

INNERGEX

Renewable Energy.
Sustainable Development.



**2022 Climate
Assessment Report**

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About Innergex

Innergex Renewable Energy Inc. (“Innergex”, the “Corporation” or “us”) is a Canadian-based independent renewable power producer that develops, acquires, owns and operates hydroelectric, wind, solar and energy storage facilities. As a global Corporation, Innergex conducts operations in Canada, the United States, France, and Chile.

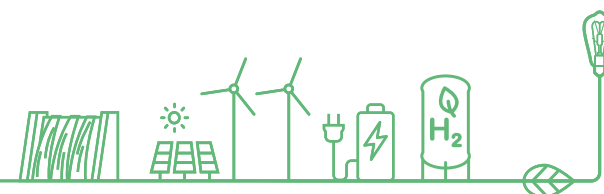
We believe in a better world where abundant renewable energy promotes healthier communities and creates shared prosperity. Innergex contributes to this vision by leveraging its long-term commitment, proven expertise, entrepreneurial spirit, and innovative approach. We will continue to generate value for our employees, shareholders, partners, and host communities to contribute to a more sustainable world for future generations. We remain committed to responsible growth that balances people, our planet, and prosperity. We believe in offering an engaging, inclusive, and supportive work environment where each team member can thrive. Our Mission is to build a better world with renewable energy.

This Task Force on Climate-related Financial Disclosures (“TCFD”) aligned climate assessment report is an important step in our sustainability journey. As we move forward, we expect these disclosures to mature to reflect the evolving nature of climate-related risks and opportunities and best practices. It was developed with guidance from the TCFD, our internal expertise, and an external consultant, and follows a commitment we made in 2021 to further align our disclosures with a globally recognized standard.

100%
RENEWABLE
ENERGY

Low-carbon
emitter

GHG Intensity of
0.623 kg CO₂e/MWh



Governance

The Board of Directors oversees the management of the business and affairs of the Corporation with a view of considering ethical decision-making, ESG considerations, and shareholders' interests. Our Board of Directors has steadily built a strong foundation for over 30 years that has led Innergex with clear expectations and sound strategies. This group of experts brings a diverse wealth of knowledge and experience to guide the Corporation to ensure its continued growth and success remains in line with the interests of our shareholders, employees, partners, and other stakeholders.

Corporate Governance Committee

The Corporate Governance Committee oversees and advises the Board of Directors on corporate governance. The committee makes recommendations on nominees for election as directors to the Board and is responsible for the assessment of the Board and its committees and the development of corporate governance documents. The committee also oversees and monitors the environmental, safety and corporate social responsibility vision and strategies; and oversees the Environmental, Social and Governance performance of the Corporation.

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

but also for the diverse and extensive skills they bring to the table. The Board is composed of professionals who bring a wide array of skills and expertise to oversee the growth of the Corporation, guide management and manage the risks the Corporation is facing. The ESG Criteria define Board or management experience in, or understanding of, environmental policies, managing and evaluating environmental risks and sustainable development (for the Environment criteria); relationships with employees, communities and partners (for the Social criteria); and governance/corporate responsibility practices with a public company or other major organizations, particularly a culture of accountability and transparency (for the Governance criteria).

Board oversight of climate-related risks and opportunities

The Board of Directors is responsible to review and assess material risks associated with the Corporation's business, which may adversely affect it, its activities, its financial condition or reputation including climate-related risks. More specifically, the Board of Directors ensures that the Corporation has implemented systems to effectively identify, manage and monitor the principal risks associated with its business and to mitigate or reduce their potential negative impacts. The Board of Directors receives updates on specific risks and risk mitigation activities from management and each of the relevant committees. The CEO regularly discusses climate-related issues during executive meetings and with the Board of Directors at quarterly Board meetings.

Continuing Education

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

In 2021, Board members were provided with the following continuing education activities related to climate change:

- Presentation on hydrogen
- Impacts of extreme weather in Texas
- Corporate and industrial offtake
- Renewable energy credits
- Update on the US Infrastructure Act, Build Back Better Act and green hydrogen
- Presentation on Corporate Governance recent developments and trends, including ESG issues.



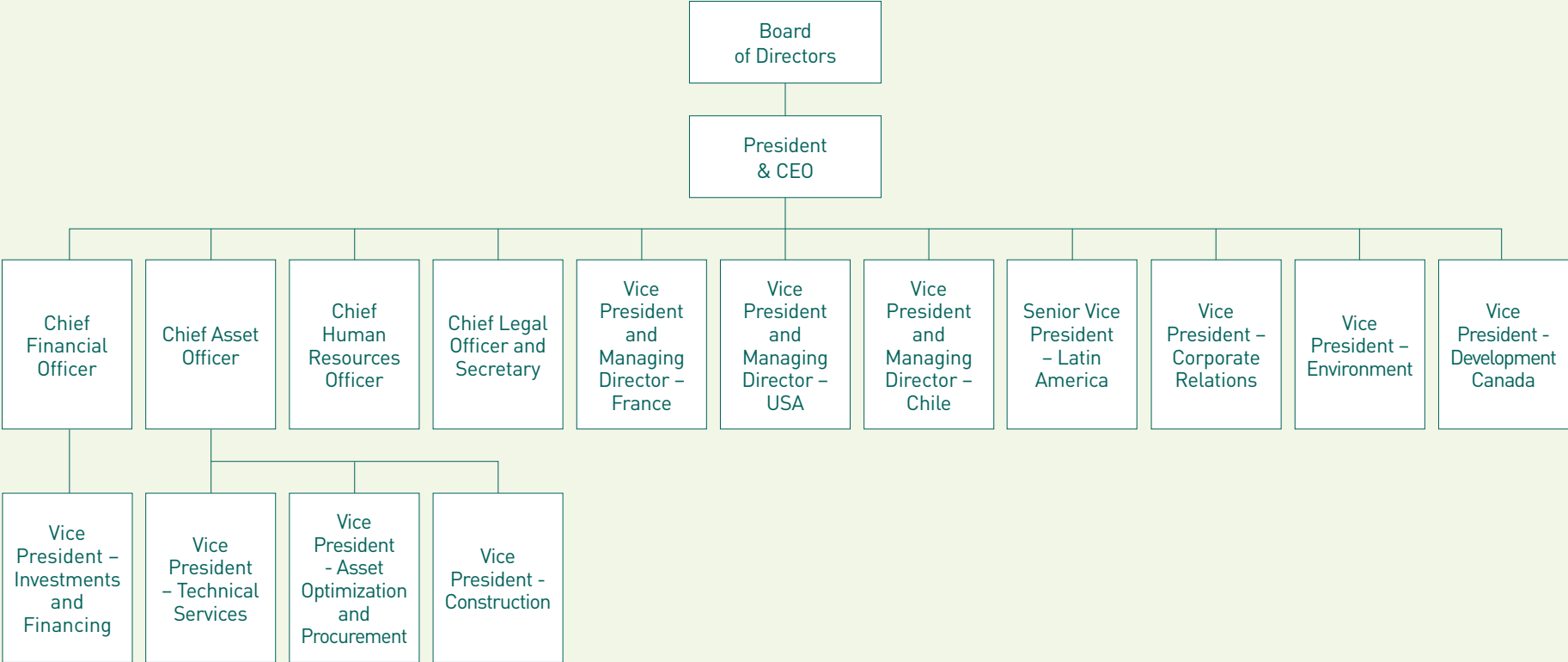
Management’s role in assessing and managing climate-related risks and opportunities

Innergex’s President and CEO, a Director on the Board, holds the highest level of responsibility for organizational management and performance related to climate change.

The Sustainability Committee comprises members representing many departments within the Corporation. The committee meets monthly and provides updates to the CEO. The mandate of the Sustainability Committee is to:

1. Oversee the development of internal and external sustainability initiatives and metrics to advance Innergex’s overall sustainability goals;
2. Improve internal procedures and protocols to help Innergex become a more responsible corporate citizen; and
3. Develop climate-related risk management strategies.

Executive Organizational Structure



Strategy

Innergex's mission is to build a better world with renewable energy. As such, the Corporation's whole business model and strategy are focused on reducing the emissions that contribute to climate change and help the world avoid the worst effects of increased greenhouse gas emissions in the atmosphere. There is only one earth, and Innergex works hard every day to generate solutions to address the climate crisis by increasing its share of renewable energy to help in the transition to a Net Zero economy. By focusing solely on generating energy from renewable sources, Innergex has positioned itself as a leader in the fight against climate change and a more equitable society. We seek to be a leader in the transition to a Net Zero economy that will build a better world for all. In that regard, Innergex strives to be a responsible global corporation that generates real, tangible solutions to issues that affect us all. Our success in addressing environmental challenges while providing sustainable economic opportunities is proof that we are on the right course.

Fighting climate change is one of the key principles driving our work at Innergex. Generating renewable energy exclusively means we are a low emitter of greenhouse gas ("GHG"), relative to other energy sources while providing the solutions to build a better world. Our results illustrate that our facilities produce electricity with no significant amounts of GHG emissions in their operations. Increasing our output of renewable energy and related infrastructure will allow us to make a bigger contribution in the fight against climate change to help build a cleaner future. By committing to producing energy exclusively from renewable energy sources, we harness the forces of nature in a way that meets today's electricity needs without compromising the quality of life of future generations, while leading the transition to a carbon-

neutral economy. We firmly believe in the development of ever more innovative technologies to fight climate change. Innergex can see enormous potential for growth in such technologies, which is why we are actively working on furthering our knowledge and development within related technology sectors. This TCFD process, and more specifically the scenario analysis, expands on Innergex's existing business strategy process to examine how the business model can further the transition to a low carbon future.

Innergex's existing assessments for future growth and success will be subject to many climate change related key factors:

- the growing demand for renewable energy, as key to the energy transition to fight climate change, as supported by international agreements such as the Paris Agreement;
- stable and long-term government policies for climate change mitigation and adaptation and for the procurement of new renewable energy capacity;
- upgrades to the electricity grid and distribution systems;
- the availability of long-term renewable energy purchase contracts with highly creditworthy counterparties;
- the implementation of non-discriminatory access to transmission systems, providing Independent Power Producers ("IPP") with access to regional electricity markets;
- its capacity to evaluate and secure the best prospective sites for the development of new projects in cooperation with local communities;

- its ability to adequately forecast total construction costs, expected revenues and expected expenses for each project, in a market with rapidly improving cost-competitiveness of renewable energy generation facilities;
- its ability to finance its growth and to provide firm power with the increasing market readiness and cost effectiveness of storage technologies.

By regularly assessing business factors related to the transition to a low carbon economy and mitigating the impacts of climate change on operations, Innergex has already been conducting TCFD-oriented assessments extensively. However, this report development process and scenario analysis work undertaken to support it has ensured the considerations are also done in a manner aligned with the TCFD recommendations.

Despite having a business model based on advancing renewable energy, there continues to be ways for the Corporation to enhance its business strategy related to addressing climate change. In that regard, throughout the end of 2021 and the first half of 2022, Innergex undertook climate-related scenario analysis to inform its business strategy and financial planning processes to assess the resilience of its strategies against various climate-related scenarios.

Climate-Related Scenario Analysis and Assessment

Innergex's comprehensive approach to climate-related scenario analysis involved both the executive team and subject matter experts from a range of business units. The process was supported by external experts with experience in TCFD-aligned scenario analysis. The experts provided plausible climate-related scenarios, facilitated climate assessment workshops and guided TCFD and scenario analysis best practices. Climate change projections and energy pathways used to develop the scenarios were sourced from various government agencies and international organizations, including the Intergovernmental Panel on Climate Change, International Energy Agency, U.S. National Climate Assessment Reports and The Climate Atlas of Canada.

A total of four climate risk assessment workshops were held to analyze climate-related risks and opportunities. The first one was conducted with the executive team, followed by workshops for business units from North America, Chile, and France. Each workshop assessed three different climate scenarios and included both senior leadership and representatives from various departments, including risk, legal, finance, engineering, environment, corporate affairs, health & safety, operations, human resources, sustainability as well as resource and performance analysis.

For each workshop, distinct climate futures with different combinations of key elements were assessed. Climate projections related to increases in mean temperature, changing precipitation patterns, frequency and intensity of extreme weather events, sea level rise, and other climate change impacts were used to assess the physical risks. Changes in energy demand, electricity consumption, investments in

renewable energy, and carbon pricing at both a regional and global level were examined to assess transition risks and opportunities.

The risks and opportunities identified during the workshops were reviewed and validated by key executives and revised as needed.

Scope of Analysis - Innergex TCFD Climate Assessment Process



Climate-Related Scenarios

To better understand the resilience of its business, Innergex initiated an assessment of its operations and key facilities from potential physical and transition impacts of different climate futures. As this was Innergex’s first climate-related scenario analysis, qualitative assessments were carried out. The outcomes and learnings, both substantive and procedural, will inform Innergex’s future scenario analysis work and Innergex’s strategy.

Innergex assessed a total of three climate-related scenarios, including a below 2°C and a global net zero scenario as per the TCFD recommendations. The scenarios selected were based on their relevance to the power sector and assessed the strategic and operational implications of climate change in different jurisdictions and across different time horizons (out to 2050 for transition risks and opportunities and to 2100 for physical risks).

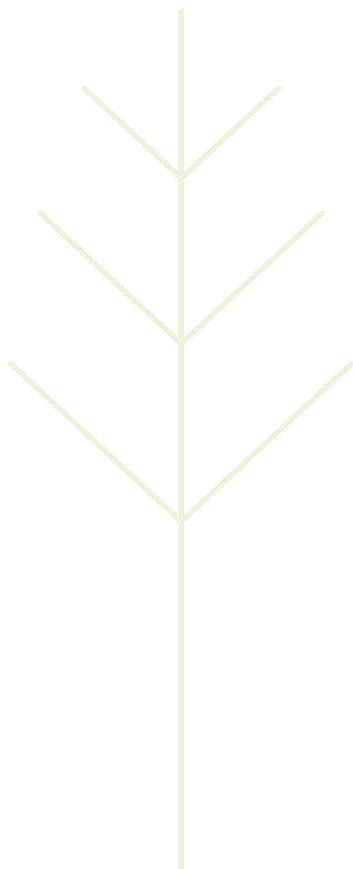
Key elements of the three scenarios are listed below in more detail. They were chosen from credible sources including the International Energy Agency, and are especially relevant to the energy sector in which Innergex operates. Additionally, the scenarios present sufficiently different quantitative outputs against which to compare the Corporation’s future climate-related risks and opportunities.

Description of Scenarios

	Global Net Zero Scenario	Low Carbon Scenario	High Carbon Scenario
Overview	<p>The global economy is on a path to net zero emissions by 2050 without using negative emissions technology.</p>	<p>Alignment to the Paris Agreement and achievement of energy-related UN Sustainable Development Goals.</p>	<p>Only stated and announced policies implemented over time, relative to ‘business as usual’.</p>
Transition Impacts	<ul style="list-style-type: none"> • 50% probability of 1.5°C warming by 2100 without negative emissions. • It necessitates a complete transformation of how energy is produced, transported and consumed. 	<ul style="list-style-type: none"> • 50% probability of 1.65°C warming by 2100 without negative emissions. • An ambitious transformation of the energy sector. Completion of all policies and private sector net zero pledges in full and on time. 	<ul style="list-style-type: none"> • 2.7°C – 3.7°C global warming by 2100. • The energy sector moves toward increased sustainability but not at a sufficient rate to significantly reduce emissions.
Physical Impacts	<ul style="list-style-type: none"> • By 2050, over half of the total energy supply is from wind, solar, bioenergy, geothermal, and hydro – with solar making up the largest component. • No development of new oil and gas fields or coal mines. • Nearly 50% of total energy consumption is electricity. 	<ul style="list-style-type: none"> • Renewable energy and storage rise to meet the demands of the transition, with wind and solar capacity rising from 8% in 2019 to 30% in 2030. • Fossil fuel generation falls drastically through retirements while remaining fossil fuel generation plants are retrofitted. 	<ul style="list-style-type: none"> • Renewables grow significantly (mostly wind and solar), doubling by 2040, but only about half as much as in the low carbon scenario. • Utility-scale battery storage is expected to increase greatly while only minimal changes to the current natural gas demand levels are experienced.

Climate-related Risks and Opportunities

For the purpose of this report, the Global Net Zero and Low Carbon findings are grouped together as both scenarios present many similar themes, which result in conclusions that are complementary. If a noted impact/risk/opportunity is unique to the low carbon or the global net zero scenario, it is identified as such. If not, it can be assumed that the point being made is relevant under each. Transition risks or opportunities are more pronounced under the global net zero future, given it is a more aggressive and quick system change to decarbonize the economy and achieve net zero greenhouse gas emissions by 2050.



Overarching Themes from the Climate Assessment Business Workshops

Across the different business units of Innergex, a very similar picture of risks and opportunities from climate change and the transition to a low carbon economy were shared, with some variations being driven by unique geographical or jurisdictional factors. The physical risks are greatest in the High Carbon scenario and lessen if the world moves instead to a Low Carbon or even more aggressive Global Net Zero scenario of the future. There are many uncertainties in the risks that are cited, and the timescale for their relevance also varies. Despite these vagaries, the information is important to Innergex's strategic planning as it provides a starting point for a better understanding of where the likely negative impacts from climate change will continue to manifest themselves and thus where mitigative activity should take place.

With regards to the opportunities inherent in the transition to a low carbon economy, Innergex's business is well positioned given its focus on low-impact renewable energy. The business landscape will change as demand for clean energy rises with the likelihood that more competition will arise; however, the increased reliance on clean electricity to power new zero-carbon energy demand represents a strong signal for Innergex's business model.



Lower-Carbon Scenarios: Risks and Opportunities

For the lower-carbon scenarios, the significant increase in clean energy demand, energy efficiency, and electrification describes aggressive low carbon futures that will result in substantial investments in renewable energy. Therefore, for these two scenarios, the transition risks and opportunities associated with an accelerated energy transition were the focus of the analysis. Physical risks were still assessed as climate change impacts will continue to intensify, although the effects will be less severe compared to the high carbon scenario.

Innergex can mitigate the risks by continuing to improve the way it plans and anticipates potential transition risks and the physical impacts of climate change. Opportunities in this scenario are the most pronounced for Innergex, as the world decarbonizes its energy systems aggressively. These opportunities will be varied and represent different characteristics than what the Corporation has experienced to date in developing renewable energy projects. If this scenario plays out in reality, it would be more aligned with the vision and mission for Innergex’s business objectives, and thus the Corporation would be well positioned to thrive in this type of future.



Opportunities	
Resource Efficiency	<ul style="list-style-type: none"> • Governments will be highly engaged in facilitating the low carbon energy transition. Innergex could leverage this and work with governments and municipalities to identify operating changes that could increase output from existing facilities. • In anticipation of a significant growth projection for renewables, Innergex could partner with suppliers and contractors to streamline construction and help reduce cost, minimize waste, and ensure an efficient supply chain. • To reduce operating costs, curb emissions, and potentially increase the value of its fixed assets, Innergex could further invest in electrifying its fleet of vehicles and retrofitting its buildings.
Energy Sources	<ul style="list-style-type: none"> • Innergex’s business model is based on a low carbon energy future and will benefit from the existing reputational and market advantages of being an experienced provider of low carbon energy. • As generation from renewables continues to grow, there is increasing demand for energy storage options, including Battery Energy Storage Systems (BESS), Hydrogen, Pumped Hydro, and Thermosolar. These are all technologies that Innergex is looking at in its business planning process. • In the low carbon scenarios, there is the potential for the diversification of low carbon energy sources through investment in carbon capture and storage (CCS) and/or small modular reactors (SMR). While this may not be a focus for Innergex at this time, it will represent additional baseload low carbon electricity generation options that could be paired with renewables. • Other forms of renewable energy such as geothermal, tidal, off-shore wind, and biomass would experience growth in this scenario. Investigating the potential of these generation sources would be consistent with Innergex’s business model and could open new markets and sources of revenue.

Opportunities	
Products and Services	<ul style="list-style-type: none"> • As the low carbon energy transition accelerates, new opportunities will likely present themselves for Innergex to create value by expanding down the value chain of energy products, being closer to end-use consumers and bringing ‘smarter’ energy solutions to market. • In the low carbon scenarios, there is a substantial increase in demand for clean electricity generation. This rapid expansion of renewable energy would allow Innergex to develop significantly larger projects (→1GW). • There are potential business opportunities for Innergex in the green hydrogen market as technology advances, costs come down, and hard-to-abate sectors increase investment in low carbon fuels. • Rapid growth in the electrification of transportation will lead to strong demand for Electric Vehicle (“EV”) charging stations and new sources of electricity consumption generally. Many EV infrastructure initiatives will want to ensure that the electricity used by vehicles is sourced from renewable energy. This could represent a significant growth market and a possible new revenue stream for Innergex. • With the electrification of the economy being widespread in this scenario, Innergex could expand beyond electricity generation by providing ancillary grid services with investments in battery energy storage systems. • Innergex can support private sector clients looking to decarbonize the power they consume and achieve their renewable energy and net zero targets through one-off Power Purchase Agreements (“PPAs”). • Several specialized services will emerge to support greater flexibility and reliability, such as smart charging of EVs, optimization of storage facilities, and virtual pooling of complementary assets. This represents good potential for an IPP such as Innergex to step into an evolving energy market and become more integrated into the broader power sector. • Opportunities may emerge for Innergex to scale up generation for commercial markets by investing and providing capital for energy efficiency with respect to heating and cooling. For example, industrial heat pumps powered by renewables.

Opportunities	
Markets	<ul style="list-style-type: none"> • Given that Innergex’s current positioning as a leader in the energy transition has built trust with policymakers, stakeholders, and investors, this will create additional market advantage, competitiveness, and investment opportunities in a future scenario where aggressive decarbonization is a priority for governments, the private sector, and investors globally. Innergex will also be able to leverage that experience and expertise to work with regulators to assist in better management and delivery of electric systems and their markets. • The need for increased Indigenous participation in renewable energy could provide funding sources for projects that Innergex has with existing Indigenous communities. The Corporation’s established strong relationships and commitment to building on this foundation with these communities will be an important asset in a world that is demanding more renewable energy. • Many of Innergex’s operating areas, because of their existing grid dynamics, territorial characteristics and strong renewable generation profiles will be in excellent positions to increase renewable energy exports to their regional markets as demand increases. • The offshore wind market represents a significant business opportunity for Innergex under this scenario. The substantial increase in demand for renewables will mean that renewable energy generation will need to expand its footprint to the oceans and seas not currently considered in markets like North America and South America. • Innergex will have increased access to capital and sustainable financing options as global energy investment in renewables and energy efficiency rapidly expands in a low carbon scenario. The Corporation’s strong track record in developing renewable energy will help it compete against an ever-increasing number of peers also seeking financing for clean energy projects.
Resilience	<ul style="list-style-type: none"> • Innergex’s distributed generation will become increasingly important for improved reliability and grid resiliency. • Increases in electricity demand will provide capital investment opportunities in smart grid technology and grid stabilizing equipment to help manage grid balancing and peak shaving. These improvements will help the integration of intermittent renewable energy into the grid. • Energy efficiency gains from increased electrification in the transport, buildings, and industrial sectors will reduce exposure to volatile commodity prices and resource shortages. This would lead to increased valuation for renewable energy generation on the grid.

Transition Risks	
Policy and Legal	<ul style="list-style-type: none"> • The low carbon scenarios envision significant increases in renewable generation overall, which may lead to challenges with permitting electrical generation from renewables. Related, there will be higher competition for renewable project siting. Environmental and other permitting requirements may become more costly and not efficient enough depending on the jurisdiction. This could result in reduced revenues from decreased or deferred production capacity (e.g., delayed planning approvals). However, reliance on existing renewable energy production sites will likely increase, providing Innergex with additional leverage during negotiations at the time of contract renewal. • While green hydrogen is a developing opportunity under these aggressive low carbon scenarios, it will require regulatory frameworks at local state/provincial levels for approving these types of projects.
Technology	<ul style="list-style-type: none"> • Constant innovation and new clean energy related technologies being developed will be the reality in these scenarios. Innergex will need to consistently learn and is well positioned to adapt to changes and be prepared for significant innovation in its business sector. This will also likely mean an increase in capital investment for technology development and higher operating costs to deploy new processes. If these factors result in a change of how the Corporation sells or produces energy, there may be new risks to consider for the current revenue model. • Increased interconnection opportunities may result in higher operating costs due to more remote sites being considered that are also more difficult to staff and a need to rely more on automation. Overall, this could lead to more complexity in adopting and deploying new practices and processes. These complexities will be considered in the price of electricity for such projects to minimize the financial risk as well as through improved management practices.

Transition Risks	
Market	<ul style="list-style-type: none"> • Under both a low carbon and net zero scenario, demand for renewable energy will grow at a rapid rate as the energy transition accelerates. Therefore, although Innergex could face some minor challenges in developing renewable energy assets due to increased competition, overall, the market will be favourable to renewable energy companies. • The increased reliance on wind and solar will also have to be associated systematically to battery or other storage systems given that in many cases these facilities will be relied upon for replacing baseload production in an electricity grid. New forecasting and load modelling technology will also need to be developed in concert with the increase in reliance on renewables. A related risk is that significant investment in bulk transmission systems will be needed to continue the transition away from large generation stations to wind, solar and hydro resources. These modernized high voltage grid transmission systems will then likely need new markets and revenue models to support their higher costs. • For some jurisdictions, there is a risk that this scenario will present downward pressure on prices from higher supply, contrasted with increased operational costs that could create challenges for project economics. The price pressure or at least volatility in prices would also result from the reduction/unavailability of natural gas generation. Further price complexity will be generated from the effects of carbon pricing on both electricity rates, and energy costs generally. • Electrification of transportation could shift peak demand, which could provide risk and opportunity for Innergex's variable generation, depending on the energy profile of the resource. More storage and storage investment would be required to minimize this system-related stress. • Potential disruptions to supply chains from increasing geopolitical stress are a concern in this scenario. Global energy politics will be under increased economic pressure given the changes to energy demand and supply. There could also be increased pressure on costs from supply chain bottlenecks, including the sourcing of raw materials, due to the wider deployment of renewables globally. New contracts will need to consider potential inflationary pressure and business disruptions due to shifts in global energy markets.

Transition Risks	
Reputation	<ul style="list-style-type: none"> • With the increased deployment of renewable energy and energy infrastructure in general, there will be a need for better equipment recycling and proper disposal. There will be heightened pressure from shareholders, communities, and local governments to ensure that all aspects of our business are sustainable. • There will be greater scrutiny from stakeholders from various interests to focus on Scope 3 emissions related to renewable energy generation. Innergex will need to ensure it has improved data systems to enable mitigation and disclosures in this regard. • With the need for utilities to increase capital investments to manage the expansion of variable renewables and energy storage, there is the potential for increases in electricity prices. If these become a reality and increase cost to consumers, it could lead to increased pushback from customers and communities. Energy efficiency gains and other efficiency improvements from the significant increase in electrification will be important to help offset cost pressures on utility bills. • In this scenario, there may be increased incidences of local resistance to new renewable energy projects due to land use and impacts on the landscape. Given Innergex’s focus on renewable energy, this opposition has the potential to limit viable project locations in certain regions. However, in a low carbon scenario, the demand for electricity will be significantly higher, and communities will likely be incentivized and/or compensated by the government to allow for the development of renewable assets on their land. Innergex will need to be coordinating with governments and regulators on good public engagement strategies as it relates to project siting and continue to work with host communities to mitigate concerns.

Physical Risks	
Acute	<ul style="list-style-type: none"> • Damage to equipment during Extreme Weather Events (EWEs) is already a reality for Innergex, and it will likely increase moderately in a low carbon/net zero future. This can lead to increased pressure on capital budgets from higher costs of mitigating and adapting to the impacts from extreme weather events to assets. While, currently, these costs cannot be passed through in existing contracts, they will need to be considered during negotiations for new and/or renewal of existing contracts. Support from governments (electrical grids are considered critical infrastructure) will mitigate potential financial impacts. • During acute climate events, even if Innergex’s equipment is not damaged, negative impacts on related energy infrastructure could interfere with the Corporation’s ability to transmit electricity to customers. However, most of the contracts in place include measures to limit the financial impacts from this type of risk. • Innergex’s energy generation segments are vulnerable to acute climate change events to various degrees. More specifically, this includes the potential for increased damage to wind turbines, solar arrays, and hydro plants. A review of current design standards may be warranted to test design limits and tolerability against extreme weather events for specific assets or projects. For example, an evaluation of the probability of a shorter lifespan for wind turbines (normally 20-25 years).
Chronic	<ul style="list-style-type: none"> • For hydro plants in North America, there is the potential for water flows to differ from historical averages due to the higher variability in the natural climatic cycle. However, potentially lower water flows during spring or summer periods could be offset by much higher flows during the fall or winter period when electricity prices are higher and therefore limiting the financial impact. In South America, potential for lower water flows is more likely, but due to Innergex’s limited exposure to hydro in Chile, the financial impacts of this risk will be limited. • Chronic increases in negative climate change effects have the potential to cause reduced efficiency and more derating for Innergex’s inverters, converters, and transformers. This could cause reduced revenue from decreased production capacity. New engineering assessments can be considered going forward to choose equipment that is more resilient to climate change impacts. • When siting new projects, Innergex should consider more advanced forecasting of local climate change factors to improve its business case analysis of renewable energy generation potential.

High Carbon Scenario: Risks and Opportunities

In the high carbon scenario, Innergex’s generating assets will face increasing pressure to provide reliable energy due to rising temperatures and an increase in the intensity and frequency of climate-related events such as floods, wildfires, and severe storms. These climate-related physical impacts pose a significant risk to infrastructure and assets and may limit Innergex’s ability to deliver energy. If this scenario plays out, Innergex would plan to mitigate these risks with the development of more aggressive adaptation strategies that integrate business strategy with capital and operational planning to ensure resilient infrastructure.

The high carbon scenario assumes that the transition to a low carbon economy is aligned with current climate policies and goals and does continue in regions where Innergex operates. However, the aggressive and disruptive transition to low carbon energy systems experienced in the other scenarios is no longer the case. As a result, many of the existing legacy fossil fuel energy infrastructure in place now remain functional well into the future in this scenario. Innergex has become a successful Corporation while being in a similar reality to this scenario where the transition to a low carbon economy has not been as fast as it could have been due to mixed signals politically, and a lack of consistent support from the financial sector. As such, the Corporation is well positioned to succeed if this same scenario continues.



Opportunities	
Resource Efficiency	<ul style="list-style-type: none"> The unprecedented need for considering climate change related efficient workforce management and planning to improve climate-related health and safety risks should result in lower costs overall.
Energy Sources	<ul style="list-style-type: none"> The fact that Innergex is focused on generating renewable energy exclusively will help provide reputational advantages as compared to companies that continue to focus on greenhouse gas intensive energy supply.
Products and Services	<ul style="list-style-type: none"> Emissions from the energy sector remain very high and growing in this scenario. This will result in renewable energy continuing to have a ‘green premium’ associated with it. The emissions-free profile of renewables will mean that either emission credits, offsets, renewable energy credits, or the avoidance of paying carbon prices will continue to provide an uplift in the market for Innergex’s business offering.
Markets	<ul style="list-style-type: none"> In a high carbon scenario, governments may introduce new incentive programs to help organizations adapt to the increasing severity of climate change impacts. Innergex could use these programs to reduce the costs of climate adaptation (asset hardening).
Resilience	<ul style="list-style-type: none"> An increase in investment/spending on transmission and distribution infrastructure, smart grid technology and grid stabilizing equipment should support Innergex’s business ambitions. Additionally, distributed generation will become increasingly important for increased grid resiliency, which plays to Innergex’s strength in the market. If Innergex can demonstrate sector-leading resiliency measures, it will be considered a lower-risk investment opportunity. Given the increase in climate change impacts globally, new investments will need to be made into forecasting weather impacts on infrastructure. This should help the electricity sector plan for more robust engineering and design considerations in their projects.

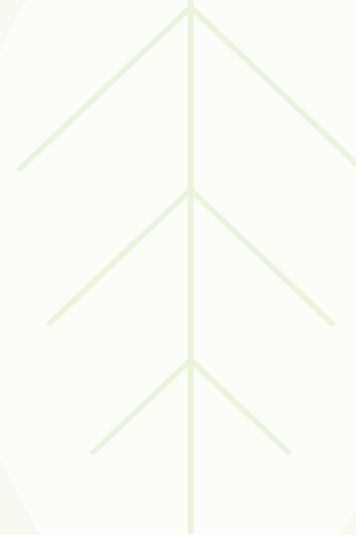
Transition Risks	
Policy and Legal	<ul style="list-style-type: none"> Given the muted signals regarding the transition to a lower carbon economy in this scenario, there is a greater risk of government policy, utilities, IPPs and regulators not being aligned on planning for climate mitigation and adaptation. Innergex will work with regulators and the government to address potential misalignments between climate policies and regulatory frameworks. The lower carbon prices assumed in this high carbon future would possibly limit the competitive advantage of certain renewable energy projects while also limiting the tax credits and other government incentives for de-risking emerging technologies like different forms of BESS and green hydrogen.

Transition Risks	
Technology	<ul style="list-style-type: none"> • Significant investment in machine learning and AI may be required to manage increasingly unpredictable weather patterns. • Wind turbines may have to be redesigned to handle increasingly volatile weather. These would likely be significantly more costly to develop, maintain, and deploy. • The risk of write-offs or early retirement of existing solar photovoltaic (“PV”) assets due to reduced panel efficiency and/or damage from an increase in extreme weather events will be more likely in this scenario. The development of new solar PV projects will need to consider the increased risk from extreme weather events.
Markets	<ul style="list-style-type: none"> • Limited transmission buildouts are likely under this scenario due to lower investment in decarbonizing the economy, this will impact grid capacity and possibly lead to lower resiliency. • The fact that natural gas continues to be a dominant energy source in this scenario means that it will compete directly with renewable fuels/green hydrogen and mute the demand for those alternative energy sources. • Limited political support for climate action may divert funds from investment in developing proven and scalable technologies to R&D-focused demonstration/prototype technologies. In this scenario, Innergex will have less opportunity to develop new investments like BESS because the variable cost of coal or gas plants will remain lower than those technologies. • If electricity consumption does not increase in this scenario, it could lead to a higher number of facilities coming up to contract renewals that don’t get continued, and instead, gas-fired generation is used well into the future. Additionally, with a limited commitment to electrification, natural gas will continue to be the primary fuel for heating which reduces electricity demand and the electrification of heating load. • Migration will likely increase because of changing weather patterns, shifting electricity demand (such as from increased air conditioner use) and increasing the need for a more flexible transmission grid.
Reputation	<ul style="list-style-type: none"> • There is an increased risk to reputation and social license to operate due to the growing stigmatization of the energy sector in this scenario. This is also related to the fact that climate change impacts will be increasing while energy companies are not as aggressively trying to decarbonize the energy systems and economy. Innergex will work to ensure that the communities it serves understand that as a provider of renewable energy, Innergex is actively working to address climate change.

Physical Risks	
Acute	<ul style="list-style-type: none"> • Innergex may face higher insurance premiums and the potential for limited insurability of certain assets in this scenario due to greater risk profiles for its operations in high carbon scenarios. • There is the potential for a significant increase in the catastrophic failure of certain equipment, leading to longer downtimes and an increase in operating costs. In addition, repairs may be limited due to supply chain backlogs, unavailability of specific spares, difficulty accessing affected sites and loss of productivity due to working in higher temperatures or extreme weather. However, since prolonged outages pose a significant risk to communities, it is likely that Innergex would receive support from the government to mitigate the risks and financial impacts, especially if there is a reduction in the insurability of certain high-risk assets in a high carbon scenario. Proactive engagement with governments to elevate consideration of these risks related to the delivery of essential services like electricity will be important in a high carbon future. • Forecasting techniques will need to be improved given the difficulty to predict an increase in acute risks which are more random in nature than chronic changes to the climate. • Write-offs and early retirement of existing assets due to damage to facilities and assets may be required if multiple acute extreme events affect the same asset. • Increasing temperatures, shifting rain and snow patterns, and changes in vegetation may extend the wildfire season and cause fires to burn more intensely and over much larger areas. These risks will need to be updated in Innergex’s management practices. • A year-on-year increase in CAPEX required to maintain and bolster operating facilities may decrease the volume of investable funds available for new project developments as well as acquisitions. New financial models and cost structures would need to be developed in response to a changing operating risk landscape. • Unpredictable weather patterns would affect Innergex’s ability to accurately forecast power generation of sites and hence may mean that the Corporation cannot always serve contractual obligations of PPAs, leading to penalties or termination of contracts. New contracts will be designed to account for the increased variability in weather patterns. • In the case of hydro, bigger rain events could result in an increased flood risk but will also create other events based on the topography and geological/geotechnical features of the terrain where a facility is situated. Facilities may then be exposed to more erosion and landslides which will impact their resiliency. In response to increasing risk to critical energy infrastructure in a high carbon scenario, the government will likely enact new regulations to ensure that insurance and/or public funding is available to repair and harden power generation assets.

Physical Risks

Acute (cont.)	<ul style="list-style-type: none"> • Increased storm events will result in more wind which will impact transmission lines with more tree damage to wires. This may result in higher maintenance costs and more downtime for some facilities. • Extreme droughts will also create more frequent and devastating forest fires. As transmission lines are built on long linear corridors, they have more potential to be negatively impacted by forest fires, which will result in a higher cost of repair and service interruptions.
Chronic	<ul style="list-style-type: none"> • For hydroelectric facilities, the climate change impacts on future river flows and flow patterns have the potential to affect the long-term energy forecast and energy profile of an asset. The development of new hydroelectric facilities or the acquisition of existing facilities will have to consider potential changes to future water flow. • Chronic changes to precipitation, wind and temperature conditions will directly affect renewable energy facilities and their generation capacities. These could pose both positive and negative effects but, given the unknowns surrounding their actual impacts, they should be considered a risk for deeper analysis by Innergex. • There is also the potential of regulatory penalties and fines for renewable generators that fail to generate power during storms under these high carbon scenarios and could represent a significant contingent liability. Innergex will develop and implement strategies to minimize the risk from extreme weather events to ensure service disruptions and outages are limited. • In areas with increases in average precipitation, there is the risk of increased blade erosion and reduced solar panel efficiency. In the case of wind facilities, this would result in increased capital costs. In the case of solar facilities this would result in lower energy generation. • Transmission and distribution systems are very sensitive to an increase in ambient temperature and are more easily damaged in intense storms. Although Innergex does not manage a significant amount of transmission and distribution assets, it is dependent on this infrastructure to deliver the electricity it generates to consumers. • Electricity end-use demand will increase as temperatures increase and consumers resort to greater use of cooling, particularly during heat waves, presenting more risk to the grid from a resilience point of view. Overall, system hardening will be required at a much more intensive rate than in the low carbon scenario.



Risk Management

Climate change impacts play a key role in the continued viability of our existing assets, and Innergex's strategic decision-making includes the consideration of climate-related risks. Within Innergex's general risk management policy, we have incorporated climate-related risks, and our enterprise risk management framework includes standard risk categories that enable our managers and staff to identify the potential implications of climate-related risks.

Innergex's Board of Directors is responsible for reviewing and assessing material risks that may negatively impact our operations, finances, people, or reputation. The Board of Directors is tasked with ensuring that Innergex has an effective risk management system in place to identify, assess, and prioritize key risks associated with our business and to implement a response to mitigate or limit any potential negative impacts. The Board of Directors receives regular updates from Board committees and senior management regarding risks and specific mitigation activities.

Responsibility for risk management is shared across the organization from each segment of activities. A newly created risk oversight committee comprised of senior management reviews both existing and emerging risks, including climate-related risks, to ensure they are adequately assessed and managed. Risk oversight also occurs at the level of operating subsidiaries of Innergex to ensure that risks are efficiently managed at every level. New or critical risks are identified and reported with a mitigation plan and considered at all levels of our organization. Risks that may impact specific activities or operations are presented to the Board of Directors by committees or corporate officers. The Board of Directors works

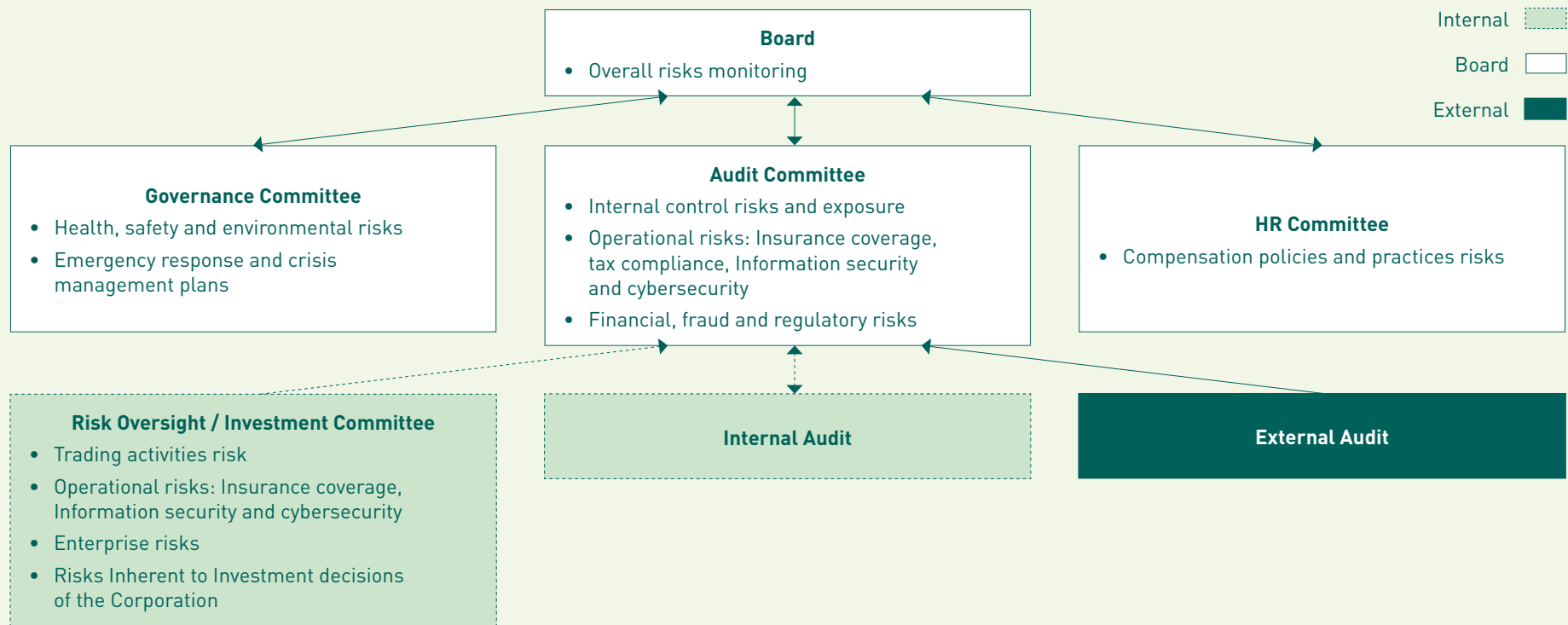
with its committees and senior management to ensure that risks are identified, assessed and managed at all levels of Innergex's activities.

The Corporation is committed to proactive and strong risk governance and oversight practices supported by the Board, its committees, and members of Management. Throughout the year, the Board of Directors and each committee dedicate a portion of their meetings to review and assess specific risk topics and associated mitigation activities in greater details. The Board and its committees are assisted by Management, and in particular, the Risk Oversight Committee and the Investment Committee, along with the internal and external auditors (collectively, the "Auditors") of the Corporation in such tasks. The following diagram shows the interaction between the Board, its committees, management, and the auditors.

The Board is responsible for reviewing and assessing material risks associated with the Corporation's business, which may adversely affect it, its activities, its financial condition, or reputation. More specifically, the Board ensures that the Corporation has implemented systems to effectively identify, manage and monitor the principal risks associated with its business and to mitigate or reduce their potential negative impacts. The oversight of certain risks may be delegated to certain Board committees. If the oversight is delegated, the committees periodically report to the Board to ensure that risks are properly identified, assessed, and effectively managed.

The Board, along with the Governance Committee, oversees health & safety, environment and corporate social responsibility risks which includes overseeing the Corporation's strategy with regards to health & safety, environment, and corporate social responsibility matters, by:

- fostering a culture of integrity and good corporate citizenship and an organization which operates in an environmentally and socially responsible manner;
- overseeing that key environmental and social factors (including climate change, health & safety and ethics) and potential impacts are identified by management and that appropriate actions and measures are taken;
- receiving annual updates from management on and overseeing the Corporation's i) health, safety and environmental risk management processes (including the emergency response and crisis management plans) and ii) current management systems to provide safe working conditions and minimize the impact of its operations on the environment;
- receiving annual updates from management on and overseeing i) the Corporation's social responsibility practices and reporting, including any sustainability report, and ii) the Environmental, Social and Governance performance of the Corporation; and
- periodically reviewing environmental, social and governance related policies. During Fiscal 2021, the policy regarding board diversity, sustainable development and health & safety were updated, and the diversity and inclusion policy was launched.



Managing Climate-Related Physical Risk

Climate change, which increases the likelihood, frequency and severity of adverse weather conditions such as severe storms, droughts and water stress, heat waves, forest fires, rising temperatures and changing precipitation patterns, presents both risks and opportunities to Innergex. Climate change may change existing weather patterns in ways that are difficult to anticipate, which could result in more

frequent and severe disruptions to Innergex’s generation facilities and the power markets in which Innergex operates. In addition, energy demands generally vary with weather conditions.

Innergex’s facilities and projects are exposed to various hazards that are expected to increase in the future under various climate scenarios. Innergex carefully manages physical risks, including preparing for, and responding to, extreme weather events through activities such as proactive route selection, asset hardening, regular maintenance, and insurance. Innergex follows regulated engineering codes,

evaluates ways to create greater system reliability and resiliency and, where appropriate, submits regulatory applications for capital expenditures aimed at creating greater system reliability and resiliency. When planning for capital investments or asset acquisitions, we consider site-specific climate and weather factors, such as flood plain mapping and extreme weather history. Prevention activities include wildfire management plans and vegetation management at electricity transmission and distribution sites. Innergex maintains in-depth emergency response measures for extreme weather events.

Metrics & Targets

Climate-Related Metrics

Innergex produces an annual greenhouse gas emissions inventory aligned with the Greenhouse Gas Protocol and reports on Scope 1 and 2 emissions, GHG intensity, and avoided emissions.

Our Scope 1 GHG emissions are calculated from:

- Combustion of gasoline in Corporation-owned cars, utility vehicles such as pick-up trucks, all-terrain vehicles, boats, and snowmobiles used by facility operators for on-site operations and maintenance; and
- Combustion of diesel in heavy equipment (e.g. boom trucks, backhoes) and emergency backup generators.

Our Scope 2 GHG emissions are calculated from:

- Our energy consumption at our offices; and
- Our energy consumption at our facilities.

Climate-Related Targets

As a 100% renewable energy Corporation with no fossil fuel electricity generation, our facilities produce electricity with no significant greenhouse gas emissions. We believe that the biggest contribution we can make in the fight against climate change is increasing our level of output of renewable energy. However, given the importance of net zero targets for all organizations, we will be looking at our long-term strategy in this regard and developing opportunities for establishing science-based reduction targets as we move forward.

Most of our emissions are related to office space, short-term backup generation during outages, and vehicle use to reach our facilities. While our overall emissions are low (0.62 kg CO₂e/MWh of electricity generated in 2021), we are exploring options to reduce our operational footprint. Building envelope upgrades and electrification of our vehicle fleet are some of the initiatives that we are committed to.

GHG Inventory (metric tonnes CO₂)

	2021	2020	2019 ¹
Scope 1 – Direct emissions	1,346.1	1,277.3 ²	2,138.4
Scope 2 – Indirect emissions	4,794.6	4,760.1 ³	2,138.4
Scope 1 + Scope 2	6,140.7	5,947.4	4,304.3
Scope 1 – Halocarbon releases	0	0	2,816.7
Total – CO₂ emissions including halocarbon releases	6,140.7	5,947.4	7,166.0

¹ 2019 figures updated to reflect inclusion of previously missing data.

² Amount lower than 2019 due to reduction in fuel purchases throughout the year.

³ Amount higher than 2019 due to full year of operation at Foard City (commissioned September 2019) and Phoebe (commissioned November 2019) facilities in Texas in 2020.

* Scope 1 & 2 emissions calculations based on the Greenhouse Gas Protocol.

Note: Halocarbons in this context refers to sulfur hexafluoride ("SF₆") and methane ("CH₄"). In 2019, we had three SF₆ releases from high-voltage electrical systems at two of our facilities, resulting in a release of a total of 171.74 lbs. The majority of the loss occurred during construction of a substation at a facility in the United States.

GHG Intensity (kg CO₂e/MWh energy produced)

2021	2020	2019
0.623	0.620	0.893

Cautionary Statement Regarding Forward-Looking Information

This report contains forward-looking information within the meaning of applicable securities laws (“Forward-Looking Information”), including, but not limited to, statements relating to: potential risks, opportunities, impacts, considerations and outcomes under the low-carbon scenario, mid-carbon scenario and high-carbon scenario discussed in this report; trends that shape the three energy scenarios, and the expectations and forecasts regarding prices and energy demand and supply mix in the various scenarios; expected future growth; ongoing and planned projects, expenditures and initiatives, including grid modernization and battery storage; expectations regarding generation availability, capacity and production; sustainability and climate change strategy, expectations, initiatives, targets and goals, including related to reducing greenhouse gas emissions, decarbonization, and increasing renewable generation; partnerships and other collaboration with third parties with respect to sustainability and climate change objectives; customer savings; sustainability governance and corporate governance practices and processes; ongoing and planned acquisitions and projects, including expectations regarding costs, timing, in-service dates and completion dates; future renewable energy projects and opportunities; regulatory and governmental policy initiatives; expected future environmental and social impacts of the Corporation’s facilities; expected benefits of the Corporation’s enterprise-wide business systems upgrade; expectations regarding future measures to harden the Corporation’s infrastructure and increase its resilience; biodiversity, vegetation management and conservation initiatives and the expected impacts thereof; employee engagement initiatives; sufficiency

of the Corporation’s investments, actions and plans to address risks presented by climate change; transition to a low-emission economy and expected impact on different energy and water sources, uses and technologies; and potential impacts of climate change, as well as effectiveness of the Corporation’s risk management strategies in respect thereof. All Forward-Looking Information is given pursuant to the “safe harbor” provisions of applicable securities legislation. Forward-Looking Information can generally be identified by the use of words such as “approximately”, “may”, “will”, “could”, “believes”, “expects”, “intends”, “should”, “would”, “plans”, “potential”, “project”, “anticipates”, “estimates”, “scheduled” or “forecasts”, or other comparable terms that state that certain events will or will not occur. It represents the projections and expectations of the Corporation relating to future events or results as of the date of this report.

The forecasts and projections that make up the Forward-Looking Information contained herein are based on key assumptions including, but are not limited to: circumstances and factors underlying each of the three energy scenarios discussed in the report; assumptions concerning hydrology, wind regimes and solar irradiation; performance of operating facilities, acquisitions and commissioned projects; project performance; availability of capital resources and timely performance by third parties of contractual obligations; favourable market conditions for share issuance to support growth financing; favourable economic and financial market conditions; success of the Corporation in developing and constructing new facilities; successful renewal of power purchase agreements; sufficient human resources to deliver service and execute

the capital plan; no significant event occurring outside the ordinary course of business such as a natural disaster, pandemic or other calamity; continued maintenance of information technology infrastructure and no material breach of cybersecurity. The Forward-Looking Information contained herein is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the Forward-Looking Information. For more information on the risks and uncertainties that may cause actual results or performance to be materially different from those expressed, implied or presented by the Forward-Looking Information or on the key assumptions used to derive this information, please refer to the “Forward-Looking Information” section of the Corporation’s most recent annual and interim management discussion and analysis.

Forward-Looking Information contained herein is made as of the date of this report and based on plans, beliefs, estimates, projections, expectations, opinions and assumptions as at such date. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such Forward-Looking Information. Accordingly, readers should not place undue reliance on Forward-Looking Information. While subsequent events and developments may cause the Corporation’s views to change, the Corporation disclaims any obligation to update any Forward-Looking Information or to explain any material difference between subsequent actual events and such Forward-Looking Information, except to the extent required by law. All Forward-Looking Information contained herein is qualified by these cautionary statements.

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INNERGEX

Renewable Energy.
Sustainable Development.