



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 9, 2021, 10:30 a.m. (Eastern Time)

October 21, 2021



H₂O INNOVATION INC.

Quebec City, October 21, 2021

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. (the "Meeting") to be held at its registered office located at 330, rue St-Vallier Est, Suite 340, Quebec City, Quebec, G1K 9C5, on Tuesday, December 9, 2021, at 10:30 a.m. (Eastern Time). You may attend the Meeting in person, through a webcast available at <https://snwebcastcenter.com/webcast/h20/agm/175779> or by phone at (438) 803-0534 and (888) 440-2131 (toll free).

This year, as we continue to deal with impacts of the unprecedented COVID-19 pandemic and in order to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, shareholders are strongly encouraged to vote by proxy in advance of the Meeting and to attend the Meeting through the webcast instead of attending in person. Shareholders, or their respective proxyholders, who prefer to attend the Meeting in person will be asked to present their proof of COVID-19 vaccination with an ID document and to wear a mask until they are seated in the room, the whole in accordance with the public health rules of the province of Quebec. The ability to attend the Meeting in person is subject to governmental orders applicable at the time of the Meeting which might prevent or restrict shareholders and duly appointed proxyholders from attending in person. Please do not attend the Meeting if you are experiencing any symptoms of COVID-19.

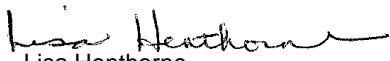
The Corporation reserves the right to take any additional precautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak and in order to ensure compliance with federal, provincial and local laws and orders, including without limitation: (i) holding the Meeting virtually; (ii) hosting the Meeting solely by means of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to/from outside of Canada within the 14 days immediately prior to the Meeting; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting. Should any such changes to the Meeting format occur, the Corporation will announce any and all of these changes by way of news release, which will be filed under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Corporation's website at h2oinnovation.com. We strongly recommend you check the Corporation's SEDAR profile and website prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Corporation will not prepare or mail amended materials in respect of the Meeting.

At the 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, 2022 and, on the ratification, confirmation and approval of an advance notice bylaw.

We urge you to give serious attention to the information on each matter set out in the attached Management Proxy Circular dated October 21, 2021 (the "Circular"). As mentioned above, it is strongly recommended that you exercise your right to vote prior to the Meeting, as described in the attached Circular, although voting in person at the Meeting will also be possible, subject to the limitations described above.

Following the formal portion of the Meeting, members of management will provide an update on the business and operations of H₂O Innovation Inc. and answer relevant questions.

Sincerely,


Lisa Henthorne
Chairwoman of the Board of Directors


Frédéric Dugré
President and Chief Executive Officer

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

MEETING DATE:

**Thursday, December 9, 2021
at 10:30 a.m. (Eastern Time)**

**H₂O Innovation Inc.
330, rue St-Vallier Est
Suite 340
Quebec City, Quebec
G1K 9C5**

BUSINESS OF THE ANNUAL GENERAL MEETING

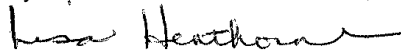
At the Annual General Meeting of shareholders of the Corporation (the "Meeting"), shareholders will be asked to:

1. receive the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2021;
2. elect the directors for the ensuing year;
3. appoint the auditor for the fiscal year ending June 30, 2022 and authorize the directors to fix its remuneration;
4. consider and if deemed advisable, adopt, an ordinary resolution ratifying, confirming and approving an advance notice bylaw; and
5. consider such other business that may properly come before the Meeting or any adjournment thereof.

This year, as we continue to deal with the impacts of the unprecedented COVID-19 pandemic, and in order to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, shareholders are strongly encouraged to vote by proxy in advance of the Meeting. Shareholders, or their respective proxyholders, who prefer to attend the Meeting in person will be asked to present their proof of COVID-19 vaccination with an ID document and to wear a mask until they are seated in the room, the whole in accordance with the public health rules of the province of Quebec. A webcast of the Annual General Meeting of shareholders will be available at <https://snwebcastcenter.com/webcast/h20/agm/175779> and the Meeting will also be available by phone at (438) 803-0534 and (888) 440-2131 (toll free).

The Corporation reserves the right to take any additional precautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak and in order to ensure compliance with federal, provincial and local laws and orders, including without limitation: (i) holding the Meeting virtually; (ii) hosting the Meeting solely by means of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to/from outside of Canada within the 14 days immediately prior to the Meeting; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting. Should any such changes to the Meeting format occur, the Corporation will announce any and all of these changes by way of news release, which will be filed under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Corporation's website at h2oinnovation.com. We strongly recommend you check the Corporation's SEDAR profile and website prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Corporation will not prepare or mail amended materials in respect of the Meeting.

By order of the Board of Directors,



Lisa Henthorne
Chairwoman of the Board of Directors
Quebec City, Quebec
October 21, 2021

Notes:

- **The 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 entitled to vote at the meeting are highly encouraged to do so before the Meeting, either by phone, by internet, by attending the Meeting in person, subject to the public health limitations described above, or by completing the form of proxy to appoint someone else as proxyholder to attend the Meeting in person and vote on their behalf. The forms of proxy must be returned no later than 5:00 p.m. (Eastern Time) on December 7, 2021.**

MANAGEMENT PROXY CIRCULAR

October 21, 2021

1. VOTING INFORMATION

1.1 Notice-and-Access

H₂O Innovation Inc. (the “Corporation” or “H₂O Innovation”) has elected to use “notice-and-access” procedures as permitted under *Regulation 51-102 respecting Continuous Disclosure Obligations* (“Regulation 51-102”) 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, 2021 (collectively, the “Meeting Materials”) to its shareholders rather than mailing such documents. 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, 2021, 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 21, 2021.

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) may do so by striking off the names of the persons designated by management and by inserting such other person’s name in the blank space provided in the Form of Proxy.

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 TSX Trust Company (“TSX Trust”), the Corporation’s registrar and transfer agent, 1, Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6, or ii) by depositing with TSX Trust 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.

1.5 Participating at the Meeting

The Meeting will be hosted in a format allowing shareholders to either assist: (i) physically, at H2O Innovation Inc.'s registered office located at 330, rue St-Vallier Est, Suite 340, Quebec City, Quebec, G1K 9C5, (ii) online by way of a live webcast available by using the following link <https://snwebcastcenter.com/webcast/h20/agm/175779> or (iii) by phone at (438) 803-0534 and (888) 440-2131 (toll free). **Shareholders will not be able to vote if they join the Meeting through the webcast or by phone.** Information shareholders will need to join the webcast is provided below:

- The webcast will begin at 10:30 a.m. (Eastern Time) on December 9, 2021, at the same time than the Meeting, and will be available by using the following link <https://snwebcastcenter.com/webcast/h20/agm/175779>.
- By joining the Meeting through the webcast, shareholders will be able to listen to the Meeting and submit questions but will not be able to vote.

The Corporation reserves the right to take any additional precautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak and in order to ensure compliance with federal, provincial and local laws and orders, including without limitation: (i) holding the Meeting virtually; (ii) hosting the Meeting solely by means of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to/from outside of Canada within the 14 days immediately prior to the Meeting; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting. Should any such changes to the Meeting format occur, the Corporation will announce any and all of these changes by way of news release, which will be filed under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Corporation's website at h2oinnovation.com. We strongly recommend you check the Corporation's SEDAR profile and website prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Corporation will not prepare, or mail amended materials in respect of the Meeting.

1.6 Exercise of Voting Rights Attached to the Shares

It is strongly recommended to vote by proxy before the Meeting. Registered Shareholders can vote their common shares (i) 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), (ii) by Internet by visiting the website shown on the Form of Proxy, using the Control Number shown on the Form of Proxy) and following the online voting instructions, (iii) by attending the Meeting in person, or (iv) by completing a Form of Proxy to appoint someone else as proxyholder to attend the Meeting in person and vote their shares on their behalf. Any Registered Shareholders or proxyholders attending the Meeting in person will be asked to present satisfactory evidence of COVID-19 vaccination with an ID document and to wear a mask until they are seated in the room, the whole in accordance with the public health rules of the province of Quebec. The Forms of Proxy must be executed by shareholders or the attorneys of such shareholders, duly authorized in writing, and must be deposited with TSX Trust (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 7, 2021 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 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 TSX Trust, are "Registered Shareholders".

Registered Shareholders can vote their common shares (i) 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), (ii) 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, (iii) by attending the Meeting in person, or (iv) by completing a Form of Proxy to appoint someone else as proxyholder to attend the Meeting and vote their shares on their behalf. Any Registered Shareholders or proxyholders attending the Meeting in person will be asked to present satisfactory evidence of COVID-19 vaccination with an ID document and to wear a mask until they are seated in the room, the whole in accordance with the public health rules of the province of Quebec. 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 Meeting Materials 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 22, 2021 (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 TSX Trust, 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 21, 2021, 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 85,757,899 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 executive officers of the Corporation, the only shareholder who, as of October 21, 2021, beneficially owns, or controls, directly or indirectly, shares conferring 10% or more of the voting rights attached to the issued and outstanding shares of the Corporation is indicated in the table below:

Name of Shareholder	Number of Common shares	Percentage of Voting Rights
Investissement Québec	9,003,544	10.50%

1.11 Interest on Matters to be Acted Upon

Except as disclosed in this Circular, no one 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 annual consolidated financial statements of the Corporation for the fiscal year ended June 30, 2021 and the auditor's report thereon will be presented to the shareholders at the Meeting. No shareholder vote is required with respect thereto.

The audit committee of the Board of Directors of the Corporation (the "Audit Committee") has examined the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2021 and discussed them with the management and the Corporation's external auditor, Ernst & Young LLP ("EY").

The Audit Committee recommended for approval by the Board of Directors the audited consolidated financial statements for the fiscal year ended June 30, 2021, the press release on the quarter and fiscal year ended June 30, 2021, and the Corporation's annual report for the fiscal year ended June 30, 2021.

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 27, 2021 for the fiscal year ended June 30, 2021 (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. Louis G. Véronneau.

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, options and warrants of the Corporation they hold or over which they exercise control as of October 21, 2021.

Name and Place of Residence	Principal Occupation	Director since	Number of Common Shares	Number of Options	Number of Warrants
Pierre Côté ⁽³⁾ Ancaster, Ontario Canada	President Côté Membrane Separation Ltd. (consulting firm)	November 12, 2013	144,835	---	---
Frédéric Dugré ⁽³⁾ Quebec City, Quebec Canada	President and Chief Executive Officer H ₂ O Innovation Inc.	January 12, 1999	868,052	1,771,000	---
Stéphane Guérin ⁽¹⁾ Montréal, Quebec Canada	Corporate Director	November 13, 2019	18,774	---	---
Lisa Henthorne ⁽²⁾ Tucson, AZ USA	Senior Vice President and Chief Technology Officer Water Standard (water desalination company)	July 12, 2010	98,053	---	---
Richard A. Hoel ⁽¹⁾ Naples, FL USA	Private investor and Consultant	July 10, 2008	1,921,613	---	---
Elisa M. Speranza ⁽²⁾⁽³⁾ New Orleans, LA USA	President Seventh Ward Strategies, LLC (consulting firm)	December 8, 2020	10,209	---	---
René Vachon ⁽¹⁾⁽²⁾ Sherbrooke, Quebec Canada	Corporate Director	June 13, 2019	28,593	---	---
Louis G. Véronneau ⁽³⁾ Mont-Royal, Québec Canada	Executive Vice-President and Chief Transformation Officer at SNC-Lavalin Inc. (professional services company)	October 21, 2021	---	---	---

(1) Member of the Audit Committee

(2) Member of the Governance, Remuneration and ESG Committee

(3) Member of the Strategy, Innovation and Large Projects Committee

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

Louis G. Véronneau is Executive Vice-President and Chief Transformation Officer at SNC-Lavalin Inc. ("SNC-Lavalin"), a professional services and project management company, since January 2020. Prior to joining SNC-Lavalin, Mr. Véronneau was Senior Vice-President, Strategy and Corporate Development at Bombardier Inc. (aviation and rail transportation), where he worked from 2015 to 2019. With over 25 years of experience as a securities lawyer, general counsel, investment banker and executive responsible for strategy, corporate development, Mr. Véronneau has a diversified background across several industries. He initially practised securities law at a Canadian law firm before occupying the role of general counsel, and eventually head of strategy and corporate development, at a natural-resource company across North America, Europe and Asia. He later became a Managing Director, Investment Banking at one of Canada's largest banks, before joining Bombardier. Mr. Véronneau is a graduate of the University of Montreal and the London School of Economics and Political Science (LSE). He is currently also serving on the Board of the Montreal Symphony Orchestra.

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.

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 June 30, 2018. The re-appointment of EY for the fiscal year ending June 30, 2022 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, 2021 and June 30, 2020 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, 2022 and to authorize the directors to determine its remuneration.

2.4 Approval of the Advance Notice Bylaw

Background

On October 21, 2021, the Board of Directors adopted an advance notice bylaw (the “Advance Notice Bylaw”), which is attached to this Circular as Schedule “A”. In accordance with the requirements of the *Canada Business Corporations Act* (the “Act”), the Advance Notice Bylaw must be submitted for confirmation by the Corporation’s shareholders at the Meeting.

Purpose of the Advance Notice Bylaw

The purpose of the Advance Notice Bylaw is to establish the conditions and framework under which holders of Corporation’s common shares may exercise their right to submit director nominations by determining a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, and setting forth the information that a shareholder must include in the written notice delivered to the Corporation for it to be valid.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than thirty (30) days prior to the meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made no later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors, notice to the Corporation must be made no later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. The Board of Directors may, in its sole discretion, waive any requirement of the Advance Notice Bylaw.

The Advance Notice Bylaw provides that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board of Directors are made by shareholders of the Corporation other than pursuant to: (i) a proposal made in accordance with the provisions of the Act; or (ii) a requisition of the shareholders made in accordance with the provisions of the Act.

Confirmation of the Advance Notice Bylaw

Shareholders of the Corporation will be asked at the Meeting to consider and, if deemed advisable, to adopt an ordinary resolution ratifying, confirming and approving of the Advance Notice Bylaw. The resolution on which the shareholders will be asked to vote is the following:

“BE IT RESOLVED THAT:

1. the Corporation’s Advance Notice Bylaw (the “Advance Notice Bylaw”), as set forth in the Management Proxy Circular dated October 21, 2021, be and is hereby ratified, confirmed and approved;
2. the Board of Directors be authorized in its absolute discretion to administer the Advance Notice Bylaw in accordance with its terms and conditions, to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, so as to meet industry standards, or as otherwise determined to be in the best interests of the Corporation and its shareholders; and
3. any director or officer of the Corporation, acting alone, be and is hereby authorized and directed to pose all such acts, to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as his or her opinion may be necessary or desirable to give effect to the foregoing resolution.”

To be adopted, the above resolution must be passed by a majority of the votes cast by shareholders at the Meeting with respect to this resolution. The Board of Directors recommends that shareholders vote **in favor** of this resolution. **Unless the authorization to vote is withheld, the persons designated in the Form of Proxy intend to vote in favor of the Advance Notice Bylaw.**

3. STATEMENT OF EXECUTIVE COMPENSATION

3.1 General

3.1.1. Governance, Remuneration and ESG Committee

The Committee and its Members

The Corporation's compensation mechanisms are monitored by the Governance, Remuneration and ESG Committee of the Board of Directors of the Corporation (the "Governance Committee"). At the beginning of fiscal year ended June 30, 2021, the members of the Governance Committee were René Vachon, Lisa Henthorne and Richard Hoel. Once elected as director of the Corporation on December 8, 2020, Ms. Elisa M. Speranza was appointed as member of the Governance Committee in replacement of Mr. Richard Hoel. As of October 21, 2021, the Governance Committee's members are Elisa Speranza, Lisa Henthorne and René Vachon and Ms. Speranza acts as Chair of the Governance Committee, succeeding Mr. René Vachon.

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).

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.

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 2021, Ms. Speranza acts as an independent director for Harris & Associates, a 100% employee-owned planning, engineering and construction management firm, and acts since January 2018 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. She is also an adjunct instructor at the University of Colorado in Water Engineering and Management program since May 2008. 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). A recognized leader in the water industry, she has more than 30 years of extensive experience serving in various roles in the private, non-profit and government sectors which allowed her to acquire the relevant experience to fulfill her responsibilities as member of the Governance Committee.

Mr. 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. 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.

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.

Environmental, Social and Governance (ESG)

The Corporation’s management and Board of Directors recognize that ESG responsibility is a key priority for its stakeholders, and the Corporation is implementing measures to ensure that it is well positioned to become a leader in these matters. Therefore, the Corporation is committed to progressively implement ESG guidelines and performance indicators (the “ESG Plan”), which are expected to embody the social consciousness of its management, employees and stakeholders, and are aligned with the Corporation’s core values and culture.

In December 2020, the name of the Governance Committee (which previously was the “Corporate Governance, Remuneration and Risks Committee”) was changed to Governance, Remuneration and ESG Committee in order to underline the committee’s prioritizing of ESG matters. During the past year, the Governance Committee has been highly involved in the development of the ESG Plan by providing support to the Corporation’s efforts, communicating guidance and insight to the Corporation’s management in identifying the areas of focus and determining the key performance indicators (“KPIs”) for each area. Work has been done with respect to setting goals, determining KPIs, benchmarking with comparable companies in the industry and determining a framework, all in order to put into place an ESG Plan which aligns with the Corporation’s profile and values. The Governance Committee is comprised of leaders that have valuable experience in developing ESG plans or policies.

Once the ESG Plan is completed, communicated and launched, the Governance Committee will be responsible for overseeing H₂O Innovation’s ESG disclosure, as well as monitoring the Corporation’s approach to governance issues, including ESG practices. The role of the Governance Committee in terms of ESG will be to oversee the Corporation’s development in accordance with its ESG Plan and monitors progress against the set targets. The management team is engaged in ESG-related initiatives and is taking steps towards advancing a formalized ESG Plan with external and internal support to identify, coordinate and advance H₂O Innovation’s ESG priorities and objectives.

The Corporation’s framework considers Sustainability Accounting Standards Board (SASB), the MSCI materiality matrix, the United Nations Sustainable Development Goals (SDGs), and the Corporation’s stakeholder feedback. The areas of improvement chosen to be the basis of the ESG plan, for which specific metrics and goals are identified, are the following:

- i) **Environment:** Water Stress and Carbon Emissions;
- ii) **Social:** Health & Safety, Employee Engagement and Diversity; and
- iii) **Governance:** Cybersecurity.

Diversity, Equity and Inclusion

The Corporation strives to provide an equitable and inclusive workplace and a culture that empowers its people, where diversity, equity and inclusion (“DE&I”) are valued. The approach of the Corporation to DE&I is part of its wider commitment to ESG matters, and the Corporation’s DE&I programs are priorities of the Corporation. A Diversity, Equity and Inclusion Policy (“DE&I Policy”) was implemented by the Corporation in December 2020. The DE&I Policy is applicable, but not limited to, the Corporation’s practices and policies on recruitment and selection, compensation and benefits, professional development and training, promotions, social and recreational programs, and the ongoing development of a work environment built on the premise of gender and diversity equity. As of December 31, 2020, 36% of the Corporation’s employees were over 50 years old and 13.2% identified as women.

On November 11, 2020, the Corporation surveyed three hundred ten (310) employees from all of its business lines on DE&I matters. The survey provided interesting metrics on ethnicity, language spoken at home, sexual orientation and disability. After having performed a deep analysis of the survey results, the key action items and initiatives that are, or will be, implemented in the DE&I program of the Corporation include:

- Focus on human resources and corporate policies and procedures that will promote workplace DE&I;
- Promote the DE&I strategy internally and externally;
- Review of the Corporation’s interview selection process in order to create a strong diversity recruiting strategy;
- Conduct an internal audit on salaries and equity (fair treatment); and
- Develop a newsletter for the management which provides tips on how to adopt more inclusive behaviors.

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, 2021, the services of Hugessen Consulting Inc., a compensation consultant, were retained by the Governance Committee to review the compensation strategy and policies of the Corporation. Hugessen Consulting Inc. presented its report and recommendations to the Governance Committee in February 2021. After review of the compensation consultant's report and following discussions between the members of the Governance Committee and the Board of Directors, some of the recommendations provided by the compensation consultant were approved and implemented during the fiscal year ended June 30, 2021, such as (i) the addition of an anti-hedging provision in the Disclosure, Confidentiality and Trading Policy of the Corporation and (ii) the implementation of a Clawback Policy. Other recommendations such as salary increases, short-term incentive plan matrix and amendments to the severance payable to some executive officers in the context of a change of control have also been approved, effective as of July 1, 2021.

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 incentive 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:

- iv) base salary;
- v) short-term incentive plan ("STIP"), such as annual variable remuneration; and
- vi) long-term incentive plan ("LTIP"), such as cash plan and 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.

3.1.4. Benchmarking – Executive Officers' Compensation

As previously mentioned, the services of a compensation consultant, Hugessen Consulting Inc., were retained in the third quarter of fiscal year ended June 30, 2021 to review the executive compensation strategy and policies of the Corporation, the design of the STIP and LTIP, and some governance considerations, by measuring the current compensation strategy of the Corporation against that of comparable companies and by 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, STIP (such as annual variable remuneration) and LTIP (such as stock option, cash plan 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 twelve (12) companies, most of them being publicly-traded, chosen based on the following guidelines: similar size, Canadian or American companies with operations primarily in America, having a business model including one or more of the three pillars of the Corporation and having publicly disclosed compensation data. The companies forming this peer group are the following: Xebec Adsorption Inc., Energy Recovery, Inc., Artesian Resources Corporation, Global Water Resources, Inc., Pure Cycle Corporation, 5N Plus Inc., EXFO Inc., Consolidated Water Co. Ltd., Velan Inc., Fluence Corporation Limited, Perma-Pipe International Holdings, Inc. and Flexible Solutions International Inc.

The analysis performed by the compensation consultant set ranges for executive officers' target total direct compensation, which includes base salary, STIP and LTIP. The compensation consultant concluded that the total direct compensation of the executive officers is positioned below the 25th percentile of the peer group for all positions. The Governance Committee made recommendations to increase the base salary of the executive officers and to review the structure of the STIP with a payout range allowing achievement of threshold, target or maximum for all metrics. These recommendations have been approved and implemented as of July 1, 2021 for fiscal year ending June 30, 2022.

3.1.5. Benchmarking – Non-Executive Directors’ Compensation

Hugessen Consulting 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 (cash compensation used to acquire Corporation’s common share) for the non-executive directors, as all director profiles are also positioned below the 25th percentile of the peer group identified. These recommendations were implemented as of July 1, 2021, for the fiscal year ending June 30, 2022.

3.1.6. Executive Compensation-Related Fees

During the past two (2) years, the Corporation paid the following fees to compensation consultants 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, 2021	Fiscal year ended June 30, 2020
Executive Compensation-Related Fees	\$21,200	---
All Other Fees	---	---

3.2 **Non-Equity Compensation**

3.2.1. Base Salary

Base salary offered to each of the 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, 2021 are provided in Section 3.7 – “Summary Compensation Table” below.

For the fiscal year ended June 30, 2021, the base salaries of the Named Executive Officers have not been increased, considering all the uncertainties surrounding the Covid-19 pandemic and their potential impact on the Corporation’s business, except for Mr. William Douglass whose base salary was increased by 1.5%.

3.2.2. Short-Term Incentive Plan (STIP)

The Corporation’s short-term incentive plan includes maximum potential payments based on various objectives related to the financial performance of the Corporation 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.

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 supports 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 level achievement of targets related to financial performance, and non-financial performance (collectively, the “Performance Criteria”).

Named Executive Officers	% of the Base Salary	Performance Criteria	
		% related to Financial Performance Criteria	% related to Non-Financial Performance Criteria
Frédéric Dugré President and Chief Executive Officer	60%	80%	20%
Marc Blanchet Chief Financial Officer	50%	60%	40%
Guillaume Clairet Chief Operating Officer	50%	76%	24%
Gregory Madden Chief Strategy Officer	40%	75%	25%
William Douglass, Vice President and Managing Director, O&M	40%	70%	30%

The following table provides an outlook of the annual variable remuneration structure of the Named Executive Officers. Each component is attributed a specific weight, which varies from one Named Executive Officer to the other.

Criteria	Financial Performance	Non-Financial Performance
Components	<ul style="list-style-type: none"> • Revenues • EBITDA / EBAC¹ 	<ul style="list-style-type: none"> • Tactical Objectives (Roadmap) • 360° Evaluation • Health and Safety
Weight	60 to 80%	20 to 40%

All components of the Performance Criteria, as well as their target, minimum and maximum performance levels when applicable, are approved annually by the Board of Directors, following recommendations from the Governance Committee. After year end, the Governance Committee evaluates the level of achievement (in percentage) of each of the Performance Criteria for each Named Executive Officer 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.

The portion of the annual variable remuneration relating to the Corporation's consolidated financial results is only payable if a certain EBITDA level is reached. For the fiscal year ended June 30, 2021, since the level of EBITDA previously established and approved by the Board of Directors was reached, the Named Executive Officers were entitled to receive the full amount of their respective annual variable remuneration related to financial performance, which represents 76.8% of the total amount of annual variable remuneration granted to the Named Executive Officers for the fiscal year ended June 30, 2021, 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 financial performance criteria as well as the targets of the division level performance 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.

¹ EBAC means earnings before administration costs and this component is only applicable to the calculation of Mr. William Douglass' annual variable remuneration.

3.2.3. Long-Term Incentive Plan (LTIP)

A key element of the Corporation's compensation plan is to align pay and performance by rewarding the executive officers (referred to as the "Participants" for the purpose of this Section 3.2.3 and when it is referred to the LTIP in this Circular) for long-term strategic accomplishments and enhancement of long-term stockholder value through cash plan and equity-based incentives that vest over an extended period of time. The LTIP plays an essential role in attracting and retaining executive officers and aligns their interests with the long-term interests of the Corporation's shareholders

During fiscal year ended June 30, 2021, the Board of Directors approved, following recommendations from the Governance Committee, the implementation of a LTIP to the benefit of the Participants, after having considered and assessed a certain number of factors to determine the Corporation's long-term incentive strategy, including the balance between sustained long-term shareholder value creation and the executive retention risk. The intent of the Board of Directors is to grant long-term incentive awards (the "Awards") every fiscal year based on the updated 3-year Strategic Plan of the Corporation, in order to have a LTIP comprised of either cash, equity or a mix of cash and equity (such as, without limitations, stock options or performance share units). However, there can be no assurance that Awards will be granted every year.

Once the grant of Awards is approved by the Governance Committee, the Board of Directors determines the performance measures and metrics to be considered for the LTIP, which are tightly linked to the objectives, metrics and key performance indicators of the Corporation's 3-year Strategic Plan (the "LTIP Goals"). The grant of Awards to the Participants is discussed and approved at meetings of the Governance Committee and the Board of Directors. In order to determine each Participants' Award, the Committee takes into consideration individual performance, retention risk, Corporation's compensation approach and the equity position or ownership of the Participants. The LTIP performance period has been determined to be a period of three (3) years beginning on the first day of the Corporation's fiscal year and ending on the last day of the third following fiscal year (the "Performance Period").

In the event that the Corporation fully achieves the LTIP Goals for a given Performance Period, each Participant will receive the target Award granted by the Board of Directors at the beginning of the Performance Period. Participants' actual Awards at the end of the Performance Period may vary from their target Award if H₂O Innovation performs above or below the LTIP Goals.

Cash Plan

In February 2021, the Governance Committee determined that the Awards for fiscal year ended June 30, 2021, which are based on the results of Performance Period beginning on July 1, 2020 and ending on June 30, 2023 (the "Current Performance Period"), will be in the form of a cash plan. For the Current Performance Period, the Awards granted to the Participants represent a percentage of their respective base salary for fiscal year ending on June 30, 2021, which will be paid out to the Participants at the end of the Current Performance Period ending on June 30, 2023 if the LTIP Goals are reached:

Target Award	Participant	Maximum Award
30%	President and Chief Executive Officer	60%
25%	Chief Operating Officer Chief Financial Officer	50%
20%	Chief Strategy Officer	40%

Stock Options

In May 2021, the Governance Committee determined that the Awards for the next three (3) fiscal years beginning on July 1, 2021 and ending on June 30, 2024 will be in the form of stock options. Therefore, stock options granted to the Participants under the LTIP are the following and these stock options are further described in Section 3.3.1 – "Option-based Awards" and in Section 3.7.1 – "Grant of Stock Options" of this Circular:

Participant	Number of Stock Options
President and Chief Executive Officer	396,000
Chief Operating Officer	252,000
Chief Financial Officer	224,000
Chief Strategy Officer	184,000

3.3 Equity Compensation

3.3.1. Option-based Awards

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, from time to time, the 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.

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, 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.

On May 17, 2021, an aggregate of 1,056,000 stock options were granted to executive officers under the LTIP, in accordance with the terms and conditions of the Corporation’s Stock Option Plan. For further details, see Section 3.7.1 – “Grant of Stock Options”.

3.4 Other Compensation

3.4.1. Employee benefits

Named Executive Officers are entitled to benefits directly related to the performance of their duties and position of Named Executive Officers, such as participation in the Corporation’s car program, car allowance, life and disability insurance, and corporate health and medical program, as the case may be. The corporate health and medical program, approved by the Governance Committee during fiscal year ended on June 30, 2021 (the “Health and Medical Program”), ensures that the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer are able to quickly get an appointment with a healthcare professional either for a routine checkup or for a medical appointment. Having healthy executive officers and making sure they can receive the medical care they need in a timely manner is in the best interests of the Corporation and the continuity of its business. Finally, the Named Executive Officers are covered by the Corporation’s health insurance plan, available to all the employees.

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. Since October 2021, the Corporation, as employer, contributed an amount equivalent to 3% 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.

The Corporation’s collective employer sponsored retirement savings plan (401(k)) was implemented 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 100% of the employee’s contribution, up to a maximum amount equivalent to 3% of the employee’s salary. The Corporation’s contribution is acquired or vested over a period of five (5) years of full-time employment.

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.

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 3.4.1 – “Employee benefits”) an amount equivalent to 1.5% of their respective base salary, 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, 2021, the Corporation contributed an amount representing 25% of the participant’s contribution, for all employees, executive officers and members of the Board of Directors. The shares purchased with the Corporation’s contribution vest immediately.

3.4.3. President and Chief Executive Officer

The compensation of the President and Chief Executive Officer includes the same elements of compensation described in Section 3.2 – “Non-Equity Compensation”, Section 3.3 – “Equity Compensation” and Section 3.4 – “Other Compensation”.

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.

In May 2021, the Corporation’s Disclosure, Confidentiality and Trading Policy was amended to add an anti-hedging provision applicable to the Corporation’s directors, executive officers, and employees having access to material, financial and strategic information (the “Restricted Persons”). Such provision prohibits the Restricted Persons to sell the securities of the Corporation short or buy or sell puts or calls underlying securities of the Corporation. Restricted Persons are furthermore prohibited to hold the Corporation’s securities as collateral for a third-party loan, except if approved by the Board of Directors, and are prohibited from entering into hedging or monetization transactions or similar arrangements with respect to the Corporation’s securities.

In addition, a Clawback Policy was adopted by the Corporation on May 12, 2021, which authorizes the Board of Directors of the Corporation to recover from executive officers, or from their respective direct reports, any compensation paid under STIP, LTIP, bonus programs, commissions or other form of incentive compensation (“Incentive Compensation”) upon the occurrence of the following events: (i) the amount of the Incentive Compensation received was calculated based on, or contingent on, achieving certain financial results that are subsequently the subject of or affected by a restatement, misstatement or overstatement of all, or a portion of, the Corporation’s financial statements, (ii) involvement in gross negligence, intentional misconduct or fraud that caused or partially resulted in such restatement, misstatement or overstatement, (iii) the Incentive Compensation payment received would have been lower had the financial results or other information been properly reported.

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, 2021 (the “Named Executive Officers”).

Name and Principal Position	Year ended June 30	Salary (\$)	Share based Award (\$)	Option based Award ⁽³⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽⁴⁾ (\$)		Pension Value (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
					Annual Incentive plans	Long-term Incentive Plans			
Frédéric Dugré, President and Chief Executive Officer	2021	330,000	---	620,136	198,000	--- ⁽⁸⁾	---	17,738	1,165,874
	2020	330,000	---	---	243,132 ⁽⁷⁾	---	---	11,926	585,058
	2019	315,000	---	---	303,460 ⁽⁶⁾	---	---	10,384	628,844
Marc Blanchet, Chief Financial Officer	2021	225,000	---	350,784	109,258	--- ⁽⁸⁾	---	14,535	699,577
	2020	225,000	---	---	132,769 ⁽⁷⁾	---	---	9,894	367,663
	2019	200,000	---	---	163,690 ⁽⁶⁾	---	---	9,322	373,012

Name and Principal Position	Year ended June 30	Salary (\$)	Share based Award (\$)	Option based Award ⁽³⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽⁴⁾ (\$)		Pension Value (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
					Annual Incentive plans	Long-term Incentive Plans			
Guillaume Clairet, Chief Operating Officer	2021	250,000	---	394,632	124,856	--- ⁽⁸⁾	---	16,068	785, 556
	2020	250,000	---	---	171,609 ⁽⁷⁾	---	---	11,153	432,762
	2019	215,000	---	---	168,909 ⁽⁶⁾	---	---	6,393	390,302
Gregory Madden, Chief Strategy Officer ⁽¹⁾	2021	209,492	---	288,144	83,687	--- ⁽⁸⁾	---	26,812	608,135
	2020	224,004	---	---	83,052 ⁽⁷⁾	---	---	10,325	322,811
	2019	218,394	---	---	21,331	---	---	9,934	249,659
William Douglass, Vice President and Managing Director, O&M ⁽²⁾	2021	280,955	---	---	110,789	---	---	27,070	418,814
	2020	303,152	---	---	118,126	---	---	27,546	448,824
	2019	291,192	---	---	110,278	---	---	26,746	428,216

- (1) 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. On July 1, 2020, Gregory Madden was appointed Chief Strategy Officer of the Corporation. 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 1.2396 for 2021, 1.3576 for 2020 and 1.3236 for 2019.
- (2) William Douglass joined the Corporation on July 26, 2016 with the acquisition of Utility Partners, LLC ("Utility Partners") as Senior Vice President prior to 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 \$1.2396 for 2021, 1.3576 for 2020 and 1.3236 for 2019.
- (3) The stock options granted to the Participants during fiscal year ended June 30, 2021 are part of the LTIP and for the Performance Period beginning on July 1, 2021 and ending on June 30, 2024. **As of June 30, 2021, none of these stock options were vested.** As these stock options have a vesting period of 5 years, 20% of the stock options granted will be available for the Participants to exercise annually, on a cumulative basis, from May 17, 2022. The fair value of each stock option granted was determined by using the Black-Scholes option pricing model and was established at \$1.566 per option. Fair market value's key assumptions and estimates are described in Section 3.7.1 – "Grant of Stock Options" of this Circular.
- (4) The non-equity incentive plan compensation refers the STIP and LTIP, as further detailed in Section 3.2.2 – "Short-Term Incentive Plan (STIP)" and Section 3.2.3 – "Long-Term Incentive Plan (LTIP)" of this Circular.
- (5) 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 include the Corporation's contribution into the SPP, premium for life and disability insurance plan, Corporation's contributions into personal saving plans, Health and Medical Program and participation in the Corporation's car program, as the case may be, for each Named Executive Officer.
- (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 US\$20,000 as leader of the integration of the Genesys acquisition. Since Mr. Madden's one-time special bonus was paid in US dollars (CDN\$27,152), the amount of such one-time bonus was converted to Canadian dollars by using the average exchange rate that was in effect during the year 2020, which means 1.3576.
- (8) Messrs. Frédéric Dugré, Marc Blanchet, Guillaume Clairet and Gregory Madden are eligible to a cash plan under the Corporation's LTIP for fiscal year ended June 30, 2021, as further detailed in Section 3.2.3 – "Long-Term Incentive Plan (LTIP)" of this Circular.

3.7.1. Grant of Stock Options

During fiscal year ended June 30, 2021, the Board of Directors of the Corporation has approved the grant of stock options payment to the President and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Chief Strategy Officer.

Therefore, on May 17, 2021, a total of 1,056,000 stock options, having a vesting period of five (5) years, have been granted by the Corporation; provided that 1/5 of the aggregate options awarded is vested, on a cumulative basis, each year on the anniversary date of the grant. In determining the fair value of such stock option-based awards, the Black-Scholes option pricing model, an established methodology, was used, with the following assumptions:

- (i) Risk-free interest rate: 1.23%;
- (ii) Expected volatility in the market price of 60.91%;
- (iii) No dividend yield; and
- (iv) Expected life of 7.5 years.

3.7.2. 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, 2021, the annual base salary of Mr. Dugré was \$330,000. Under his employment agreement, as of June 30, 2021, 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. Since October 1, 2020, Mr. Dugré received a 3% contribution in a collective RRSP retirement plan (for the first quarter of fiscal year ended on June 30, 2021, the Corporation's contribution was equal to 1.5%), was entitled to participate to the Corporation's car program, has access to the Health and Medical 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, 2021, 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 50% of his base salary depending on the level of achievement of the Performance Criteria. Since October 1, 2020, Mr. Blanchet received a 3% contribution in a collective RRSP retirement plan (for the first quarter of fiscal year ended on June 30, 2021, the Corporation's contribution was equal to 1.5%), was entitled to participate in the Corporation's car program, has access to the Health and Medical 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 Claret, Chief Operating Officer of the Corporation, has entered into an employment agreement with the Corporation for an indefinite term. As of June 30, 2021, the annual base salary of Mr. Claret was \$250,000. Under his employment agreement, Mr. Claret 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. Since October 1, 2020, Mr. Claret received a 3% contribution in a collective RRSP retirement plan (for the first quarter of fiscal year ended on June 30, 2021, the Corporation's contribution was equal to 1.5%), was entitled to participate to the Corporation's car program, has access to the Health and Medical Program and the Corporation assumed fees for a personal life and disability insurance. In addition, as Mr. Claret participates in the Corporation's SPP, the Corporation contributed, for the benefit of Mr. Claret in the SPP, as employer, in an amount equal to 25% of his personal contribution. Mr. Claret's employment agreement contains confidentiality and non-competition covenants for the duration of his employment and for a period of one (1) year thereafter.

Gregory Madden, Chief Strategy Officer of the Corporation, has entered into an employment agreement with the Corporation for an indefinite term. As of June 30, 2021, the annual base salary of Mr. Madden was US\$169,000 (\$209,492). Under his employment agreement, Mr. Madden 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, 2021, Mr. Madden received a car allowance of US\$1,065 (\$1,321) per month, 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 100% of his personal contribution to such plan, which cannot exceed 3% of his gross pay. Mr. Madden's employment agreement also provides that he shall move to Quebec City, Quebec, Canada for the purposes of performing his duties as Chief Strategy Officer of the Corporation (the "Relocation") when travel restrictions due to Covid-19 will be lifted. Mr. Madden is expected to move during fiscal year ending on June 30, 2022. 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 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, 2021, the annual base salary of Mr. Douglass was US\$226,650 (\$280,955). 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, 2021, Mr. Douglass received a car allowance of US\$900 (\$1,115) per month, the Corporation assumed all of the fees for his health and medical insurance plan and contributed to Mr. Douglass' 401K plan in an amount equal to 100% of his personal contribution to such plan, which cannot exceed 3% of his gross pay. In addition, as Mr. Douglass participates 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.

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, 2021 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 ⁽²⁾ (\$)	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	1,375,000 396,000	1.65 2.55	2026-07-24 2031-05-17	838,750 0	---	---	---
Marc Blanchet, Chief Financial Officer	436,667 224,000	1.65 2.55	2026-07-24 2031-05-17	266,367 0	---	---	---
Guillaume Clairet, Chief Operating Officer	491,667 252,000	1.65 2.55	2026-07-24 2031-05-17	299,917 0	---	---	---
Gregory Madden, Chief Strategy Officer	184,000	2.55	2031-05-17	0	---	---	---
William Douglass, Vice President and Managing Director, O&M	---	---	---	---	---	---	---

(1) As of June 30, 2021, the closing price of the Corporation's common shares on the TSX Venture Exchange Inc. was \$2.26.

(2) The value of unexercised in-the-money options is the difference between the closing price of the Corporation's common shares on the TSX Venture Exchange Inc. on June 30, 2021 (2.26\$) and the option exercise price. Options only have value if the share price is higher than the exercise price. **The figures presented in this table represent the value of all the stock options held by each Named Executive Officers as of June 30, 2021, whether they are vested or not.**

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, 2021, 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	---	198,000
Marc Blanchet Chief Financial Officer	46,723	---	109,258
Guillaume Clairet Chief Operating Officer	52,608	---	124,586
Gregory Madden Chief Strategy Officer ⁽²⁾	---	---	83,687
William Douglass, Vice President and Managing Director, O&M ⁽²⁾	---	---	110,789

(1) Annual variable remuneration is described in Section 3.2.2 "Short-Term Incentive Plan (STIP)" above and mentioned in Section 3.7 – "Summary Compensation Table" of this Circular.

(2) Mr. Madden and Mr. Douglass' 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 1.2396 for 2021.

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, 2021.

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 	693,000
	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 	334,258
	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 	450,000
	Termination for cause / Resignation / Retirement	---	---
Guillaume Claret 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 	374,586
	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	---	---
Gregory Madden, Chief Strategy Officer ⁽¹⁾	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 	293,179
	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 	398,035
	Termination for cause / Resignation / Retirement	---	---

Name	Event	Terms of Employment Agreement	Severance Payment (\$)
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 	391,744
	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. 	140,478

(1) Since Mr. Madden and Mr. Douglass' remuneration is paid in US dollars, their 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 1.2396 for 2021.

6. COMPENSATION OF DIRECTORS

During the fiscal year ended June 30, 2021, 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

Chairman of the Board

Annual Retainer	\$47,000
Cash compensation used to acquire Corporation's common shares ⁽¹⁾	\$28,500

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

Annual Retainer	\$17,500
Cash compensation used to acquire Corporation's common shares ⁽¹⁾	\$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 ⁽²⁾

Less than 90 minutes	\$500
90 minutes and more	\$1,000

(1) 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.

(2) 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.

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, 2021, was \$447,750. The total remuneration of the directors of the Corporation who were not members of management for the year ended June 30, 2021 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 ⁽²⁾	43,750	---	---	---	---	21,500	65,250
Pierre Côté	35,000	---	---	---	---	21,500	56,500
Stéphane Guérin	29,750	---	---	---	---	21,500	51,250
Lisa Henthorne	66,500	---	---	---	---	28,500	95,000
Richard A. Hoel ⁽³⁾	62,250	---	---	---	---	---	62,250
Elisa M. Speranza ⁽⁴⁾	37,500	---	---	---	---	10,750	48,250
René Vachon	47,750	---	---	---	---	21,500	69,250

(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. Robert Comeau resigned on October 20, 2021.

(3) Considering his equity ownership in the Corporation, Mr. Hoel receives in cash the portion of his compensation used for the acquisition of Corporation's shares.

(4) Before being elected as director on December 8, 2020 Ms. Elisa M. Speranza was acting as an advisory member of the Board of Directors.

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, 2021 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 ⁽²⁾	---	---	---	---	---	---	---
Pierre Côté	---	---	---	---	---	---	---
Stéphane Guérin	---	---	---	---	---	---	---
Lisa Henthorne	---	---	---	---	---	---	---
Richard A. Hoel	---	---	---	---	---	---	---
Elisa M. Speranza	---	---	---	---	---	---	---
René Vachon	---	---	---	---	---	---	---

(1) As of June 30, 2021, the closing price of the Corporation's common shares on the TSX Venture Exchange Inc. was \$2.26.

(2) Mr. Robert Comeau resigned on October 20, 2021.

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, 2021 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, executive 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 the 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.

On July 26, 2016, 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 21, 2021, represents approximately 4.6% 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 of June 30, 2021, 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	3,359,334 common shares	\$1.93	640,666 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, 2021.

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 21, 2021, 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

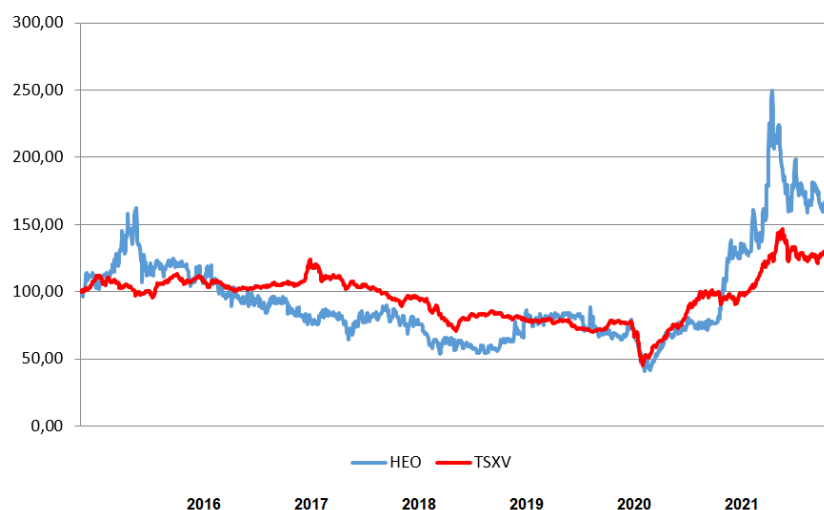
To the knowledge of the Corporation, and except as disclosed in Section 11 of the AIF, which is hereby included by reference in this Circular, no material transaction involving the Corporation is projected or has been concluded since the beginning of the Corporation’s last fiscal year in which a director 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 \$76,191 for the fiscal year ended June 30, 2021. The maximum liability insurance coverage for directors and officers as a group is \$10,000,000, subject to a deductible of \$250,000 per claim (such deductible was \$100,000 prior to May 1, 2021), 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 \$250,000 deductible, in cases where the Corporation has, or should have, compensated the directors and officers concerned.

8. PERFORMANCE GRAPH

On June 30, 2021, the closing price of the common shares on the TSX-V was \$2.26 per share. The following graph shows the cumulative return of a \$100 investment on the common shares made on July 1, 2016, compared to the total return of the S&P/TSX-V Composite Index for the period shown on this graph.



Since July 1, 2016

	2016	2017	2018	2019	2020	2021
HEO	\$100.00	\$89.19	\$87.84	\$74.32	\$72.30	\$158.11
TSX-V	\$100.00	\$102.53	\$98.95	\$78.29	\$82.93	\$128.47

The trend shown by the performance graph above represents an increase of approximately 58% in the cumulative total shareholder return from July 1, 2016 to June 30, 2021. At the beginning of fiscal year 2016, the price of the common shares increased significantly, mainly due to the acquisition of Utility Partners and the related equity financing. Thereafter, the stock price decreased significantly so the cumulative total shareholder value returned to its initial value, followed by erratic variations until the end of fiscal year ended on June 30, 2017. During the period from July 1, 2016 to June 30, 2017, the cumulative total shareholder return was negatively affected by approximately 11%. During the same period, the S&P/TSX-V Composite Index experienced a small increase of 2.5%. From the beginning of fiscal year ended on June 30, 2018 until the end of fiscal year ended on June 30, 2020, the price of the common shares has been globally affected negatively, despite a small increase during fiscal year ended on June 30, 2019. The significant decrease that occurred in 2020 is mainly explained by the market volatility due to the COVID-19 pandemic. Therefore, during the period from July 1, 2017 to June 30, 2020, the cumulative total shareholder return was 19% less than the fiscal year ended on June 30, 2017, which represent an aggregate decrease of the cumulative total shareholder value by approximately 28%. On its side, during the same period, the S&P/TSX-V Composite Index experienced a decrease of approximately 17%. From July 1, 2020, the price of the Corporation's common shares increased significantly to reach its highest level for this five (5) year period before a small decrease over the following months. At the end of fiscal year ended June 30, 2021, the cumulative total shareholder return was approximately 118% more than the previous 3-year period. Due to the significant increase that affected the price of the Corporation's common shares in the most recent fiscal year, during such 5-year period, the cumulative total shareholder return gained nearly 58% of its value compared to an increase of the S&P/TSX-V Composite Index by nearly 29%, over the same period.

For the same five-year period, the base salaries received by the Named Executive Officers, in aggregate, increased by 10.2%. 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, 2017 with base salary paid during the fiscal year ended June 30, 2021, 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, the Chief Operating Officer and the Vice President and Managing Director, Operation and Maintenance 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 2017 and 2021 because no regular grants were made between 2017 and 2021. 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 (i) seven (7) of the eight (8) nominee directors proposed by management for election to the Board of Directors at this Meeting and (ii) seven (7) of the eight (8) current directors, are independent. Therefore, a majority of the Corporation’s directors are independent, being the following

Pierre Côté	Stéphane Guérin
Lisa Henthorne	Richard Hoel
Elisa M. Speranza	René Vachon
Louis G. Véronneau	

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, 2021. 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⁾
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
Louis G. Véronneau Mont-Royal, Quebec, Canada	None

(1) Directorships with other reporting issuers are as of October 21, 2021.

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, 2021.

Directors	Attendance at Meetings of			
	Board of Directors	Audit Committee	Governance Committee	Projects, Operation and Innovation Committee
	13 meetings	5 meetings	9 meetings	2 meetings
Robert Comeau ⁽¹⁾	13 of 13	5 of 5	---	---
Pierre Côté	13 of 13	---	---	2 of 2
Frédéric Dugré	13 of 13	5 of 5	5 of 9 ⁽³⁾	2 of 2
Stéphane Guérin	11 of 13	---	---	2 of 2
Lisa Henthorne	13 of 13	---	9 of 9	---
Richard A. Hoel	13 of 13	5 of 5	1 of 1 ⁽⁴⁾	---
Elisa M. Speranza	11 of 13 ⁽²⁾	---	9 of 9	2 of 2
René Vachon	13 of 13	5 of 5	9 of 9	---

(1) Mr. Robert Comeau resigned on October 20, 2021.

(2) Ms. Elisa M. Speranza was elected as director of the Corporation on December 8, 2020.

(3) Four (4) meetings of the Governance Committee out of nine (9) were held without members of management present (in camera).

(4) Mr. Richard A. Hoel resigned as member of the Governance Committee on December 8, 2020.

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 "B" 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 and 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 (www.sedar.com) 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.

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.

9.5.1. Internal Policies

The Board of Directors monitors the dissemination of and compliance with the policies outlined below, 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, (iii) regular assessment of internal controls and identification of any deficiencies and (iv) quarterly certifications to be provided to the Board of Directors.

The Corporation takes the necessary steps to ensure that all directors, executive 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. The Corporation has put in place and continues to update the following policies:

- Delegation of Authority Policy;
- Disclosure, Confidentiality and Trading Policy;
- Clawback Policy;
- Suppliers Code of Conduct;
- Procurement Code of Conduct;
- Corporate Risk Policy and Profile;
- Diversity, Equity and Inclusion Policy;
- Whistleblower Policy;
- Telework Policy;
- Equal Employment Opportunity Policy;
- Drug and Alcohol Policy;
- Workplace Harassment Policy;
- Disciplinary Measures and Dismissal Policy;
- Vacation Policy;
- Health and Safety Manual; and
- IT Policy.

9.5.2. Employee Manual and Management Training

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 usually 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. Because of the COVID-19 pandemic, this event did not take place during the fiscal year ended June 30, 2021. The managers have access to useful documentation concerning recruitment, retention and mobilization, health and safety, and payroll and benefits. Managers attend monthly

meetings with executive officers and quarterly with corporate support services (Human Resources, Information Technology, Marketing, Finance, Legal, Procurement and Health & Safety) allowing discussions on their concerns, issues and other important matters in their respective department.

9.5.3. Related Party 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.

9.6 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, 2021 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, STIP such as annual variable remuneration and LTIP. 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, 2021 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. At the beginning of fiscal year ended June 30, 2021, the members of the Governance Committee were René Vachon, Lisa Henthorne and Richard Hoel. Once elected as Director on December 8, 2020, Elisa M. Speranza replaced Richard Hoel as member of the Governance Committee. As of October 21, 2021, the Governance Committee's members are Elisa Speranza, Lisa Henthorne and René Vachon and Ms. Speranza acts as Chair of the Governance Committee, succeeding Mr. René Vachon.

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 Governance, Remuneration and ESG Committee" set forth in Schedule "C" 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, Operations and Innovation Committee, which became, on October 21, 2021, the Strategy, Innovation and Large Projects Committee (the "Strategy Committee"). The Strategy 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 Corporation's Delegation of Authority Policy. The Strategy Committee shall be composed of at least four (4) members, being one (1) independent director, two (2) members of the Corporation's management, and one (1) independent advisor having expertise, experience and know-how in the water treatment industry. Any additional members of the Strategy Committee shall be either independent, non-related director or independent advisor with relevant

expertise. As of October 21, 2021, the Chairman of the Strategy Committee is Mr. Pierre Côté, the other independent directors are Ms. Elisa M. Speranza and Mr. Louis G. Véronneau, the members of the Corporation's management are Mr. Frédéric Dugré and Mr. Guillaume Claret, and the advisory member is Mr. Leonard F. Graziano.

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 Annual Performance Review

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 electronically 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 mandate 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 extensive 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: 2 directors
- 1 to 5 years: 2 directors
- 6 to 10 years: 1 director
- 11 to 15 years: 2 directors
- 16 years and up: 1 director

9.11 Diversity of the Board of Directors and Senior Management

The Corporation recognizes the importance of having diversity amongst its Board of Directors and senior management, which offers a depth of perspectives and enhances the Corporation's operations. 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. H₂O Innovation is committed to creating an environment of inclusion that respects the contributions and differences of every individual by encouraging collaboration, creative thinking and innovation. As a result of its commitment, the Corporation will focus on promoting DE&I strategy and reviewing the Corporation's interview selection process in order to create a strong diversity recruiting strategy.

The Corporation adopted a DE&I Policy applicable to all of its employees and its subsidiaries in December 2020, which, among others, promotes an inclusive and diverse hiring approach. Although the Corporation has not determined specific gender diversity targets for executive officers, it has chosen to promote a hiring approach that supports the recruitment of women candidates and provides opportunities for their advancement. In addition, the Governance Committee consider processes and practices for director nomination, leadership development and senior leadership roles across the Corporation, while taking into considerations a diversity of personal characteristics (gender, age, ethnicity, geographical representation, expertise and culture). H₂O Innovation's core values recognize the importance of all its people, regardless of race, gender, beliefs or place of origin and does not discriminate against or for 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 Corporation has not determined specific targets for representation on the board and among senior management for each of the specific Designated Groups, appointments and nominations of directors and senior management are based on a balance of criteria, including merit, skills, expertise and experience of the individual at the relevant time. The Corporation focuses on candidates' actual and potential contribution in terms of performance, competence, collaboration and professional accountability, while keeping in mind its DE&I commitment and talent management objectives.

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 21, 2021:

- Two (2) women (25%) sit on the Corporation's Board of Directors and they are also nominee directors proposed by the management in this Circular, one of which is also holding the position of Chairwoman of the Board. In addition, both of them sit on the Governance Committee (67%) and one (1) of them is a member of the Strategy Committee (20%).
- One (1) woman is currently holding a senior management position (7.5%).
- One (1) senior manager of the Corporation, leading a business line or being in charge of a corporate support service, self-identifies as being part of a visible minority group (14%). 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. 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 23, 2022, 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 21, 2021.

Quebec City, Quebec, October 21, 2021.

H₂O INNOVATION INC.



Lisa Henthorne
Chairwoman of the Board of Directors

SCHEDULE "A": ADVANCE NOTICE BYLAW

INTRODUCTION

The purpose of this advance notice bylaw (the "**Bylaw**") is to establish the conditions and framework under which holders of common shares of the Corporation (the "**Shareholders**") may exercise their right to submit nominations of directors by determining a deadline by which such nominations must be submitted by a Shareholder to the Corporation prior to any annual or special meeting of Shareholders, and setting forth the information that a Shareholder must include in a written notice to the Corporation for it to be in proper form and valid.

It is the position of the Corporation that this Bylaw is beneficial to its Shareholders and other stakeholders.

DEFINITIONS

For the purposes of this Bylaw:

"**Act**" means the Canada Business Corporations Act, R.S.C. 1985, c. C-44, as from time to time amended, re-enacted or replaced;

"**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;

"**Articles**" means the restated articles of incorporation of the Corporation, as the same may be amended, replaced or supplemented, from time to time.

"**Board**" means the board of directors of the Corporation;

"**Bylaw**" means this advance notice bylaw;

"**Nominating Shareholder**" has the meaning set forth in section 1.3 herein;

"**Notice Date**" has the meaning set forth in section 3.1 herein;

"**Proposed Nominee**" has the meaning set forth in section 4.1 herein;

"**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on SEDAR at www.sedar.com; and

"**Shareholders**" means holders of the common shares of the Corporation.

ADVANCE NOTICE FOR THE NOMINATION OF DIRECTORS

1. Nomination Procedures

Subject to the provisions of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as from time to time amended, re-enacted or replaced (the "**Act**") and the Articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of Shareholders, or at any special meeting of Shareholders, if one of the purposes for which the special meeting was called is the election of directors. Such nominations may be made in the following manner:

- 1.1 by or at the direction of the Board, including pursuant to a notice of meeting;
- 1.2 by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the Act, or a requisition of the Shareholders made in accordance with the provisions of the Act; or
- 1.3 by any person (a "**Nominating Shareholder**"):
 - a) who, at the close of business on the date of the giving of the notice provided for below in this Bylaw and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and
 - b) who complies with the notice procedures set forth below in this Bylaw.

2. Timely Notice

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the head office of the Corporation.

3. Manner of Timely Notice

To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be given:

- 3.1 in the case of an annual meeting of Shareholders, not less than thirty (30) days before the date of the annual meeting of Shareholders; *provided, however,* that in the event that the annual meeting of Shareholders is to be held on a date that is less than fifty (50) days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be given not later than the close of business on the tenth (10th) day following the Notice Date;
- 3.2 in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of Shareholders was made; and
- 3.3 in the event of any adjournment or postponement of an annual meeting or a special meeting of Shareholders or an announcement thereof, a new time period shall commence for the giving of a timely notice under this section 3.

4. Proper Form of Timely Notice

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:

- 4.1 as to each person whom the Nominating Shareholder proposes to nominate for election as a director (the "**Proposed Nominee**"):
 - a) the name, age, and province or state, and country of residence of the Proposed Nominee;
 - b) the principal occupation, business or employment of the Proposed Nominee, both at present and within the five (5) years preceding the notice;
 - c) the number of securities of each class of voting securities of the Corporation or its subsidiaries which are beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
 - d) a description of any agreement, arrangement or understanding (financial, compensation or indemnity related or otherwise) between the Nominating Shareholder and the Proposed Nominee, or any affiliates or associates of, or any person acting jointly or in concert with the Nominating Shareholder or the Proposed Nominee, in connection with the Proposed Nominee's election as director;
 - e) whether the Proposed Nominee is party to any existing or proposed relationship, agreement, arrangement or understanding with any competitor of the Corporation or its affiliates or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation and the interests of the Proposed Nominee;
 - f) whether the Proposed Nominee is a "resident Canadian" within the meaning of the Act;
 - g) and any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- 4.2 as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has any rights or obligations relating to the voting of any securities of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.
- 4.3 a written consent duly signed by each Proposed Nominee to being named as nominee for election to the Board and to serve as a director of the Corporation, if elected.

5. Other Information

In addition to the information set out in section 4, the Corporation may require any Proposed Nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as an independent director of the Corporation in accordance with Applicable Securities Laws and the rules of any stock exchange on which the securities of the Corporation are listed.

6. Notice to be Updated

To be considered timely and in proper written form, a Nominating Shareholder's notice will be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice will be true and correct as of the record date for the meeting.

7. Eligibility for Nomination as a Director

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Bylaw; *provided, however,* that nothing in this Bylaw shall be deemed to preclude discussion by a Shareholder (as distinct from the nomination of directors) at a meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

8. Delivery of Notice

Notwithstanding any other provision of this Bylaw, notice given to the Secretary of the Corporation pursuant to this Bylaw may only be given by personal delivery, facsimile transmission (at such contact information as set out on the Corporation's issuer profile on the SEDAR at www.sedar.com) or by email (at such email address as stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Eastern time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

9. Board Discretion

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Bylaw.

Adopted by the Board of Directors on October 21, 2021.

SCHEDULE "B": 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 “C”: MANDATE OF THE GOVERNANCE, REMUNERATION AND ESG COMMITTEE

The Governance, Remuneration and ESG 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.