



ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 1, 2017

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

March 24, 2017

ENERCARE INC.

NOTICE OF ANNUAL AND SPECIAL MEETING

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of holders of common shares ("**Shareholders**") of Enercare Inc. ("**Enercare**") will be held on **Monday, May 1, 2017** at TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario at 10:00 a.m. (Toronto time), for the following purposes:

1. to receive the consolidated financial statements of Enercare for the financial year ended December 31, 2016, together with the report of the auditors thereon;
2. to re-appoint PricewaterhouseCoopers LLP as the external auditors of Enercare for the ensuing year and to authorize the directors of Enercare to fix the remuneration of the auditors;
3. to consider and, if thought advisable, pass, with or without variation, an ordinary resolution (the "**Rights Plan Resolution**"), the full text of which is set forth in Schedule A to the management information circular (the "**Circular**") accompanying this notice of annual and special meeting, ratifying, approving and confirming the amended and restated shareholder rights plan agreement between Enercare and Computershare Investor Services Inc., all as more particularly described in the Circular;
4. to elect the eight nominees of Enercare standing for election as directors of Enercare to hold office until the close of the first annual meeting of Shareholders following their election; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The accompanying management information circular provides additional information relating to matters to be dealt with at the Meeting and forms part of this notice.

The directors of Enercare have fixed March 16, 2017 as the record date for the Meeting (the "**Record Date**"). Only Shareholders of record at the close of business on the Record Date are entitled to vote at the Meeting or any adjournment thereof.

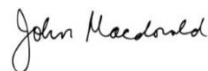
If you are a Shareholder and are unable to be present at the Meeting, please exercise your right to vote either by:

- (a) completing and returning the enclosed form of proxy that is applicable to you to Enercare, c/o Computershare Investor Services Inc. by mail in an envelope addressed to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile to 416-263-9524 (within the Toronto area) or 1-866-249-7775 (outside the Toronto area) or to Kingsdale Advisors at 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2 or by facsimile to 416-867-2271 or toll-free 1-866-545-5580 so as to arrive not later than 10:00 a.m. (Toronto time) on April 27, 2017 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any reconvened meeting, or
- (b) by completing the request for voting instructions in accordance with the directions provided.

Shareholders are invited to attend the Meeting. There will be an opportunity to ask questions and meet management, the board of directors and their fellow Shareholders. After the Meeting, management will report on Enercare's 2016 business activities.

Dated at Toronto, Ontario this 24th day of March, 2017.

Enercare Inc.



John Macdonald
President and Chief Executive Officer

TABLE OF CONTENTS

Page

CHAIR'S LETTER TO SHAREHOLDERS	1
SOLICITATION OF PROXIES	2
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION	2
MATTERS TO BE VOTED ON	3
APPOINTMENT OF PROXIES AND VOTING INSTRUCTIONS	3
REGISTERED OWNERS	3
NON-REGISTERED OWNERS	4
SHARES	5
BUSINESS OF THE MEETING	6
PRESENTATION OF FINANCIAL STATEMENTS AND AUDITORS' REPORT	6
APPOINTMENT OF AUDITORS	6
AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN	6
ELECTION OF DIRECTORS	10
DIRECTORS	10
COMPENSATION OF EXECUTIVE OFFICERS	15
COMPENSATION DISCUSSION AND ANALYSIS	15
CONSIDERATION OF RISK	18
HEDGING OF EQUITY AWARDS	19
SHARE OWNERSHIP REQUIREMENTS	19
2016 COMPENSATION TABLE	25
INCENTIVE PLANS	26
OUTSTANDING SHARE-BASED AND OPTION-BASED AWARDS	26
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	27
PERFORMANCE SHARE UNIT PLAN	27
OPTION PLANS	31
EMPLOYEE SHARE PURCHASE PLAN	33
TERMINATION AND CHANGE OF CONTROL BENEFITS	34
QUANTITATIVE ESTIMATES OF PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE OF CONTROL	36
PERFORMANCE GRAPH	38
INDEBTEDNESS OF OFFICERS AND DIRECTORS	39
GOVERNANCE PRACTICES	39
GENERAL	39
ROLES AND RESPONSIBILITIES OF DIRECTORS	40
SKILLS AND EXPERIENCE	40
STANDING COMMITTEES OF THE BOARD	41
AUDIT COMMITTEE	41
INVESTMENT COMMITTEE	42
GOVERNANCE AND COMPENSATION COMMITTEE	42
CORPORATE RESPONSIBILITY AND RISK MANAGEMENT COMMITTEE	43
SUCCESSION PLANNING	44
DIVERSITY	45
BOARD RENEWAL	46
NOMINATION OF DIRECTORS	47
ORIENTATION AND CONTINUING EDUCATION	47
ASSESSMENTS OF DIRECTORS	47
CODE OF BUSINESS CONDUCT	48
DEFERRED SHARE UNIT PLAN	48
DIRECTOR COMPENSATION	48
OUTSTANDING SHARE-BASED AWARDS	50
SHARE OWNERSHIP POLICY	50
SHARE OWNERSHIP – DIRECTORS AND EXECUTIVE OFFICERS	51
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE	51
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	52
OTHER BUSINESS	52
SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING	52
ADDITIONAL INFORMATION	52
APPROVAL OF DIRECTORS	53
SCHEDULE A – RIGHTS PLAN RESOLUTION	54
SCHEDULE B – BOARD MANDATE	55

CHAIR'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholder:

On behalf of Enercare's Board of Directors, I invite you to our 2017 annual and special meeting on May 1, 2017 in Toronto.

This circular provides important information about voting, the directors who are standing for re-election and how we compensate our directors and executive management team. It also discusses the extensive review of enterprise risk management that we undertook in 2016 and reviews our approach to succession planning.

During the meeting, which will be webcast, you will be asked to:

- Receive the 2016 audited consolidated financial statements
- Re-appoint the auditors
- Re-elect eight directors to the Board
- Approve the amended and restated shareholder rights plan.

A diverse and independent board

Enercare's Board met 12 times in 2016; seven of its eight members are independent as defined by securities regulations and meet regularly without non-independent directors and management. The Board of Directors is assisted in its duties by the work of its four standing committees: the Audit Committee, the Governance and Compensation Committee, the Corporate Responsibility and Risk Management Committee and the Investment Committee. We believe the directors – all of whom are standing for re-election – have the right range of business and strategic experience to carry out the Board's mandate, with expertise in government relations and policy, risk management, human resources, accounting, customer behaviour, sales and distribution, corporate governance and corporate development.

We believe our Board should consist of highly-qualified individuals who reflect the diverse populations in the communities that we operate. In 2015, we adopted a Diversity Policy aimed at increasing the diversity of the Board and senior management team. One quarter of our directors are women, as are half of our executive team. The Governance and Compensation Committee will build on this base by recommending strategies for recruiting female candidates to the Board when the opportunity arises. Our approach to finding future nominees considers our objective of increasing diversity while ensuring that the Board will continue to reflect the skills and experience needed to fulfill its responsibilities.

Policy changes strengthens alignment with shareholders

We believe that our directors and executive management team should own shares of Enercare, as it is a best practice of corporate governance. This year we revised our share ownership policy, which was originally implemented in 2011 and addressed director and Chief Executive Officer share ownership, to include share ownership requirements set at one times base salary for our Chief Operating Officer, Home Services, President and Chief Executive Officer, Service Experts, Chief Financial Officer and Senior Vice President, Chief Legal Officer and Corporate Secretary.

Achieving our goals

I'm proud of our executive management team for achieving our strategic objectives in 2016. Our consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) grew to approximately \$266 million, up 20 per cent over last year. Our acquisition of Service Experts was accretive to our normalized pro forma distributable cash per common share by 30 per cent, exceeding our target by five percentage points. And, Home Services and Sub-metering achieved their non-EBITDA performance targets by 116 and 125 per cent, respectively. Reflective of our operating achievements, as shown on page 38, our five-year total shareholder return has continued to outpace the S&P Composite Index.

Poised for growth

We will remain committed to creating value for our shareholders in 2017. Our strategic goals for the year remain the same: pursuing operational excellence to drive customer satisfaction, innovation and growth. We will focus on building our recurring revenues by continuing to roll out the rental model for Service Experts, growing our net rental units and re-energizing our protection plan portfolio for Home Services, and increasing our contracted, installed and billable units in Home Services. Our achievements in 2016 mean we are well-positioned to generate shareholder wealth well into the future.

Your vote matters

Please review this circular and take the time to decide how to vote your shares. We look forward to hearing from you on May 1.

Sincerely,



Jim Pantelidis
Chair of the Board

Management Information Circular

MANAGEMENT INFORMATION CIRCULAR DATED MARCH 24, 2017

SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management and the directors of Enercare Inc. (“**Enercare**”) from registered owners of common shares (the “**Shares**”) of Enercare (and of voting instructions in the case of non-registered owners of Shares) to be used at the annual and special meeting (the “**Meeting**”) of holders of Shares (the “**Shareholders**”) to be held on Monday, May 1, 2017 at the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario at 10:00 a.m. (Toronto time), and at any adjournment of the Meeting, for the purposes set forth in the accompanying Notice of Annual and Special Meeting (the “**Notice of Meeting**”). It is expected that the solicitation will be made primarily by mail. However, proxies and voting instructions may also be solicited by personal interview, telephone, Internet or by other means of communication by the directors of Enercare (the “**Directors**”), or on behalf of the Directors by officers and employees of Enercare, who will receive no compensation therefor other than their regular remuneration. The solicitation of proxies and voting instructions by this Circular is being made on behalf of the Directors by management of Enercare and the total cost of the solicitation will be borne by Enercare. Enercare has engaged Kingsdale Advisors (“**Kingsdale Advisors**”) as strategic shareholder advisor and proxy solicitation agent to provide the following services, among others, in connection with the Meeting: review the management information circular, press releases and other Shareholder communications; develop and implement messaging to Shareholders and the media; provide strategic advice with respect to proxy solicitation; liaise with proxy advisory firms; solicit proxies, including contacting Shareholders by telephone; and other related services. Enercare will pay fees of approximately \$33,000 to Kingsdale Advisors for the services provided, plus certain out-of-pocket expenses and service fees. Fees payable to Kingsdale Advisors will be paid by Enercare. Enercare may also reimburse brokers and other persons holding Shares in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies.

The information contained in this Circular is given as at March 24, 2017, except where otherwise noted.

If you have any questions about the information contained in this Circular or require assistance in completing the enclosed proxy or voting instruction form, consult your professional advisors or contact our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, by telephone at 1-888-518-6813 toll free in North America or call collect at 416-867-2272 outside of North America or by email at contactus@kingsdaleadvisors.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Circular contains certain forward-looking statements that involve various risks and uncertainties. When used herein, the words “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “goal”, “intends”, “may”, “might”, “outlook”, “plans”, “projects”, “schedule”, “should”, “strive”, “target”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. These forward-looking statements may reflect the internal projections, expectations, future growth, results of operations, performance, business prospects and opportunities of Enercare and are based on information currently available to Enercare and/or assumptions that Enercare believes are reasonable. Many factors could cause actual results to differ materially from the results and developments discussed in the forward-looking information. Although the forward-looking information is based on what management believes to be reasonable assumptions, Enercare cannot assure investors that actual results will be consistent with this forward-looking information. All forward-looking information in this Circular is made as of the date of this Circular. Except as required by applicable securities laws, Enercare does not intend and does not assume any obligations to update or revise the forward-looking information, whether as a result of new information, future events or otherwise. A thorough discussion in respect of the material risks relating to the business and structure of Enercare can be found in its most recent Annual Information Form, which is available on SEDAR at www.sedar.com.

Management Information Circular

MATTERS TO BE VOTED ON

The annual and special business to be considered at the Meeting is as follows:

1. to receive the consolidated financial statements of Enercare for the financial year ended December 31, 2016, together with the report of the auditors thereon;
2. to re-appoint PricewaterhouseCoopers LLP as the external auditors of Enercare for the ensuing year and to authorize the Directors to fix the remuneration of the auditors;
3. to consider and, if thought advisable, pass, with or without variation, an ordinary resolution (the “**Rights Plan Resolution**”), the full text of which is set forth in Schedule A to this Circular, ratifying, approving and confirming the amended and restated shareholder rights plan agreement between Computershare Investor Services Inc. (the “**Rights Agent**”) and Enercare (the “**Rights Agreement**”), all as more particularly described in this Circular; and
4. the election of the eight Enercare nominee directors standing for election as directors to hold office until the close of the first annual meeting of Shareholders following their election.

APPOINTMENT OF PROXIES AND VOTING INSTRUCTIONS

REGISTERED OWNERS

If your Shares are registered in your name and you have a share certificate, you are a registered owner. Registered owners of Shares may vote in person at the Meeting or you may appoint another person to represent you as proxyholder and vote your Shares at the Meeting. If you wish to attend the Meeting, do not complete or return the enclosed form of proxy because you will vote in person at the Meeting. When you arrive at the Meeting, please register with the transfer agent, Computershare Investor Services Inc. (“**Computershare**”).

Appointment of Proxies

If you are a registered owner of Shares and do not wish to attend the Meeting, you should complete and return the enclosed form of proxy. The individuals named in the enclosed form of proxy are Directors. **A Shareholder who wishes to appoint some other person to represent such Shareholder at the Meeting may do so by striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the enclosed form of proxy. The person you appoint to represent you at the Meeting need not be a Shareholder. If you appoint a non-management proxyholder, please make them aware and ensure they will attend the meeting for the vote to count.**

To be valid, proxies must be completed and delivered to Enercare c/o Computershare or Kingsdale Advisors not later than 10:00 a.m. (Toronto time) on April 27, 2017 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any reconvened meeting. Proxies may be returned to Computershare by mail in an envelope addressed to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile to 416-263-9524 (within the Toronto area) or 1-866-249-7775 (outside the Toronto area) or to Kingsdale Advisors by mail in an envelope addressed to Kingsdale Advisors, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2 or by facsimile to 416-867-2271 or toll-free 1-866-545-5580. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair’s discretion without notice.

Revoking Your Proxy

If you are a registered owner of Shares and have submitted a proxy and later wish to revoke it, you can do so by:

- (a) completing and signing a form of proxy bearing a later date and depositing it with Computershare in the manner and within the deadline described above;
- (b) depositing a document revoking the proxy that is signed by you (or by someone you have properly authorized to act on your behalf) (i) at the office of Computershare in the manner described above at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or (ii) with the Chair of the Meeting before the Meeting starts;

Management Information Circular

- (c) electronically transmitting your revocation in a manner permitted by law, provided the revocation is received (i) at the office of Computershare in the manner described above at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or (ii) by the Chair of the Meeting before the Meeting starts; or
- (d) in any other manner permitted by law.

Voting Your Proxy

The persons designated in the accompanying form of proxy will vote for or against or withhold from voting the Shares in respect of which they are appointed by proxy on any vote that may be called for in accordance with your instructions as indicated on the proxy and, if you specify a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

In the absence of any direction, Shares represented by proxies will be voted:

FOR the reappointment of auditors named in this Circular and the authorization of the Directors to fix the remuneration of the auditors;

FOR the election to Enercare's board of directors (the "Board") of the Enercare nominees named in this Circular; and

FOR the ordinary resolution in the form set out in Schedule A to this Circular, ratifying, approving and confirming the Rights Agreement for Enercare;

The accompanying form of proxy confers discretionary authority upon the persons designated in the form of proxy with respect to voting on amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. At the date of this Circular, the Directors and management of Enercare do not know of any such amendments, variations or other matters.

NON-REGISTERED OWNERS

If your Shares are registered in the name of a depository (such as CDS Clearing and Depository Services Inc. or its nominee ("CDS")) or an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP, TFSA or similar plan), you are a non-registered owner.

Only registered owners of Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. If you are a non-registered owner of Shares, you are entitled to direct how the Shares beneficially owned by you are to be voted or you may obtain a form of legal proxy that will entitle you to attend and vote at the Meeting.

In accordance with Canadian securities law, Enercare has distributed copies of the Notice of Meeting, this Circular and the 2016 Annual Report of Enercare (collectively, the "**meeting materials**") to the intermediaries for onward distribution to non-registered owners who have not waived their right to receive them. Typically, intermediaries will use a service company (such as Broadridge Financial Solutions Inc. ("**Broadridge**")) to forward the meeting materials to non-registered owners.

If you are a non-registered owner and have not waived your right to receive meeting materials, you will receive either a request for voting instructions or a form of proxy with your meeting materials. The purpose of these documents is to permit you to direct the voting of the Shares you beneficially own. You should follow the procedures set out below, depending on which type of document you receive.

Management of Enercare does not intend to pay for intermediaries to deliver proxy-related materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary* to objecting beneficial owners (as such term is defined under NI 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) and as a result, such objecting beneficial owners will not receive proxy-related materials unless the applicable intermediary assumes the cost of delivery.

Management Information Circular

Enercare may use the Broadridge QuickVote™ service to assist non-registered shareholders with voting their shares. Non-registered shareholders may be contacted by Kingsdale Advisors to assist them to vote directly over the telephone. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting shares to be represented at the Meeting.

Request for Voting Instructions

If you do not wish to attend the Meeting (or have another person attend and vote on your behalf), you should complete, sign and return the enclosed request for voting instructions in accordance with the directions provided. You may revoke your voting instructions at any time by written notice to your intermediary, except that the intermediary is not required to honour the revocation unless it is received at least seven days before the Meeting.

If you wish to attend the Meeting and vote in person (or have another person attend and vote on your behalf), you must complete, sign and return the enclosed request for voting instructions in accordance with the directions provided and a form of proxy will be sent to you giving you (or your representative) the right to attend and vote at the Meeting. You (or your representative) must register with the transfer agent, Computershare, when you arrive at the Meeting. **If you appoint a non-management proxyholder, please make them aware and ensure they will attend the meeting for the vote to count.**

or

Form of Proxy

The form of proxy has been signed by the intermediary (typically by a facsimile, stamped signature) and completed to indicate the number of Shares beneficially owned by you. Otherwise, the form of proxy is uncompleted.

If you do not wish to attend the Meeting, you should complete the enclosed form of proxy in accordance with the instructions set out in the section titled "Registered Owners" above.

If you wish to attend the Meeting and vote in person, you must strike out the names of the persons named in the enclosed form of proxy and insert your name in the blank space provided. To be valid, proxies must be deposited with Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile to 416-263-9524 (within the Toronto area) or 1-866-249-7775 (outside the Toronto area) or returned to Kingsdale Advisors by mail in an envelope addressed to Kingsdale Advisors, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2 or by facsimile to 416-867-2271 or toll-free 1-866-545-5580 not later than 10:00 a.m. (Toronto time) on April 27, 2017 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any reconvened meeting. You must register with the transfer agent, Computershare, when you arrive at the Meeting. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair's discretion without notice.

You should follow the instructions on the document which you have received and contact your intermediary promptly if you need assistance.

SHARES

The authorized capital of Enercare consists of an unlimited number of Shares and 10,000,000 preferred shares. Shareholders are entitled to one vote for each Share held. As at March 16, 2017, Enercare had 104,441,170 Shares and no preferred shares issued and outstanding.

Each Shareholder of record at the close of business on March 16, 2017, the record date established for the Notice of Meeting and for voting in respect of the Meeting, will be entitled to one vote for each Share held by such holder on all matters proposed to come before the Meeting. A quorum for the transaction of business at the Meeting will consist of two or more persons present in person either holding personally or representing as proxies not less in aggregate than 25% of the votes attached to all of the Shares then outstanding.

Management Information Circular

BUSINESS OF THE MEETING

PRESENTATION OF FINANCIAL STATEMENTS AND AUDITORS' REPORT

The consolidated financial statements of Enercare as at and for the years ended December 31, 2016 and December 31, 2015, together with the notes thereto and the report of the auditors thereon, are contained in the 2016 Annual Report of Enercare mailed to Shareholders together with this Circular.

APPOINTMENT OF AUDITORS

Unless directed otherwise, the persons designated in the enclosed form of proxy intend to vote **FOR** the re-appointment of PricewaterhouseCoopers LLP ("PwC"), Chartered Accountants, Licensed Public Accountants, Toronto, as auditors of Enercare to hold office until the next annual meeting of Shareholders and **FOR** the authorization of the Directors to fix the remuneration to be paid to the auditors. PwC is independent with respect to Enercare and its subsidiaries within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and has served as auditors of Enercare since its formation on September 27, 2010 (and also served as auditors of The Consumers' Waterheater Income Fund (the "Fund"), the predecessor entity to Enercare, from its inception on October 28, 2002 to its dissolution on January 1, 2011). The resolution to reappoint PwC as auditors of Enercare must be passed by a majority of the votes cast in person or by proxy at the Meeting.

AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with or without variation, as an ordinary resolution, the Rights Plan Resolution, ratifying, approving and confirming the Rights Agreement. The full text of the Rights Plan Resolution is set forth in Schedule A to this Circular.

Background

Enercare originally implemented a shareholder rights plan (the "**Original Plan**") pursuant to a shareholder rights agreement dated and effective April 29, 2011 between Enercare and the Rights Agent (the "**Original Rights Agreement**"). The Original Plan was ratified, confirmed and approved at Enercare's annual meeting of Shareholders (as defined in the Original Rights Agreement) held April 29, 2011 and was reconfirmed at Enercare's annual meeting of Shareholders (as defined in the Original Rights Agreement) held May 1, 2014. The Original Plan will expire at the termination of the Meeting.

In order for Enercare to continue to have a shareholder rights plan beyond the termination of the Meeting, the Rights Plan Resolution must be passed by an affirmative vote of a majority of votes cast at the Meeting by Independent Shareholders (as defined in the Rights Agreement). In effect, all Shareholders will be considered Independent Shareholders provided that they (or any of their affiliates or anyone with which they are acting jointly or in concert) are not at the time of the Meeting, making a takeover bid for Shares. Thereafter, the Rights Plan must be reconfirmed every three years at the annual meeting of Shareholders (as defined in the Rights Agreement) by an affirmative vote of a majority of the votes cast by Independent Shareholders at that meeting.

On May 9, 2016, the Canadian Securities Administrators adopted amendments to Canada's takeover bid regime. The key changes to the new takeover bid rules in National Instrument 62-104 – *Take-Over Bids and Issuer Bids* include the following:

- the previous 35-day minimum bid period for takeover bids was extended to 105 days, which a board of directors can shorten to as little as 35 days in certain cases;
- non-exempt takeover bids are subject to a mandatory minimum tender condition of over 50% of outstanding shares, other than shares held by a bidder and its joint actors; and
- the deposit period must be extended by 10 days once the minimum tender requirement has been met and all other bid terms and conditions are satisfied or waived.

Management Information Circular

However, these new takeover bid rules do not address creeping takeover bids where the acquisition of effective control occurs through a number of share purchases over time.

Under current securities legislation, an offeror may obtain control or effective control of a corporation by way of a creeping takeover bid without paying full value, without obtaining shareholder approval and without treating all shareholders equally. For example, an acquiror could acquire blocks of shares by private agreement from one or a small group of shareholders at a premium to market price, which premium is not shared by the other shareholders. In addition, a person could slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control or effective control without paying a control premium or sharing any control premium paid fairly among shareholders.

The Board has determined, after considering the new takeover bid rules, that it is advisable for Enercare to continue to have a shareholder rights plan to address creeping takeover bids, and has approved the Rights Agreement to implement such shareholder rights plan (the “**Rights Plan**”). Enercare believes that the Rights Plan preserves the fair treatment of Shareholders, is consistent with current best Canadian corporate practice and addresses institutional investor guidelines.

Changes to the Rights Plan

The Rights Plan contains the same terms and conditions as the Original Plan, with minor amendments to reflect the new takeover bid regime set out in National Instrument 62-104 – *Take-Over Bids and Issuer Bids*. The effect of these amendments is to extend the minimum bid period for a Permitted Bid (as defined in the Rights Agreement) from 60 to 105 days to align with minimum bid period requirements for takeover bids set out in National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.

Purpose of the Rights Plan

The purpose of the Rights Plan is to prevent, to the extent possible, a creeping takeover bid of Enercare to ensure that (i) every Shareholder will have an equal opportunity to participate in such a bid, and (ii) all Shareholders are treated fairly in connection with such a bid. As set forth in detail below, the Rights Plan discourages coercive or unfair creeping takeover bids by creating significant potential dilution of any Shares which may be acquired or held by a takeover acquiror if such Shares are not acquired in a manner permitted by the Rights Plan. The potential for significant dilution to the holdings of such an acquiror occurs because the Rights Plan provides that all holders of Shares who are not related to the acquiror will be entitled to exercise rights issued to them under the Rights Plan and to acquire Shares at a substantial discount to prevailing market prices, however, the acquiror and the persons related to the acquiror will not be entitled to exercise any Rights (as defined below) under the Rights Plan.

The Rights Plan does not diminish or detract from the duty of the Board to act honestly, in good faith and in the best interests of Enercare and its Shareholders, or to consider on that basis any takeover bid that is made, nor does the Rights Plan alter the proxy mechanism to change the Board, create dilution on the initial issue of the rights, or change the way in which the Shares trade.

The Rights Plan

The following is a summary description of the general operation of the Rights Plan. This summary is qualified in its entirety by reference to the text of the Rights Agreement. Capitalized terms not otherwise defined in this section shall have the same meaning ascribed to such terms in the Rights Agreement.

Term

The Rights Plan will take effect at the time the Meeting terminates (the “**Effective Date**”). If the Rights Agreement is not reconfirmed by Independent Shareholders (as defined in the Rights Agreement) by an ordinary resolution every three years at the applicable annual meeting of Shareholders, the Rights Plan and all outstanding rights issued under the Rights Plan (the “**Rights**”) will terminate on the applicable meeting date (the latest such meeting date to occur, the “**Expiration Time**”).

Management Information Circular

Issue of Rights

All rights outstanding under the Original Plan will expire upon termination of the Meeting. Pursuant to the Rights Agreement, one Right will be issued in respect of each Share, or any other share in the capital of Enercare that carries a right generally to vote in the election of Directors (collectively, a **"Voting Share"**), outstanding as of the close of business on the Effective Date (the **"Record Time"**), and one Right will be issued for each additional Voting Share issued thereafter and prior to the earlier of the Separation Time (as defined below) and the Expiration Time. Each Right entitles the holder thereof to purchase from Enercare, on the occurrence of certain events, one Share at a price of \$50.00 (the **"Exercise Price"**), subject to adjustment as provided in the Rights Agreement. The Rights will not be exercisable until the Separation Time.

Exercise of Rights

Until the Separation Time (or the earlier of the termination or expiration of the Rights), the Rights will trade together with the Voting Shares and will be evidenced by certificates for the associated Voting Shares. After the Separation Time, the Rights will be exercisable and transferable separately from the Voting Shares. **"Separation Time"** means the earlier of: (1) the close of business on the tenth trading day after the earliest of (i) the first day of a public announcement by an Acquiring Person (as defined below) that an Acquiring Person has become such, (ii) the date of the commencement of or first public announcement of the intent of any person (other than Enercare or any subsidiary or affiliate of Enercare) to commence a takeover bid (other than a Permitted Bid or Competing Permitted Bid (as defined below)), and (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such; and (2) such later date as may be determined in good faith by the Board.

Flip-in Event

A **"Flip-in Event"** means a transaction or event pursuant to which a person (the **"Acquiring Person"**) becomes the beneficial owner of 20% or more of the outstanding Voting Shares. Excluded from the definition of Acquiring Person is (i) Enercare and its subsidiaries and affiliates, (ii) any person who becomes the beneficial owner of 20% or more of the Voting Shares as a result of one or more of any combination of certain enumerated transactions (including by way of a Permitted Bid) provided that if such person's beneficial ownership thereafter increases by more than 1% of the number of Voting Shares outstanding (other than pursuant to one or any combination of certain enumerated transactions), then, as of the date such person becomes the beneficial owner of such additional Voting Shares, such person shall become an "Acquiring Person", (iii) for a period of ten days after the Disqualification Date (as defined below), any person who becomes the beneficial owner of 20% or more of the outstanding Voting Shares as a result of such person becoming disqualified from relying on certain enumerated exclusions (for example, investment advisers and fund managers) to the definition of "Beneficial Owner" (as defined in the Rights Agreement) solely because such person or the beneficial owner of such Voting Shares is making or has announced an intention to make a takeover bid, either alone or by acting jointly or in concert with any other person, or (iv) an underwriter or member of a banking or selling group that becomes the beneficial owner of 20% or more of the Voting Shares in connection with a distribution of securities of Enercare. For the purposes of this section, **"Disqualification Date"** means the first date of public announcement that any person is making or has announced an intention to make a takeover bid. Any Rights beneficially owned by the Acquiring Person upon the occurrence of any Flip-in Event will be void, as will any Rights beneficially owned by the Acquiring Person's affiliates or associates (and any persons acting jointly or in concert with the Acquiring Person or such affiliates or associates), and transferees thereof. After the occurrence of a Flip-in Event, each Right (other than those that are void) will permit the holder to purchase Shares with a total market value (generally the average daily closing price per Share for the 20 consecutive trading days through and including the trading days immediately preceding the Flip-in Event) of \$100.00 on payment of \$50.00.

Beneficial Ownership

In general, a person is deemed to beneficially own Voting Shares actually held by others in circumstances where those holdings are or should be grouped for purposes of the Rights Plan. Included are holdings by the person's affiliates, associates and any other person with which the person is acting jointly or in concert.

Management Information Circular

Also included are securities which the person or any of the person's affiliates or associates has the right to acquire within 60 days.

The definition of "beneficial ownership" contains several exclusions whereby a person is not considered to "beneficially own" a security. There are exemptions from the deemed "beneficial ownership" provisions for certain Shareholders, including investment managers whose ordinary business includes managing funds for others, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds (including for employee benefit plans, pension plans and certain insurance plans), administrators of registered pension funds or plans and a Crown agent or agency, provided that such Shareholder is not then making or has not then announced an intention to make a takeover bid alone or jointly or in concert with any other person, other than an Offer to Acquire Voting Shares or other securities pursuant to a distribution by Enercare or by means of ordinary market transactions executed through the facilities of a stock exchange or organized over-the counter market.

Lock-up Agreement

A bidder may enter into lock-up agreements with Shareholders ("**Locked-up Persons**") whereby such Shareholders agree to tender their Voting Shares to a takeover bid (the "**Subject Bid**") without a Flip-in Event occurring. Any such agreement must contain a provision that either permits the Locked-up Person to withdraw the Voting Shares to tender to another takeover bid or to support another transaction that contains an offering price that provides greater value per Voting Share to the holder of Rights ("**Holder**") than the Subject Bid or permits the Locked-up Person to withdraw the Voting Shares to tender to another takeover bid or to support another transaction that contains an offering price that exceeds the offering price contained in the Subject Bid by a specified minimum amount not exceeding 7% of the offering price of the Subject Bid. A lock-up agreement may contain a right of first refusal or require a period of delay (or other similar limitation) to give a bidder an opportunity to match a higher price in another transaction as long as the Holder can accept another bid or tender to another transaction.

The Rights Plan requires that any lock-up agreement be made available to Enercare and the public and also provides that under a lock-up agreement no "break up" fees, "top up" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of: (i) 2.5% of the price or value payable under the Subject Bid to a Locked-up Person; and (ii) 50% of the amount by which the price or value payable to a Locked-up Person under another takeover bid or transaction exceeds what such Locked-up Person would have received under the Subject Bid, can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender Voting Shares to the Subject Bid or withdraws Voting Shares previously tendered thereto in order to deposit such Voting Shares to another takeover bid or support another transaction.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted (or deemed to be imprinted) on certificates for Voting Shares issued from and after the Record Time and are not to be transferable separately from the Voting Shares. From and after the Separation Time and prior to the Expiration Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Voting Shares.

Permitted Bid Requirements

A bidder can make a takeover bid and acquire Voting Shares of Enercare without triggering a Flip-In Event under the Rights Plan if the takeover bid qualifies as a Permitted Bid, meaning it is a takeover bid made by way of a takeover bid circular pursuant to and in compliance with National Instrument 62-104 – *Take-Over Bids and Issuer Bids*, and that is made to all holders of Voting Shares as registered on the books of Enercare, other than the Offeror.

The Rights Plan will allow for a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid.

Management Information Circular

Waiver

The Board, acting in good faith, may, prior to the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event (an “**Exempt Acquisition**”) where the takeover bid is made by a takeover bid circular to all holders of Voting Shares. Where the waiver power is exercised for one takeover bid, the waiver will also apply to any other takeover bid for the Voting Shares made by a takeover bid circular to all holders of Voting Shares prior to the expiry of any other bid for which the Rights Plan has been waived.

Redemption

The Board, with the approval of a majority of the votes cast by Shareholders (or the holders of Rights if the Separation Time had occurred) voting in person and by proxy, at a meeting duly called for that purpose, may redeem the Rights at \$0.000001 per Right. Rights shall also be redeemed by the Board without such approval following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

Amendments

The Board may amend the Rights Agreement with the approval of a majority of the votes cast by Shareholders (or the Holders if the Separation Time has occurred) voting in person and by proxy at a meeting duly called for that purpose. The Board without such approval may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the Shareholders (or Holders, as the case may be), may make amendments to the Rights Agreement to maintain its validity due to changes in applicable legislation.

The Board recommends that Shareholders vote FOR the Rights Plan Resolution.

Unless directed otherwise, the persons designated in the enclosed form of proxy intend to vote FOR the Rights Plan Resolution. The Rights Plan Resolution must be passed by a majority of the votes cast in person or by proxy at the Meeting.

ELECTION OF DIRECTORS

The articles of Enercare (the “**Articles**”) provide that the Board shall consist of a minimum of three and maximum of 10 Directors. The number of Directors is currently fixed at eight by the Board. It is proposed that each of Enercare’s existing eight Directors, namely Jim Pantelidis, Lisa de Wilde, John A. Macdonald, Grace M. Palombo, Jerry Patava, Roy J. Pearce, Michael Rousseau and William M. Wells (collectively, the “**Enercare Nominees**”), be re-elected at the Meeting to hold office until the close of the next annual meeting of Shareholders.

Unless directed otherwise, the persons designated in the enclosed form of proxy intend to vote FOR the election of each of the Enercare Nominees to the Board.

It is not contemplated that any of the proposed Enercare Nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each Director elected will hold office until the close of the next annual meeting of Shareholders or until his/her successor is elected or appointed.

Enercare has four standing committees - an Audit Committee, an Investment Committee, a Governance and Compensation Committee and a Corporate Responsibility and Risk Management Committee. The members of these committees are indicated below.

DIRECTORS

The following tables set forth the names and certain additional information, including Enercare securities held, meeting attendance and percentage of votes in favour of each Director at the last annual and general meeting, for the Enercare Nominees.

Management Information Circular

Jim Pantelidis



Age: 71
 Toronto, Ontario, Canada
 Director since: December 4, 2002⁽¹⁾
Independent

Director and Chair of the Board. Mr. Pantelidis is Chair of the board of directors of Parkland Fuel Corporation, and a member of the board of directors of Intertape Polymer Group Inc. Mr. Pantelidis was formerly on the board of directors of Industrial Alliance Insurance Financial Services Inc. and RONA inc. From 2008 to 2011, Mr. Pantelidis was a non-executive director, Chair of the Compensation and Human Resources Committee and member of the Audit Committee of Equinox Minerals Limited, a mining company. Mr. Pantelidis has previously served as the Chairman and Chief Executive Officer of FisherCast Global Corporation, a manufacturer of molten metal injection technologies and Bata Limited, a leading, privately held, global footwear retailer and manufacturer. He was also the President and Chief Executive Officer of JP & Associates, a strategic consulting company. Mr. Pantelidis had a 30 year career in the petroleum industry and was at one time President of both the Resources Division and the Products Division of Petro Canada.

Mr. Pantelidis holds a Bachelor of Science degree and a Master of Business Administration degree, both from McGill University.

	Board and Committee Membership			Attendance	
	2016 Votes in Favor 94.72%	Board			12 of 12
Share Ownership Target Met ⁽²⁾ Yes	Securities Held as at December 31				
	Year	Shares	DSUs	Total Shares and DSUs	Total Value (\$) ⁽³⁾
	2016	123,944	165,634	289,578	5,166,072
	2015	112,264	144,300	256,564	4,094,761
	Change	11,680	21,334	33,014	1,071,311

Lisa de Wilde



Age: 60
 Toronto, Ontario, Canada
 Director since: July 6, 2006⁽¹⁾
Independent

Director. Ms. de Wilde has been Chief Executive Officer of the Ontario Educational Communications Authority (TVO) since 2005. Previously, Ms. de Wilde was the President and CEO of Astral Television Networks Inc., and practiced law in private practice and as Legal Counsel to the CRTC. Ms. de Wilde serves as a member of the board of TELUS Corporation and is a former Chair of the Board of Directors of the Toronto International Film Festival. She served as a member of the Board of Trustees of Noranda Income Fund from 2002 to 2010 as well as AT&T Canada Inc. (2002 to 2003) and Cinar Corp. (2002 to 2004). Her other advisory appointments include: the University of Toronto's Mowat Centre for Policy Innovation; the Canadian Digital Media Network; and the Asia Pacific Foundation's Toronto Advisory Group. She is a member of the Institute of Corporate Directors (ICD.D) and the Law Society of Upper Canada.

She holds an LL.B. and an Honours Bachelor of Arts degree, both from McGill University. In 2015, Ms. de Wilde was appointed to the Order of Canada and received an honorary Doctor of Laws (honoris causa) from Brandon University. She also received an honorary doctorate from Ryerson University in 2016.

	Board and Committee Membership			Attendance	
	2016 Votes in Favor 95.32%	Board			12 of 12
Share Ownership Target Met ⁽²⁾ Yes	Audit			4 of 4	100%
	Governance and Compensation			4 of 4	100%
	Corporate Responsibility and Risk Management			2 of 2	100%
	Securities Held as at December 31				
	Year	Shares	DSUs	Total Shares and DSUs	Total Value (\$) ⁽³⁾
2016	5,250	33,110	38,360	684,342	
2015	4,250	28,595	32,845	524,206	
Change	1,000	4,515	5,515	160,136	

Management Information Circular

John Macdonald



Age: 60
Aurora, Ontario, Canada
Director since: April 26, 2007⁽¹⁾

Non Independent

Director. Mr. Macdonald has been the President and Chief Executive Officer of Enercare since November 27, 2006. From 2002 to 2006 Mr. Macdonald served as President and Chief Executive Officer of Hydro One Telecom Inc. Mr. Macdonald has previously held senior marketing positions at AT&T Canada Inc. and Nortel Networks Corporation and was a member of the board of advisors of Atria Networks LP until 2010.

Mr. Macdonald is a registered professional engineer and holds a Bachelor of Applied Science in Electrical Engineering from the University of Toronto.

2016 Votes in Favor 96.55%	Board and Committee Membership				Attendance	
		Board				12 of 12
Share Ownership Target Met ⁽²⁾ Yes	Securities Held as at December 31					
	Year	Shares	Performance Share Units ⁽⁴⁾	Options	Total Shares, Performance Share Units and Options	Total Value (\$) ⁽³⁾
	2016	403,565	91,822	683,463	1,178,850	21,030,684
	2015	374,315	70,897	553,258	998,470	15,935,581
	Change	29,250	20,925	130,205	180,380	5,095,103

Grace Palombo



Age: 53
Toronto, Ontario, Canada
Director since: March 16, 2012⁽¹⁾

Independent

Director. Ms. Palombo is the Executive Vice President, Chief Human Resources Officer of Great West Lifeco Inc., a position she has held since November 2014. From 2011 to 2014, Ms. Palombo was the Executive Vice President, Head of Human Resources, TD Bank, America's Most Convenient Bank based in the U.S.A. Prior to 2011, Ms. Palombo served as the Senior Vice President, Corporate Human Resources of CanWest Global Communications Corporation ("CanWest") and also served as a member of its Management Committee. Prior to joining CanWest, Ms. Palombo held various executive positions in the areas of Human Resources, Legal and Corporate Services with Husky Injection Molding Systems Ltd., The Canada Life Assurance Company, Westcoast Energy Inc./Union Gas Limited and Bombardier Inc. She also practiced law in Toronto, in the areas of employment, labour relations and corporate law and has served as a Director of the Osgoode Hall Law School Alumni Association since 2009. Ms. Palombo served as a Director and a member of the Compensation, Nominating and Corporate Governance Committees of Student Transportation Inc. from 2010 to November 2016. Ms. Palombo is a member of the Institute of Corporate Directors (ICD.D), Conference Board of Canada, Council of National Human Resource Executives, the Law Society of Upper Canada, The Canadian Bar Association, the Women's Law Association and the Women's Executive Network.

2016 Votes in Favor 95.75%	Board and Committee Membership				Attendance	
		Board				12 of 12
	Governance and Compensation				4 of 4	100%
	Corporate Responsibility and Risk Management				2 of 2	100%
Share Ownership Target Met ⁽²⁾ Yes	Securities Held as at December 31					
	Year	Shares	DSUs	Total Shares and DSUs	Total Value (\$) ⁽³⁾	
	2016	2,000	14,470	16,470	293,825	
	2015	-	10,892	10,892	173,836	
	Change	2,000	3,578	5,578	119,989	

Management Information Circular

Jerry Patava



Age: 63

Toronto, Ontario, Canada

Director since: December 4, 2002⁽¹⁾

Independent

Director and Chair of the Governance and Compensation Committee. Mr. Patava is the Chief Executive Officer of the Great Gulf Group of Companies, a position he has held since July 2007. Mr. Patava was previously Lead Director and a member of the Governance and Compensation Committee of Trimac Transportation Ltd., and he served as a Director and Chair of the Governance and Compensation Committee of Capstone Infrastructure Corporation. Mr. Patava was also Executive Vice President and Chief Financial Officer of Fairmont Hotels & Resorts Inc., a position he held from January 1998 to January 2005. Previously, he was Vice President and Treasurer of Canadian Pacific Limited and prior thereto Vice President and Director of RBC Dominion Securities Inc.

Mr. Patava holds a Bachelor of Arts degree from the University of Toronto and a Master of Business Administration from York University.

	Board and Committee Membership			Attendance	
	2016 Votes in Favor 95.42%	Board		12 of 12	100%
	Audit		4 of 4	100%	
	Governance and Compensation		4 of 4	100%	
Share Ownership Target Met ⁽²⁾ Yes	Securities Held as at December 31				
	Year	Shares	DSUs	Total Shares and DSUs	Total Value (\$) ⁽³⁾
	2016	20,000	30,122	50,122	894,176
	2015	15,000	25,758	40,758	650,498
	Change	5,000	4,364	9,364	243,678

Roy Pearce



Age: 74

Stouffville, Ontario, Canada

Director since: June 4, 2004⁽¹⁾

Independent

Director and Chair of the Investment Committee. Mr. Pearce was the Chief Financial Officer of K2 Pure Solutions Canada Corporation from April 2007 until his retirement in November 2008. Prior to joining K2 Pure Solutions Canada Corporation, Mr. Pearce was a trustee and member of the Compensation Committee of ACS Media Income Fund. He was the Chief Financial Officer of several companies, including KCP Income Fund and its predecessor business, KIK Corporation, the Plastics Division of Crown Cork and Seal Company, Inc. and Crown Cork and Seal Canada, Inc. Mr. Pearce has held senior finance positions with various companies including Gilbey Canada Inc., Lever Detergents Limited, Monarch Fine Foods Limited, John Labatt Ltd., and Lever Brothers Inc.

Mr. Pearce is a Chartered Professional Accountant, Chartered Accountant.

	Board and Committee Membership			Attendance	
	2016 Votes in Favor 95.82%	Board		12 of 12	100%
	Investment		7 of 7	100%	
	Governance and Compensation		4 of 4	100%	
Share Ownership Target Met ⁽²⁾ Yes	Securities Held as at December 31				
	Year	Shares	DSUs	Total Shares and DSUs	Total Value (\$) ⁽³⁾
	2016	23,000	66,691	89,691	1,600,087
	2015	20,000	57,897	77,897	1,243,236
	Change	3,000	8,794	11,794	356,851

Management Information Circular

Michael Rousseau



Age: 59
St-Lambert, Quebec, Canada
Director since: December 4, 2002⁽¹⁾

Independent

Director and Chair of the Audit Committee. Mr. Rousseau is Executive Vice President and Chief Financial Officer of Air Canada, a position he has held since 2007. Since 2010, Mr. Rousseau has been a director of Resolute Forest Products Inc. and is currently serving on the Finance Committee, the Audit Committee and is Chair of the Human Resources and Compensation/Nominating and Corporate Governance Committee. He also served as a trustee and Chair of the Audit Committee of Golf Town Income Fund. Mr. Rousseau was the President of Hudson's Bay Company from 2006 to 2007; prior to that, he was the Executive Vice President and Chief Financial Officer. Mr. Rousseau was the Senior Vice President and Chief Financial Officer of Moore Corporation and was also a member of its Pension Committee and he was Vice President and Chief Financial Officer of Silcorp Limited.

Mr. Rousseau holds a Bachelor of Business Administration from York University and is a Chartered Professional Accountant, Chartered Accountant.

2016 Votes in Favor 96.18%	Board and Committee Membership		Attendance		
	Board		11 of 12	96%	
Share Ownership Target Met ⁽²⁾ Yes	Audit		4 of 4	100%	
	Investment		7 of 7	100%	
Securities Held as at December 31					
	Year	Shares	DSUs	Total Shares and DSUs	Total Value (\$) ⁽³⁾
	2016	32,000	30,122	62,122	1,108,256
	2015	27,000	25,758	52,758	842,018
	Change	5,000	4,364	9,364	266,238

William M. Wells



Age: 56
St. James, Barbados
Director since: March 20, 2012⁽¹⁾

Independent

Director and Chair of the Corporate Responsibility and Risk Management Committee. Mr. Wells is the Founder and Chairman of Evizone Limited, a privately held online communications service firm and the Founder and Executive Chairman of HLS Therapeutics Inc., a privately held pharmaceutical company. He previously served on the boards of Acadia Pharmaceuticals Inc. and MedGenesis Therapeutix Inc., and he has also served on the Standard & Poors' Issuers Advisory Committee. Mr. Wells was a director of Biovail Corporation, a pharmaceutical company from 2005 until 2010 and was lead director, chair of the compensation committee and a member of the risk and audit committees prior to becoming Chief Executive Officer. He served as the Chief Executive Officer of Biovail from 2008 until its merger with Valeant Pharmaceuticals International, Inc., when he then served as Chairman until 2010. Prior to joining Biovail Corporation, Mr. Wells held a number of senior executive positions, including as Chief Financial Officer of Loblaw Companies Limited, a retail grocery chain, Chief Financial Officer of Bunge Limited, a U.S. headquartered company engaged in the global agribusiness, fertilizer and food product industries, and financial management positions at McDonald's Corporation in the U.S. and Brazil.

Mr. Wells holds a Master's degree in International Business from the University of South Carolina and a Bachelor's degree in Philosophy and English from the University of Western Ontario.

2016 Votes in Favor 95.61%	Board and Committee Membership		Attendance		
	Board		11 of 12	96%	
Share Ownership Target Met ⁽²⁾ Yes	Audit		4 of 4	100%	
	Investment		7 of 7	100%	
	Corporate Responsibility and Risk Management		4 of 4	100%	
Securities Held as at December 31					
	Year	Shares	DSUs	Total Shares and DSUs	Total Value (\$) ⁽³⁾
	2016	19,800	15,839	35,639	635,800
	2015	20,000	12,193	32,193	513,800
	Change	-200	3,646	3,446	122,000

Management Information Circular

- (1) Other than with respect to Ms. Palombo and Mr. Wells, the dates shown are the dates the Enercare Nominees were initially appointed as trustees (the "Trustees") of the Fund prior to its conversion (the "Conversion") from an income fund structure to Enercare's current corporate structure on January 1, 2011. Each of the Enercare Nominees, other than Ms. Palombo and Mr. Wells, were initially appointed as a Director on December 22, 2010.
- (2) Pursuant to the Share Ownership Policy (see "Governance Practices – Share Ownership").
- (3) The Total Value is calculated as the total number of Shares, DSUs, Performance Share Units and/or Options (as defined herein), as applicable, outstanding (assuming all vesting requirements are met), multiplied by the closing price of the Shares on the TSX on December 31, 2016 (\$17.84) and December 31, 2015 (\$15.96).
- (4) As at December 31, 2016, the number of Performance Share Units (as defined herein) includes (i) 40,038 Performance Share Units granted under the LTIP (as defined herein) as follows: on an annual basis in 2015 and 2016, Performance Share Units credited reflecting dividends on the Shares to December 31, 2016 and additional Performance Share Units credited to reflect a Performance Factor of 2.0 for 2015 and 0.5 for 2016 in respect of Performance Share Units granted in 2015 and a Performance Factor of 0.5 for 2016 in respect of Performance Share Units granted in 2016; and (ii) 42,890 Performance Share Units granted under the MTIP (as defined herein) as follows: on an annual basis in 2015 and 2016, Performance Share Units credited reflecting dividends on the Shares to December 31, 2016 and additional Performance Share Units credited to reflect an estimated Performance Factor of 1.81 for 2016 in respect of 32,459 Performance Share Units granted in 2016. As at December 31, 2015, the number of Performance Share Units includes (i) 44,933 Performance Share Units granted under the LTIP: on an annual basis in 2014 and 2015, Performance Share Units credited reflecting dividends on the Shares to December 31, 2015 and additional Performance Share Units credited to reflect a Performance Factor of 1.5 for 2014 and 1.5 for 2015 in respect of 24,371 Performance Share Units granted in 2014 and a Performance Factor of 2.0 for 2015 in respect of 20,562 Performance Share Units granted in 2015; and (ii) 10,431 Performance Share Units granted under the MTIP as follows: in 2015, Performance Share Units credited reflecting dividends on the Shares to December 31, 2015 and additional Performance Share Units credited to reflect a Performance Factor of 0.652 for 2015 (see "Performance Share Unit Plan").

Unless directed otherwise, the persons designated in the enclosed form of proxy intend to vote FOR the election of each of the Enercare Nominees to the Board.

Majority Voting Policy

The Board believes that each of its members should carry the confidence and support of the Shareholders. To this end, the Directors have unanimously adopted a majority voting policy that requires that Shareholders be able to vote in favour of, or withhold from voting, separately for each nominee and that other than a contested election of Directors, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "**Majority Withheld Vote**") shall immediately tender his or her resignation to the Board following the meeting (to the attention of the Chair of the Board or to each member of the Governance and Compensation Committee if the affected Director is such Chair). The Board shall determine whether or not to accept the resignation within 90 days after the Shareholder meeting. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or of the Governance and Compensation Committee at which the resignation is considered. The Board shall be expected to accept the resignation except in situations where exceptional circumstances would warrant the applicable Director to continue to serve on the Board. The resignation will be effective when accepted by the Board. The Board's decision to reject or accept the resignation will be publicly disclosed, providing reasons for the decision. A "contested election" means an election where the number of nominees for Directors is greater than the number of Directors to be elected. If all the Directors receive a Majority Withheld Vote in the same election, then all the Directors shall consider the resignation offers and determine whether to accept them, or any of them, applying the same procedures and considerations as those that apply to the Board under the Majority Voting Policy *mutatis mutandis*.

In the event that any Director who received a Majority Withheld Vote does not tender his or her resignation in accordance with the Majority Voting Policy, he or she will not be re-nominated by either the Governance and Compensation Committee or the Board.

COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

The objective of Enercare's compensation program and strategy is to attract, retain, and motivate talented executives and to create sustainable Shareholder value over the long term. The compensation program is designed to reward increases in Share value, sustained cash dividends and growth of Enercare. To achieve these objectives, the executive compensation program is designed to conform to the following principles:

- Align with Enercare's business strategy – link executive compensation with the achievement of specific strategic business objectives and Enercare's performance as a whole;
- Align to interests of Shareholders – align the interests of executives with those of Shareholders through the use of incentives that reward increases in Shareholder value, and decline in value when the Share price falls, as well as maintain significant Share ownership requirements for the President and Chief Executive Officer;
- Corporate governance – strive to be a market leader on governance issues and continually review and, as appropriate for Enercare, adopt executive compensation practices that align to current best practices;

Management Information Circular

- Pay for performance – align with Enercare’s desire to create a performance and development culture and create clear relationships between pay and performance;
- Pay competitively – set overall target compensation to ensure it remains competitive; and
- A simple, direct program – provide a simple, direct program that is easy to understand and assess.

Elements of Compensation

The major elements of Enercare’s compensation program are base salary, annual performance bonus, awards under the PSUP and the 2014 Option Plan (each as defined below) and personal benefits. Enercare believes that a high proportion of senior management compensation should be at risk.

Base Salary

The purpose of base salary is to attract and retain the highest caliber senior management team. Salaries for senior management are set on the basis of the level of responsibility relative to other positions in Enercare and relative to salaries paid by other organizations. Actual base salaries are targeted between the 25th and 50th percentile of the Compensation Peer Group (as defined below) to reflect Enercare’s positioning against most ‘relative size’ metrics (see “- Benchmarking” below). Enercare will pay above or below this target to reflect each senior manager’s relative experience or performance versus the market, or to reflect competitive market pressures for a given skill set.

Annual Performance Bonus

The annual performance bonus is designed to recognize both the contribution of management to corporate results and personal results. The purpose of the annual performance bonus is to pay for performance, to align with Enercare’s strategy, and to provide motivation for superior corporate and personal results. The target annual performance bonus varies on the basis of the senior manager’s position and is designed to reflect the degree of influence of the participant in Enercare’s affairs. Target annual bonus levels are designed to provide 50th percentile (or “**median**”) total cash (salary and bonus) levels for target levels of performance and above median total cash levels for above-target performance.

Performance Share Unit and Option Plans

Enercare believes that the grant of awards under the performance share unit plan (the “**PSUP**”), the share option plan which came into effect on January 1, 2011 (the “**2011 Option Plan**”) and the share option plan which came into effect on March 5, 2014 (the “**2014 Option Plan**”) and together with the 2011 Option Plan, the “**Option Plans**”) as long-term incentives help align management’s interests with Shareholder interests, provide motivation and promote retention of management for the long term. Enercare grants performance share units (the “**Performance Share Units**”) under the PSUP and options (the “**Options**”) under the Option Plans at competitive levels versus the Compensation Peer Group. Awards of Performance Share Units under the LTIP (as defined below) and Options under the 2014 Option Plan are generally granted on an annual basis to senior management (see “Performance Share Unit Plan” and “Option Plans” below).

Benefits and Executive Perquisites

Enercare offers to all its employees various benefit programs, such as medical, dental, life, and short and long-term disability insurance coverage to promote employee health and productivity in the work place. Enercare also offers a group registered retirement savings plan to its employees to provide financial support for employees during their retirement in respect of their employment with Enercare.

Enercare does not have a pension plan or any other post-employment benefit program for senior management employed directly by Enercare, including all of the Named Executive Officers. Enercare does, however, have a program whereby it makes registered retirement and personal savings plan contributions to accounts of senior management employed by Enercare.

Management Information Circular

In connection with the acquisition (the “**DE Acquisition**”) of the Ontario home and small commercial services business from Direct Energy Marketing Limited (“**DE**”), Enercare entered into a pension asset transfer agreement, pursuant to which DE agreed to the transfer of defined benefit and defined contribution pension assets to Enercare such that Enercare became the administrator and sponsor of the pension plan effective January 28, 2016. The combination pension plan is available to a closed group of active employees employed by Enercare Home and Commercial Services Inc., an indirect wholly-owned subsidiary of Enercare. Such employees were former employees of DE who transferred to Enercare Home and Commercial Services Inc. upon closing of the DE Acquisition on October 20, 2014. New employees employed by Enercare Home and Commercial Services Inc. are eligible to participate only in the defined contribution component of the pension plan.

All eligible employees of Enercare may participate in the Employee Share Purchase Plan (“**ESPP**”) (see “Employee Share Purchase Plan” below).

Enercare currently provides to its senior management a limited number of perquisites, including car allowance and membership dues.

Personal benefits provided to senior management reflect market-competitive practices.

Decision Making

The compensation for all executive officers who are employees of Enercare (except the President and Chief Executive Officer) is recommended by the President and Chief Executive Officer to the Governance and Compensation Committee which in turn is recommended by the Governance and Compensation Committee to the Board for approval. The compensation of the President and Chief Executive Officer is determined and approved by the Governance and Compensation Committee, subject to final approval by the Board.

In its deliberations regarding executive compensation, the Governance and Compensation Committee and the Board considers independent advice from external consultants and other advisors, but the Governance and Compensation Committee and the Board are ultimately responsible for all decisions made. As such, these decisions may reflect factors and considerations other than, or different from, those provided by advisors.

External Advice

In August 2012, the Governance and Compensation Committee first engaged Lane Caputo Compensation Inc. (“**Lane Caputo**”) to conduct a review of Enercare’s executive and non-employee Director compensation levels and practices, as well as to analyze and comment on the mix of Enercare’s long-term incentives.

In November 2013 and October 2014, the Governance and Compensation Committee engaged Lane Caputo to conduct an updated review of Enercare’s executive and non-employee Director compensation levels and practices, as well as to analyze and comment on the mix of Enercare’s long-term incentives. In February 2015, the Governance and Compensation Committee again engaged Lane Caputo to provide an update to the work performed in 2014 (the “**Lane Caputo Report**”). The scope of the Lane Caputo Report involved the benchmarking of Enercare’s executive and Director compensation levels and practices against a Compensation Peer Group (as defined below) to ensure alignment with Enercare’s increased size and scope of operations as a result of the DE Acquisition. The Lane Caputo Report also benchmarked the structure of Enercare’s compensation program, with particular attention to the mix of Options and Performance Share Units granted to executives.

In 2016, Enercare engaged Lane Caputo to further update the Lane Caputo Report in 2017 to, among other things, ensure alignment with Enercare’s increased size and scope of operations as a result of the acquisition by way of merger (the “**SE Transaction**”) of SEHAC Holdings Corporation LLC (now SEHAC Holdings LLC), which owned the business operated under the Service Experts brands (“**Service Experts**”).

Other than as described herein, Lane Caputo does not provide any services to Enercare or to management and the Governance and Compensation Committee must pre-approve any services that Lane Caputo or its affiliates provides to Enercare at the request of management. The following table provides the fees paid to Lane Caputo for the provision of compensation consulting services to the Governance and Compensation Committee in respect of 2015 and 2016:

Management Information Circular

Executive Compensation – Related Fees

Activity	2015	2016
Executive Compensation Related Fees	\$30,680	\$34,000
All Other Fees	Nil	Nil
Total	\$30,680	\$34,000

Benchmarking

In 2015, on the recommendation of Lane Caputo, the Board approved the use of a group of comparator companies (the “**Compensation Peer Group**”) from which to base the assessments of both executive and Board compensation levels and practices. Companies selected for the Compensation Peer Group are TSX-listed companies of roughly one-half to two times Enercare’s size as measured by earnings before interest, tax, depreciation and amortization (“**EBITDA**”), market capitalization, enterprise value, revenues and assets. Preference is given to companies that have a significant and regular dividend (like Enercare) and who are not growth-oriented, resource-based companies.

For 2015, Enercare maintained the peer group developed in 2014 with some exceptions: the removal of Capstone Infrastructure Corporation, Liquor Stores N.A. Ltd., Medical Facilities Corporation and Rogers Sugar Inc. due to the growth of Enercare since the DE Acquisition, making these companies less relevant from a size perspective and the addition of AutoCanada Inc. and Ritchie Brothers Auctioneers Inc. The 18 companies in the 2015 Compensation Peer Group for Enercare are:

Aecon Group Inc.	Northland Power Inc.
Algonquin Power & Utilities Corp.	Parkland Fuel Corporation
AutoCanada Inc.	Ritchie Brothers Auctioneers Inc.
Canexus Corporation	Russel Metals Inc.
Davis + Henderson Corporation	The North West Company Inc.
Enerflex Ltd.	Toromont Industries Ltd.
Innergex Renewable Energy Inc.	Wajax Corporation
Just Energy Group Inc.	Whistler Blackcomb Holdings Inc.
Morneau Shepell Inc.	Winpak Ltd.

The same Compensation Peer Group was used in 2016. The Governance and Compensation Committee monitors the appropriateness of the Compensation Peer Group on a regular basis to ensure its continued reflection of an appropriate benchmark for Enercare’s compensation practices.

CONSIDERATION OF RISK

As part of its annual review of Enercare’s compensation policies and practices and pursuant to its mandate, the Governance and Compensation Committee considers any risks associated with such policies and practices and assesses the practices used by Enercare and the Governance and Compensation Committee to mitigate risks associated with them. The Governance and Compensation Committee is satisfied that the current compensation policies and practices combined with the enterprise risk management of the organization, which includes risk oversight by the Corporate Responsibility and Risk Management Committee, offer a balanced combination that promotes adequate risk-taking with appropriate and reasonable compensation incentives. In particular, risk mitigation features of Enercare’s compensation policies and practices include:

- Appropriate balance between short and long-term (i.e., deferred) incentives with more weight on long-term incentives;

Management Information Circular

- A significant proportion of variable compensation is “at risk” and tied to target metrics aligned with Enercare’s interests;
- Performance measures under the short-term incentive plan are primarily focused on sustained profitability growth (i.e., Compensation Adjusted EBITDA (as defined below) and rental and sub-metering contracted units, all of which are subject to an internal rate of return threshold);
- Performance Share Units and Options reflect Share price appreciation and depreciation; and
- Maximums applied to annual bonus payout (maximum 1.5 times target in respect of the corporate component and 1.5 times in respect of the strategic objective component).

HEDGING OF EQUITY AWARDS

To further mitigate risk, Enercare has adopted a policy prohibiting, among others, any of its Directors, officers or other employees from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of the Shares. Enercare is not aware of any Director or officer having entered into this type of transaction.

SHARE OWNERSHIP REQUIREMENTS

The Board believes that Directors and the President and Chief Executive Officer can represent the interests of Shareholders more effectively if they have a significant investment in Enercare. To that end, in January 2011, the Board instituted the Share Ownership Policy (as defined below). See “Governance Practices – Share Ownership Policy”.

President and Chief Executive Officer

John A. Macdonald

Base Salary

The President and Chief Executive Officer’s base salary for 2016 was \$520,000 (an increase of \$20,000 from 2015). In the Governance and Compensation Committee’s view, the amount is reasonable taking into consideration the Lane Caputo Report, Enercare’s and Mr. Macdonald’s past performance.

Annual Performance Bonus

The target annual performance bonus for 2016 was set at 100% of the President and Chief Executive Officer’s base salary. In the Governance and Compensation Committee’s view, this is reasonable taking into consideration the Lane Caputo Report and Enercare’s and Mr. Macdonald’s past performance, as well as the strategic objectives set in connection with such bonus.

The annual performance bonus was weighted 100% for the achievement of strategic objectives, which were the same as the performance targets of Enercare; however, the weights of each target were set at different levels for the President and Chief Executive Officer as described below. The Enercare performance target was based on (i) Enercare’s Compensation Adjusted EBITDA, which is defined as EBITDA excluding Compensation Adjustments. Compensation Adjustments is defined as eliminations in respect of unbudgeted transaction costs for acquisitions and integration, HVAC rentals (to record all HVAC originations like a sale), proxy related expenses, long-term compensation expenses and employee share purchases above or below budget, unbudgeted adjustments for Service Experts IFRS accounting or opening balance sheet adjustments, foreign exchange above or below budget, any impact associated with accounting adjustments related to the potential overlap in franchisee territories and including EBITDA associated with certain companies. EBITDA is reported in Enercare’s financial statements; (ii) Home Services performance targets other than EBITDA; and (iii) the successful integration of the Service Experts business, as measured by achievement of the accretion target with respect to 2016 Normalized Pro Forma Distributable Cash per Share excluding transaction costs and synergies and have been normalized in 2016 to account for timing differences in taxes paid related to the DE Acquisition, which gives effect to the 2014 bought deal offering, excluding the over-allotment option. Normalized Pro Forma Distributable Cash per Share is reported

Management Information Circular

in Enercare's Management Discussion and Analysis; (iv) sub-metering business targets other than EBITDA; and (v) Triacta performance targets other than EBITDA. Where actual results for the Enercare performance target fell between the "not met" and "target" values, the incentive payment was prorated between 0% and 100% of the target incentive payment accordingly. Where actual results for the Enercare performance target fell between the "target" and "exceeds" values, the incentive payment was prorated between 100% and 150% of the target incentive payment accordingly. Depending on the Enercare performance target, the difference between "not met" and "target" values may or may not be the same as "target" and "exceeds" values. The maximum amount that could be earned in respect of the strategic objectives component was 150%.

The Governance and Compensation Committee approved the Compensation Adjustments described above in order to properly incentivize the Named Executive Officers and other members of Enercare's senior management team, particularly in respect of the introduction of new product and service offerings and acquisition initiatives. If Compensation Adjustments were not taken into account in the determination of compensation decisions, the compensation plan would have been dis-aligned with the Board's corporate strategy. By way of example, the re-introduction of Enercare's rental HVAC program is capital intensive and has a short-term impact on EBITDA; however, over the long-term, it is more beneficial to Enercare to rent HVAC units rather than selling them. Enercare estimates that a rental unit is worth approximately 2.5 times that of a sale on a discounted cash flow basis. The purpose of the Compensation Adjustments to EBITDA, therefore, is to better incent management in order to achieve greater penetration in the rental HVAC market as, without the Compensation Adjustments, management's compensation would be higher if Enercare achieved more HVAC sales than HVAC rentals. The Compensation Adjustments amounted to approximately \$20.2 million of adjustments to EBITDA as reported in Enercare's financial statements.

The Governance and Compensation Committee approved the Enercare performance targets at the beginning of 2016 through Enercare's annual budget and business plan process. The 2016 targets were intended to be challenging and were set at the following levels: (a) Compensation Adjusted EBITDA (accounting for 60% of the Enercare performance targets and 60% of the President and Chief Executive Officer's performance target) of \$286.0 million; (b) Home Services non-EBITDA targets (accounting for 20% of the Enercare performance target and 15% of the President and Chief Executive Officer's performance target); (c) Service Experts accretion target (accounting for 15% of the Enercare performance target and 20% of the President and Chief Executive Officer's performance target) of 25%; (d) sub-metering non-EBITDA targets (accounting for 4% of the Enercare performance target and 4% of the President and Chief Executive Officer's performance target); and (e) Triacta non-EBITDA targets (accounting for 1% of the Enercare performance target and 1% of the President and Chief Executive Officer's performance target). Enercare in 2016 achieved 142% of the Compensation Adjusted EBITDA target, 116% of the Home Services non-EBITDA targets, 150% of the Service Experts accretion target; 125% of the sub-metering non-EBITDA targets, 0% of the Triacta non-EBITDA targets and 136% in the aggregate for the performance target.

In respect of 2016, as the strategic objectives were significantly exceeded, the President and Chief Executive Officer was awarded 138% of that measure; therefore, the President and Chief Executive Officer received a bonus of \$716,560, representing 138% of the target bonus and 138% of his base salary.

Long-term Incentives

The President and Chief Executive Officer was granted an aggregate of 51,935 Performance Share Units pursuant to the PSUP (19,476 Performance Share Units under the LTIP and 32,459 Performance Share Units under the MTIP) and 160,205 Options pursuant to the 2014 Option Plan. The number of Performance Share Units and Options granted was determined with reference to the Lane Caputo Report, his ability to influence the performance of Enercare as well as the various factors listed above in respect of the rationale for long-term incentive plans. In addition, Performance Share Units under the MTIP were granted on a one-time basis upon and in recognition of the completion of the SE Transaction and will only meet the applicable performance vesting requirements if the financial performance of the Service Experts business exceeds the acquisition business case approved by the Board of Directors in connection with the SE Transaction. It was determined that in 2016, Mr. Macdonald be granted Performance Share Units under the LTIP equal in value to approximately 60% of his base salary and Performance Share Units under the MTIP equal in value to approximately 100% of his base salary, based upon the weighted average trading price of the Shares on the Toronto Stock Exchange (the "TSX") for the five trading

Management Information Circular

days immediately preceding December 31, 2015 and Options equal in value to approximately 31% of his base salary. The exercise price of the Options is \$15.58, being the closing price of the Shares on the TSX on the day immediately preceding the grant.

Chief Financial Officer

Evelyn Sutherland

Base Salary

The base salary in 2016 for the Chief Financial Officer was set at \$364,000 (an increase of \$14,000 from 2015) based on the terms of her employment agreement at hire in August 2011, the Lane Caputo Report and increases approved by the Governance and Compensation Committee in subsequent years to reflect market-based compensation and performance.

Annual Performance Bonus

The target annual performance bonus for 2016 was set at 60% of the Chief Financial Officer's base salary. In the Governance and Compensation Committee's view, this is reasonable taking into consideration the Lane Caputo Report, as well as the performance targets and strategic objectives set in connection with such bonus.

The annual performance bonus was weighted 65% for the achievement of performance targets of Enercare and 35% for the achievement of strategic objectives. Except as noted below, the Enercare performance targets were the same as those applicable to the President and Chief Executive Officer. Ms. Sutherland's strategic objectives included the integration of the Service Experts business, effective tax-planning, strategic expansion of the finance team, and overseeing the consolidation automation and planning tool enhancements.

The Enercare performance targets of Compensation Adjusted EBITDA, Home Services non-EBITDA targets, Service Experts accretion target, sub-metering non-EBITDA targets and Triacta non-EBITDA targets were the same as the strategic objectives of the President and Chief Executive Officer; however, the weights of each target were set at different levels than the President and Chief Executive Officer: (a) Compensation Adjusted EBITDA (accounting for 60% of the Enercare performance target) of \$286.0 million; (b) the Home Services non-EBITDA target (accounting for 20% of the Enercare performance target); (c) Service Experts accretion target (accounting for 15% of the Enercare performance target) of 25%; (d) sub-metering non-EBITDA targets (accounting for 4% of the Enercare performance target); and (e) Triacta non-EBITDA targets (accounting for 1% of the Enercare performance target). Enercare in 2016 achieved 142% of the Compensation Adjusted EBITDA target, 116% of the Enercare Home Services non-EBITDA targets, 150% of the Service Experts accretion target, 125% of the sub-metering non-EBITDA targets and 0% of the Triacta non-EBITDA targets.

In respect of 2016, Ms. Sutherland was awarded approximately 136% of the target bonus for performance and, as the strategic objectives were significantly exceeded, 150% of that measure; therefore, based on the aggregate objectives for the annual performance bonus, Ms. Sutherland received a bonus of \$307,868, representing 141% of the target bonus and 85% of her base salary.

Long-term Incentives

Ms. Sutherland was granted an aggregate of 21,586 Performance Share Units pursuant to the PSUP (7,953 Performance Share Units under the LTIP and 13,633 Performance Share Units under the MTIP) and 65,417 Options pursuant to the 2014 Option Plan. The grants were made on the same basis and pursuant to the same terms as those of Messrs. Macdonald and Toffoletto and Ms. Krause. The number of Performance Share Units and Options granted was determined with reference to the Lane Caputo Report, her ability to influence the performance of Enercare as well as the various factors listed above in respect of the rationale for long-term incentive plans. In addition, Performance Share Units under the MTIP were granted on a one-time basis upon and in recognition of the completion of the SE Transaction and will only meet the applicable performance vesting requirements if the financial performance of the Service Experts business exceeds the acquisition business case approved by the Board of Directors in connection with the SE Transaction. It was determined that in 2016, Ms. Sutherland be granted Performance Share Units under the LTIP equal in value to approximately 35% of her

Management Information Circular

base salary and Performance Share Units under the MTIP equal in value to approximately 60% of her base salary, based upon the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2015 and Options equal in value to 18% of her base salary. The exercise price of the Options is \$15.58, being the closing price of the Shares on the TSX on the day immediately preceding the grant.

Chief Operating Officer, Home Services

Jenine Krause

Base Salary

The base salary in 2016 for the Chief Operating Officer, Home Services was \$370,000 based on the terms of her employment agreement at hire in December 2015.

Annual Performance Bonus

The target annual performance bonus for 2016, pursuant to her employment agreement, was set at 70% of the base salary of the Chief Operating Officer, Home Services. In the Governance and Compensation Committee's view, this is reasonable taking into consideration the performance targets and strategic objectives set in connection with such bonus.

The annual performance bonus was weighted 35% for the achievement of performance targets of Enercare, 35% for the achievement of performance targets of the Home Services business and 30% for the achievement of strategic objectives. Ms. Krause's strategic objectives include the provision of strategic and operational leadership for the Enercare Home Services business, the development and overseeing of strategies that sustain sales and margin growth and the creation of a cohesive, high performance and customer-focused organization.

The Home Services performance targets were based on a number of objectives, including (i) Compensation Adjusted Home Services EBITDA, which is defined as Home Services EBITDA excluding Home Services Compensation Adjustments. Home Services Compensation Adjustments is defined as eliminations in respect of unbudgeted transaction costs for acquisitions and integration, HVAC rentals (to record all HVAC originations like a sale), proxy related expenses, long-term compensation expenses and employee share purchases above or below budget and all corporate allocations. Home Services EBITDA is reported in Enercare's financial statements; (ii) net increase in contracted units; (iii) focus on frontier markets; (iv) increase customer satisfaction scores based upon the point increase in net promoter score; (v) implement logistics strategy; and (vi) improve protection plan continuity count.

The Governance and Compensation Committee approved the Home Services Compensation Adjustments described above in order to properly incentivize the Chief Operating Officer, Home Services, particularly in respect of the introduction of new product and service offerings and acquisition initiatives. If Compensation Adjustments were not taken into account in the determination of compensation decisions, the compensation plan would have been dis-aligned with the Board's corporate strategy for the Home Services business. By way of example, the re-introduction of Enercare's rental HVAC program is capital intensive and has a short-term impact on Home Services EBITDA; however, over the long-term, it is more beneficial to Enercare to rent HVAC units rather than selling them. Enercare estimates that a rental unit is worth approximately 2.5 times that of a sale on a discounted cash flow basis. The purpose of the Home Services Compensation Adjustments to Home Services EBITDA, therefore, is to better incent the Chief Operating Officer, Home Services in order to achieve greater penetration in the rental HVAC market as, without the Home Services Compensation Adjustments, the compensation of the Chief Operating Officer, Home Services would be higher if Enercare achieved more HVAC sales than HVAC rentals. The Home Services Compensation Adjustments amounted to approximately \$31.5 million of adjustments to Home Services EBITDA as reported in Enercare's financial statements.

The Governance and Compensation Committee approved the Home Services performance targets at the beginning of 2016 through Enercare's annual budget and business plan process. The 2016 targets were intended to be challenging and were set at the following levels: (a) EBITDA (accounting for approximately 50% of the Home Services performance target) of \$260.5 million; (b) net increase in contracted units (accounting for 10% of the Home Services performance target); (c) customer satisfactions scores (accounting for 10% of the Home Services

Management Information Circular

performance target); (d) protection plan growth (accounting for 20% of the Home Services performance target); (e) logistics strategy (accounting for 5% of the Home Services performance target); and (f) frontier markets (accounting for 5% of the Home Services performance target). Enercare in 2016 achieved 114% of the Compensation Adjusted Home Services EBITDA target, 150% of the net increase in contracted units target, 150% of the customer satisfaction scores target, 79% of the protection plan growth target, 100% of the logistics strategy target, 150% of the frontier markets target; and 115% in the aggregate for the Home Services performance target.

In respect of 2016, the Chief Operating Officer, Home Services was awarded approximately 136% of the target bonus for performance of Enercare, approximately 115% of the target bonus for performance of the Home Services business and, as the strategic objectives were exceeded, 110% of that measure; therefore, based on the aggregate objectives for the annual performance bonus, the Chief Operating Officer, Home Services received a bonus of \$312,755, representing 121% of the target bonus and 85% of her base salary.

Long-term Incentives

The Chief Operating Officer, Home Services was granted an aggregate of 55,180 Performance Share Units pursuant to the PSUP (9,238 Performance Share Units under the LTIP and 45,942 Performance Share Units under individual vesting terms) and 75,995 Options pursuant to the 2014 Option Plan. The grants made under the LTIP were made on the same basis and pursuant to the same terms as those of Messrs. Macdonald and Toffoletto and Ms. Sutherland. The grants made under individual vesting terms consist of: (i) 6,929 Performance Share Units, which vested on January 1, 2017, with the same Performance Factor as that described under "Performance Vesting Requirements – MTIP" in respect of Performance Share Units granted under the MTIP in 2015; (ii) 9,363 Performance Share Units, which vested on December 31, 2016, with the same Performance Factor as that described under "Performance Vesting Requirements – LTIP" for the first calendar year; (iii) 17,166 Performance Share Units with the same Performance Factor as that described under "Performance Vesting Requirements – LTIP" for the first and second calendar year; and (iv) 12,484 Performance Share Units with a Performance Factor equal to 1.0 in each calendar year. The number of Performance Share Units and Options granted was determined with reference to the Lane Caputo Report, her ability to influence the performance of Enercare as well as the various factors listed above in respect of the rationale for long-term incentive plans. It was determined that in 2016, Ms. Krause be granted Performance Share Units under the LTIP equal in value to approximately 40% of her base salary and Performance Share Units under the individual vesting terms described above equal in value to approximately 30%, 41%, 74% and 54%, respectively, of her base salary, based upon the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2015 and Options equal in value to approximately 21% of her base salary. The exercise price of the Options is \$15.58, being the closing price of the Shares on the TSX on the day immediately preceding the grant.

President and Chief Executive Officer, Service Experts

Scott Boxer

Base Salary

The base salary in 2016 for the President and Chief Executive Officer, Service Experts was US\$375,000 based on the terms of the employment agreement entered into between Mr. Boxer and Service Experts LLC prior to the closing of the SE Transaction.

Annual Performance Bonus

The target annual performance bonus for 2016 was set at 90% of the base salary of the President and Chief Executive Officer, Service Experts, as per his employment terms assumed at acquisition.

The annual performance bonus was weighted 100% for the achievement of strategic objectives set prior to acquisition, and subsequently reviewed and approved by Enercare, at the following levels: (a) Service Experts EBITDA target (accounting for approximately 59% of the performance target of the President and Chief Executive Officer, Service Experts), (b) Service Experts revenue target (accounting for approximately 23% of the performance target of the President and Chief Executive Officer, Service Experts), (c) Service Experts working

Management Information Circular

capital target (accounting for approximately 9% of the performance target of the President and Chief Executive Officer, Service Experts) and (d) systems implementation and budget target (accounting for approximately 10% of the performance target of the President and Chief Executive Officer, Service Experts).

In respect of 2016, the President and Chief Executive Officer, Service Experts was awarded approximately 158% of the EBITDA target, 145% of the revenue target, 141% of the working capital target and 25% of the systems implementation and budget target. In respect of 2016, as the strategic objectives were significantly exceeded, the President and Chief Executive Officer, Service Experts was awarded 140% of that measure; therefore, the President and Chief Executive Officer, Service Experts received a bonus of US\$477,056, representing 141% of the target bonus and 127% of his base salary.

Long-term Incentives

Mr. Boxer was granted an aggregate of 31,211 Performance Share Units pursuant to the PSUP (21,848 Performance Share Units under the LTIP and 9,363 Performance Share Units under the MTIP). The number of Performance Share Units was determined with reference to Mr. Boxer's ability to influence the performance of Enercare as well as the various factors listed above in respect of the rationale for long-term incentive plans. It was determined that in 2016, Mr. Boxer be granted Performance Share Units under the LTIP equal in value to approximately 71% of his base salary and Performance Share Units under the MTIP equal in value to approximately 30% of his base salary, based upon the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2015.

Senior Vice President, Chief Legal Officer and Corporate Secretary

John Toffoletto

Base Salary

The base salary in 2016 for the Senior Vice President, Chief Legal Officer and Corporate Secretary was \$338,000 (an increase of \$13,000 from 2015) based on the terms of his employment agreement at hire in January 2009, the Lane Caputo Report and increases approved by the Governance and Compensation Committee in subsequent years to reflect market-based compensation levels, increased responsibilities (including assumption of responsibility of the commercial services business, labour relations and government relations) and performance. Mr. Toffoletto was appointed Senior Vice President, Chief Legal Officer and Corporate Secretary on March 2, 2015. Prior to his appointment, Mr. Toffoletto held the position of Senior Vice President, General Counsel and Corporate Secretary.

Annual Performance Bonus

The target annual performance bonus for 2016 was set at 50% of the Senior Vice President, Chief Legal Officer and Corporate Secretary's base salary. In the Governance and Compensation Committee's view, this is reasonable taking into consideration the Lane Caputo Report and Enercare's and Mr. Toffoletto's past performance, as well as the performance targets and strategic objectives set in connection with such bonus.

The annual performance bonus was weighted 65% for the achievement of performance targets of Enercare and 35% for the achievement of strategic objectives. The Enercare performance targets were the same as those applicable to the Chief Financial Officer. Mr. Toffoletto's strategic objectives included effective management of all legal and regulatory matters on a cost-effective basis, effective management of labour relations, certain lobbying initiatives and effective execution of acquisitions.

In respect of 2016, the Senior Vice President, Chief Legal Officer and Corporate Secretary was awarded approximately 136% of the target bonus for performance and, as the strategic objectives were significantly exceeded, 150% of that measure; therefore, based on the aggregate objectives for the annual performance bonus, the Senior Vice President, Chief Legal Officer and Corporate Secretary received a bonus of \$238,231, representing 141% of the target bonus and 70% of his base salary.

Management Information Circular

Long-term Incentives

The Senior Vice President, Chief Legal Officer and Corporate Secretary was granted an aggregate of 16,879 Performance Share Units pursuant to the PSUP (6,330 Performance Share Units under the LTIP and 10,549 Performance Share Units under the MTIP) and 52,067 Options pursuant to the 2014 Option Plan. The grants were made on the same basis and pursuant to the same terms as those of Mr. Macdonald and Mses. Sutherland and Krause. The number of Performance Share Units and Options granted was determined with reference to the Lane Caputo Report, his ability to influence the performance of Enercare as well as the various factors listed above in respect of the rationale for long-term incentive plans. In addition, Performance Share Units under the MTIP were granted on a one-time basis upon and in recognition of the completion of the SE Transaction and will only meet the applicable performance vesting requirements if the financial performance of the Service Experts business exceeds the acquisition business case approved by the Board of Directors in connection with the SE Transaction. It was determined that in 2016, Mr. Toffoletto be granted Performance Share Units under the LTIP equal in value to approximately 30% of his base salary and Performance Share Units under the MTIP equal in value to approximately 50% of his base salary, based upon the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2015 and Options equal in value to approximately 16% of his base salary. The exercise price of the Options is \$15.58, being the closing price of the Shares on the TSX on the day immediately preceding the grant.

2016 COMPENSATION TABLE

The following table sets forth the annual compensation for 2016, 2015 and 2014 earned by Enercare's named executive officers under applicable securities laws (the "Named Executive Officers").

Name and Principal Position	Year	Salary (\$)	PSUP Awards ⁽¹⁾ (\$)	Option Awards ⁽²⁾ (\$)	Non-Equity Incentive Compensation Annual Incentive Plan ⁽³⁾ (\$)	All Other Comp. ⁽⁴⁾ (\$)	Total Comp. (\$)
John A. Macdonald President and Chief Executive Officer	2016	520,000	831,999	161,543	716,560	54,334	2,284,436
	2015	500,000	452,188	161,096	451,000	49,500	1,613,784
	2014	440,000	242,248	114,224	639,131	45,300	1,480,903
Evelyn Sutherland Chief Financial Officer	2016	364,000	345,808	65,963	307,868	39,880	1,123,519
	2015	350,000	229,034	65,781	197,621	38,900	881,336
	2014	315,000	94,599	44,604	313,317	36,450	803,970
Jenine Krause ⁽⁵⁾ Chief Operating Officer, Home Services	2016	339,167	883,984	76,630	312,755	182,404	1,794,940
	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Scott Boxer ⁽⁶⁾ President and Chief Executive Officer, Service Experts	2016	317,402	500,000	-	632,007	-	1,449,409
	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
John Toffoletto ⁽⁷⁾ Senior Vice President, Chief Legal Officer and Corporate Secretary	2016	338,000	270,402	52,502	238,231	38,060	937,195
	2015	325,000	196,425	52,357	155,764	37,150	766,696
	2014	285,000	85,583	40,356	284,104	34,350	729,393

(1) In respect of 2016, based upon: (i) 19,476, 7,953, 9,238 and 6,330 Performance Share Units awarded under the LTIP on March 7, 2016 to Mr. Macdonald, Ms. Sutherland, Ms. Krause and, Mr. Toffoletto, respectively, and 21,848 Performance Share Units awarded under the LTIP on June 24, 2016 to Mr. Boxer, the value of which is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2015; and (ii) 32,459, 13,633, and 10,549 Performance Share Units awarded under the MTIP on August 19, 2016 to Mr. Macdonald, Ms. Sutherland and Mr. Toffoletto, respectively, 9,363 Performance Share Units awarded under the MTIP on June 24, 2016 to Mr. Boxer, and 45,942 Performance Share Units awarded under individual vesting terms to Ms. Krause as described above under "Chief Operating Officer, Home Services – Long-term Incentives", in each case the value of which is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2015. In respect of 2015, based upon: (i) 20,562, 8,396 and 6,683 Performance Share Units awarded under the LTIP on March 16, 2015 to Mr. Macdonald, Ms. Sutherland and Mr. Toffoletto, respectively, the value of which is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2014; and (ii) 10,431, 7,302, and 6,780 Performance Share Units awarded under the MTIP on August 7, 2015 to Mr. Macdonald, Ms. Sutherland and Mr. Toffoletto, respectively, the value of which is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2014. In respect of 2014, based upon 24,371, 9,517, and 8,610 Performance Share Units awarded in 2014 to Mr. Macdonald, Ms. Sutherland and Mr. Toffoletto, respectively, the value of which is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2013.

(2) The estimated fair value of each Option grant was calculated using the Black-Scholes option pricing model, as this is a widely used methodology that satisfies Canadian generally accepted accounting principles for publicly accountable enterprises (as defined by the Accounting Standards Board of The Canadian Institute of Chartered Accountants, as amended from time to time) and corresponds to the compensation value intended to be provided to each Named Executive Officer, within Enercare's total compensation policy, and the fair value used for accounting purposes. The following assumptions were used: (i) expected life – option term plus assumed 3-year vesting period; (ii) risk-free rate - average yield of a Government of

Management Information Circular

- Canada bond with a term corresponding to the expected life; (iii) stock price volatility – based on daily closing prices for the 36 months preceding the date of the grant (volatility being capped at 50%); and (iv) dividend yield – average yield of the 12-month period preceding the date of grant. The Options awarded to Messrs. Macdonald and Toffoletto, and Ms. Sutherland and Krause in 2016 were issued at an exercise price equal to \$15.58, being the closing price of the Shares on the TSX on the day immediately preceding the date of grant on March 10, 2016. See “2014 Option Plan”.
- (3) Amounts under the annual incentive plan are payable in the year following the year in respect of which they are earned. For 2016, under the annual incentive plan \$716,560, \$307,868, \$312,755, \$632,007 and \$238,231 was awarded to Mr. Macdonald, Ms. Sutherland, Ms. Krause, Mr. Boxer and Mr. Toffoletto, respectively.
- (4) For 2016: The \$54,334 in respect of Mr. Macdonald consists of a \$12,000 car allowance, \$39,834 registered personal savings and tax free savings plan contributions and \$2,500 membership dues; the \$39,880 in respect of Ms. Sutherland consists of a \$14,400 car allowance and \$25,480 registered personal savings and tax free savings plan contributions; the \$182,404 in respect of Ms. Krause consists of a \$150,000 signing bonus, a \$13,750 car allowance, and \$18,654 registered personal savings and tax free savings plan contributions; and the \$38,060 in respect of Mr. Toffoletto consists of a \$14,400 car allowance, and \$23,660 registered personal savings and tax free savings plan contributions. For 2015: The \$49,500 in respect of Mr. Macdonald consists of a \$12,000 car allowance, \$24,930 registered personal savings plan contributions, \$10,070 tax free savings plan contributions and \$2,500 membership dues; the \$38,900 in respect of Ms. Sutherland consists of a \$14,400 car allowance and \$24,500 registered personal savings plan contributions; the \$37,150 in respect of Mr. Toffoletto consists of a \$14,400 car allowance, and \$22,750 registered personal savings plan contributions. For 2014: The \$45,300 in respect of Mr. Macdonald consists of a \$12,000 car allowance, \$30,800 registered personal savings plan contributions, and \$2,500 membership dues; the \$36,450 in respect of Ms. Sutherland consists of a \$14,400 car allowance and \$22,050 registered personal savings plan contributions; the \$34,350 in respect of Mr. Toffoletto consists of a \$14,400 car allowance, and \$19,950 registered personal savings plan contributions.
- (5) Ms. Krause was appointed Chief Operating Officer, Home Services and an officer of Enercare and its subsidiaries on February 1, 2016 and the figures reported above for 2016 represent the pro-ratio of her actual compensation for 2016.
- (6) Mr. Boxer is the President and Chief Executive Officer of Service Experts and became a member of senior management of Enercare on May 11, 2016 upon closing of the SE Transaction. The values shown for salary and non-equity incentive compensation for Mr. Boxer represent sums that were paid in U.S. dollars and have been converted into Canadian dollars at an exchange rate of US\$1.00 = \$1.3248, representing the Bank of Canada average noon exchange rate between January 1, 2016 and December 31, 2016.
- (7) Mr. Toffoletto was appointed Senior Vice President, Chief Legal Officer and Corporate Secretary of Enercare and its subsidiaries on March 2, 2015. Prior to his appointment, Mr. Toffoletto held the position of Senior Vice President, General Counsel and Corporate Secretary.

INCENTIVE PLANS

OUTSTANDING SHARE-BASED AND OPTION-BASED AWARDS

The following table sets forth the number of Options and Performance Share Units held by the Named Executive Officers as at December 31, 2016.

Name	Option Awards				PSUP Awards	
	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Performance Share Units that have not Vested ⁽²⁾ (#)	Market or Payout Value of PSUP Awards that have not Vested ⁽³⁾ (\$)
John A. Macdonald ⁽⁴⁾	160,205	15.58	March 10, 2024	362,063	91,822	1,644,532
	164,384	14.60	March 16, 2023	532,604		
	180,766	10.71	March 10, 2022	1,288,862		
	178,108	8.88	March 4, 2021	1,595,848		
Evelyn Sutherland	65,417	15.58	March 10, 2024	147,842	38,048	681,440
	67,123	14.60	March 16, 2023	217,479		
	70,588	10.71	March 10, 2022	503,292		
	81,081	8.88	March 4, 2021	726,486		
	26,476	7.79	February 28, 2019	266,084		
Jenine Krause	75,995	15.58	March 10, 2024	171,749	34,687	621,244
Scott Boxer	Nil	Nil	-	Nil	30,792	551,485
John Toffoletto ⁽⁵⁾	52,067	15.58	March 10, 2024	117,671	29,838	534,399
	53,425	14.60	March 16, 2023	173,097		
	63,866	10.71	March 10, 2022	455,365		
	-	8.88	March 4, 2021	Nil		

- (1) The value of the Options is calculated as the difference between the closing price of the Shares on the TSX on December 31, 2016 (\$17.84) (assumes all vesting requirements are met) and the exercise price of the Options.
- (2) The number of Performance Share Units includes: (i) Performance Share Units granted on an annual basis in 2015 and 2016 (other than Performance Share Units which vested on or before January 1, 2017); (ii) Performance Share Units credited reflecting dividends on the Shares to December 31, 2016; (iii) additional Performance Share Units credited to reflect (a) for Performance Share Units granted under the LTIP, a Performance Factor of 2.0 for 2015 and a Performance Factor of 0.5 for 2016 in respect of Performance Share Units granted in 2015 and a Performance Factor of 0.5 for 2016 in respect of Performance Share Units granted in 2016, (ii) an estimated Performance Factor of 1.81 for 2016 in respect of Performance Share Units granted in 2016 (other than grants in 2016 to employees of Service Experts), and an estimated Performance Factor of 1.358 for 2016 in respect of Performance Share Units granted in 2016 to employees of Service Experts, and (iii) for Performance Share Units granted under individual vesting terms, the terms described under “Compensation of Executive Officers – Chief Operating Officer, Home Services – Long-term Incentives” (see “Performance Share Unit Plan”).
- (3) The value of the Performance Share Units is calculated on the basis of the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2016 and assumes all time vesting requirements are met, and: (i) for Performance Share Units granted under the LTIP, in respect of Performance Share Units granted in 2015, that the Performance Factor for 2017 in respect of Performance Share Units granted in 2015 will be 1.0, and in respect of Performance Share Units granted in 2016, the Performance Factor for each of 2017 and 2018 will be 1.0, (ii) for Performance Share Units granted under the MTIP, in respect of Performance Share Units granted in 2016, the

Management Information Circular

Performance Factor for 2017 will be 1.0, and (iii) for Performance Share Units granted under individual vesting terms, the terms described under "Compensation of Executive Officers – Chief Operating Officer, Home Services – Long-term Incentives" (see "Performance Share Unit Plan").

(4) On August 24, 2016, Mr. Macdonald exercised an aggregate of 30,000 Options awarded pursuant to the 2011 Option Plan at an exercise price of \$8.88.

(5) On December 21, 2016, Mr. Toffoletto exercised 49,550 Options awarded pursuant to the 2011 Option Plan at exercise prices of \$8.88.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING 2016

The following table sets forth the Option Plans and PSUP awards vested and non-equity incentive plan compensation earned in 2016.

Name	Option Awards – Value Vested During the Year ⁽¹⁾ (\$)	PSUP Awards – Value Vested During the Year ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year ⁽³⁾ (\$)
John A. Macdonald	1,228,705	727,986	716,560
Evelyn Sutherland	482,419	323,734	307,868
Jenine Krause	-	162,887	312,755
Scott Boxer	-	-	632,007
John Toffoletto	431,468	295,006	238,231

(1) One-third of the Options granted in 2014 and 2015, respectively, vested in 2016 pursuant to the 2014 Option Plan. The value of the Options that vested during the year is calculated as the difference between the exercise price of the Options and the closing price of the Shares on the TSX on December 31, 2016 (\$17.84).

(2) Includes Performance Share Units that vested on or before January 1, 2017.

(3) The value shown for non-equity incentive compensation for Mr. Boxer represents an amount that was paid in U.S. dollars and has been converted into Canadian dollars at an exchange rate of US \$1.00 = \$1.3248, representing the Bank of Canada average noon exchange rate between January 1, 2016 and December 31, 2016.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth certain information on equity compensation plans of Enercare as at December 31, 2016⁽¹⁾.

Plan Category	Number of Shares to be Issued upon Exercise of Outstanding Options (#)	Weighted-Average Exercise Price of Options (\$)	Number of Shares Remaining Available for Future Issuance under the 2014 Option Plan (excluding Shares issued pursuant to the 2014 Option Plan reflected in the first column) ⁽²⁾ (#)
Equity compensation plans approved by Shareholders	1,374,941	12.84	2,964,641
Equity compensation plans not approved by Shareholders	-	-	-
Total	1,374,941	12.84	2,964,641

(1) As at December 31, 2016, Enercare's equity compensation plan includes the 2014 Option Plan (see "Option Plans").

(2) Following the approval of the 2014 Option Plan by Shareholders on May 1, 2014, grants of Options in 2014 and thereafter were made under the 2014 Option Plan. As the 2011 Option Plan is considered an "evergreen" plan, no additional Options may be granted under the 2011 Option Plan because Shareholders were not asked to approve the unallocated Options thereunder within three years from the date the 2011 Option Plan was adopted as required by the rules of the TSX.

PERFORMANCE SHARE UNIT PLAN

General

Effective January 1, 2011, Enercare amended and restated the Fund's 2010 PSUP for the Trustees, officers and senior employees of the Fund and its affiliates to reflect the Conversion. The PSUP was amended and restated on June 1, 2011, and subsequently amended and restated effective March 16, 2015 as described below.

Management Information Circular

The purpose of the PSUP is to (i) support the achievement of Enercare's performance objectives; (ii) ensure that interests of key persons are aligned with the success of Enercare; and (iii) provide compensation opportunities to attract, retain and motivate senior employees critical to the long-term success of Enercare and its subsidiaries.

The PSUP is administered by the Governance and Compensation Committee of the Board. Subject to a requirement to report all matters to the Board and a requirement to obtain approval from the Board on certain matters, the Governance and Compensation Committee has discretion to (a) establish, amend and rescind rules and regulations relating to the PSUP; (b) determine which employees of Enercare and its subsidiaries may participate in the PSUP; (c) set, waive or amend performance vesting targets; (d) correct any defect or supply any omission or reconcile any inconsistency; (e) make adjustments deemed necessary on the occurrence of a capital adjustment such as a Share split, merger, consolidation or spin-off; and (f) make any determinations that the Governance and Compensation Committee deems necessary or desirable for the administration of the PSUP. The Governance and Compensation Committee also has the authority to amend, suspend or terminate the PSUP, subject to obtaining any required consent or approval from PSUP participants or regulatory authorities.

Pursuant to the PSUP, Performance Share Units that are subject to time and performance vesting requirements are granted to eligible participants (the "**Performance Share Unitholders**"). The Governance and Compensation Committee does not take previous grants into consideration when making new grants of PSUPs. Grants of Performance Share Units are credited to a notional account for each Performance Share Unitholder. If dividends are paid on the Shares, additional Performance Share Units are credited to the Performance Share Unitholder's account, with the number of additional Performance Share Units determined by dividing the dollar amount of the dividends payable in respect of the Performance Share Units and additional Performance Share Units allocated to the Performance Share Unitholder's account by the then fair market value of the Shares, which the PSUP defines as the weighted average trading price of the Shares on the principal Canadian stock exchange on which the Shares are traded for the five trading days immediately preceding the applicable day.

Each vested Performance Share Unit is redeemed by Enercare and a cash payment, subject to applicable withholdings and deductions, is made to the Performance Share Unitholder. The cash payment is equal to the fair market value of a Share on the date of redemption.

Since Enercare's adoption of the deferred share unit plan (the "**DSUP**") in 2011, no Performance Share Units have been granted to non-employee Directors and Enercare does not currently intend to make grants of Performance Share Units under the PSUP to non-employee Directors.

Termination and Change of Control

On termination of employment of a Performance Share Unitholder for reasons other than for cause, resignation, death or retirement (as defined in the PSUP), the Performance Share Units will vest immediately and the Governance and Compensation Committee will determine the level of performance achievement. The number of Performance Share Units that will vest will be pro-rated for the period of the Performance Share Unitholder's active employment or service.

On termination of employment of a Performance Share Unitholder by reason of retirement, the Performance Share Units will remain outstanding and continue to vest in accordance with the PSUP for two years from the retirement date, at which point all unvested Performance Share Units will be forfeited. The continued vesting of the Performance Share Units is subject to a non-competition covenant and clawback provision prohibiting the Performance Share Unitholder from engaging in a business that competes with or is substantially similar to the business of Enercare for a period of two years following the date of retirement.

On termination of employment of a Performance Share Unitholder by reason of death, the Performance Share Units will vest immediately and the Governance and Compensation Committee will determine the level of performance achievement.

On termination of employment of a Performance Share Unitholder for cause or on the Performance Share Unitholder's resignation, all unvested Performance Share Units shall be forfeited.

Management Information Circular

On the occurrence of a change of control (as defined in the PSUP), Performance Share Units will vest immediately prior to the date of closing of the change of control with the Performance Factor determined for a completed calendar year and at a Performance Factor of 1.0 for any calendar year not completed (see “- Vesting – Performance Vesting” below).

Vesting

Time Vesting

While each grant may have unique time vesting requirements, Performance Share Units (including for greater certainty, any additional Performance Share Units credited to a Performance Share Unitholder’s account in connection with any dividends paid on the Shares) granted in respect of performance periods commencing on January 1, 2015 consisted of Performance Share Units that were generally subject to one of two vesting schedules as specified in the terms of each grant: (i) December 31 of the third year following the date of the grant (referred to as “**LTIP**”); or (ii) January 1 of the second year following the date of the grant (referred to as “**MTIP**”). For periods prior to those commencing on January 1, 2015, all Performance Share Unit grants were under the LTIP. Performance Share Units may vest earlier than scheduled: (a) immediately prior to the date of a closing of a change of control, as defined in the PSUP, or (b) such earlier date as provided by the termination of employment provisions in the PSUP and summarized above or as determined by the Governance and Compensation Committee.

Performance Vesting

In addition to time vesting requirements, Performance Share Units may be subject to performance vesting requirements being met for a specified performance period. The performance factors that determine the number of Performance Share Units that vest are determined by the Governance and Compensation Committee at the time of the grant.

Performance Vesting Requirements - LTIP

For Performance Share Units granted under the LTIP in each of 2014, 2015 and 2016, the Governance and Compensation Committee determined the performance vesting requirements would be as follows: the number of Performance Share Units which vest shall be equal to the number of Performance Share Units granted multiplied by the relevant “Performance Factor” for each of the year of the grant and the following two years, with one-third of the grant allocated to each such year. The “Performance Factor” for each calendar year is determined with reference to the “Total Shareholder Return” on the Shares compared to the shares or units, as applicable, of the entities constituting: in the case of Performance Share Units granted in 2014, the S&P/TSX Small Cap Index on January 2, 2014 or (ii) in the case of Performance Share Units granted in 2015 or 2016, the S&P/TSX Composite Index on January 1, 2015 and January 1, 2016, respectively (in each case, the “**Comparator Group**” for the relevant year). If the Total Shareholder Return for Enercare for a year is in the top, second, third or fourth quartile compared to that of the Comparator Group for the same year, the Performance Factor for that year is as follows: (a) Top Quartile – 2.0; (b) Second Quartile - 1.25; (c) Third Quartile - 0.5; and (d) Fourth Quartile - 0. “**Total Shareholder Return**” is equal to the quotient of dividing A by B, where A is equal to the closing trading price of a share or unit, as applicable, on the last day of each year, plus the total dividends or other distributions paid on a share or unit, as applicable, minus the closing trading price of a share or unit, as applicable, on the last trading day of the immediately preceding year, and B is equal to the closing trading price of a share or unit, as applicable, on the last trading day of the immediately preceding year. For Performance Share Units granted in 2014, the Performance Factor was 1.5 for 2014, 1.5 for 2015 and 0.5 for 2016; for Performance Share Units granted in 2015, the Performance Factor was 2.0 for 2015 and 0.5 for 2016; for Performance Share Units granted in 2016, the Performance Factor was 0.5 for 2016.

Performance Vesting Requirements - MTIP

For Performance Share Units granted under the MTIP in each of 2015 and 2016, the Governance and Compensation Committee determined the performance vesting requirements would be as follows: the number of Performance Share Units which vest shall be equal to the number of Performance Share Units granted multiplied

Management Information Circular

by the relevant “Performance Factor” for each of the year of the grant and the following year, respectively, with one-half of the grant allocated to each such year.

For Performance Share Units granted under the MTIP in 2015, the “Performance Factor” for each calendar year is determined with reference to the “Compensation Acquisition Adjusted EBITDA” and “Growth in Recurring Revenue Units”, respectively, with one-half of each year’s grant allocated to each such year. “Compensation Acquisition Adjusted EBITDA” is defined as Acquisition Adjusted EBITDA as defined in Enercare’s Management Discussion and Analysis of Financial Condition and Results of Operations for the first quarter ended March 31 in the year of the grant and the following year, adjusted for MTIP Compensation Adjustments. MTIP Compensation Adjustments is defined as (i) in respect of 2015, eliminations in respect of unbudgeted transaction costs for acquisitions, HVAC rentals, proxy related expenses, opening balance sheet deferred revenue, long-term compensation expenses above or below budget, additional unbudgeted costs such as costs associated with Bill 55 and adjustments to EBITDA based on the implementation of financing and warranty programs and a new logistics strategy, and (ii) in respect of 2016, eliminations in respect of unbudgeted transaction costs for acquisitions and integrations, any unbudgeted adjustments for Service Experts in respect of IFRS accounting adjustments, HVAC rentals, long-term compensation expenses and employee share ownership costs above or below budget, corporate allocations, unbudgeted tax structuring and planning costs, foreign exchange changes above or below budget, the impact of addressing the SE Canada Inc. overlap in franchisee territories and including EBITDA associated with certain companies. “Growth in Recurring Revenue Units” is contract additions in the aggregate for equipment for rentals, protection plans and sub-metering units, as well as, contracts for other like-products and services such as financings, extended protection plans (warranty) and contracts acquired through acquisition greater than such contract terminations. EBITDA and Adjusted EBITDA are reported in Enercare’s financial statements and both Adjusted EBITDA and Acquisition Adjusted EBITDA are reported in Enercare’s Management Discussion and Analysis of Financial Condition and Results of Operations for the first quarter ended March 31, 2015 and for the first quarter ended March 31, 2016. The Performance Factor determined accordingly was 0.652 for 2015 and 0.574 for 2016.

For Performance Share Units granted under the MTIP in 2016 (other than grants in 2016 to employees of Service Experts), the “Performance Factor” for each calendar year is determined with reference to the “Compensation Acquisition Adjusted EBITDA”, with one-half of each year’s grant allocated to each such year. “Compensation Acquisition Adjusted EBITDA” is defined as Acquisition Adjusted EBITDA as defined in Enercare’s Management’s Discussion and Analysis of Financial Condition and Results of Operations for the first quarter ended March 31, 2016 in respect of 2016 and the first quarter ended March 31, 2017 in respect of 2017, adjusted to eliminate the following: (i) any unbudgeted adjustments for Bolt Acquireco Inc. and SE Canada Inc. in respect of IFRS accounting or opening balance sheet adjustments, (ii) impact of HVAC rental quantities above or below budget, (iii) long-term compensation expenses and employee share ownership costs above or below budget, (iv) corporate allocations, transfers and structuring to minimize taxation above or below budget, (v) foreign exchange changes above or below budget, (vi) the impact of addressing the SE Canada Inc. overlap in franchisee territories, (vii) including EBITDA associated with certain companies, and (viii) any expenses in respect of the satisfaction of stock appreciation rights and payments to American Capital, Ltd. reflected as add-backs in EBITDA. EBITDA and Adjusted EBITDA are reported in Enercare’s financial statements. The Performance Factor for 2016 is estimated to be 1.81.

For Performance Share Units granted under the MTIP in 2016 to employees of Service Experts, the “Performance Factor” for each calendar year is determined with reference to “Service Experts Adjusted EBITDA”. “Service Experts Adjusted EBITDA” is comprised of Bolt Acquireco Inc. and SE Canada Inc.’s (“Service Experts”) consolidated net earnings plus income taxes, interest expense and amortization expense for the years ended December 31, 2016 and December 31, 2017, respectively (“EBITDA”), further adjusted to eliminate the following: (i) any acquisition, integration and transformation costs related to any acquisitions, (ii) any unbudgeted adjustments for Service Experts in respect of IFRS accounting or opening balance sheet adjustments, (iii) adjustments pertaining to the treatment of HVAC rentals as sales above or below budget, (iv) long-term compensation expenses and employee share ownership costs above or below budget, (v) corporate allocations, transfers and structuring to minimize taxation above or below budget, (vi) foreign exchange changes above or below budget, (vii) the impact of addressing the SE Canada Inc. overlap in franchisee territories, (viii) including EBITDA associated with certain companies, and (ix) any expenses in respect of the satisfaction of stock appreciation rights and payments to American Capital, Ltd. reflected as add-backs in EBITDA. The Performance Factor for 2016 is estimated to be 1.358.

Management Information Circular

OPTION PLANS

2011 Option Plan

Effective January 1, 2011, Enercare adopted the 2011 Option Plan which was approved by unitholders of the Fund at the meeting of unitholders held in November 2010 to consider the Conversion. As the 2011 Option Plan is considered an “evergreen” plan, no additional Options may be granted under the 2011 Option Plan because Shareholders were not asked to approve the unallocated Options thereunder within three years from the date the 2011 Option Plan was adopted as required by the rules of the TSX.

The 2011 Option Plan reserved a maximum of 5% of the Shares that were from time to time issued and outstanding. As of the date hereof, 398,225 Options have been granted under the 2011 Option Plan. Grants of Options made under the 2011 Option Plan were made on substantially similar terms as the 2014 Option Plan and, except for the number of Shares reserved for issuance, the material terms of the 2011 Option Plan are substantially the same as those of the 2014 Option Plan. All future grants of Options will be made under the 2014 Option Plan.

2014 Option Plan

Effective March 5, 2014, Enercare adopted the 2014 Option Plan which was approved by Shareholders of Enercare at the meeting of Shareholders held on May 1, 2014. A maximum of 3,000,000 Shares are reserved for issuance under the 2014 Option Plan (which represents approximately 2.9% of the Shares issued and outstanding as of March 22, 2017).

Under the 2014 Option Plan, Enercare and its affiliates’ employees and officers (the “**Participants**”) are eligible for grants of Options. All Options require the approval of and are at the discretion of the Board. The Board does not take previous grants into consideration when making new grants of Options. Non-employee Directors are not eligible to receive Options under the 2014 Option Plan.

The market price of the Shares for determining the exercise price of an Option will be the closing price of the Shares on the TSX on the day immediately before the relevant date or such other higher exercise price determined by the Board.

The Options will typically vest one third on each of the first three anniversaries of the date of grant. The Board may establish a different vesting schedule and may also establish performance target requirements. On a change of control (as defined in the 2014 Option Plan), the acquiring entity shall assume outstanding Options. If it does not, or otherwise in the discretion of the Board, the vesting of Options will accelerate and there will be a limited time period for the exercise of Options to permit the holder of an Option to participate in the change of control transaction. Any Options not so exercised expire.

The following rules will apply if a Participant’s employment is terminated before expiry:

- if terminated by death, the Participant’s legal representatives may exercise Options which have vested at the date of death, for one year;
- if terminated for disability or retirement, the Participant’s Options continue to vest for two years, and all vested Options may be exercised for two years, from the date of disability or retirement;
- if terminated by resignation or for cause, the Participant’s vested and unvested Options expire on the termination date; and
- if terminated for any other reason, the Participant’s vested Options may be exercised until 90 days after the termination date and unvested Options or Options which are not exercised within the 90-day period will expire.

Each Option will expire eight years after the Option was granted, provided that, any Option which would otherwise expire during or within 10 business days following a trading blackout may be exercised until the tenth business day following the end of the trading blackout.

Management Information Circular

Except as provided below, the Board may amend, suspend or terminate the 2014 Option Plan at any time, provided, however, that any such amendment, suspension or termination may not materially adversely affect the entitlements of a Participant which have accrued prior to the date of the amendment, suspension or termination. For example, the Board may make the following types of amendments to the 2014 Option Plan without seeking Shareholder approval:

- i. amendments of a “housekeeping” or administrative nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the 2014 Option Plan or to correct or supplement any provision of the 2014 Option Plan that is inconsistent with any other provision of the 2014 Option Plan;
- ii. amendments necessary to comply with the provisions of applicable law;
- iii. amendments necessary for awards of Options to qualify for favorable treatment under tax laws;
- iv. any amendment to the vesting provisions;
- v. any amendment to the termination or early termination provisions of the 2014 Option Plan or any Option, whether or not such Option is held by an insider, provided such amendment does not entail an extension beyond the expiry date; and
- vi. amendments necessary to suspend or terminate the 2014 Option Plan.

However, Shareholder approval is required for any amendment which:

- i. increases the number of Shares issuable under the 2014 Option Plan or changes that number from a fixed maximum number of Shares to a fixed maximum percentage;
- ii. extends the length of the period after a blackout period during which Options may be exercised;
- iii. reduces the exercise price of an Option (other than adjustments in connection with a transaction or reorganization);
- iv. expands the categories of eligible persons which would have the potential of broadening or increasing insider participation, including to add non-employee Director participation;
- v. removes, or causes the 2014 Option Plan to exceed, the insider participation limit;
- vi. extends the term of an Option beyond its original expiry date, except an extension of an Option that would otherwise expire during a blackout period, to 10 business days following the end of the blackout period;
- vii. adds any other provision which results in Participants receiving Shares for no cash consideration;
- viii. adds a cashless exercise feature if there is no full deduction of the underlying Shares;
- ix. permits any transfer or assignment of an Option other than for normal estate settlement purposes;
- x. amends the amendment provision; or
- xi. is required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The 2014 Option Plan restricts the participation of insiders in the 2014 Option Plan and all other security-based compensation arrangements as follows:

- i. the number of Shares issuable to any one person pursuant to Options granted under the 2014 Option Plan and any other security-based compensation arrangements shall not at any time exceed 5% of the outstanding issue;
- ii. the number of Shares issuable to insiders pursuant to Options granted under the 2014 Option Plan and any other security-based compensation arrangements shall not at any time exceed 10% of the outstanding issue; and

Management Information Circular

- iii. the number of Shares issued under the 2014 Option Plan and/or any other security-based compensation arrangements to insiders and their associates in a 12-month period shall not exceed 10% of the outstanding issue.

Options granted under the 2014 Option Plan are not transferrable or assignable other than by will or the laws of descent and distribution.

Dilution Impact of Option Plans

At any time, there are a number of Options available to be issued, plus Options outstanding that have not yet been exercised (overhang). The Board also monitors the outstanding Options (dilution) and the number of Options issued each year (burn rate). The following table sets forth these key measures, and shows the management of Option awards to minimize the dilutive effect on Shareholders.

	Measure (shown as a % of issued and outstanding Shares as at December 31)		
	2016	2015	2014
Overhang ⁽¹⁾	3.40%	3.83%	4.09%
Dilution ⁽²⁾	1.32%	1.26%	1.24%
Burn Rate ⁽³⁾	0.46%	0.41%	0.41%

- (1) Overhang is the total number of Options available to be issued, plus all Options outstanding that have not yet been exercised, expressed as a percentage of the total number of issued and outstanding Shares as at December 31, 2016, 2015 and 2014, being 104,154,895, 87,948,978 and 91,879,927 Shares, respectively.
(2) Dilution is the number of Options outstanding, expressed as a percentage of the total number of issued and outstanding Shares as at the end of the fiscal year.
(3) Burn rate is the number of Options issued during the year, expressed as a percentage of the total number of issued and outstanding Shares as at the end of the fiscal year.

Option Grant Rate

The following table sets forth the number of options granted, outstanding and available for grant under the 2014 Option Plan⁽¹⁾ as at December 31, 2014, 2015 and 2016:

Measure of Dilution	2016		2015		2014	
	Options (#)	Shares Outstanding (%)	Options (#)	Shares Outstanding (%)	Options (#)	Shares Outstanding (%)
Annual Grant ⁽²⁾	479,721	0.46	358,483	0.41	379,011	0.41
Options Exercised or Forfeited ⁽³⁾	(213,309)		(387,575)		(58,061)	
Options Outstanding	1,374,941	1.32	1,108,539	1.26	1,137,621	1.24
Options Available for Grant ⁽⁴⁾	2,161,796	2.08	2,262,506	2.57	2,620,989	2.85
Overhang ⁽⁵⁾	3,536,737	3.40	3,371,035	3.83	3,758,610	4.09

- (1) Following the approval of the 2014 Option Plan by Shareholders on May 1, 2014, grants of Options in 2014 and thereafter were made under the 2014 Option Plan. As the 2011 Option Plan is considered an "evergreen" plan, no additional Options may be granted under the 2011 Option Plan because Shareholders were not asked to approve the unallocated Options thereunder within three years from the date the 2011 Option Plan was adopted as required by the rules of the TSX.
(2) The total number of Options granted under the 2014 Option Plan.
(3) In respect of 2016: 30,000 Options exercised by Mr. Macdonald, 49,550 Options exercised by Mr. Toffoletto, 68,369 Options exercised by Mr. Ross Garland, former Senior Vice President and General Manager, Sub-metering and 65,390 Options forfeited by Mr. Garland upon his resignation. In respect of 2015: 293,494 Options were exercised by Mr. Macdonald and 94,081 Options were exercised by Mr. Toffoletto. In respect of 2014: the Options forfeited by Ms. Laima Cers, former Vice President, Marketing and Business Development upon her resignation.
(4) The number of Options remaining available for issuance under the 2014 Option Plan.
(5) The number of Options outstanding plus the number of Options in reserve approved by Shareholders that are available for grant in the future.

EMPLOYEE SHARE PURCHASE PLAN

On November 1, 2014, the Board adopted an employee share purchase plan (the "ESPP") to offer eligible employees, defined as all permanent full-time and part-time employees of Enercare and its subsidiaries who have completed at least three months of continuous service, the opportunity to purchase Shares. Named Executive

Management Information Circular

Officers are entitled to participate in the ESPP on the same terms as other eligible employees. The ESPP is a voluntary plan that provides a convenient, systematic and cost-effective way for eligible employees to purchase Shares through automatic payroll deductions. Enercare's goal is that the ESPP will further align the interests between employees and Shareholders and promote and recognize employee commitment to Enercare by sharing Enercare's financial success with as many employees as possible. An eligible employee can contribute 1% to 5% of his or her base salary to the ESPP, subject to an annual maximum of \$10,000 (\$2,000 in 2014 to account for the stub period). Enercare will facilitate or contribute to the purchase of one Share on the open market for every two Shares purchased by a participant and held for two years under the ESPP (the "**Matching Shares**"). Any Shares sold or transferred (with the exception of certain permitted internal transfers) before the two year holding period will not be matched by Enercare. ESPP Shares may be held in either a non-registered account, group registered retirement saving plan account or group tax-free savings account. The trustee of the ESPP acquires the participant's Shares on the open market through the TSX. The trustee of the ESPP will automatically reinvest any cash dividends received on the participant's Shares by acquiring additional Shares on the open market. The price of each Share acquired under the ESPP will be the market price on the TSX at the time of purchase or where Shares have been purchased on more than one day at various prices, the purchase price of all such Shares will be the weighted average price paid for all purchases of Shares in that month. The purchase of treasury Shares is not available under the ESPP and Shares are not purchased at a discount.

In the event of a change of control (as defined in the ESPP) Matching Shares will be awarded with respect to all Shares purchased under the ESPP as soon as practicable regardless of how long the corresponding purchased Shares have been held. An employee's participation in the ESPP will cease if he or she retires, dies or in the event that his or her employment relationship with Enercare or its subsidiary is terminated for any reason. Upon cessation of participation in the ESPP, the former employee (or his or her beneficiary, successor holder or legal representative of his or her estate, as applicable) will be required to sell or transfer any Shares held in his or her ESPP account(s) within 90 days of retirement, death or termination of employment and, unless the employee is an Eligible Leaver (as defined below), he or she will not be awarded Matching Shares in respect of purchased Shares for which the two year hold period has not been met. If the employee is an Eligible Leaver, Matching Shares will be awarded as soon as practicable following the date the employee ceases employment. For the purposes of the ESPP, an "Eligible Leaver" is a participant who ceases their employment relationship by reason of death, involuntary termination by Enercare or its subsidiary without cause or retirement with the advanced written agreement of Enercare or its subsidiary.

The ESPP is administered by the Governance and Compensation Committee of the Board or such other committee as may be designated by the Board. The Governance and Compensation Committee may amend or suspend at any time, and from time to time, all or any of the provisions of the ESPP, except that no such amendment shall operate so as to cause the ESPP to cease qualifying as an employee benefit plan or become a salary deferral arrangement under the *Income Tax Act* (Canada) nor to deprive a participating employee of any Shares credited to his or her account(s) prior to the date thereof. Notwithstanding the foregoing, if any provision of the ESPP contravenes any applicable laws or stock exchange rules, then the Governance and Compensation Committee may amend such provision, retroactively or prospectively, to the extent required to bring such provision into compliance therewith.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The respective employment agreements for each of the Named Executive Officers require Enercare to make certain payments and/or provide certain benefits to each upon their being terminated by Enercare without cause. Enercare believes these payments and benefits are comparable to those of its principal competitors and that their provision is in the best interest of Enercare as it encourages its executives to focus on the operation of Enercare. Differences in amounts are generally driven by the position held by the officer.

In addition, the PSUP provides that on termination of employment of a Performance Share Unitholder for reasons other than for cause, resignation, death or retirement, the Performance Share Units will vest immediately and the Governance and Compensation Committee will determine the level of performance achievement. The number of Performance Share Units that will vest will be pro-rated for the period of the Performance Share Unitholder's active employment or service. On termination of employment of a Performance Share Unitholder by reason of retirement, the Performance Share Units will remain outstanding, subject to certain terms, and continue to vest in

Management Information Circular

accordance with the PSUP for two years from retirement, at which point all unvested Performance Share Units will be forfeited. On termination of employment of a Performance Share Unitholder by reason of death, the Performance Share Units will vest immediately and the Governance and Compensation Committee will determine the level of performance achievement. On termination of employment of a Performance Share Unitholder for cause or on the Performance Share Unitholder's resignation, all unvested Performance Share Units shall be forfeited. On the occurrence of a change of control (as defined in the PSUP), Performance Share Units will vest immediately prior to the date of closing of the change of control with the Performance Factor determined for a completed calendar year as described under "Performance Share Unit Plan" above and at a Performance Factor of 1.0 for any calendar year not completed.

Under the Option Plans, upon a termination of a Participant for reasons other than death, disability or retirement, resignation or for cause, the terminated Participant's vested Options may be exercised until 90 days after the termination date and unvested Options or Options which are not exercised within the 90 day period will expire. On a change of control (as defined in the Option Plans), the acquiring entity shall assume outstanding Options. If it does not, or otherwise in the discretion of the Board, the vesting of Options will accelerate and there will be a limited time period for the exercise of Options to permit the holder of an Option to participate in the change of control transaction. Any Options not so exercised expire.

John A. Macdonald

Under the employment agreement with Mr. Macdonald, in the event Enercare terminates Mr. Macdonald's employment without cause, Enercare will pay a salary continuance equivalent to 24 months of base salary and Mr. Macdonald will receive, to the extent permitted by the relevant plan or program, a continuation of all benefits and perquisites available prior to termination for a period of 24 months, provided that if a plan or program does not permit the continuance of some or all of such benefits or perquisites for some or all of such period, Enercare shall pay the cost otherwise payable by Enercare for such benefits.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of Enercare and its affiliates during the term of Mr. Macdonald's employment agreement with Enercare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Mr. Macdonald will not compete with a business from which Enercare derives its income whether carried on by Enercare or any of its affiliates or a third party for a period of 24 months following termination or expiration of the agreement.

Evelyn Sutherland

Under the employment agreement with Ms. Sutherland, in the event that Enercare terminates Ms. Sutherland's employment without cause, Enercare will pay a salary continuance equivalent to 12 months of base salary and an annual incentive equal to 60% of Ms. Sutherland's salary and in the event such termination occurs within nine months of a change of control (as defined in Ms. Sutherland's employment agreement), Enercare will pay a salary continuance equivalent to 18 months of base salary and an annual incentive equal to 60% of Ms. Sutherland's salary for 18 months. Ms. Sutherland will also receive, to the extent permitted by the relevant plan or program, a continuation of all benefits and perquisites available prior to termination for a period of 12 months or 18 months, as applicable, provided that if a plan or program does not permit the continuance of some or all of such benefits or perquisites for some or all of such period, Enercare shall pay the cost otherwise payable by Enercare for such benefits.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of Enercare and its affiliates during the term of Ms. Sutherland's employment agreement with Enercare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Ms. Sutherland will not compete with a business that competes with or is substantially similar to the business of Enercare or of its affiliates within any jurisdiction in which Enercare or any of its affiliates conducts a material portion of its business for a period of 12 months following termination of her employment.

Management Information Circular

Jenine Krause

Under the employment agreement with Ms. Krause, in the event Enercare terminates Ms. Krause's employment without cause, Enercare will pay a salary continuance equivalent to 18 months of base salary and an annual incentive equal to 70% of Ms. Krause's salary.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of Enercare and its affiliates during the term of Ms. Krause's employment agreement with Enercare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Ms. Krause will not compete with a business that competes with or is substantially similar to the business of Enercare or its affiliates within any jurisdiction in which Enercare or of its affiliates conducts a material portion of its business for a period of 18 months following termination or expiration of the agreement.

Scott Boxer

Under the employment agreement entered into between Mr. Boxer and Service Experts LLC prior to the closing of the SE Transaction, in the event Mr. Boxer's employment is terminated without cause, Enercare will pay a salary continuance equivalent to 12 months of his base salary. In addition, Mr. Boxer is bound by the terms of a confidentiality, non-competition and intellectual property agreement which provides, among other things, that he will not engage in a business that competes with the business of Service Experts in the United States or Canada for a period of one year following the termination of his employment and that he will not solicit any of its employees, customers or prospective customers for a period of two years following the termination of his employment.

Pursuant to the terms of Mr. Boxer's Performance Share Unit grants, if Enercare terminates Mr. Boxer's employment without cause, Mr. Boxer would be entitled to a lump sum payment in respect of his Performance Share Units on the date of termination. However, Mr. Boxer would not be entitled to payment in respect of his Performance Share Units if he carries on, engages in, or becomes financially interested in any business which is similar to or which competes with the business of Enercare or any of its affiliates in any province or state in which Enercare or any of its affiliates conduct business during his employment and for a period of six months from the termination of employment. Mr. Boxer has also agreed to confidentiality and non-disclosure covenants in favour of Enercare and its affiliates.

John Toffoletto

Under the employment agreement with Mr. Toffoletto, in the event Enercare terminates Mr. Toffoletto's employment without cause, Enercare will pay a salary continuance equivalent to 12 months of base salary and an annual incentive equal to 50% of Mr. Toffoletto's salary and Mr. Toffoletto will receive, to the extent permitted by the relevant plan or program, a continuation of all benefits and perquisites available prior to termination for a period of 12 months, provided that if a plan or program does not permit the continuance of some or all of such benefits or perquisites for some or all of such period, Enercare shall pay the cost otherwise payable by Enercare for such benefits.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of Enercare and its affiliates during the term of Mr. Toffoletto's employment agreement with Enercare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Mr. Toffoletto will not compete with a business that competes with or is substantially similar to the business of Enercare within Ontario for a period of 12 months following termination or expiration of the agreement.

QUANTITATIVE ESTIMATES OF PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE OF CONTROL

The following table sets forth the estimated amount of payments and other benefits each Named Executive Officer would be entitled to receive upon their being terminated without cause or upon a change of control, assuming the event occurred on December 31, 2016.

Management Information Circular

The material assumptions made with respect to the figures set forth below are as follows:

- the salary and incentive payments are calculated on the amounts of salary and incentive payments which were payable as of December 31, 2016;
- payment under the PSUP is calculated assuming all time vesting requirements are met, excludes all Performance Share Units that vested on or before January 1, 2017, and: (i) for Performance Share Units granted under the LTIP, in respect of Performance Share Units granted in 2015, that the Performance Factor is 2.0 for 2015, 0.5 for 2016 and will be 1.0 for 2017, and in respect of Performance Share Units granted in 2016, the Performance Factor is 0.5 for 2016 and will be 1.0 for each of 2017 and 2018, (ii) for Performance Share Units granted under the MTIP in respect of Performance Share Units granted in 2016, the Performance Factor is 1.81 for 2016 and will be 1.0 for 2017 (other than for grants to employees of Service Experts) and the Performance Factor is 1.358 for 2016 and will be 1.0 for 2017 for grants to employees of Service Experts, and (iii) for Performance Share Units granted under individual vesting terms, the terms described under “Compensation of Executive Officers – Chief Operating Officer, Home Services – Long-term Incentives” (see “Performance Share Unit Plan”);
- the values of the vesting Performance Share Units are based upon the closing market price of the Shares on December 31, 2016, being \$17.84 per Share;
- the values of the vesting Options are shown as the in-the-money amount of Options based upon the closing market price of the Shares on December 31, 2016, being \$17.84 per Share; and
- the values of the continuation of benefits are based upon the current cost to Enercare for providing to Mr. Macdonald, Ms. Sutherland, Ms. Krause, Mr. Boxer and Mr. Toffoletto, Enercare’s employees benefits programs for medical, dental, life, and short and long-term disability insurance.

Name	Salary (\$)	Incentive Payment (\$)	Vesting of Performance Share Units ⁽¹⁾ (\$)	Vesting of Stock Options ⁽²⁾ (\$)	Benefits (\$)	Other Compensation ⁽³⁾ (\$)	Total (\$)
John A. Macdonald							
Termination without Cause	1,040,000	-	1,638,104	-	6,173	50,900	3,761,243
Disability or Retirement	-	-	-	1,026,066	-	-	1,026,066
Change of Control	-	-	1,638,104	-	-	-	1,638,104
Evelyn Sutherland							
Termination without Cause	364,000	218,400	678,776	-	6,079	39,880	1,718,447
Disability or Retirement	-	-	-	411,312	-	-	411,312
Change of Control ⁽⁴⁾	546,000	327,600	678,776	-	9,119	59,820	2,032,627
Jenine Krause							
Termination without Cause	370,000	259,000	618,816	-	6,083	35,350	1,403,748
Disability or Retirement	-	-	-	114,499	-	-	114,499
Change of Control	-	-	618,816	-	-	-	618,816
Scott Boxer							
Termination without Cause	496,802	447,122	549,329	-	10,032	-	1,503,285
Disability or Retirement	-	-	-	-	-	-	-
Change of Control	-	-	549,329	-	-	-	549,329
John Toffoletto							
Termination without Cause	338,000	169,000	532,310	-	6,063	38,060	1,429,067
Disability or Retirement	-	-	-	345,634	-	-	345,634
Change of Control	-	-	532,310	-	-	-	532,310

(1) The figures are in respect of Performance Share Units which vest after January 1, 2017 and include: (i) Performance Share Units granted on an annual basis in 2015 and 2016; (ii) Performance Share Units credited reflecting dividends on the Shares to December 31, 2016, and; (iii) additional Performance Share Units credited to reflect (a) for Performance Share Units granted under the LTIP, a Performance Factor of 2.0 for 2015 and a Performance Factor of 0.5 for 2016 in respect of Performance Share Units granted in 2015 and a Performance Factor of 0.5 for 2016 in respect of Performance Share Units granted in 2016, (b) for Performance Share Units granted under the MTIP an estimated Performance Factor of 1.81 for 2016 and 1.0 for 2017 in respect of Performance Share Units granted in 2016 (other than grants in 2016 to employees of Service Experts), and an estimated Performance Factor of 1.358 for 2016 and 1.0 for 2017 in respect of Performance Share Units granted in 2016 to employees of Service Experts, and (c) for Performance Share Units granted under individual vesting terms, the terms described under “Compensation of Executive Officers – Chief Operating Officer, Home Services – Long-term Incentives” (see “Performance Share Unit Plan”).

(2) The figures are comprised of all of the Options which were unvested as of December 31, 2016 and which would continue to vest until December 31, 2018. On a change of control (as defined in the Option Plans), the acquiring entity shall assume outstanding Options and if it does not, or otherwise in the discretion of the Board, the vesting of Options will accelerate

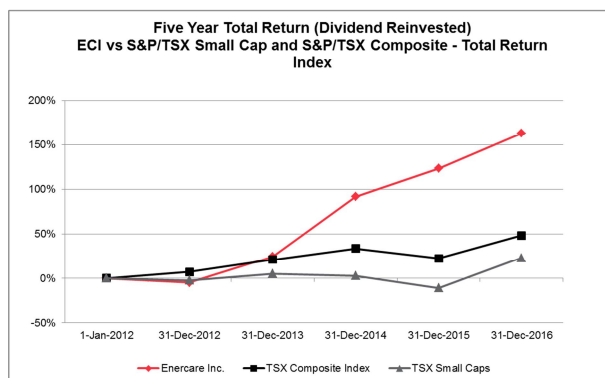
Management Information Circular

and there will be a limited time period for the exercise of Options to permit the holder of an Option to participate in the change of control transaction. See "Option Plans – 2014 Option Plan" above.

- (3) The \$50,900 in respect of Mr. Macdonald consists of the following: \$12,000 car allowance, \$36,400 registered personal savings and tax free savings plan contributions and \$2,500 membership dues. The \$39,880 in respect of Ms. Sutherland consists of the following on a per annum basis: a \$14,400 car allowance and \$25,480 registered personal savings and tax free savings plan contributions. The \$35,350 in respect of Ms. Krause consists of the following on a per annum basis: a \$15,000 car allowance and \$20,350 registered personal savings and tax free savings plan contributions. The \$38,060 in respect of Mr. Toffoletto consists of the following on a per annum basis: a \$14,400 car allowance and \$23,660 registered personal savings and tax free savings plan contributions.
- (4) In the event of a termination without cause within nine months after a change of control, Ms. Sutherland will be entitled to amounts shown for "Change of Control" and not the amounts shown for "Termination without Cause".

PERFORMANCE GRAPH

The following graph compares the percentage change in the cumulative Shareholder return for \$100 invested in the Shares with the total cumulative return of the S&P/TSX Composite Index and the S&P/TSX Small Cap Index for the five year period from January 1, 2012 to December 31, 2016, assuming reinvestment of distributions and dividends, as applicable, on a non-taxable basis.



Impact of 2012 to 2016 Financial Performance of Enercare on Senior Management Compensation

In respect of 2012, Named Executive Officer compensation was moderately increased despite a decline in Enercare's shareholder return; however, the decline in Enercare's shareholder return in 2012 was, in Enercare's view, predominantly as a result of external factors and does not reflect Enercare's performance.

In respect of 2013, 2014 and 2015, increases in Named Executive Officer compensation were significantly less than the increases in shareholder return for such periods. As demonstrated by the graph below, shareholder return was substantially greater than increases in Named Executive Officer compensation during this period, even though Enercare's executive management team expanded in-line with, among other things, the expansion of its sub-metering business and the DE Acquisition in October 2014.

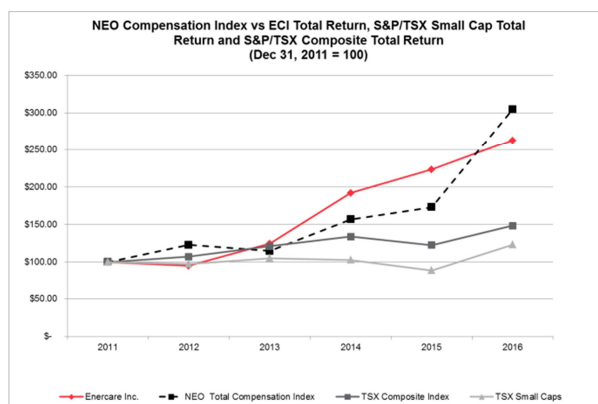
In respect of 2016, total Named Executive Officer compensation was higher than in recent years, primarily due to (i) one-time payments or grants made for retention and recruitment purposes, including in connection with the SE Transaction and (ii) the expansion of Enercare's executive management team necessary to address the growth of the business as a result of the DE Acquisition and SE Transaction.

The graph below compares shareholder return over the five years ended December 31, 2016 to the performance of the S&P/TSX Composite Index and the S&P/TSX Small Cap Index. The graph assumes \$100 was invested in the Shares and all dividends paid were reinvested on the ex-dividend date. The NEO Total Compensation Index shows the change in Named Executive Officer compensation indexed at 100 to provide a clearer picture of the trend over the same period.

For purposes of comparing compensation to performance, total compensation is defined as:

- Salaries;
- Annual incentives for the year they were earned;
- The value of outstanding Performance Share Units at year-end;
- The value of outstanding Options at year-end; and
- All other compensation paid to the Named Executive Officers in each year.

Management Information Circular



	2011	2012	2013	2014	2015	2016
Enercare Inc.	\$ 100.00	\$ 95.11	\$ 124.61	\$ 191.97	\$ 223.37	\$ 262.92
NEO Total Compensation Index	\$ 100.00	\$ 123.02	\$ 114.65	\$ 156.84	\$ 173.31	\$ 300.62
TSX Composite Index	\$ 100.00	\$ 107.19	\$ 121.11	\$ 133.90	\$ 122.76	\$ 148.64
TSX Small Caps	\$ 100.00	\$ 97.77	\$ 105.20	\$ 102.74	\$ 89.06	\$ 123.33

INDEBTEDNESS OF OFFICERS AND DIRECTORS

No Director or officer of Enercare, or former Director or officer of Enercare, or any of their associates is, or has at any time since the establishment of the Fund, been indebted to the Fund or Enercare, as applicable, or their respective subsidiaries or had indebtedness the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Fund or Enercare, as applicable, or their respective subsidiaries.

GOVERNANCE PRACTICES

GENERAL

The following description of governance practices of Enercare is made with reference to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) and National Policy 58-201 – Corporate Governance Guidelines. Under NI 58-101, Enercare is required to disclose certain information relating to its governance practices. That information is set out below.

There are currently eight Directors, seven of whom are “independent” within the meaning of NI 58-101: Jim Pantelidis, Lisa de Wilde, Grace M. Palombo, Jerry Patava, Roy J. Pearce, Michael Rousseau and William M. Wells. John A. Macdonald is the President and Chief Executive Officer of Enercare and is not considered independent within the meaning of NI 58-101.

Jim Pantelidis is the Chair of the Board and is an independent Director. In his role as Chair, Mr. Pantelidis’ responsibilities include ensuring that the Directors’ agenda at meetings will enable the Directors to successfully discharge their responsibilities in respect of Enercare, managing the affairs of the Directors, chairing meetings of the Board and participation in each of the Board committees.

Jerry Patava (Chair), Roy J. Pearce, Lisa de Wilde and Grace M. Palombo served as the members of the Governance and Compensation Committee during the financial year ended December 31, 2016. Each is an independent Director.

See “Business of the Meeting – Directors” for other reporting issuers in respect of which the Directors are directors.

In-camera meetings of the independent Directors at which no non-independent Directors and management are present and in-camera meetings of independent Directors with management at which no non-independent

Management Information Circular

Directors are present are held in conjunction with every regular meeting of the Board. The independent Directors also hold in-camera meetings on an as-required basis.

The Board has a retirement policy requiring Directors to offer their resignation on reaching the age of 75 and every year thereafter, upon receipt of which the Board may choose to accept or decline such offers of resignation.

ROLES AND RESPONSIBILITIES OF DIRECTORS

The Board Mandate delineates the roles and responsibilities of the Directors and the Chair of the Board. The Board Mandate is attached as Schedule B to this Circular.

To facilitate the supervision and management of Enercare's operating entities, the Directors are also the directors of each of Enercare's subsidiaries other than those entities which hold or operate the Service Experts business.

The Board is assisted in certain areas by its four standing committees, the Audit Committee, the Investment Committee, the Governance and Compensation Committee and the Corporate Responsibility and Risk Management Committee.

The Directors, through the Governance and Compensation Committee, have developed a written position description for the President and Chief Executive Officer of Enercare. The written mandates of the Audit Committee, the Investment Committee, the Governance and Compensation Committee and the Corporate Responsibility and Risk Management Committee as well as the Board Mandate, which delineate the responsibilities of each committee, guide each committee's actions and those of the Chair of each committee. The mandates of each of the committees, except that of the Corporate Responsibility and Risk Management Committee, were adopted as of January 1, 2011 and the Corporate Responsibility and Risk Management Committee Mandate was adopted on February 27, 2013. Mandates were reviewed by the Board on March 6, 2017.

In addition to the Board Mandate attached hereto as Schedule B, the following mandates, policies and other documents are available on Enercare's website at www.enercare.ca.

Audit Committee Mandate	Majority Voting Policy
Investment Committee Mandate	Insider Trading Policy
Governance and Compensation Committee Mandate	Whistleblower Policy
Corporate Responsibility and Risk Management Committee Mandate	Disclosure Policy
Chief Executive Officer Mandate	Privacy Policy
Code of Business Conduct	Permitted Investment Policy
Share Ownership Policy	Anti-Hedging Policy
Retirement Policy	Diversity Policy
Corporate Compliance Policy	

SKILLS AND EXPERIENCE

The Governance and Compensation Committee ensures at all times that the Board includes members with a broad range of business and strategic experience and expertise so that the Board is able to effectively carry out its mandate. The principal areas of experience and expertise that the Enercare Nominees bring to the Board are listed in the table below and described in the text that follows.

Management Information Circular

Experience and Expertise	Jim Pantelidis	Lisa de Wilde	John A. Macdonald	Grace M. Palombo	Jerry Patava	Roy J. Pearce	Michael Rousseau	William M. Wells
Government Relations/Policy		✓	✓					
Risk Management	✓	✓	✓	✓		✓	✓	✓
Human Resources			✓	✓			✓	
Accounting	✓				✓	✓	✓	✓
Customer Needs, Behavior and Brands	✓	✓	✓				✓	✓
Sales and Distribution	✓		✓				✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓
Corporate Development			✓		✓	✓		✓

- **Government Relations/Policy** – experience in government relations or public policy.
- **Risk Management** – knowledge of and experience with the identification of material risks, risk assessment, internal risk mitigation and controls, and risk reporting.
- **Human Resources** – knowledge of and experience with compensation plan design and administration, leadership development and talent management, succession planning, organizational design, and human resource principles and practices generally.
- **Accounting** – knowledge of and experience with financial accounting and International Financial Reporting Standards, corporate finance and capital, and familiarity with internal financial and accounting controls.
- **Customer Needs, Behavior and Brands** – experience in creating products and providing services for commercial and consumer distribution, customer research or brand development and positioning.
- **Sales and Distribution** – experience in overseeing proprietary sales forces and direct and third-party distribution channels.
- **Corporate Governance** – experience in corporate governance principles and practices.
- **Corporate Development** – experience in identifying and evaluating corporate development opportunities, including acquisitions, partnerships and joint ventures.

STANDING COMMITTEES OF THE BOARD

The Board has four standing committees: an Audit Committee, an Investment Committee, a Governance and Compensation Committee and a Corporate Responsibility and Risk Management Committee.

AUDIT COMMITTEE

The Board has appointed an audit committee (the “**Audit Committee**”) consisting of four Directors, all of whom are, and are required by the Audit Committee Mandate to be, independent Directors. The members of the Audit Committee are: Michael Rousseau (Chair), Lisa de Wilde, Jerry Patava and William M. Wells.

The disclosure required by National Instrument 52-110 – *Audit Committees*, including information regarding the Audit Committee and fees paid to the auditors, can be found in the section entitled “Directors and Officers – Committees of the Board of Directors – Audit Committee” in Enercare’s current Annual Information Form (the “AIF”). A copy of the AIF can be obtained on SEDAR at www.sedar.com, on Enercare’s website at

Management Information Circular

www.enercare.ca or by contacting Evelyn Sutherland, Chief Financial Officer of Enercare, at esutherland@enercare.ca or by telephone at 416.649.1860.

INVESTMENT COMMITTEE

The Board has appointed an investment committee (the “**Investment Committee**”) consisting of three Directors, all of whom are, and are required by the Investment Committee Mandate to be, independent Directors. The members of the Investment Committee are: Roy J. Pearce (Chair), Michael Rousseau and William M. Wells.

The Investment Committee is responsible for:

- (a) reviewing all proposals regarding investments, dispositions and borrowings of Enercare and making recommendations in connection therewith to the Directors;
- (b) approving any material changes to Enercare’s investment policy, if any;
- (c) financing and interest rate hedging strategies; and
- (d) target leverage ratios, target ratings on the Shares (and shares of Enercare Solutions Inc.), distributions and debt securities of Enercare and target Share (and shares of Enercare Solutions Inc.) distributions.

GOVERNANCE AND COMPENSATION COMMITTEE

Composition of the Governance and Compensation Committee

The Board has appointed a governance and compensation committee (the “**Governance and Compensation Committee**”) consisting of four Directors, all of whom are, and are required by the Governance and Compensation Committee Mandate to be, independent Directors. The members of the Governance and Compensation Committee are: Jerry Patava (Chair), Grace Palombo, Roy J. Pearce and Lisa de Wilde.

Responsibilities, Powers and Operation of the Governance and Compensation Committee

The Governance and Compensation Committee is responsible for:

- (i) annually reviewing the compliance by Enercare and its subsidiaries of their respective undertakings in respect of Enercare’s continuous disclosure obligations;
- (ii) developing Enercare’s approach to corporate governance;
- (iii) advising the Directors in filling Director vacancies;
- (iv) periodically reviewing the compensation and effectiveness of the Directors and the contribution of individual Directors;
- (v) assisting in orientating and providing for continuing education for the Directors;
- (vi) advising the Directors in the selection and retention of senior management;
- (vii) periodically reviewing the compensation and performance of senior management;
- (viii) assisting in the professional development of senior management;
- (ix) assisting in developing and managing benefit plans for employees;
- (x) administering and managing the pension plans of Enercare in compliance with the terms of the pension plans of Enercare and its subsidiaries and affiliates, as applicable and all applicable laws; and
- (xi) performing the additional duties set out in its mandate or otherwise delegated to the Governance and Compensation Committee from time to time by the Board or otherwise required by law.

In addition to the responsibilities noted above, the Governance and Compensation Committee has the authority and responsibility for recommendations to the Directors in respect of, among other things: (a) conflicts of interest; (b) Enercare’s approach to governance; (c) senior management development; (d) incentive compensation plans

Management Information Circular

and equity-based plans; (e) human resources strategies; (f) benefit plans and perquisites; (g) employment agreements and severance agreements; (h) evaluation and compensation of the Chief Executive Officer; (i) compensation of senior management; (j) appointments to committees of the Board; (k) performance assessments; (l) direct equity ownership; and (m) filling Director vacancies. The Governance and Compensation Committee must report to the Board on all significant matters dealt with by the Governance and Compensation Committee.

Relevant Experience and Skills in Compensation Matters

Mr. Patava is the Chair of the Governance and Compensation Committee and has served as a member of the Governance and Compensation Committee since the inception of the Fund in 2002, providing him with the necessary familiarity with Enercare and its management to guide Enercare's Governance and Compensation Committee in making executive compensation decisions and developing executive compensation policies and practices. Mr. Patava has also developed relevant experience and skills as the Chief Executive Officer of the Great Gulf Group of Companies and previously as Lead Director and a member of the Governance and Compensation Committee of Trimac Transportation Ltd. and as a Director and Chair of the Governance and Compensation Committee of Capstone Infrastructure Corporation. He has also served previously on a number of other governance and compensation committees for both public and private companies.

Ms. Palombo is the Executive Vice President, Chief Human Resources Officer of Great-West Lifeco Inc. Ms. Palombo has also developed relevant experience and skills as the Executive Vice President, Human Resources for TD Bank, America's Most Convenient Bank, Senior Vice President, Corporate Human Resources of CanWest and as a member of its Management Committee and as a member of the Compensation, Nominating and Corporate Governance Committee of Student Transportation Inc. She held various executive positions in the areas of Human Resources, Legal and Corporate Services with Husky Injection Molding Systems Ltd., The Canada Life Assurance Company, Westcoast Energy Inc./Union Gas Limited, and Bombardier Inc. Ms. Palombo is also a member of the Institute of Corporate Directors and is a lawyer. Ms. Palombo has been a member of the Governance and Compensation Committee since March 28, 2012.

Mr. Pearce was a member of the Compensation Committee of ACS Media Income Fund and also developed relevant experience and skills in determining executive compensation as Chief Financial Officer of KCP Income Fund. Mr. Pearce has served as a member of the Governance and Compensation Committee since 2004.

Ms. de Wilde is the Chief Executive Officer of the Ontario Educational Communications Authority (TVO) and was previously the President and Chief Executive Officer of Astral Television Networks Inc. In addition to these positions, Ms. de Wilde has had a number of other board and advisory appointments which have provided her with experience in determining executive compensation. Ms. de Wilde has been a member of the Governance and Compensation Committee since 2006.

Given their experiences as executives and members of compensation committees of other companies, the individual and collective qualifications provide the skills and experience necessary for the Governance and Compensation Committee to assess and determine Enercare's compensation policies with due regard to its risk profile.

CORPORATE RESPONSIBILITY AND RISK MANAGEMENT COMMITTEE

Composition of the Corporate Responsibility and Risk Management Committee

The Board has appointed a corporate responsibility and risk management committee (the "**Corporate Responsibility and Risk Management Committee**") consisting of three Directors, all of whom are, and are required by the Corporate Responsibility and Risk Management Committee Mandate to be, independent Directors. The members of the Corporate Responsibility and Risk Management Committee are: William M. Wells (Chair), Grace Palombo and Lisa de Wilde.

Management Information Circular

Responsibilities, Powers and Operation of the Corporate Responsibility and Risk Management Committee

The Corporate Responsibility and Risk Management Committee is responsible for:

- (a) assisting the Board in overseeing the development of strategy and policy on effective management of social, environmental, ethical, legal, regulatory and operational issues and risk (collectively, the “**Risks**”) and promoting a culture of integrity at Enercare;
- (b) overseeing key stakeholder engagement on social, environmental and ethical issues;
- (c) approving Enercare’s Code of Business Conduct (the “**Code of Business Conduct**”), monitoring compliance with the Code of Business Conduct and approving any waivers related to the Code of Business Conduct with respect to any Director or member of senior management;
- (d) identifying and monitoring Enercare’s key Risks and evaluating their management;
- (e) reviewing and approving Risk management policies, systems and metrics to manage Risk; and reviewing such policies, systems and metrics at least once a year to satisfy itself that they remain appropriate and prudent; and
- (f) providing a forum for “big picture” analysis of future Risks, including the consideration of Risk trends.

Enterprise Risk Management

In 2016, Enercare, led by a team of senior management members (the “**ERM Team**”), completed an updated enterprise risk assessment to ensure Enercare was capturing the full range of risks associated with the changes in its business environment, including in connection with the SE Transaction. Various workshops and asynchronous sessions were held in 2016 to identify, prioritize and validate the results of the risk assessment. The assessment resulted in the identification of 13 principal risks based on their impact and likelihood, as well as a determination of the effectiveness of Enercare’s existing risk management responses. Certain principal risks were identified as priority risks, for which Enercare developed action plans to address in 2017, and the other principal risks will continue to be vigilantly managed using existing risk response strategies. The priority risks identified in 2016 included the risks related to Enercare’s information technology systems, data privacy and cyber security, as well as the risks related to Enercare not achieving its growth plans, including in respect of the integration of the Service Experts business and the introduction of the rental model in the United States through the Service Experts business. A thorough discussion in respect of the material risks relating to the business and structure of Enercare can be found in its most recent Annual Information Form, which is available on SEDAR at www.sedar.com.

The ERM Team will review the progress of the priority risk action plans as well as overall enterprise risk exposure on a monthly basis, with quarterly reports provided to the Corporate Responsibility and Risk Management Committee, Audit Committee and Board of Directors. The ERM Team is also working to define an enterprise risk management development roadmap with a medium to long term time horizon to both integrate enterprise risk management thinking more deeply into Enercare’s business practices and more broadly introduce enterprise risk management throughout Enercare by cultivating a deliberate, considered and balanced approach for risk-taking and risk management in day to day decision making.

Enercare also conducts a comparison between management’s and the Board’s risk appetite on an as-needed basis, including in connection with significant changes in its business due to acquisitions, new product offerings or other factors, to ensure alignment in Enercare’s overall approach to risk management. Enercare expects to perform its next risk appetite assessment in 2017.

SUCCESSION PLANNING

Board Succession Planning

The Chair of the Board is responsible for working closely with the Governance and Compensation Committee to develop strategic criteria for recruitment of Directors and succession planning. The Chair reviews Board succession plans on an annual basis, and provides oversight and feedback so as to ensure that optimal Board composition with respect to Director qualifications is maintained and that any Board member transition process

Management Information Circular

operates smoothly. Each new prospective Board member is reviewed against skills and experience requirements while considering the Diversity Policy (as defined below). New Board members will ultimately be selected based on overall merit. Skills and experience with respect to potential committee memberships are also considered when evaluating prospective Board members to ensure appropriate committee succession. For more information with respect to the process undertaken by the Governance and Compensation Committee for the selection of new Directors, see “Nomination of Directors”.

Executive Succession Planning

Enercare engages in an ongoing review of, and succession plans for, members of its senior leadership team, including the President and Chief Executive Officer. The results culminate in an executive management succession plan and talent management plan which is reported to and discussed at least annually with the Governance and Compensation Committee, most recently in November 2016. The Board monitors the development and performance of the President and Chief Executive Officer and other senior management against such plans and determines hiring, internal moves and development in support of the plans.

Enercare recognizes that successful succession planning requires adequate talent management, including strategies for both identifying and attracting future candidates who possess the necessary skills and experience, as well as developing its internal talent to ensure that, where possible, there will be highly qualified candidates within Enercare to fill vacancies.

Enercare also regularly conducts employee surveys to assess employee engagement levels and consider employee feedback, as well as benchmark Enercare’s performance. The results of such annual surveys are reviewed by Enercare’s senior leadership team, including the President and Chief Executive Officer, and are considered when setting the objectives or key areas of focus for Enercare in the next year.

DIVERSITY

Enercare believes that a Board and senior management team comprised of highly qualified individuals that reflect the diverse populations of the communities in which Enercare operates will result in effective decision making and support Enercare’s commitment to strong corporate governance. In March 2015, the Board adopted a written diversity policy (the “**Diversity Policy**”) by which Enercare will endeavor to increase diversity on the Board and senior management team. In support of the Diversity Policy, the Governance and Compensation Committee, in recommending future nominees for election to the Board and the President and Chief Executive Officer, in recruiting and hiring senior management, will consider diversity criteria such as gender, race, religion, ethnicity, sexual orientation, physical ability, geographic representation, age and other characteristics of the communities in which Enercare operates.

Board Diversity

The Board strongly believes in the benefits of a diverse Board, which include accessing a broader pool of qualified candidates and different perspectives, experiences and ideas which will enhance decision making and provide the opportunity for innovation. Accordingly, consideration of the number of women who are directors, along with consideration of other diversity criteria, are important components of the selection process for future nominees. In support of the Diversity Policy, when recommending nominees to the Board, the Governance and Compensation Committee will develop and recommend strategies for identifying and attracting women candidates. Of the current nominees proposed for election to the Board, two out of eight (25%) are women. The Board is committed to gender diversity; however, has not established a target for women directors as the Board believes that its criteria for recommending future nominees take into account Enercare’s overall objectives of increasing diversity while also ensuring that the Board possesses the necessary skills and experience to fulfill its responsibilities.

Adherence to the Diversity Policy will be assessed by the Board and the Governance and Compensation Committee on an annual basis. As part of the Governance and Compensation Committee’s assessment, it will consider the level of representation on the Board of the various diversity criteria outlined in the Diversity Policy, including the representation of women. The Board will also have the opportunity to evaluate the Board’s effectiveness, including effectiveness of the Diversity Policy, through the Board’s self-assessment process (see

Management Information Circular

“Governance Practices – Assessments of Directors”). The Governance and Compensation Committee will review the Diversity Policy at least annually and may recommend changes in order to achieve the goals outlined in the policy.

Executive Diversity

Enercare employs a mix of formal and informal policies and practices, including the Diversity Policy and Code of Business Conduct, aimed at promoting a diverse workforce. Enercare also focuses on the development and advancement of women as an integral part of the senior management team, which includes both executive officers and senior positions reporting directly to executive officers. Currently, four out of eight executive officers (50%), Enercare’s Chief Financial Officer, Chief Information Officer, Chief Operating Officer, Home Services and Chief Human Resources Officer, are women. Enercare considers many factors, including necessary skills and experience required when recruiting and hiring senior management. Diversity criteria, including the level of representation of women in senior management, is also considered as a factor during recruitment and hiring. While there are currently no targets with respect to women in executive officer positions, Enercare recognizes that in order to achieve a more representative balance of women in senior management it must develop strategies for identifying and attracting women candidates for recruitment. Such strategies include engaging the services of external advisors where necessary to help identify future candidates who possess the necessary skills and experience as well as developing its internal talent to ensure that where possible, there will be highly qualified women within Enercare available to fill vacancies. To that end, Enercare has made it an organizational goal to identify and address obstacles that may hinder the progression of women into senior management and is committed to building a strategy and execution plan with the objective of increasing diversity and the representation of women in senior management.

As part of the Governance and Compensation Committee’s assessment of the Diversity Policy, it will consider the level of diversity, including gender diversity, in the senior management team. The Governance and Compensation Committee will also review the Diversity Policy at least annually and may recommend changes to achieve Enercare’s diversity goals for senior management.

BOARD RENEWAL

The Board has not established term limits for its Directors as it believes that its mandatory retirement policy and the board evaluation and peer review process described below are effective in achieving the appropriate level of renewal of the Board’s membership.

The Board has a retirement policy requiring Directors to offer their resignation upon reaching the age of 75 and every year thereafter, upon receipt of which the Board may choose to accept or decline such offers of resignation. The Governance and Compensation Committee shall, within 30 days of receipt of such resignation offer, consider the resignation offer and shall recommend to the Board whether or not to accept it. The Board shall act on the Governance and Compensation Committee’s recommendation within 60 days following the Governance and Compensation Committee’s recommendation. If a resignation is accepted, it shall be effective at the next annual meeting of the Corporation’s shareholders following such offer of resignation. In the event that any director who attained the age of 75 does not offer his or her resignation in accordance with this policy, he or she will not be re-nominated by either the Governance and Compensation Committee or the Board. The Board believes that the retirement policy reflects the importance and value of renewal of the Board’s membership.

To further facilitate board renewal and effectiveness, the Governance and Compensation Committee regularly assesses the Directors to ensure, among other things, that a balance is struck between ensuring that there are fresh ideas and viewpoints while not losing the insight and experience of longer serving Directors. In addition, as part of its assessment process, the Governance and Compensation Committee and Board assess the independence of Directors, including any impacts on a Director’s independence as a result of his or her tenure on the Board. See “Assessments of Directors” below.

Two of the eight Enercare Nominees were added to the Board in 2012.

Management Information Circular

NOMINATION OF DIRECTORS

The Governance and Compensation Committee, all of whose members are independent Directors, is responsible for advising the Board in filling Director vacancies. Under the Governance and Compensation Committee Mandate, the Governance and Compensation Committee must establish the qualification standards for Directors, develop a list of candidates for membership of the Board with a view to enhancing the independence and quality of nominees and determine if each potential candidate would be an independent Director. The Governance and Compensation Committee also focuses on diversity, including gender diversity, when considering candidates for nomination to the Board (see “Governance Practices - Diversity” for more information on how Enercare considers diversity in this process). The Chair of the Governance and Compensation Committee must, with the assistance of the Chair, approach potential candidates and ensure that interested candidates fully understand the role of a Director and the contribution they are expected to make, including the commitment of time and energy that Enercare expects of its Directors. The Board determines Director nominees, and the Shareholders elect Directors.

The Governance and Compensation Committee can be assisted in its role of identifying prospective Director candidates by external advisors, and has done so in the past.

ORIENTATION AND CONTINUING EDUCATION

The Governance and Compensation Committee Mandate provides that the Governance and Compensation Committee must ensure that new Directors are given a proper orientation to both Enercare and their responsibilities and duties as Directors. Working with management, the Governance and Compensation Committee has developed an orientation program that includes a process for new Directors which is designed to educate newly elected Directors about Enercare and its business and the constating documents of Enercare and its subsidiaries, Enercare’s policies and mandates, material contracts, continuous disclosure filings and other relevant legal and business information. New Directors also receive orientation sessions with the Chair of the Governance and Compensation Committee, management and Enercare’s legal advisors. Enercare also encourages new Directors to consult with Enercare’s legal advisors on an on-going basis with respect to duties and responsibilities of Directors.

The Governance and Compensation Committee Mandate provides that the Governance and Compensation Committee must ensure that Enercare provides the Directors with an appropriate continuing education program. Over the course of the year, Directors receive briefings from management on various aspects of Enercare’s business and from Enercare’s legal advisors in respect of relevant legal developments. Education opportunities such as seminars and courses designed at enabling individual Directors to maintain or enhance their skills and abilities as directors are available to and encouraged for all Directors.

Additionally, certain of the Directors serve on multiple boards, as directors, which facilitate external benchmarking of Enercare’s Board structure, process and performance.

ASSESSMENTS OF DIRECTORS

The Governance and Compensation Committee is responsible for reviewing the effectiveness of the Directors and evaluating the contribution of individual Directors on an annual basis. The Audit Committee members conduct self-assessments of the performance of the Audit Committee in comparison to its responsibilities as outlined in its mandate and reports on the outcome of this assessment to the Board.

Enercare has a formal process for the assessment of Directors and the members of the Investment Committee, the Governance and Compensation Committee and the Corporate Responsibility and Risk Management Committee. As part of the assessment process, Directors complete a confidential board assessment questionnaire at least once every two years. The Directors also complete an annual peer review evaluation questionnaire. The results of the board assessment are summarized and reviewed by the Governance and Compensation Committee. The Chair of the Governance and Compensation Committee reports to the Board at the second quarter’s meeting, at which time the results of the board assessment are discussed. The results of the peer review assessment are summarized by the Chair of the Board and reviewed by the Governance and Compensation Committee. The Chair of the Board reports to the Board at the second quarter’s meeting, at which time the Directors engage in a full and

Management Information Circular

comprehensive discussion of Board effectiveness. The goal of the peer assessment is to provide candid feedback to individual Directors and to stimulate insight and motivate developmental action and enable Directors to enhance their individual contributions to Board and committee work.

CODE OF BUSINESS CONDUCT

Energcare has adopted the Code of Business Conduct for its employees, officers and Directors, which is reviewed annually. A copy of the Code of Business Conduct can be obtained online by visiting SEDAR at www.sedar.com or on Energcare's website at www.energcare.ca.

Energcare has a Whistleblower Policy in order to encourage the reporting of behaviour(s) that violate the Code of Business Conduct and has set in place various avenues for such reporting, including the establishment of a Whistleblower Line. Procedures have been put in place to ensure all individuals subject to the Code of Business Conduct are aware of, and have access to, the Whistleblower Line. Under the Corporate Responsibility and Risk Management Committee Mandate, the Corporate Responsibility and Risk Management Committee must approve any waivers of the Code of Business Conduct that are sought by members of senior management or Directors. The Corporate Responsibility and Risk Management Committee also ensures that significant waivers of the Code of Business Conduct are promptly disclosed to the Board so that it can determine the appropriate public disclosure, if any. The President and Chief Executive Officer is responsible for reporting any complaints, waivers, confirmations or near misses with respect to compliance with the Code of Business Conduct and/or Whistleblower Policy to the Corporate Responsibility and Risk Management Committee on an annual basis, or more frequently if necessary.

DEFERRED SHARE UNIT PLAN

Energcare adopted the DSUP effective January 1, 2011, as amended and restated effective March 11, 2011, as amended and restated effective June 1, 2011, amended and restated effective December 31, 2015 and subsequently amended and restated effective March 6, 2017, for non-employee Directors to assist Energcare to: promote a greater alignment of interests between the Directors and the Shareholders; provide a compensation system for Directors that is reflective of the responsibility, commitment and risk accompanying Board membership; assist Energcare to attract and retain individuals with experience and ability to serve as members of the Board; and allow the Directors to participate in the long-term success of Energcare. Pursuant to the DSUP, non-employee Directors will receive 50% of their fees in the form of deferred share units (the "DSUs") until the Director has met the Director's share ownership requirements. Directors may also elect on an annual basis to receive all or any portion of their fees (or the balance remaining after the provision of DSUs referred to above) in the form of DSUs for the immediately succeeding year. Such election may be revoked or modified if written notice is provided on or before the 15th of the calendar month preceding each fiscal quarter. In addition, the Board has the discretion to grant additional DSUs to the Directors.

A Director's DSUs may be redeemed only when the Director ceases to hold all positions with Energcare and must be redeemed no later than December 15 of the calendar year following the year the Director ceases to hold all positions with Energcare or a corporation related to Energcare within the meaning of the *Income Tax Act* (Canada). At the time of redemption, the Director is entitled to receive a lump-sum cash payment equal to the number of DSUs credited to the Director's account multiplied by the market value of a Share, less applicable withholdings and deductions. DSUs accrue dividends in the form of additional DSUs at the same rates as dividends on the Shares. The market value of the Shares for calculating DSUs granted and credited as dividends, and the redemption price, will be the volume weighted average trading price of a Share for the five trading days before the relevant date.

The Board may amend, suspend or terminate the DSUP or any portion thereof at any time in accordance with applicable legislation, and subject to any required regulatory or Shareholder approval.

DIRECTOR COMPENSATION

Compensation Philosophy and Approach

The compensation of non-employee Directors is guided by the following goals: compensation should fairly pay Directors for work required in an issuer of Energcare's size and scope; it should not exceed what is customary given

Management Information Circular

the size and scope of Enercare's business and operations; compensation should align Directors' interests with the long-term interests of Shareholders, and the structure of the compensation should be simple, transparent and easy for Shareholders to understand. The Governance and Compensation Committee reviews Director compensation at least annually, and makes compensation recommendations to the Board for its review and approval.

Compensation Peer Group

In 2015, the Governance and Compensation Committee engaged Lane Caputo to provide an independent, third-party analysis of the compensation levels and practices for Director compensation as well as for Enercare's senior executive team (for additional information, see "Compensation of Executive Officers"). Based on the findings and recommendations of Lane Caputo, the Board approved the use of the same peer group of companies, the Compensation Peer Group, from which to base the assessments of both Director and executive compensation levels and practices. While the Governance and Compensation Committee may rely on external information and advice, all of the decisions with respect to Director compensation are made by the Governance and Compensation Committee and the Board alone and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by external consultants or advisors. The same Compensation Peer Group was used in 2016.

Board of Director Compensation - 2016 Details

For 2016, each member of the Board received an annual retainer of \$35,000, the Chairs of the Board, Audit, Governance and Compensation, Investment and Corporate Responsibility and Risk Management Committees received additional annual retainers of \$75,000, \$15,000, \$8,000, \$8,000 and \$8,000, respectively, and, in addition to the annual retainers, each Director received an annual member retainer for the Audit, Governance and Compensation, Investment and Corporate Responsibility and Risk Management Committees of \$5,000, \$3,000, \$3,000 and \$3,000, respectively, provided a Director is not a Chair of the applicable committee, and each Director received \$1,500 for each board, committee, shareholder or strategy meeting attended. Where a board or committee meeting of Enercare was held together or consecutively with meetings of directors of subsidiary entities of Enercare, such meetings were counted as a single meeting for purposes of Director remuneration. All Directors were entitled to reimbursement for out-of-pocket expenses incurred in acting as a Director.

Enercare does not have a pension plan or any other post-employment benefit program for Directors.

Director Compensation Table

The following table provides information on the total compensation paid to the non-employee Directors⁽¹⁾ for the year ended December 31, 2016:

Name	Fees Earned ⁽²⁾ (\$)	DSU Awards ⁽³⁾ (\$)	Total (\$)
Jim Pantelidis ⁽⁴⁾	129,500	91,314	220,814
Lisa de Wilde	80,500	45,657	126,157
Jerry Patava ⁽⁵⁾	79,500	45,657	125,157
Roy J. Pearce ⁽⁶⁾	80,500	45,657	126,157
Michael Rousseau ⁽⁷⁾	87,500	45,657	133,157
William M. Wells ⁽⁸⁾	88,500	45,657	134,157
Grace M. Palombo	69,500	45,657	115,157
Scott Boose ⁽⁹⁾	36,686	45,657	82,343

(1) Mr. Macdonald, Enercare's President and Chief Executive Officer, did not receive compensation for serving as a member of the Board. Please refer to the section titled, "Compensation of Executive Officers" for compensation provided to Mr. Macdonald.

(2) Pursuant to Mr. Pantelidis' election to receive in the form of DSUs, 100% of his retainer and meeting fees for 2016, Mr. Pantelidis received 7,548 DSUs in lieu of \$129,500. Pursuant to Mr. Pearce's election to receive 57% of his retainer fees in the form of DSUs, Mr. Pearce received \$34,500 of his fees in the form of cash and 2,676 DSUs in lieu of \$46,000. Of total fees earned by Directors in 2016, 27% was paid in DSUs.

(3) Based upon the following discretionary DSUs awarded on March 10, 2016 in respect of the performance period commencing January 1, 2016: Jim Pantelidis, 5,700 DSUs; Lisa de Wilde, 2,850 DSUs; Jerry Patava, 2,850 DSUs; Roy J. Pearce, 2,850 DSUs; Michael Rousseau, 2,850 DSUs; William M. Wells, 2,850 DSUs; and Grace M. Palombo, 2,850 DSUs. The value of the DSUs is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2015 (\$15.96).

(4) Chair of the Board.

Management Information Circular

- (5) Chair of the Governance and Compensation Committee.
 (6) Chair of the Investment Committee.
 (7) Chair of the Audit Committee.
 (8) Chair of the Corporate Responsibility and Risk Management Committee.
 (9) Mr. Boose resigned as a Director of Enercare and its subsidiaries effective May 26, 2016.

The Board is of the opinion that Enercare's non-employee Directors are fairly compensated based on Enercare's guiding philosophy.

OUTSTANDING SHARE-BASED AWARDS

The following table sets forth the number of DSUs held by Directors other than Named Executive Officers⁽¹⁾ as at December 31, 2016:

Name	DSU Awards	
	Number of DSUs ⁽²⁾ (#)	Market or Payout Value of DSUs Awards ⁽³⁾ (\$)
Jim Pantelidis	165,634	2,966,505
Lisa de Wilde	33,110	593,000
Jerry Patava	30,122	539,485
Roy J. Pearce	66,691	1,194,436
Michael Rousseau	30,122	539,485
William M. Wells	15,839	283,676
Grace M. Palombo	14,470	259,158

- (1) Mr. Macdonald, Enercare's President and Chief Executive Officer, receives no compensation for acting as a Director. For a discussion of his compensation, see "Compensation of Executive Officers".
 (2) The number of DSUs includes DSUs granted on an annual basis since the introduction of the DSUP in 2011 issued in connection with Enercare's share ownership requirements, DSUs issued pursuant to elections by the Directors to receive all or any portion of their fees in the form of DSUs, and DSUs credited reflecting dividend on the Shares to December 31, 2016 (see "Deferred Share Unit Plan" above).
 (3) The value of the DSUs is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2016 and assumes all redemption requirements are met (see "Deferred Share Unit Plan" above).

SHARE OWNERSHIP POLICY

The Board believes that Share ownership by certain members of senior management and the Board is a key element of strong corporate governance. The Board also believes that long-term equity ownership further aligns the interest of Directors and senior management with those of Shareholders and enables them to share in the long-term growth and success of Enercare. In January 2011, the Board approved a share ownership policy (the "**Share Ownership Policy**") which was subsequently revised on February 27, 2013 to require Directors to attain and maintain a level of Share ownership with a market value of at least \$175,000 (which as of February 27, 2013 was equal to five times the annual retainer for Directors) and the Chief Executive Officer to attain and maintain a level of Share ownership with a market value of at least \$1,200,000, (which as of February 27, 2013 was equal to three times the base salary for the President and Chief Executive Officer). Where the Director or Chief Executive Officer was a Director or Chief Executive Officer, as applicable, of Enercare on February 27, 2013, they must meet their Share ownership targets by December 31, 2014, unless under a previous version of the Share Ownership Policy a Director had a greater period of time, in which case such period shall apply, and where a Director or Chief Executive Officer is elected or appointed, as applicable, after February 27, 2013, they must meet their Share ownership targets within five years of appointment. The Board periodically reviews the ownership targets with a view to changes in compensation and Share price.

For the purposes of the Share Ownership Policy, "Share ownership" includes Shares and the 6.25% convertible unsecured subordinated debentures of Enercare due June 30, 2017 (the "**Convertible Debentures**") owned or controlled, Performance Share Units accumulated under the PSUP and DSUs accumulated under the DSUP. The determination of whether an individual has satisfied the target Share ownership requirement is made annually and is calculated as follows. The market value of Shares is determined annually as of November 30 and calculated based on the greater of the market value and the weighted average purchase price of the Shares. The market

Management Information Circular

value of Convertible Debentures is determined annually as of November 30 and calculated based on the value of the underlying Shares calculated as if the Convertible Debentures were converted into such Shares on the date of calculation. The market value of Performance Share Units under the PSUP and DSUs under the DSUP is determined annually as of November 30 and calculated based on the market value of the Shares. For these purposes, “market value of the Shares” is calculated as the volume weighted-average trading price of the Shares on the TSX for the five trading days immediately preceding the relevant date.

On March 16, 2017, the Share Ownership Policy was revised (the “**2017 Share Ownership Policy**”) to provide that Directors must attain and maintain a level of Share ownership with a market value of at least \$375,000, in the case of the Chair of the Board, and \$250,000, in the case of the other Directors (in each case, equal to five times the 2017 annual retainer for such Director). In addition, the 2017 Share Ownership Policy requires the Chief Executive Officer to attain and maintain a level of Share ownership with a market value of at least \$1,800,000 (equal to three times his 2017 base annual salary), and the Chief Financial Officer, the Chief Operating Officer, Home Services, the President and Chief Executive Officer, Service Experts, and the Senior Vice President, Chief Legal Officer and Corporate Secretary must attain and maintain a level of share ownership with market values of at least \$385,000, \$400,000, US\$315,000 and \$350,000, respectively, which, in each case, is equal to his or her 2017 base annual salary. In the event of an increase to the base annual retainer or base annual salary of the Directors or foregoing officers, as applicable, the Directors or foregoing officers, as applicable, will be required to meet, within two years, increased Share ownership requirements to reflect the new base annual retainer or base annual salary, as applicable.

SHARE OWNERSHIP – DIRECTORS AND EXECUTIVE OFFICERS

As of November 30, 2016, the number of securities held, value of such securities, value of the target number of securities and the value of the actual number of securities held by Directors and the President and Chief Executive Officer were as follows:

Directors and Executive Officers	Value of Securities Held ⁽¹⁾ (\$)	Target Value of Securities (\$)	% of Target
Jim Pantelidis	5,217,733	175,000	2982
Lisa de Wilde	694,803	175,000	397
John A. Macdonald	9,734,299	1,200,000	811
Jerry Patava	908,891	175,000	519
Roy J. Pearce	1,613,802	175,000	922
Michael Rousseau	1,127,051	175,000	644
Grace M. Palombo	298,297	175,000	170
William M. Wells	646,699	175,000	370

(1) Includes Shares owned or controlled and Performance Share Units and DSUs awarded, the value of which is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding November 30, 2016 and includes, Performance Share Units and DSUs credited reflecting dividends on the Shares to November 30, 2016, as well as additional Performance Share Units credited to reflect: (i) in respect of the Performance Share Units granted under the LTIP to which a Performance Factor applies, a Performance Factor of 1.5 for 2014, 1.5 for 2015 and 0.5 for 2016 in respect of Performance Share Units granted in 2014, a Performance Factor of 2.0 for 2015, 0.5 for 2016 and 1.0 for 2017 in respect of Performance Share Units granted in 2015, and a Performance Factor of 0.5 for 2016 and 1.0 for 2017 and 2018 in respect of the Performance Share Units granted in 2016, and (ii) in respect of the Performance Share Units granted under the MTIP to which a Performance Factor applies, a Performance Factor of 0.652 for 2015 and 0.574 for 2016 in respect of Performance Share Units granted in 2015, and a Performance Factor of 1.81 for 2016 and 1.0 for 2017 in respect of Performance Share Units granted in 2016.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

Enercare obtains directors’ and officers’ liability insurance to protect its Directors and officers against liability incurred by them in those capacities. The current policy is in place through March 28, 2017, and provides coverage on losses to a maximum of \$100 million (subject to a deductible of \$100,000). The premium for 2016/2017 was \$245,725.

Management Information Circular

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Directors are not aware of any material interest of any Director, Enercare Nominee, executive officer of Enercare or holder who beneficially owns more than 10% of the Shares, or any known associate or affiliate of these persons, in any transaction since the commencement of Enercare's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect Enercare or any of its subsidiaries.

OTHER BUSINESS

The Directors and management are not aware of any matter intended to come before the Meeting other than those items of business set forth in the Notice of Meeting. If any other matters properly come before the Meeting, it is the intention of the persons appointed under the accompanying form of proxy to vote in respect of those matters in accordance with their judgment.

SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING

Shareholders who comply with the applicable provisions of the *Canada Business Corporations Act* ("CBCA") are, subject to certain conditions in the CBCA, entitled to have Enercare include in an information circular for its 2018 annual meeting any matter that the person proposes to raise at that annual meeting. Any Shareholder who intends to make such a proposal to be considered by Enercare for the 2018 annual meeting must arrange for Enercare to receive the proposal at its registered office no later than January 31, 2018. Shareholders should consult their legal advisors for more information. Only Shareholder proposals that comply with the requirements of the CBCA received by that date, and Enercare's responses, will be printed in the information circular Enercare sends to Shareholders in 2018.

In addition, Enercare's By-Law No. 2 fixes a deadline by which Shareholders must submit director nominations prior to any meeting of Shareholders. In the case of annual meetings, advance notice must be delivered to Enercare not less than 30 nor more than 65 days prior to the date of the meeting. By-Law No. 2 also requires any Shareholder making a director nomination to provide certain important information about its nominees with its advance notice. Only Shareholders who comply with the requirements of By-Law No. 2 will be permitted to nominate Directors to the Board unless the "advance notice" requirements of By-Law No. 2 are waived by the Board in its sole discretion. Enercare's By-Law No. 2 is available online on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

The Shares are listed on the TSX under the trading symbol ECI. Prior to January 1, 2011, which was the date the Conversion was completed, the Fund's units were listed on the TSX under the trading symbol CWI.UN.

Financial information in respect of Enercare is provided in the consolidated financial statements of Enercare for the year ended December 31, 2016 and related management's discussion and analysis (the "MD&A"), which are included in the 2016 Annual Report of Enercare. Copies of Enercare's current AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the current AIF, Enercare's most recently filed consolidated financial statements, together with the accompanying report of the auditor, and any interim financial statements of Enercare that have been filed for any period after the end of Enercare's most recently completed financial year are each available online on SEDAR at www.sedar.com, or on Enercare's website at www.enercare.ca.

These documents can also be obtained upon request by contacting Evelyn Sutherland, Chief Financial Officer of Enercare by telephone at 416.649.1860 or at esutherland@enercare.ca with no charge to Shareholders.

Shareholders who wish to be added to Enercare's mailing list for the annual and/or interim financial statements and MD&A should contact Evelyn Sutherland, as outlined in the previous paragraph, or their financial intermediaries if their Shares are held for them by their brokers or banks.

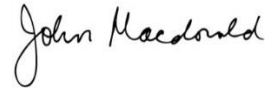
Management Information Circular

Additional information relating to Enercare is also available online on SEDAR at www.sedar.com or on Enercare's website at www.enercare.ca.

APPROVAL OF DIRECTORS

The undersigned hereby certifies that the Directors of Enercare have approved the contents and the sending of this Circular.

By Order of
ENERCARE INC.



Toronto, Ontario
March 24, 2017

John Macdonald
President and Chief Executive Officer

SCHEDULE A – RIGHTS PLAN RESOLUTION

BE IT RESOLVED THAT:

1. The continuance of the shareholder rights plan, the terms and conditions of which are set out in the Amended and Restated Shareholder Rights Plan Agreement dated May 2, 2017 between Enercare Inc. (“**Enercare**”) and Computershare Investor Services Inc., as rights agent (the “**Rights Agreement**”), substantially on the terms described in the management information circular of Enercare dated March 24, 2017, be and is hereby ratified, confirmed and approved;
2. The making of any revisions to the Rights Agreement as may be required by any professional commentators on shareholder rights plans to conform the Rights Agreement to shareholder rights plans prevalent for public reporting issuers in Canada, as may be approved by any director or officer of Enercare, is hereby approved;
3. The continuance of the Rights Agreement, as may be amended in accordance with paragraph 2, is hereby ratified, confirmed and approved; and
4. Any one director or officer of Enercare is hereby authorized, for and on behalf of Enercare, to execute and deliver, with or without the corporate seal, all documents or instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, including compliance with all securities laws and regulations, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such thing.

Management Information Circular

SCHEDULE B – BOARD MANDATE

Mandates for the Board, Audit Committee, Governance and Compensation Committee and Investment Committee were adopted on January 1, 2011 and the Corporate Responsibility and Risk Management Committee Mandate was adopted on February 27, 2013. Mandates were reviewed by the Governance and Compensation Committee and by the Board of Directors on March 6, 2017, and are available on Enercare’s website at www.enercare.ca. The Board Mandate follows.

BOARD MANDATE

1. GENERAL

The Board of Directors (the “**Board**”) believes that sound corporate governance practices are essential to the well-being of the Corporation and the promotion and protection of its shareholders’ interests. The Board oversees the functioning of the Corporation’s governance system, in part through the work of the Governance and Compensation Committee.

The Board has adopted this Mandate, which reflects the Corporation’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Corporation as required under applicable law and stock exchange rules and requirements.

The fundamental responsibility of the Board is to supervise the activities and manage the investments and affairs of the Corporation. Our primary commitment is to (i) maintain strong underlying business fundamentals; (ii) generating stable and growing distributable cash; (iii) external growth with a proven growth strategy through acquisitions; (iv) organic growth by focusing on growing installed residential and commercial customer asset base; and (v) quality service by executing a predictable and reliable customer-service model.

The Board promotes fair reporting, including financial reporting, to shareholders of the Corporation and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls.

The Board believes that the Corporation is best served by a board of directors that functions independently of management and is informed and engaged.

The Governance and Compensation Committee will review this Mandate annually, or otherwise as it deems appropriate, and recommend to the Board such changes as it deems necessary and appropriate in light of the Corporation’s needs and legal and regulatory developments.

2. BOARD COMPOSITION

(a) Board Membership Criteria

The Governance and Compensation Committee is responsible for establishing the competencies, skills and personal qualities that the Board considers to be necessary for the Board, as a whole, to possess; the competencies, skills and personal qualities that the Board considers each existing Director to possess; and the competencies, skills and personal qualities each new candidate to be elected or appointed by shareholders will bring to the Board.

Management Information Circular

The Governance and Compensation Committee recommends candidates for initial Board membership and Board members for nomination. In making its recommendations, the Governance and Compensation Committee focuses on the competencies, skills, and personal qualities of the candidates as well as the other business experience that the candidates possess to enhance the Board's decision-making process and overall management of the business and affairs of the Corporation.

Directors must have sufficient time to carry out their duties and not assume responsibilities which would materially interfere with or be incompatible with Board membership. Directors who change their principal occupation are expected to advise the Governance and Compensation Committee and, if determined appropriate by the Governance and Compensation Committee, resign from the Board.

(b) **Director Independence**

The Board's composition and procedures are designed to permit it to function independently from management and to promote and protect the interests of all shareholders. A majority of Directors holding office at any time must be independent.

The Board will determine whether a Director is independent. Independent shall have the meaning, as the context requires, given to it in National Instrument 58-101 - Disclosure of Corporate Governance Practices, as replaced or amended from time to time (including any successor rule or policy thereto).

The Board will review the independence of all Directors on an annual basis and will publish its determinations in the management information circular relating to the Corporation's annual meeting. To facilitate this review, Directors will be asked to provide the Board with full information regarding their business and other relationships with the Corporation and its affiliates, with senior management and their affiliates. Directors have an on-going obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

(c) **Board Size**

The Board shall consist of a minimum of 3 and a maximum of 10 Directors. The current Board is comprised of 8 Directors and the Board considers this to be an appropriate size for effective decision-making and committee work given the nature of the operations of the Corporation and its current ownership.

(d) **Quorum**

A quorum shall consist of: (i) a majority of Directors then holding office; and (ii) two independent Directors and, notwithstanding any vacancy among the number of Directors, a quorum may exercise all of the powers of the Directors.

(e) **Term**

Directors are generally elected at the annual meeting of shareholders of the Corporation for a term expiring at the close of the next annual meeting of shareholders. The Board does not believe it should establish term limits for its

Management Information Circular

members as such limits may deprive the Corporation and its shareholders of the contributions of members who have been able to develop, over time, valuable insights into the Corporation, its strategy and business operations.

(f) **Board Succession**

The Governance and Compensation Committee is responsible for Board succession planning so that it can be responsive to the Corporation's needs and the interests of its shareholders.

(g) **Service on Other Boards and Committees**

The Board does not believe that its members should be prohibited from serving as a trustee, director or in a similar position for a government agency or an outside entity, so long as these commitments do not create a conflict of interest or interfere with their ability to fulfill their duties as a member of the Board. Directors must be mindful of the number of other public company boards and committees of those boards on which they serve, taking into account potential board and committee attendance, participation and effectiveness on those boards and committees.

On or before accepting an appointment to the board or a committee of any entity, a Director should advise the Chair of the Board.

(h) **Retirement Policy**

The Board believes that a retirement policy reflecting the importance and the value of renewal of the Board of Directors membership is appropriate.

3. **DIRECTORS' RESPONSIBILITIES**

Directors must act honestly and in good faith with a view to the best interests of the Corporation and its shareholders and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In order to fulfill this responsibility, each Director is expected to:

- (i) participate, with management, in developing a multi-year strategic plan and annual business plans and approve such plans;
- (ii) develop and maintain a thorough understanding of the Corporation's operational and financial objectives, financial position and performance and the performance of the Corporation relative to its principal competitors;
- (iii) ensure that the Corporation's activities are at all times conducted in accordance with its strategic plan;
- (iv) diligently prepare for each meeting, including reviewing all meeting materials distributed in advance;
- (v) actively and constructively participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;

Management Information Circular

- (vi) engage in continuing education programs for Directors, as appropriate; and
- (vii) diligently attend meetings of the Board and any committee of which he or she is a member.

4. BOARD DUTIES AND RESPONSIBILITIES

In fulfilling its responsibilities, the Board is, among other matters, responsible for the following matters.

(a) **Appointment and Supervision of Chief Executive Officer and Senior Management**

The Board appoints and supervises the Chief Executive Officer (the “CEO”) and other members of senior management, approves their compensation and, as permitted by applicable law, delegates to senior management responsibility for the day-to-day operations of the Corporation.

The Board will, to the extent feasible and through the Corporate Responsibility and Risk Management Committee, satisfy itself as to the integrity of the CEO and the other members of senior management and that the CEO and the other members of senior management create a culture of integrity throughout the Corporation.

The Board will establish and maintain a position description for the CEO.

The Board will, on an annual basis and through the Governance and Compensation Committee, review the executive management succession plan and talent management plan and monitor the development and performance of the CEO and other senior management against such plans.

(b) **Strategic Planning and Risk Management**

The Board will develop with management an annual investment plan and annual budget with measurable performance indicators and will approve such plans. In this regard, the Board will:

- (i) participate in strategic planning by reviewing, questioning and ultimately approving the investment plans proposed and developed by senior management including, on an annual basis a budget that includes rigorous but realistic goals within which management will operate in relation to capital expenditures, acquisitions and dispositions, finance and investment, risk management, internal controls over financial reporting, disclosure controls and management information systems;
- (ii) approve key success indicators;
- (iii) through the Governance and Compensation Committee, approve annual corporate and management performance targets consistent with the Corporation’s strategic plan;
- (iv) through the Corporate Responsibility and Risk Management Committee confirm that a system is in place to identify the principal risks facing the Corporation and its subsidiaries and their businesses and that appropriate procedures are in place to monitor and mitigate such risks; and

Management Information Circular

- (v) through the Corporate Responsibility and Risk Management Committee confirm that processes are in place to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters.

(c) **Financial Reporting and Management**

The Board will:

- (i) approve the Corporation's annual and interim financial statements and related management's discussion and analysis and review and oversee the integrity of the Corporation with respect to its compliance with applicable audit, accounting and financial reporting requirements;
- (ii) approve annual operating and capital budgets;
- (iii) confirm the integrity of the Corporation's internal controls over financial reporting and management information systems;
- (iv) review operating and financial performance results relative to established strategies, plans, budgets and objectives; and
- (v) establish and review policies and audit procedures with respect to expense accounts and management perquisites and benefits of the Directors and senior management of the Corporation and review the results of such procedures with the internal auditor.

(d) **Disclosure**

The Board will satisfy itself that appropriate policies and procedures are in place regarding public disclosure, communications and restricted trading by insiders. In this regard, the Board will maintain a written Disclosure Policy and Insider Trading Policy in order to:

- (i) disclose all material information in compliance with the Corporation's timely disclosure obligations and to prevent selective disclosure of material information to analysts, institutional investors, market professionals and others;
- (ii) verify that news releases and corporate documents issued by the Corporation and public oral statements made by or on behalf of the Corporation are accurate and do not contain a misrepresentation;
- (iii) inform all Directors, officers and other applicable employees of the Corporation and any applicable service providers about their obligation to preserve the confidentiality of undisclosed material information about the Corporation; and
- (iv) inform all Directors, officers and other applicable respective employees of the Corporation and any applicable service providers about prohibitions on illegal insider trading and tipping under applicable law and the stock exchange rules.

Management Information Circular

(e) **Corporate Governance**

The Board will:

- (i) establish an appropriate system of corporate governance including practices to facilitate the Board's independence;
- (ii) establish committees and approve their respective mandates and the limits of authority delegated to each committee;
- (iii) establish appropriate processes for the regular evaluation of the effectiveness of the Board and its committees and the contributions of individual Directors;
- (iv) approve the nomination of Directors; and
- (v) review the adequacy and form of Directors' compensation to confirm that it realistically reflects the responsibilities and risks involved in being a Director.

(f) **Related Party Transactions and Insurance**

The Board will:

- (i) review all proposed related party transactions involving a perceived or actual conflict of interest of a Director or member of the senior management of the Corporation that are not required to be dealt with by an independent committee and make recommendations as to whether any such transaction should be approved or continued; and
- (ii) on an annual basis, review the general liability insurance coverage maintained by the Corporation and consider the adequacy of such coverage.

(g) **Approval of Certain Other Matters**

Notwithstanding the delegation to management of the authority to manage the business of the Corporation, the Board must approve the following:

- (i) those matters which may not be delegated by the Board by law; and
- (ii) such other matters as the Board may, from time to time, determine require its approval.

5. **CHAIR**

(a) **Appointment**

The Directors will appoint one independent Director to be Chair of the Board. If, in any year, the Board does not appoint its Chair, the incumbent Chair will continue in office until a successor is appointed. In the absence of the Chair at a meeting of the Board, the Directors in attendance shall select one of them to act as chair of that meeting.

(b) **General**

The Chair of the Board is responsible for the management, development and effective performance of the Directors, and for providing leadership to the Directors in

Management Information Circular

carrying out their collective responsibility for supervising the management of the business and affairs of the Corporation.

(c) **Specific Role and Responsibilities**

The Chair will:

- (i) ensure that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently of management;
- (ii) ensure that the responsibilities of the Board are understood by both the Directors and management and that the boundaries between the Board's and management's responsibilities are understood and respected;
- (iii) ensure the responsibilities of the Directors are effectively carried out in compliance with this mandate and that the functions of the Board delegated to committees are carried out by the committees and reported to the Board;
- (iv) maintain an effective relationship between the Board and management;
- (v) provide direction and advice to senior management, including defining major issues, maintaining accountability to stakeholders and building relationships;
- (vi) ensure that the Board and the committees have the necessary resources to support their work (in particular, timely and relevant information);
- (vii) ensure compliance with the Corporation's governance policies, including those regarding regularity and conduct of Board meetings, managing and reporting information and other policies relating to the Board's business;
- (viii) provide leadership to ensure that the Board works as a cohesive team;
- (ix) require the Board to meet as many times as necessary for the Directors to carry out their duties and responsibilities effectively;
- (x) on an on-going basis, work with the CEO to develop schedules of meetings of the Board and committees and, in consultation with other Directors and senior management, establish the agenda of the Board;
- (xi) chair meetings of the Board, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual Directors and ensuring that clarity regarding decisions is reached and duly recorded;
- (xii) chair meetings of the shareholders of the Corporation;
- (xiii) work closely with senior management to ensure that the Corporation is maintaining a healthy corporate governance culture;
- (xiv) work closely with the Governance and Compensation Committee to develop strategic criteria for recruitment of Directors and succession planning;
- (xv) work closely with senior management to ensure effective relations with the Board and external stakeholders, such as shareholders, the investment community, the media, governments and the public generally;
- (xvi) ensure that functions are delegated to appropriate committees and that the functions are carried out and the results reported to the Board;

Management Information Circular

- (xvii) actively participate in and oversee the administration of an annual evaluation of the performance and effectiveness of the Board, committees, and all individual Directors and committee chairs; and
- (xviii) carry out other duties as requested by the Directors, as needs and circumstances arise.

6. **SECRETARY**

(a) **Appointment**

The Board will have a Secretary who is not the CEO.

(b) **General**

The Secretary will be responsible for assisting the Chair in managing the operations and affairs of the Board and for performing additional duties requested by the Chair or the Board or any of its committees.

(c) **Specific Role and Responsibilities**

The Secretary will:

- (i) confirm that all notices and materials are delivered to shareholders and Directors in a timely manner;
- (ii) confirm that all minutes of meetings of shareholders, the Board and committees are accurately recorded;
- (iii) confirm that copies of the minutes are circulated to each Board or committee member, as the case may be, on a timely basis (with Directors receiving minutes of all committee meetings once approved by the applicable committee);
- (iv) facilitate communication among the Directors and among the Board, its committees and management;
- (v) administer the operations of the Board and its committees; and
- (vi) perform additional duties requested by the Chair or the Board or any of its committees.

7. **BOARD COMMITTEES**

(a) **General**

The Board carries out its responsibilities directly and through the Audit Committee, the Governance and Compensation Committee, and the Corporate Responsibility and Risk Management Committee, the Investment Committee, and such other committees as it may establish from time to time.

(b) **Committee Chairs**

The Board shall appoint one member to be the Chair of a committee and such Chair shall be an independent Director. If in any year the Board does not appoint a committee Chair, the incumbent Chair will continue in office until a successor is appointed. In the absence of a committee Chair at a meeting of the committee, the

Management Information Circular

members in attendance shall select one member to act as Chair of that meeting.

The Chair will:

- (i) in consultation with the Chair of the Board, senior management and the committee members, as appropriate, determine the time and location of meetings of the committee;
- (ii) ensure the committee's activities are consistent with, and fulfill, the committee's mandate;
- (iii) take all reasonable steps to ensure that the responsibilities and duties of the committee, as outlined herein and in its mandate, are well understood by the committee members and executed as effectively as possible;
- (iv) require the committee to meet as many times as necessary to carry out its responsibilities effectively;
- (v) in consultation with the Chair of the Board, committee members and senior management, as appropriate, review the meeting agendas to ensure all required business is brought before the committee to enable the committee to carry out its responsibilities;
- (vi) with the assistance of the CEO, senior management or other management, as required, ensure that agenda items for all committee meetings are ready for presentation and that adequate information is distributed to committee members in advance of such meetings in order that committee members may properly inform themselves on matters to be acted upon;
- (vii) ensure that minutes are kept of all meetings and sign minutes approved by the committee;
- (viii) report to the Board at its next meeting following any decision or recommendation arising from any meeting of the committee or the signing of a written resolution evidencing a decision or recommendation of the committee, including reporting on the considerations that led to such decision or recommendation;
- (ix) provide leadership to enable the committee to act as an effective team in carrying out its responsibilities; and
- (x) act as liaison between the Board and the committee and between management and the committee and also act as liaison with outside advisors to the committee.

(c) **Mandates**

Each committee shall adopt a mandate which sets out its responsibilities and duties. On at least an annual basis, each committee's mandate shall be reviewed by both the committee itself and the Governance and Compensation Committee and shall also be reviewed and approved by the Board. Copies of each mandate of the Corporation are posted on the Corporation's website. Below is a brief description of the responsibilities of each Committee:

Management Information Circular

(i) **Audit Committee**

The role of the Audit Committee, subject to the determination of the Board from time to time, is to review: (i) the engagement of auditors; (ii) the financial policies and procedures of the Corporation; (iii) the financial statements of the Corporation; and (iv) budgets.

(ii) **Governance and Compensation Committee**

The Governance and Compensation Committee is responsible, subject to the determination of the Board from time to time, for (i) annually reviewing the compliance by the Corporation and its subsidiaries of their respective undertakings in respect of the Corporation's continuous disclosure obligations; (ii) developing the Corporation's approach to corporate governance; (iii) advising the Directors in filling Director vacancies; (iv) periodically reviewing the compensation and effectiveness of the Directors and the contribution of individual Directors; (v) assisting in orientating and providing for continuing education for the Directors; (vi) advising the Directors in the selection and retention of senior management; (vii) periodically reviewing the compensation and performance of senior management; (viii) assisting in the professional development of senior management; (ix) assisting in developing and managing benefit plans for employees; and (x) administering and managing the Corporation's pension plans.

(iii) **Investment Committee**

The Investment Committee is responsible, subject to the determination of the Board from time to time, for (i) reviewing all proposals regarding investments, dispositions and borrowings of the Corporation and making recommendations in connection therewith to the Directors; (ii) approving any material changes to the Investment Policy of the Corporation, if any; (iii) financing and interest rate hedging strategies; and (iv) target leverage ratios, target ratings on the Corporation, the Corporation's shares, and debt securities of the Corporation, and target dividends on the Corporation's shares.

(iv) **Corporate Responsibility and Risk Management Committee**

The Corporate Responsibility and Risk Management Committee is responsible for the management of the social, environmental, ethical, legal, regulatory and operational issues and risks (collectively, the "**Risks**") of the Corporation; the responsibilities of the Corporate Responsibility and Risk Management Committee shall, subject to the determination of the Board from time to time, consist of:

- (i) assisting the Board in overseeing the development of strategy and policy on effective Risk management and promoting a culture of integrity at the Corporation;
- (ii) overseeing key stakeholder engagement on social, environmental and ethical issues;
- (iii) approving the Corporation's Code of Business Conduct (the "Code"), monitoring compliance with the Code, and receiving reports assuring the Board that the Code is being adhered to;

Management Information Circular

- (iv) identifying and monitoring key Risks of the Corporation and evaluating their management by ensuring that policies, systems and metrics are in place relating to such Risks;
- (v) approving Risk management policies, systems and metrics and other checks and balances to manage Risk and reviewing such policies, systems and metrics at least once a year to satisfy itself that they remain appropriate and prudent; and
- (vi) providing a forum for “big picture” analysis of future Risks, including the consideration of Risk trends.

8. BOARD AND COMMITTEE MEETINGS

(a) Scheduling

Board meetings are scheduled in advance at appropriate intervals throughout the year, which will be not less than quarterly. In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation.

Each committee shall meet as often as it determines is necessary to fulfill its responsibilities, which will be not less than quarterly.

(b) Agenda

The Chair establishes the agenda for each Board meeting in consultation with the other Directors and senior management. Any Director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Committee chairs establish the agenda for each committee meeting. Any committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of management, or at any committee meeting raise subjects that are not on the agenda for the meeting.

An officer of the Corporation will distribute agenda and meeting materials in advance of each Board or committee meeting to allow Board or committee members, as the case may be, sufficient time to review and consider the matters to be discussed.

(c) Meetings of Independent Directors

To promote open discussion among the independent Directors, those Directors will meet separately at every regularly scheduled Board meeting without management present and will meet at such other time as any independent Director may request. These meetings are chaired by the Chair, who informs management of the substance of these meetings to the extent that action is required by them.

(d) Distribution of Information

Information that is important to the Board’s and a committee’s understanding of the business and its agenda shall be distributed to Directors and committee members, as applicable, sufficiently in advance of Board and committee meetings to permit the

Management Information Circular

Directors adequate time to consider the material and ask questions of management as appropriate. Sensitive subject matters may be discussed at a meeting without written materials being distributed in advance or at the meeting.

(e) **Preparation, Attendance and Participation**

Each Director is expected to be diligent in attending meetings of the Board and any committee of which he or she is a member. In addition, each Director is expected to attend each annual meeting of shareholders. A Director who is unable to attend a Board or committee meeting in person may participate by telephone or teleconference.

(f) **Attendance of Non-Directors at Board Meetings**

The CEO, Chief Financial Officer and the Secretary are expected to attend Board meetings. The CEO, at his or her discretion, may invite other employees, advisors or consultants to attend Board meetings for the purpose of making presentations or otherwise providing advice to the Board. The Chair, at his or her discretion, will also invite employees of the Corporation, consultants, advisors or others, as appropriate, to attend Board meetings.

9. **COMPENSATION OF DIRECTORS**

The Governance and Compensation Committee has the responsibility for recommending to the Board compensation and benefits for service on the Board and on Board committees by Directors. In discharging this duty, the Governance and Compensation Committee will be guided by three goals: compensation should fairly pay Directors for work required in an issuer of the Corporation's size and scope; it should not exceed what is customary given the size and scope of the Corporation's business and operations; compensation should align Directors' interests with the long-term interests of shareholders, and the structure of the compensation should be simple, transparent and easy for shareholders to understand. Not less often than annually, the Governance and Compensation Committee shall review Director compensation and benefits and recommend any changes to the Board.

10. **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Board, either directly or through the Governance and Compensation Committee, will ensure procedures are in place and resources are made available to provide new Directors with a proper orientation to both the Corporation and their responsibilities and duties as Directors and to provide other Directors with appropriate continuing education opportunities.

11. **DIRECTOR EQUITY OWNERSHIP**

The Board believes that Directors should hold meaningful equity ownership positions in the Corporation.

Management Information Circular

12. **BOARD ACCESS TO MANAGEMENT, OUTSIDE COUNSEL AND ADVISORS**

The Board has complete access to members of management and the Corporation's outside counsel and auditors. It is the obligation of each Director to use judgment to ensure that such contact is not distracting to the business operations of the Corporation. The Board and its committees may invite any member of management, employee of the Corporation, outside advisor or other person to attend any of their meetings.

The Board and any of its committees may retain an outside advisor at the expense of the Corporation at any time and have the authority to determine the advisor's fees and other retention terms. Individual Directors may retain an outside advisor at the expense of the Corporation with the approval of the Governance and Compensation Committee.

13. **PERFORMANCE ASSESSMENT OF THE BOARD AND ITS COMMITTEES**

The Governance and Compensation Committee annually reviews the effectiveness of the Board and its committees (other than the Audit Committee), in fulfilling their responsibilities and duties.

In addition, the Governance and Compensation Committee evaluates individual Directors to assess their suitability for nomination for re-election or re-appointment.

14. **CODE OF BUSINESS CONDUCT AND WHISTLEBLOWER POLICY**

The Corporation has established and will maintain a written Code of Business Conduct for its Directors, officers, suppliers and employees. The Corporation has also established and will maintain a Whistleblower Policy in order to encourage the reporting of behaviour(s) that violate the Code. The purpose is to ensure that the Corporation maintains a high level of trust and integrity in accordance with the highest ethical standards.

15. **ROLE OF MANAGEMENT**

Management is responsible, on a shared basis with the Board, for developing strategy, and directly responsible for implementing strategy. Management is also responsible for safeguarding the Corporation's assets and for creating wealth for shareholders. When management performance is inadequate, the Board has the responsibility to bring about appropriate change, and when management performance is effective, the Board will reward management accordingly.

The Corporation's governance guidelines are designed to create autonomy and effective decision-making of management and to ensure appropriate oversight by the Board and the Board's committees. Management of the Corporation is under the direction and control of the CEO. Senior management, through the CEO, reports to and is accountable to the Board.

Management is responsible for developing an annual investment plan and annual budget, which includes an annual operating and capital budget for review and approval of the Board. The Board's approval of the investment plan and budget provides a mandate for management to conduct the affairs of the Corporation. Material deviations from the investment plan and budget are reported to and considered by the Board.

Management Information Circular

16. **FEEDBACK**

The Board welcomes input and comments from shareholders of the Corporation. You may contact one or more members of the Board or its committees, by writing to the Chair of the Governance and Compensation Committee at:

Chair of the Governance and Compensation Committee
Enercare Inc.
4000 Victoria Park Avenue
Toronto, ON
M2H 3P4

This Mandate will be posted on the Corporation's website.

Any questions and requests for assistance may be directed to the
Strategic Shareholder Advisor and Proxy Solicitation Agent:



KINGSDALE Advisors

The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2
www.kingsdaleadvisors.com

North American Toll Free Phone:

1-888-518-6813

Email: contactus@kingsdaleadvisors.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272