

## CHARTER OF THE AUDIT COMMITTEE

This Charter prescribes the role of the Audit Committee of the Board (the "**Committee**") of Innergex Renewable Energy Inc. (the "**Corporation**"). This Charter is subject to the provisions of the Corporation's Articles and By-Laws and to applicable laws. This Charter is not intended to limit, enlarge or change in any way the responsibilities of the Committee as determined by such Articles and By-Laws and applicable laws.

### 1. Role

In addition to the powers and authorities conferred upon the Directors in the Corporation's Articles and By-Laws and as prescribed by applicable laws, the mandate of the Committee is primary as follows:

- (i) To ensure compliance of the Corporation in respect to applicable governmental and authorities' legislation and regulation pertaining to financial information disclosure;
- (ii) Adequacy of the accounting principles and decisions regarding the presentation of financial statements, in accordance with generally accepted accounting principles;
- (iii) Fair presentation of the Corporation's financial situation in its quarterly and annual financial statements;
- (iv) Timely disclosure of relevant information to shareholders and to the general public; and
- (v) Implementation of efficient internal controls for all of the Corporation's transactions and review of such controls on a regular basis.

### 2. Composition

#### 2.1 *Number and criteria*

The Committee must be constituted as required under Regulation 52-110 – *Respecting Audit Committees*, as it may be amended from time to time ("**Regulation 52-110**"). The Committee is comprised only of members who are qualified as independent (as that term is defined in Regulation 52-110) and are financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements).

The Committee shall consist of at least three members.

#### 2.2 *Selection and Chair*

The members of the Committee and its Chair shall be elected by the Board on an annual basis after the shareholders' annual meeting at which the directors are elected, or until their successors are duly appointed. The Chair shall designate from time to time a person who may, but not necessarily, be a member of the Committee to act as secretary.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee Membership.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by electing from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of its powers so long as a quorum remains.

### *2.3 Remuneration*

Members of the Committee and its Chair shall receive such remuneration for their services as the Board may determine from time to time.

### *2.4 Term Limit*

No person shall serve on the Committee for a period of more than six consecutive years, unless the Board shall, on a particular case, specifically determine to make exception from such limitation.

## **3. Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances require.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of members of the Committee or such greater number as the Committee shall determine by resolution.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee. The Chairman of the Board, the President and Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary or the external auditor of the Corporation, shall be entitled to request that any member of the Audit Committee call a meeting.

The Committee shall determine any desired agenda items.

The Committee should record minutes of its meetings and the Chair shall report to the whole Board on a timely basis.

The Chair may ask members of Management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation and others as they consider appropriate.

In order to foster open communication, the Committee or its Chair shall meet at least quarterly with Management and the external auditor, in separate sessions, to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the Corporation's quarterly financial statements.

## **4. Responsibilities**

Without limiting the generality of its role as described in section 1 above, the Committee shall, inter alia:

## 4.1 *Relationship with external auditor*

- Recommend to the Board the appointment and compensation of the external auditor;
- Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable;
- Oversee the work of the external auditor, including the resolution of any issues between the external auditor and Management;
- Pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation or its subsidiaries by the external auditor;
- Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to assess their independence;
- Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant;
- Periodically consult with the external auditor without Management about significant risks or exposures, internal controls and other steps that Management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper;
- Arrange for the external auditor to be available to the Committee and the Board as needed; and
- Consider the external auditor's judgment about the quality, transparency, appropriateness and not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

## 4.2 *Financial information and public disclosure*

- Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related to third party transactions;
- Consider any proposed major changes to the Corporation's accounting principles and practices;
- If considered appropriate, establish separate systems of reporting to the Committee by the Management and the external auditor;

- Review and recommend the approval of the annual and quarterly financial statements, related management discussion and analysis, and annual and interim earnings press releases before such information is publicly disclosed;
- Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than those described in the above paragraph, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;
- Review the public disclosure regarding the Committee required by Regulation 52-110;
- Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor;
- Periodically consider the need for an internal audit, if not already provided for;
- Following completion of the annual audit and, if applicable, quarterly reviews, review separately with the Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews; and
- Review with the external auditor and Management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

#### 4.3 *Other matters*

- Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters, and (ii) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- Review and approving the Corporation's hiring policies regarding current or former partners or employees of the current and former auditors of the Corporation or its subsidiaries;
- Review activities, organizational structure and qualifications of the Chief Financial Officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board; and
- Review Management's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance and, in particular, assess the Corporation's financial risks and supervise Management's program to address such risks.

Notwithstanding the foregoing, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of Management and in certain cases the external auditor, as the case may be.

## **5. Advisors**

The Committee may hire outside advisors at the expense of the Corporation in order to assist the Committee in the performance of its duties and set and pay the compensation for such advisors.

The Committee is authorized to communicate directly with the external (and, if applicable, internal) auditor as it sees fit.

If considered appropriated by it, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.

The Board has determined that any committee who wishes to hire a non-management advisor to assist on matters involving the committee members' responsibilities at the expense of the Corporation, should review the request with, and obtain the authorization of, the Chairman of the Board.

## **6. Assessment**

On an annual basis the Committee shall follow the process established by it (and approved by the Board) for assessing performance and effectiveness of the Committee.

## **7. Charter review**

The Committee should review this Charter on an annual basis and recommend to the Board changes, as considered appropriate from time to time.

## **8. General**

The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.