating Officer of the Corporation, has entered into an employment agreement with the Corporation for an indefinite term. As of June 30, 2020, the annual base salary of Mr. Clairet was \$250,000. Under his employment agreement, Mr. Clairet is entitled to receive an annual variable remuneration of an amount up to 50% of his base salary depending on the level of achievement of the Performance Criteria. During the fiscal year ended June 30, 2020, Mr. Clairet received a 1.5% contribution in a collective RRSP retirement plan, was entitled to participate to the Corporation's car program and the Corporation assumed fees for a personal life and disability insurance. In addition, as Mr. Clairet participates in the Corporation's SPP, the Corporation contributed, for the benefit of Mr. Clairet in the SPP, as employer, in an amount equal to 25% of his personal contribution. Mr. Clairet's employment agreement contains confidentiality and non-competition covenants for the duration of his employment and for a period of one (1) year thereafter.

William Douglass, Vice President and Managing Director, O&M, has entered into an employment agreement with a Corporation's affiliate for an indefinite term. As of June 30, 2020, the annual base salary of Mr. Douglass was US \$223,300 (\$303,152). Under his employment agreement, Mr. Douglass is entitled to receive an annual variable remuneration of an amount up to 40% of his base salary, depending on the level of achievement of the Performance Criteria. During the fiscal year ended June 30, 2020, Mr. Douglass received a car allowance of US\$ 900 (\$1,222) per month, the Corporation assumed a portion of the fees for his health and medical insurance plan and contributed to Mr. Douglass' 401K plan in an amount equal to 50% of his personal contribution to such plan, which cannot exceed 2% of his gross pay. In addition, as Mr. Douglass participates in to the Corporation's SPP, the Corporation contributed, for the benefit of Mr. Douglass in the SPP, as employer, an amount equal to 25% of his personal contribution. Mr. Douglass' employment agreement contains confidentiality, non-compete and non-solicitation covenants for the duration of his employment and for a period of two (2) years thereafter.

Gregory Madden, Vice President and Managing Director, Aftermarket and Digital Solutions of the Corporation, has entered into an employment agreement with the Corporation's affiliate for an indefinite term. As of June 30, 2020, the annual base salary of Mr. Madden was US \$169,000 (\$229,434). Under his employment agreement, Mr. Madden is entitled to receive an annual variable remuneration of an amount up to 25% of his base salary, depending on the level of achievement of the Performance Criteria. During the fiscal year ended June 30, 2020, Mr. Madden was entitled to participate in the Corporation's car program and the Corporation assumed a portion of the fees for his health and medical insurance plan and contributed to Mr. Madden's 401K plan in an amount equal to 50% of his personal contribution to such plan, which cannot exceed 2% of his gross pay. In addition, as Mr. Madden participates to the Corporation's SPP, the Corporation contributed, for the benefit of Mr. Madden in the SPP, as employer, an amount equal to 25% of his personal contribution. Mr. Madden's employment agreement contains confidentiality, non-compete and non-solicitation covenants for the duration of his employment.

4. INCENTIVE PLAN AWARDS

4.1 Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding as of June 30, 2020 for each Named Executive Officer.

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ⁽¹⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-based Awards that have not Vested (\$)	Market or Payout Value of Vested Share-based Awards not Paid out or Distributed (\$)
Frédéric Dugré, President and Chief Executive Officer	100,000 1,375,000	2.50 1.65	2020-09-21 2026-07-24	0 0	---	---	---
Marc Blanchet, Chief Financial Officer	24,000 436,667	2.50 1.65	2020-09-21 2026-07-24	0 0	---	---	---
Guillaume Clairot, Chief Operating Officer	9,000 491,667	2.50 1.65	2020-09-21 2026-07-24	0 0	---	---	---
William Douglass, Vice President and Managing Director, O&M	---	---	---	---	---	---	---
Gregory Madden, Vice President and Managing Director, Aftermarket and Digital Solutions	---	---	---	---	---	---	---

(1) As of June 30, 2020, the closing price of the Corporation's common shares on the TSX Venture Exchange Inc. was \$1.04.

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

The following table sets forth information concerning the value vested as of June 30, 2020 of all incentive plan awards granted to the Named Executive Officers.

Name	Option-based Awards – Value Vested During the Year (\$)	Share-based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽¹⁾ (\$)
Frédéric Dugré President and Chief Executive Officer	147,125	---	243,264
Marc Blanchet Chief Financial Officer	46,723	---	134,893
Guillaume Clairot Chief Operating Officer	52,608	---	171,309
William Douglass, Vice President and Managing Director, O&M ⁽²⁾	---	---	119,411
Gregory Madden, Vice President and Managing Director, Aftermarket and Digital Solutions ⁽²⁾	---	---	75,899

(1) Annual variable remuneration is described in Section 3.2.2 – “Annual Variable Remuneration” above and mentioned in Section 3.7 – “Summary Compensation Table” of this Circular.

(2) Mr. Douglass' and Mr. Madden's remuneration is paid in US dollars. Therefore, their respective non-equity incentive plan compensation has been converted to Canadian dollars for the purposes of this Circular by using the average exchange rate in effect during the year, which means 1.3576.

5. TERMINATION OR CHANGE OF CONTROL BENEFITS

Subject to the information disclosed in the table below, in the case of termination of employment other than for cause, certain Named Executive Officer's employment agreements provide for a termination payment that varies from twelve (12) to eighteen (18) months of the Named Executive Officers' base salary as well as, in some cases, variable remuneration and continued benefits for such period of time.

Subject to the information disclosed in the table below, in the event of a change of control, certain Named Executive Officers are entitled to a severance payment representing eighteen (18) to thirty-six (36) months of their base salary plus the annual variable remuneration to which they are entitled for the year during which the change of control occurs.

The table below shows the terms of each employment agreement in case of termination and the incremental payments that would be made to the Named Executive Officers upon certain events, assuming the termination event took place on June 30, 2020.

Name	Event	Terms of Employment Agreement	Severance Payment (\$)
Frédéric Dugré President and Chief Executive Officer	Termination without cause	<ul style="list-style-type: none"> Base salary for a period of 18 months Variable remuneration to which he is entitled for the current year at the date of termination 	738,132
	Termination other than for cause within six (6) months of a change of control	<ul style="list-style-type: none"> Base salary for a period of 36 months Maximum variable remuneration for the year during which the change of control occurs 	1,188,000
	Termination for cause / Resignation / Retirement	---	---
Marc Blanchet Chief Financial Officer	Termination without cause	<ul style="list-style-type: none"> Base salary for a period of 12 months Variable remuneration to which he is entitled for the current year at the date of termination 	357,769
	Termination other than for cause within six (6) months of a change of control	<ul style="list-style-type: none"> Base salary for a period of 18 months Maximum variable remuneration for the year during which the change of control occurs 	427,500
	Termination for cause / Resignation / Retirement	---	---
Guillaume Clairet Chief Operating Officer	Termination without cause	<ul style="list-style-type: none"> Base salary for a period of 12 months Variable remuneration to which he is entitled for the current year at the date of termination 	421,609
	Termination other than for cause within six (6) months of a change of control	<ul style="list-style-type: none"> Base salary for a period of 18 months Maximum variable remuneration for the year during which the change of control occurs 	500,000
	Termination for cause / Resignation / Retirement	---	---
William Douglass Vice President and Managing Director, O&M ⁽¹⁾	Termination without cause	<ul style="list-style-type: none"> Base salary for a period of 12 months Variable remuneration earned but unpaid 	421,278
	Termination other than for cause within six (6) months of a change of control	---	---
	Termination for cause / Resignation / Retirement	<ul style="list-style-type: none"> Base Salary for a period of 6 months <u>only</u> if the Corporation elects to prevail itself of the non-compete provisions. 	151,576

Name	Event	Terms of Employment Agreement	Severance Payment (\$)
Gregory Madden, Vice President and Managing Director, Aftermarket and Digital Solutions	Termination without cause	---	---
	Termination other than for cause within six (6) months of a change of control	---	---
	Termination for cause / Resignation / Retirement	---	---

(1) Since Mr. Douglass' remuneration is paid in US dollars, his potential termination payment has been converted to Canadian dollars for the purposes of this Circular by using the average exchange rate in effect during the year, which means 1.3576.

6. COMPENSATION OF DIRECTORS

During the fiscal year ended June 30, 2020, each director of the Corporation who is not a member of the management of the Corporation received a fixed retainer on the following basis:

Annual Retainer ⁽¹⁾

Chairwoman of the Board

Cash compensation	\$47,000
Cash compensation used to acquire Corporation's common shares ⁽²⁾	\$28,500

Member of the Board of Directors, other than the Chairwoman of the Board

Cash compensation	\$17,500
Cash compensation used to acquire Corporation's common shares ⁽²⁾	\$21,500

Additional Committee Chair Retainer

Chair of Audit Committee	\$10,000
Chair of Other Committee	\$5,500

Additional Committee Member Retainer

Member of Audit Committee	\$3,750
Member of Other Committee	\$2,500

Attendance Fee / Board of Directors or Committees ⁽³⁾

In person	\$1,000
By phone or other electronic means	\$500

(1) The annual retainer was increased at the beginning of the fiscal year ended June 30, 2020 as further detailed in Section 3.1.5. - Benchmarking – Non-executive Director's Compensation.

(2) A portion of the annual retainer of each director is dedicated to the acquisition of common shares of the Corporation under the Corporation's SPP described in Section 3.3.2 "Share Purchase Plan" until such director reaches the minimum mandatory of equity ownership fixed by the Board of Directors at 50,000 Common Shares. Once the equity ownership requirement of 50,000 common shares is met, director may elect to receive this amount in cash.

(3) No attendance fee is paid to a member of the Corporation's management.

All directors are entitled to the reimbursement of reasonable travel expenses incurred with respect to their attendance at meetings of the Board of Directors.

All the attendance fees for the virtual board meetings that were related to the COVID-19 pandemic, mainly for the purpose of monitoring the Corporation's cash flow forecasts, were waived by the members of the Board of the Directors.

The aggregate compensation earned by the directors of the Corporation for services rendered in their capacities as directors during the fiscal year ended June 30, 2020, was \$366,902. The total remuneration of the directors of the Corporation who were not members of management for the year ended June 30, 2020 is detailed in the following table:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation ⁽¹⁾ (\$)	Total (\$)
Robert Comeau	42,250	---	---	---	---	26,772	69,022
Pierre Côté	31,250	---	---	---	---	21,500	52,750
Stephen A. Davis ⁽²⁾	12,126	---	---	---	---	10,750	22,876
Stéphane Guérin ⁽³⁾	11,250	---	---	---	---	10,750	22,000
Lisa Henthorne	56,500	---	---	---	---	28,500	85,000
Richard A. Hoel ⁽⁴⁾	57,002	---	---	---	---	---	57,002
René Vachon	36,752	---	---	---	---	21,500	58,252

(1) Compensation paid by the Corporation to each director to acquire Corporation's common shares through the SPP described in Section 3.4.2 – "Share Purchase Plan" of this Circular and the Corporation's contribution into the SPP when a director elects to contribute a portion or the totality of his/her annual fixed retainer into the Corporation's SPP.

(2) Mr. Stephen A. Davis did not stand for re-election on November 13, 2019.

(3) Mr. Stéphane Guérin was elected as director on November 13, 2019 and began to receive compensation from January 1, 2020.

(4) Considering his equity ownership in the Corporation, Mr. Hoel receives his equity compensation in cash.

6.1 Incentive Plan Awards

The following table sets forth information concerning all outstanding awards at the end of the fiscal year ended June 30, 2020 for each director of the Corporation who was not a member of management.

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ⁽¹⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares that Have not Vested (#)	Market or Payout Value of Share-based Awards that Have not Vested (\$)	Market or Payout Value of Vested Share-based Awards not Paid out or Distributed (\$)
Robert Comeau	---	---	---	---	---	---	---
Pierre Côté	---	---	---	---	---	---	---
Stephen A. Davis ⁽²⁾	---	---	---	---	---	---	---
Stéphane Guérin	---	---	---	---	---	---	---
Lisa Henthorne	8,000	2.50	2020-11-10	0	---	---	---
Richard A. Hoel	8,000	2.50	2020-11-10	0	---	---	---
René Vachon	---	---	---	---	---	---	---

(1) As of June 30, 2020, the closing price of the Corporation's common shares on the TSX Venture Exchange Inc. was \$1.04.

(2) Mr. Stephen A. Davis did not stand for re-election on November 13, 2019.

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

No value has vested or was earned during the fiscal year ended June 30, 2020 under incentive plans.

7. OTHER INFORMATION

7.1 Stock Option Plan

The Corporation has one stock option plan (the “Stock Option Plan”), which was approved by the shareholders. The Stock Option Plan was created for the benefit of directors, officers, and key employees of the Corporation or of one of its subsidiaries as well as consultants providing ongoing services to the Corporation or to one of its subsidiaries (the “Eligible Persons”). The objective of the Stock Option Plan is to create an incentive for Eligible Persons, by offering them the possibility to acquire a participation in the Corporation through the purchase of shares of the Corporation under the Stock Option Plan.

Pursuant to the Corporation’s Stock Option Plan, the Board of Directors may, from time to time, in its discretion, and in accordance with the requirements of TSX Venture Exchange Inc. (“TSX-V”), grant non-transferable options to purchase common shares of the Corporation, exercisable for a period of ten (10) years. The vesting period is twenty-four (24) months following the issuance of options, unless the Board of Directors decides otherwise. Furthermore, certain terms and conditions of the options are determined by the Board of Directors at the time of the grant.

During the fiscal year ended on June 30, 2017, the Board of Directors of the Corporation fixed at 4,000,000 the number of common shares reserved for issuance under the Stock Option Plan, which, as of October 19, 2020, represents approximately 5.17% of the total issued and outstanding common shares of the Corporation.

The total number of common shares issuable to any one individual, to insiders or to consultants and employees involved in investor relations activities, cannot exceed respectively 5%, 10% and 2% of the total number of common shares issued and outstanding at the time of the grant. Following the termination without cause of an optionee’s position with the Corporation or upon the death of an optionee, options may be exercised no later than 365 days following the date of such termination or death. Notwithstanding any other term or condition of the Stock Option Plan, in the event an optionee resigns from his or her office or employment, or an optionee’s contract as a consultant terminates at its normal termination date, the options held by such optionee which have not been previously exercised will expire sixty (60) days following i) the delivery of the resignation notice by the optionee to the Corporation or ii) the normal expiration date of the optionee’s contract, as the case may be.

The following table indicates, as at June 30, 2020, the number of common shares to be issued upon exercise of outstanding options, the weighted average exercise price of outstanding options and the number of common shares remaining for future issuance under the Stock Option Plan as of the date hereof. The Stock Option Plan provides that the exercise price of the options granted is determined by the Board of Directors but cannot, however, be lower than the market price, pursuant to the rules of the securities regulatory authorities.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options (a)	Weighted Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance under the Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	2,511,334 common shares	\$1.72	1,488,666 Common shares
Equity compensation plans not approved by securityholders	---	---	---

7.2 Options Reserved for Issuance to Management

The Corporation’s Stock Option Plan does not have any provisions in this regard. Therefore, no options are reserved for exclusive issuance to executive officers or management.

7.3 Options Exercised by Named Executive Officers

No Named Executive Officer exercised stock options during the fiscal year ended June 30, 2020.

7.4 Retirement and Pension Plans

The Corporation has no pension plan or other form of retirement compensation specific to its Named Executive Officers.

7.5 Indebtedness of Directors and Executive Officers

The following table indicates, as of October 19, 2020, the aggregate indebtedness of directors and executive officers.

AGGREGATE INDEBTEDNESS (\$)		
Purpose (a)	To the Corporation or its Subsidiaries (b)	To Another Entity (c)
Purchase of common shares	\$1,250,000	---
Other	---	---

As announced by the Corporation on July 18 and July 26, 2016, in the context of the acquisition of Utility Partners by the Corporation, the Corporation extended to Frédéric Dugré, Marc Blanchet and Guillaume Clairet, executive officers of the Corporation, individual loans in an aggregate amount of \$1.25 M (the "Insider Loans") in order to assist their acquisition of common shares of the Corporation issued as part of an equity private placement completed to partially finance said acquisition, which were approved by the majority of the disinterested shareholders of the Corporation on November 15, 2016. The Insider Loans bearing interest at an annual rate of 2.01% since April 9, 2020, are secured by a pledge of the acquired common shares and will be reimbursed upon predefined repayment conditions.

7.6 Management Contracts

The duties of managing the Corporation are not in any way whatsoever carried out by any person other than the directors or executive officers of the Corporation.

7.7 Interest of Informed Persons in Material Transactions

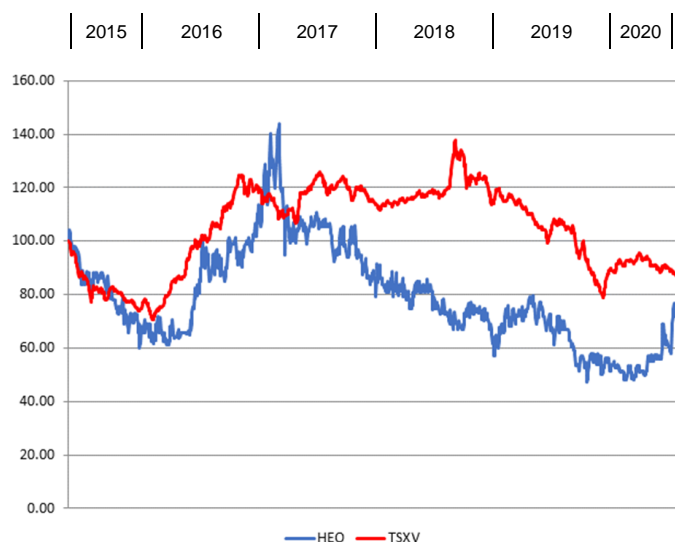
To the knowledge of the Corporation, and except as disclosed in Section 11 of the AIF, which is hereby included by reference in this Circular, no material transaction involving the Corporation is projected or has been concluded since the beginning of the Corporation's last fiscal year in which a director or executive officer, insider, director nominee, a shareholder holding more than 10% of the Corporation's common shares, or any person having ties with said persons or involved in the same group has had or expects to have a material interest. A copy of the AIF can be obtained on SEDAR (www.sedar.com) and may also be obtained through the Investors Relations Department of the Corporation at the address set forth in Section 11 – "Additional Information" below.

7.8 Directors and Officers Liability Insurance

The Corporation maintains liability insurance for its directors and officers and those of its subsidiaries to cover certain liabilities to which they may be exposed to in the course of their duties. The Corporation paid a gross premium of \$42,510 for the fiscal year ended June 30, 2020. The maximum liability insurance coverage for directors and officers as a group is \$10,000,000, subject to a deductible of \$100,000 per claim (such deductible was \$25,000 prior to May 1, 2020), as well as an additional \$5,000,000 in coverage under a "Side A Only" directors and officers civil liability insurance policy. This "Side A Only" policy is not subject to a deductible and covers directors and officers when the general directors and officers civil liability insurance policy has been depleted and in certain other pre-set circumstances. The general directors and officers civil liability insurance policy provides directors and officers with compensation in cases where the Corporation has not compensated them or is not authorized by law to do so, in addition to reimbursing the Corporation, subject to the \$100,000 deductible, in cases where the Corporation has, or should have, compensated the directors and officers concerned.

8. PERFORMANCE GRAPH

On June 30, 2020, the closing price of the common shares on the TSX-V was \$1.04 per share. The following graph shows the cumulative return of a \$100 investment on the common shares made on July 1, 2015, compared to the total return of the S&P/TSX-V Composite Index for the period shown on this graph.



Since July 1, 2015

	2015	2016	2017	2018	2019	2020
HEO	\$100.00	\$88.62	\$86.83	\$79.04	\$69.46	\$64.07
TSX-V	\$100.00	\$111.35	\$113.77	\$110.27	\$87.18	\$92.34

The trend shown by the performance graph above represents a decrease of approximately 35% in the cumulative total shareholder return from July 1, 2015 to June 30, 2020. From July 2015, the price of the common shares decreased continuously until December 2015, followed by erratic variations, before beginning to slightly increase until the end of the fiscal year ended on June 30, 2016. During the period, from July 1, 2015 to June 30, 2016, the cumulative total shareholder return was negatively affected by approximately 11%. At the beginning of fiscal year ended on June 30, 2017, there was a lot of movement on the stock price, following which the cumulative total shareholder returned nearly to its initial investment at the end of the first quarter. During the second and third quarters of such fiscal year, the price of the Corporation's common shares increased significantly to reach its highest level for this five (5) year period before a quick decrease over the following months. At the end of fiscal year ended June 30, 2017, the cumulative total shareholder return was approximately 2% less than the previous year. While the cumulative total shareholder return decreased by 11% and 13% for the fiscal years ended on June 30, 2016 and 2017 respectively, the S&P/TSX-V Composite Index, for the same periods, experienced an increase within the same ranges (11% and 13%). Since July 2018, despite the variations to which it was exposed, the price of the common shares decreased continuously until the end of fiscal year 2020. Despite a small increase of the common shares' price at the end of fiscal year ended June 30, 2020, during such 5-year period, the cumulative total shareholder return lost nearly 35% of its value compared to a net decrease of less than 8% of the S&P/TSX-V Composite Index, over the same period.

For the same five-year period, the base salaries received by the Named Executive Officers, in aggregate, increased by nearly 20%. This five-year increase in compensation paid to Named Executive Officers is calculated by comparing the base salary paid during the fiscal year ended June 30, 2016 with base salary paid during the fiscal year ended June 30, 2020, to those individuals who were Named Executive Officers during the applicable year, which, in the Corporation's case, concerns the President and Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer since they are the only Named Executive Officers that were there in 2016 and are still Named Executive Officers today. This calculation does not take into account (i) the annual variable remuneration since the accounting recognition changed during this period upon recommendation of our former auditor and the annual variable remuneration with respect to financial performance criteria is not granted each year, and (ii) the value of the options granted or vested under the Stock Option Plan during each of the fiscal years ended between 2016 and 2020 because no regular grants were made between 2016 and 2020. Therefore, the respective annual variable remuneration paid to the Named Executive Officers during that period of time as well as the respective value earned under the sporadic grant of options were not taken into consideration for the calculation of the growth of Named Executive Officers' compensation over that five-year period.

9. STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In 2005, the Canadian Securities Administrators (the “CSA”) adopted *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* (the “CSA Disclosure Instrument”) and *Policy Statement 58-201 to Corporate Governance Guidelines* (the “CSA Governance Policy”) (CSA Disclosure Instrument and CSA Governance Policy being collectively referred to as “Regulation 58-101”). The CSA Governance Policy provides guidance on governance practices for Canadian issuers. The CSA Disclosure Instrument requires issuers to make the prescribed disclosure regarding their governance practices. The Board of Directors of the Corporation considers good corporate governance to be important to the effective operations of the Corporation.

The Governance Committee makes recommendations regarding the compliance of the Corporation’s practices with the CSA Governance Policy, oversees disclosure obligations related thereto and implements governance guidelines that, in its opinion, are appropriate given the Corporation’s size and current stage of development. Pursuant to the requirements of the CSA Disclosure Instrument, the Corporation provides below a response to each item, which, together, describe how the Corporation has integrated these “best practices” of corporate governance.

9.1 Board of Directors

9.1.1. Independent Directors

The Governance Committee has reviewed the independence of each director within the meaning of Regulation 58-101. A director is “independent” if he or she has no direct or indirect material relationship with the Corporation. A “material relationship” is one that could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Governance Committee has determined, after reviewing the role and relationships of each of the directors and nominee directors, that seven (7) of the eight (8) candidates put forward by management for election to the Board of Directors are independent. Furthermore, six (6) of the seven (7) current directors are also independent. The following members of the Board of Directors have been determined to be independent by the Governance Committee:

Robert Comeau	Pierre Côté
Stéphane Guérin	Lisa Henthorne
Richard Hoel	René Vachon

Therefore, the majority of the directors, six (6) out of seven (7), are independent. The Board of Directors ensures that it excludes the non-independent directors and management from its meetings from time to time, as appropriate. No specific meeting of independent directors was held during the fiscal year ended June 30, 2020. However, the Governance Committee and the Audit Committee are entirely composed of independent directors and regularly meet without management, which fosters free discussion between independent directors.

The important role of the Governance Committee and the Audit Committee in the management of the Corporation provides a certain degree of leadership for the independent directors who regularly meet separately from management.

9.1.2. Non-Independent Directors

Mr. Frédéric Dugré is the only candidate for election to the Board of Directors not considered as independent by the Governance Committee as he currently serves as President and Chief Executive Officer of the Corporation.

9.1.3. Chairwoman of the Board

Since November 13, 2018, the Chairwoman of the Board is Lisa Henthorne, an independent director. The Board of Directors has adopted a written mandate for the Chairwoman of the Board in order to establish her specific duties and responsibilities. As Chairwoman of the Board, she chairs the meetings of the Board of Directors and, accordingly, is responsible for the management, development and performance of the Board of Directors. She must ensure that the Board of Directors performs properly the tasks related to its mandate and that directors clearly understand and respect the boundaries between the responsibilities and liabilities of the Board of Directors and those of the management. She also promotes the Corporation’s efforts to achieve its objectives, maintain its viability and pursue its strategic vision.

9.1.4. Directorships with Other Issuers

The following table sets forth directorships of the current directors and proposed nominees with other reporting issuers.

Name and Residency	Directorships with the Following Reporting Issuers ⁽¹⁾
Robert Comeau Montréal, Quebec, Canada	Alithya Group Inc.
Pierre Côté Ancaster, Ontario, Canada	None
Frédéric Dugré Quebec City, Quebec, Canada	None
Stéphane Guérin Montréal, Quebec, Canada	None
Lisa Henthorne Tucson, AZ, USA	None
Richard A. Hoel Naples, FL, USA	None
Elisa M. Speranza New Orleans, LA, USA	None
René Vachon Sherbrooke, Quebec, Canada	None

(1) Directorships with other reporting issuers are as of October 19, 2020.

9.1.5. Meetings of the Board of Directors and its Committees

The following table details directors' attendance at meetings of the Board of Directors and its committees as well as the number of meetings held during the fiscal year ended June 30, 2020.

Directors	Attendance at Meetings of			
	Board of Directors	Audit Committee	Governance Committee	Projects, Operation and Innovation Committee
	12 meetings	5 meetings	3 meetings	5 meetings
Robert Comeau	12 of 12	5 of 5	2 of 3	---
Pierre Côté	12 of 12	---	---	5 of 5
Stephen A. Davis ⁽¹⁾	2 of 3	1 of 2	---	---
Frédéric Dugré	12 of 12	4 of 5	3 of 3	2 of 5
Stéphane Guérin	9 of 9 ⁽²⁾	---	---	---
Lisa Henthorne	12 of 12	---	3 of 3	---
Richard A. Hoel	12 of 12	5 of 5	2 of 2 ⁽³⁾	---
René Vachon	12 of 12	5 of 5	3 of 3	---

(1) Mr. Stephen A. Davis did not stand for re-election on November 13, 2019.

(2) Mr. Stéphane Guérin was elected as director on November 13, 2019.

(3) Mr. Richard A. Hoel was appointed as member of the Governance Committee on November 13, 2019.

9.2 Mandate of the Board of Directors

The Board of Directors has adopted a formal written mandate for itself, which is set forth in Schedule "A" of this Circular.

9.3 Position Descriptions

The Board of Directors has adopted written position descriptions for the Chairman of the Board and for the Chairs of each of its committees and has also approved a written position description for the President and Chief Executive Officer. Senior management is responsible for daily operations and management of the Corporation's business, subject to compliance with the plans approved from time to time by the Board of Directors.

9.4 Orientation

In addition to having access to all public information about the Corporation, newly appointed directors receive comprehensive information about the role of the Board of Directors, its committees, and its directors, as well as current governance policies. New directors also have extensive discussions with the Chairwoman of the Board, the President and Chief Executive Officer and the Chair of the Governance Committee with respect to the Corporation and its activities. Minutes from previous meetings are also available to them. From time to time, presentations are made to the Board of Directors to update its members on business strategies and any changes within the Corporation and to inform them about regulatory and industry requirements and standards.

9.5 Code of Ethics

9.5.1. Internal Policies

The Board of Directors has adopted a formal written mandate for both the Audit Committee (in accordance with Regulation 52-110) and the Governance Committee. The Board of Directors has also adopted an Ethics and Business Conduct Policy (the “Code”) as well as a Disclosure, Confidentiality and Trading Policy and a Delegation of Authority Policy, all of which apply to the Corporation’s directors, officers and employees. A copy of the Code has been filed on SEDAR and copies of the Code and certain internal policies can be obtained, free of charge, by contacting the Investors Relations Department of the Corporation at the address set forth in Section 11 – “Additional Information” below.

Moreover, every employee of the Corporation received a copy of the Employee Manual presenting detailed information about the Corporation, its history, mission, product markets, values, and management philosophy. The Employee Manual also sets out the responsibilities of every employee with respect to ethics and psychological and sexual harassment, as well as the regulations surrounding privileged and confidential information. In addition, new employees attend an orientation meeting with Mr. Frédéric Dugré, President and Chief Executive Officer of the Corporation, during which Mr. Dugré explains the Corporation’s profile and values, the strategic objectives of the Corporation and its operational plan for the current year. He also gives a summary of the Corporation’s history and growth.

The managers of the Corporation are invited to participate in a two-day “Management Bootcamp” every two (2) years. Throughout this event, all managers participate in presentations, training, activities, and conferences about the current best management practices. The managers have access to useful documentation concerning recruitment, retention and mobilization, health and safety, and payroll and benefits. Managers attend monthly meetings with all support functions (Human Resources, Information Technology, Marketing, Finance, Legal and Procurement) allowing discussions on their concerns, issues and other important matters in their respective department.

The Board of Directors monitors the dissemination of and compliance with the policies outlined above, either directly or through its committees, based on, amongst other things, (i) management reports with respect to significant matters that occurred during a quarter in the different departments of the Corporation, such as human resources, finance, manufacturing, sales, etc., (ii) review of insider trading on a quarterly basis, and (iii) regular assessment of internal controls and identification of any deficiencies.

The Corporation takes the necessary steps to ensure that all directors, officers and employees covered by the relevant policies are made aware of their content and importance. All policies are made available to employees on the Corporation’s intranet.

Since the beginning of the Corporation’s most recently completed fiscal year, no material change report has been filed regarding conduct of any director or executive officer that marks a departure from the Code.

9.5.2. Considering Transactions

In order to ensure that directors exercise independent judgment when considering transactions and agreements in which directors or executive officers have a material interest, the Governance Committee monitors the disclosure of conflicts of interest by directors and ensures that no director will vote or participate in a discussion on a matter in which such director has a material interest.

9.5.3. Whistleblower Policy

The Board of Directors has approved a procedure for receiving, and addressing in confidence, complaints and concerns regarding accounting, internal accounting controls, or auditing matters (the “Whistleblower Policy”). The Whistleblower Policy stipulates that each employee, officer, and director has the responsibility to fully disclose (anonymously, if necessary) any wrongdoing in connection with the Corporation’s policies, financial disclosure and reporting. Furthermore, the Code clarifies the rules of conflict of interest and presents detailed procedures for the identification, nature, disclosure, and treatment of any conflict of interest, being apparent or real. In both the Whistleblower Policy and the Code, procedures covering receipt, registration, and treatment of claims have been established. All directors, officers and employees have signed a written commitment to abide with the provisions of both the Whistleblower Policy and the Code and to disclose any potential or real conflicts of interest or wrongdoings.

9.6 Director Recruitment

The Board of Directors is responsible for director recruitment, orientation, and training. Recruitment is based on the capabilities and experience of the candidates in relation to the Corporation's needs, and the number of hours that individuals can give to the Corporation.

The Corporation does not have a nominating committee since the Governance Committee is in charge of recruiting new directors and assessing the overall effectiveness of the Board of Directors, its committees, and the efforts of each director as outlined in Regulation 58-101.

9.7 Compensation

9.7.1. Determination of the Compensation

Directors

The Governance Committee reviews annually and makes recommendations to the Board of Directors regarding the adequacy and form of the compensation for non-executive directors to ensure that such compensation realistically reflects the responsibilities and risks involved.

The Governance Committee is responsible for reviewing, when it deems it necessary, the compensation practices of comparable companies with a view of aligning the Corporation's non-executive directors' compensation with the peer comparator group median. As mentioned in Section 3.1.5 – "Benchmarking - Non-Executive Directors' Compensation" of this Circular, a compensation consultant was retained by the Corporation during the fiscal year ended June 30, 2019 in order to perform a review of the compensation of non-executive directors. Directors who are executive officers of the Corporation do not receive additional remuneration for services rendered as directors.

Executive Officers

The compensation of the Corporation's executive officers consists principally of base salary, annual variable remuneration and other forms of compensation. Consistent with market practice, incentive stock options are also awarded from time to time as a way of aligning the interests of management and shareholders. As mentioned in Section 3 – "Statement of Executive Compensation" of this Circular, the executive officers' remuneration is reviewed annually and a compensation consultant was retained by the Corporation during the fiscal year ended June 30, 2019 to perform a review of the compensation of executive officers.

9.7.2. Composition of the Governance Committee

The Governance Committee meets at least twice a year or more when required. As of October 19, 2020, the members of the Governance Committee are René Vachon, Lisa Henthorne and Richard Hoel, and all of them are independent directors within the meaning of Regulation 58-101. Since November 13, 2019, Mr. Vachon acts as Chairman of the Governance Committee.

9.7.3. Mandate of the Governance Committee

The main responsibilities and powers of the Governance Committee are outlined in greater detail in the document entitled "Mandate of the Corporate Governance, Remuneration and Risks Committee" set forth in Schedule "B" of this Circular.

9.8 Other Committees

In addition to the Audit Committee and the Governance Committee, the Board of Directors created on November 12, 2018, the Projects, Operation and Innovation Committee (the "POI Committee"). The POI committee reviews certain operation and maintenance contracts and approves submissions of bids for certain water or wastewater treatment projects in accordance with its mandate and the Delegation of Authority Policy. The POI Committee is comprised of one (1) independent director, two (2) members of the Corporation's management, and two (2) independent individuals having expertise, experience and know-how in the water treatment industry. As of October 19, 2020, the Chairman of the POI Committee is Pierre Côté and the advisory members are Ms. Elisa M. Speranza and Mr. Leonard F. Graziano.

Elisa M. Speranza is recognized as a water treatment industry leader with a passion for promoting sustainable environmental, economic and social progress. Ms. Speranza was employed with CH2M Hill Inc. (acquired by Jacobs Engineering Group Inc.), a Fortune 500 listing company providing infrastructure and natural resources solutions to clients worldwide, for 15 years. She occupied several positions, such as President of the Operations Management Business Group from 2008 to 2013 as well as Senior Vice President and Corporate Director from 2014 to 2017. Since January 2018, Ms. Speranza acts as an independent director for Northeast Power Coordinating Council Inc., a non-for-profit corporation responsible for promoting and enhancing the reliability of the international, interconnected bulk power system in the Northeastern North America and, since May 2008, she acts as an adjunct instructor at the University of Colorado in Water Engineering and Management program. Furthermore, Ms. Speranza sat on several

boards of directors and committees, such as the American Water Works Association (AWWA) and Water for People (W4P) and is a long-standing member of the Water Environment Federation (WEF).

Leonard F. Graziano held the position of President and CEO of Severn Trent Services, Inc. ("STS") from 2002 to 2011. STS is a subsidiary of Severn Trent Plc (UK) and provides water and wastewater treatment and operating services to utilities, municipalities and commercial customers around the world. Mr. Graziano was also a board member of STS as well as a board member of the National Association of Water Companies.

9.9 Efficiency Assessment

On an annual basis, the Chairwoman of the Board assesses the performance, contribution and effectiveness of the Board of Directors as a whole, of each member of the Board of Directors as an individual and of the committees of the Board of Directors, within the meaning of Regulation 58-101. Questionnaires are distributed to each director for the purpose of (i) evaluating the responsibilities and functions of the Board of Directors, its operations, how it compares with boards of other companies on which the directors serve, and the performance of the committees of the Board of Directors, and (ii) evaluating the performance of the Chairwoman of the Board. The results of the questionnaires are compiled on a confidential basis to encourage full and frank commentary and are discussed at the next regular meeting of the Board of Directors. The Chairwoman of the Board and the Chair of the Governance Committee (as to the performance review of the Chairwoman of the Board) present to the Board of Directors their findings and recommendations to enhance performance, contributions and effectiveness.

9.10 Director Term Limits

The Corporation does not have a policy that limits the term of the directors on its Board of Directors and has not provided other mechanisms of board renewal. At this time, the Board of Directors does not believe that it is in the best interest of the Corporation to establish a term limit of the director's mandate or a mandatory retirement age. The Board of Directors is in the opinion that term limit may disadvantage the Corporation through the loss of the beneficial contribution of directors who have developed increased knowledge of the Corporation, its operations and the industry over a period of time. Furthermore, the Governance Committee assesses on a regular basis the composition of the Board of Directors to ensure that the Board of Directors is composed of the right mix of skills and expertise that will enable it to provide strong management for the Corporation.

At this time, the directors who currently sit on the Corporation's Board of Directors have held their office for:

- Less than 1 year: 1 director
- 1 to 5 years: 2 directors
- 6 to 10 years: 2 directors
- 11 to 15 years: 1 director
- 16 years and up: 1 director

9.11 Diversity of the Board of Directors and Senior Management

The Corporation recognizes that diversity amongst directors and members of management can bring numerous benefits to an organisation. However, though the Corporation does not discriminate against any candidate based on their belonging to a Designated Group, as further defined in the *Employment and Equity Act* (Canada), as including women, Aboriginal peoples, persons with disabilities and members of visible minorities, the Board of Directors considers that it is in the best interest of the Corporation that all appointments be made on merit taking into account the skills, expertise and experience the Corporation requires and focusing on the candidate's actual and potential contribution in terms of performance, competence, collaboration and professional accountability rather than the level of representation of any particular Designated Group amongst its Board of Directors and senior management. Therefore, the Corporation is of the opinion that a diverse range of candidates should always be considered and that no biases should lead to discrimination against or for any candidate. As a result, the Corporation has not adopted any formal policy relating to the representation, identification, and nomination of the members of the Designated Groups, including women, on the Board of Directors and in senior management.

As described above, the Board of Directors' primary objective in the directors and senior management's selection process is to consider the Corporation's best interest and appoint individuals in regard to their relevant skills, expertise and experience and to focus on the actual and potential contribution they can provide in terms of performance, competence, collaboration and professional accountability, with gender, ethnicity or disabilities not being decisive factors in the candidate's selection. Therefore, while the Corporation recognizes the benefits of diversity at all levels within its organization, it has not adopted formal diversity targets to be achieved regarding the composition of the Board of Directors or in its senior management positions.

Below are the percentages of members of each of the above-mentioned Designated Groups amongst the Board of Directors and the senior management of the Corporation and its major subsidiaries as of October 19, 2020:

- One (1) woman (14%) sits on the Corporation's Board of Directors, also holding the position of Chairwoman of the Board, and one (1) of the two (2) advisory members of the POI Committee is a woman (50%), who is also one of the nominee directors proposed by the management. No woman currently holds a senior management position.
- One (1) senior manager of the Corporation self-identifies as being part of a visible minority group (11%). No member of the Board of Directors self-identifies as being part of visible minorities group.
- None of the current members of the Board of Directors or senior managers self-identify as a person with disability.
- None of the current members of the Board of Directors or senior managers self-identifies as an Aboriginal person.

10. RECEIPT OF SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

Under the *Canada Business Corporations Act*, a registered holder or beneficial owner of common shares that will be entitled to vote at the next annual meeting of shareholders may submit to the Corporation, before July 21, 2021, a proposal in respect of any matter to be raised at such meeting.

11. ADDITIONAL INFORMATION

Additional financial information relating to the Corporation is included in its most recent audited annual and unaudited quarterly consolidated financial statements, annual and quarterly management discussions and analysis of financial position, and results of operations which, together with other information, are available on www.sedar.com and may also be obtained by contacting:

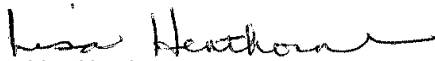
Investors Relations Department
H₂O Innovation Inc.
330 rue St-Vallier Est, Suite 340
Quebec City, Quebec, G1K 9C5
418-688-0170
investor@h2oinnovation.com

12. APPROVAL OF THE CIRCULAR

The Board of Directors of the Corporation approved the contents of the Management Proxy Circular and its sending to the shareholders on October 19, 2020.

Quebec City, Quebec, October 19, 2020.

H₂O INNOVATION INC.


Lisa Henthorne
Chairwoman of the Board of Directors

SCHEDULE "A": MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors, composed of a majority of non-related, independent directors, is responsible for the stewardship of the Corporation in accordance with its by-laws and in conformity with all applicable laws and regulations.

The Board of Directors retains plenary authority and power to do all lawful acts and things that are not by law or otherwise directed or required to be exercised or done by the shareholders of the Corporation or in some other manner.

All directors shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

Definition of Responsibilities

In carrying out its responsibilities, the Board of Directors (or the committees of the Board of Directors duly constituted by the Board of Directors to the extent that such delegation is permitted by law and is specifically made by the Board of Directors) shall have the following specific responsibilities:

1. Stewardship of the Corporation - The adoption of such corporate governance guidelines or principles applicable to the Corporation, including, but not limited to, (i) the size and composition of the Board of Directors; (ii) the orientation of new directors; (iii) the provision for continuing education of directors; (iv) the compensation of directors; and (v) the periodic assessment of the performance of the Board of Directors, its committees, and directors against its charter and mandate.
 - a. Oversee the maintenance of practices and processes by the Board of Directors and by the management to ensure compliance with applicable laws and appropriate ethical standards, including the adoption of corporate policies and procedures and the adoption of a written code of business conduct and ethics applicable to directors, officers, and employees of the Corporation containing standards that are designed to deter wrongdoing.
 - b. Submit to and approve by the shareholders of any amendment to the articles of the Corporation, amendment, or repeal of any bylaws or any such matters or questions falling within their jurisdiction.
 - c. Adopt and monitor a corporate strategic plan, including an annual business plan, budget, and periodic review, taking into account, among other things, the opportunities and risks associated with the business.
 - 1) Recommend for approval a clear vision for the Corporation as developed by the President and Chief Executive Officer ("CEO") and shared by the executive officers.
 - 2) Recommend for approval the annual objectives of the Corporation and the CEO, including a monthly operating budget, and the assessment of the performance of the Corporation and the CEO against such approved objectives and budgets.
 - d. Establish adequate internal controls and management information systems.
 - e. Identify the principal risks of the Corporation's business and ensure the implementation of appropriate systems and insurance policies to manage these risks.
 - f. Adopt and monitor communications or disclosure policy.
 - g. Adopt processes for succession planning, periodic review of succession plans for key members of the management, including the CEO, and appointment and performance review of the executive officers of the Corporation.
2. Issuance of securities - Authorize the issuance of securities of the Corporation as required in accordance with applicable laws.
3. Dividends - Approve the approval of the purchase, redemption, or other acquisition of shares issued by the Corporation as required in accordance with applicable laws.
4. Reliability and integrity of accounting principles and practices - Oversee the reliability and integrity of accounting principles and practices followed by management in the financial statements and other financial reporting, and disclosure practices followed by management.
5. Compensation - Approve the compensation paid to executive officers and directors, including variable remuneration, equity compensation and non-arm's length consulting arrangements.
6. Integrity of the CEO and other executive officers - Insofar as it is possible, be satisfied with the integrity of the CEO and other executive officers of the Corporation so that the CEO and other executive officers spread a culture of integrity throughout the Corporation.
7. Qualifications and independence of the auditor - Oversee the qualifications and independence of the auditor of the Corporation and approve of the terms and conditions of their audit and non-audit service engagements as required by and in accordance with applicable laws and regulations of the stock exchange and of securities regulatory authorities the Corporation is accountable to.
8. Performance of the independent auditor - Assess the performance of the independent auditor, fill any vacancy in the office of the independent auditor between shareholders' meetings, and recommend the annual appointment or, if appropriate, the removal, of the independent auditor of the Corporation to the shareholders of the Corporation for their approval in accordance with applicable laws.
9. Approval of the annual audited consolidated financial statements - Review and approve the annual audited consolidated financial statements of the Corporation and, as required in accordance with applicable laws, the quarterly unaudited consolidated financial statements of the Corporation.
10. Approval of MD&A, prospectuses, annual information forms, annual reports, and other applicable forms - Approve management's discussion and analyses of financial conditions and results of operations, prospectuses, annual information forms, annual reports, and other applicable forms, as the case may be, including proxy circulars and proxy statements sent to shareholders of the Corporation and any other material disclosure documents.
11. Feedback from security holders - Establish and provide a periodic review of the Corporation's measures for receiving feedback from security holders.

12. Recommendation of candidates for election or appointment to the Board of Directors - Recommend candidates for election or appointment to the Board of Directors, including, if any, the review of nominations recommended by shareholders.
13. Position descriptions - Develop position descriptions for the Chair of the Board and the chair of each committee of the Board of Directors together with a clear position description for the CEO, including a clear delineation of the management's responsibilities.
14. Decisions requiring prior approval of the Board of Directors - To the extent not otherwise referred to above, review and approve all proposed transactions and matters described below under the heading "Decisions Requiring Prior Approval of the Board of Directors" and, where applicable, in accordance with the requirements of the *Canada Business Corporations Act*, the stock exchanges on which the Corporation lists its securities and any other regulatory or securities prescriptions as adopted or in force, or amended from time to time.

Decisions Requiring Prior Approval of the Board of Directors

In discharging its duties and responsibilities, the Board of Directors is expected to be fully diligent in its oversight to avoid fraud or abuse. Accordingly, the Board of Directors may conduct such examinations, investigations, or inquiries, and hire such special legal, accounting, or other advisors, at the expense of the Corporation, at such time or times and on such terms and conditions as the Board of Directors considers appropriate.

In addition to such other approvals that may be required by (i) applicable laws, (ii) stock exchanges on which the Corporation lists its securities, and (iii) securities regulatory authorities, the Board of Directors (or the committees of the Board of Directors duly constituted by the Board of Directors to the extent such delegation is permitted by law and is specifically made by the Board of Directors) shall review and approve prior to implementation:

1. Strategic plan and annual operating budget;
2. Capital expenditures not part of the approved operating budget;
3. Mergers and acquisitions;
4. Material investments and dispositions of the Corporation;
5. Borrowings and banking arrangements of the Corporation;
6. Financing by the Corporation including the issuance of debt, equity, and derivative instruments. More generally, this includes the approval of all off-balance sheet financings by the Corporation or by special purpose entities or affiliates;
7. Purchase and redemption of Corporation's securities;
8. Changes to the articles or by-laws of the Corporation, to the extent permitted by law;
9. Hiring and, if necessary, the dismissal of the CEO;
10. Compensation paid to executive officers and directors, including variable remuneration, equity compensation and non-arms length consulting arrangements;
11. Review of the performance of the Board of Directors to be conducted at least annually.
12. Other material matters outside the ordinary course of the Corporation's business, including, without limitations, all major strategic and policy decisions and settlement of litigation; and
13. Any other matter specified by the Board of Directors as requiring its approval.

Expectations of Management

Management, led by the CEO, is responsible for the day-to-day operations of the Corporation and for providing the Board of Directors, directly or through the Chair of the Board, with complete and accurate information on such operations.

The Board of Directors expects management to propose and, after Board of Directors approval, implement the Corporation's strategic plan and to be accountable for the Corporation's financial and competitive performance. The Board of Directors expects the Corporation's resources to be managed in a manner consistent with enhancing the value of the Corporation and with consideration for ethics and corporate social responsibility.

The Board of Directors may request that certain members of Corporation's management attend all or any portion of a Board of Directors or committee meeting and may schedule presentations by managers who can provide additional insight based on their personal involvement in the matter or their particular expertise.

Each director shall have complete access to all members of the Corporation's management. The Chief Financial Officer of the Corporation shall have access to meet privately with the Audit Committee and Corporate Governance, Remuneration and Risks Committee respectively.

The Board of Directors and all its committees may rely on the information provided by the Corporation's management personnel or outside advisors and auditor.

General

The Board of Directors shall review and assess the adequacy of the mandate of the Board of Directors on an annual basis.

Nothing in this Mandate is intended, or may be construed, to impose on any member of the Board of Directors a standard of care or diligence that is in any way more onerous or extensive than the standard required by law.

In carrying out its duties and responsibilities, the Board of Directors must be fully diligent in its monitoring in order to prevent fraud or abuses. As a result, the Board of Directors may conduct examinations, studies, and investigations and hire legal, financial, or other consultants at the Corporation's expense and according to the frequency and terms and conditions it deems appropriate.

SCHEDULE "B": MANDATE OF THE CORPORATE GOVERNANCE, REMUNERATION AND RISKS COMMITTEE

The Governance, Remuneration and Risks Committee (the "Committee") of H₂O Innovation Inc. (the "Corporation") is appointed by the Board of Directors for the purpose of providing oversight, assessment, guidance and/or recommendations to the Board of Directors on the following matters: (i) corporate governance affairs, (ii) internal controls, (iii) compensation of the Executive Officers and Board of Directors members, (iv) employee benefits and talent management, (v) risk management, (vi) health & safety and environmental compliance and (vii) cybersecurity.

The Committee shall consist of a minimum of three (3) non-related, independent directors. The quorum shall consist of a majority of the members duly appointed by the Board of Directors. The members of the Committee are appointed each year by the Board of Directors at its first meeting following the annual meeting of the shareholders or at any other meeting if a vacancy occurs. The Board of Directors also appoints a chairperson among the Committee members.

The Committee shall meet at such times and with such frequency as the Committee determines appropriate or as it is required for the good business of the Corporation, either in person or via conference call; provided however that the Committee should meet at least twice a year, in April and in September.

All Committee members shall act honestly and in good faith while keeping the Corporation's best interests in mind and exercising the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. The members of the Committee will review and evaluate the performance of the Committee on an annual basis.

Definition of responsibilities

In carrying out its responsibilities, the Committee shall have the following specific responsibilities:

A. Corporate Governance

1. Develop and recommend to the Board of Directors corporate governance guidelines or principles applicable to the Corporation, including those with respect to: (i) the size and composition of the Board of Directors, (ii) the orientation of new directors, (iii) the provision of continuing education to directors, (iv) the compensation of the directors, (v) the periodic assessment of the performance of the Board of Directors, its committees, and directors, including competencies and skills each individual director is expected to bring to the Board of Directors and (vi) the review of the mandate of each committee of the Board of Directors.
2. Review and reassess the relevance and the adequacy of such corporate governance guidelines on an annual basis and recommend to the Board of Directors any changes deemed appropriate by the Committee.
3. Review, for recommendation to the Board of Directors, the Corporation's code of business conduct and ethics applicable to its directors, officers, and employees containing standards that are reasonably designed to deter wrongdoing and review such code of business conduct on a regular basis.
4. Oversee and review the practices and processes implemented by the Board of Directors and the management of the Corporation to ensure compliance with applicable laws and appropriate ethical standards, including the adoption by the Board of Directors of appropriate corporate policies and procedures.
5. Recommend candidates for election or appointment to the Board of Directors, including the review of nominations recommended by the shareholders of the Corporation, if any.
6. Assess the integrity of the Chief Executive Office and other Executive Officers of the Corporation by any means deemed necessary by the Committee.
7. Review, for recommendation to the Board of Directors, position descriptions for the Chairman of the Board of Directors, the President and Chief Executive Officer and the chair of each committee.

B. Internal Controls

8. Receive, for information purpose, the internal control reports presented by the management to the Audit Committee.

C. Succession Planning, Performance Review and Compensation for Executive Officers and Directors

9. Review, for recommendation to the Board of Directors, corporate process for succession planning, periodical review of succession plans for key management, including the President and Chief Executive Officer.
10. Review on an annual basis, for recommendation to the Board of Directors, the remuneration to be paid to the Corporation's Executive Officers and managers based on their performance, skills and experience, including, without limitation, base salary, annual variable remuneration and equity compensation, as the case may be. The Committee may retain, as it deems it necessary to provide recommendation to the Board of Directors, the assistance of an independent compensation consultant with respect to the compensation of Executive Officers of the Corporation.
11. Review on a regular basis, for recommendation to the Board of Directors, the remuneration to be paid by the Corporation to the members of the Board of Directors. The Committee may retain, as it deems it necessary to provide recommendation to the Board of Directors, the assistance of an independent compensation consultant with respect to the compensation of the Corporation's directors.
12. Review, for recommendation to the Board of Directors annual corporate goals and objectives for the Corporation's management (roadmap) and assess, on a regular basis, the achievement of such goals and objectives.

13. Review, for recommendation to the Board of Directors, all short and long term incentive compensation plans and equity-based plans, such as annual variable remuneration structure, stock option plan, share purchase plan, share units, or any other plan or program where shares or options to acquire shares may be granted.
14. Discuss with the Board of Directors the competencies and skills that are expected from a candidate for the position of President and Chief Executive Officer of the Corporation and provide recommendations to the Board of Directors with respect to the hiring of a selected candidate for this position.

D. Talent Management and Employee Benefits

15. Provide guidance and oversight on talent management to ensure that the Corporation attracts and retains the talents needed to deliver its business objectives.
16. Review investments and strategies made by the Corporation for employee training, education and development.
17. Provide strategic guidance on employee benefits-related matters such as health and medical plans and programs, costs, competitiveness, market tendencies and benchmarking.

E. Risk Management

18. Provide oversight of, and review for recommendation to the Board of Directors, (i) the Corporation's material risks of any nature, (ii) the corporate risk profile developed by the management, (iii) the mitigation plan proposed by the management, and (iv) monitor the implementation of appropriate actions, systems and insurance policies to manage the risks identify in the corporate risk profile.
19. On an annual basis, review the Corporation's commercial insurance coverage to ensure all risks are sufficiently covered and recommend to the Board of Directors any changes, modifications or additions to be made to the commercial insurance coverage of the Corporation.
20. Assess the effectiveness and the independence of risk management functions and the risk awareness culture throughout the organization.
21. Discuss with the Corporation's management about the infrastructure, resources and systems in place for risk management and assess their suitability to maintain a satisfactory level of risk management discipline.
22. Inquire on the Corporation's conditions to identify potential future risks and discuss with the Corporation's management adequate plans to properly address the future risks identified.

F. Health & Safety and Environmental Compliance

23. Review and monitor Corporation's protocols, processes, policies and activities with respect to health and safety and environmental compliance to ensure compliance with applicable laws, legislation and policies.
24. Recommend actions for developing policies, programs and procedures to ensure that the principles set out in the Corporation's policies related to health, safety and security, and environmental matters, are being adhered to and achieved.
25. Monitor management's action plans to address emerging issues and review the sufficiency of resources available for carrying out the actions and activities recommended.
26. Review environmental compliance issues and environmentally sensitive incidents to determine that the Corporation (i) is taking all necessary action in respect of those matters especially, without limitation, when conducting its operation and maintenance activities, and (ii) has been diligent in carrying out its responsibilities and activities in that regard.
27. Review management's report on the identification, assessment and management of risks relating to health, safety, security and environmental matters.

G. Cybersecurity

28. Provide oversight with respect to the Corporation's information technology use and protection, including but not limited to data governance, privacy and cybersecurity.
29. Review, on an annual basis, the policies, procedures and plans (i) intended to provide security, confidentiality, availability and integrity of the information and data, (ii) with respect to the Corporation's information technology systems, and (iii) to respond to a material cyber incident or event.
30. Review with Corporation's management disaster recovery capabilities.

H. General

The Committee shall report, on a timely and regular basis, its findings and conclusions to the Board of Directors with respect to any of the matters described above. Furthermore, the Committee may discuss any other matter as delegated by the Board of Directors in terms of corporate governance, remuneration and risks.

In carrying out its duties and responsibilities, the Committee must be fully diligent in its monitoring in order to prevent fraud or abuses. As a result, the Committee may conduct examinations, studies, and investigations and hire legal, financial, or other consultants at the Corporation's expense and according to the frequency and terms and conditions the Board of Directors deems appropriate.