

2019 Integrated Annual Report

*Powered for  
Tomorrow*

## 2019 Financial Highlights

(unaudited, \$ millions, except per share amounts)	Year ended December 31		
	2019	2018	2017
Revenues and other income <sup>3</sup>	<b>1,963</b>	1,417	1,168
Adjusted EBITDA <sup>1,3</sup>	<b>1,029</b>	736	614
Net income <sup>3</sup>	<b>119</b>	258	125
Net income attributable to shareholders of the company <sup>3</sup>	<b>125</b>	265	135
Normalized earnings attributable to common shareholders <sup>1,3</sup>	<b>140</b>	115	104
Basic earnings per share (\$) <sup>3</sup>	<b>0.73</b>	2.17	0.98
Diluted earnings per share (\$) <sup>2,3</sup>	<b>0.72</b>	2.16	0.98
Normalized earnings per share (\$) <sup>1,3</sup>	<b>1.34</b>	1.12	1.03
Net cash flows from operating activities	<b>720</b>	450	372
Adjusted funds from operations <sup>1</sup>	<b>555</b>	397	361
Adjusted funds from operations per share (\$) <sup>1</sup>	<b>5.32</b>	3.85	3.58
Purchase of property, plant and equipment and other assets	<b>635</b>	355	218
Dividends per common share, declared (\$)	<b>1.8550</b>	1.7300	1.6150
Dividends per Series 1 preferred share, declared (\$)	<b>0.7650</b>	0.7650	0.7650
Dividends per Series 3 preferred share, declared (\$)	<b>1.3633</b>	1.1500	1.1500
Dividends per Series 5 preferred share, declared (\$)	<b>1.3095</b>	1.2173	1.1250
Dividends per Series 7 preferred share, declared (\$)	<b>1.5000</b>	1.5000	1.5000
Dividends per Series 9 preferred share, declared (\$)	<b>1.4375</b>	1.4375	0.5642
Dividends per Series 11 preferred share, declared (\$)	<b>0.8960</b>	–	–

	As at December 31		
	2019	2018	2017
Loans and borrowings including current portion	<b>3,413</b>	2,647	2,146
Total assets	<b>8,630</b>	7,569	6,819

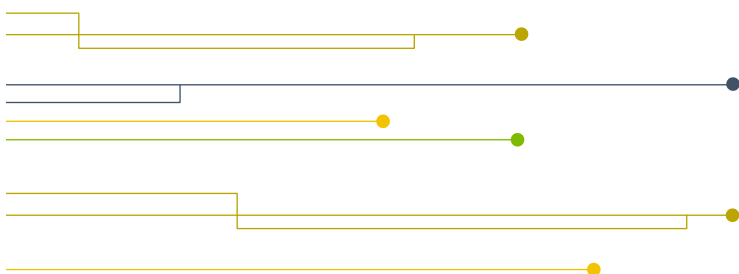
1 The consolidated financial highlights, except for adjusted EBITDA, normalized earnings attributable to common shareholders, normalized earnings per share, adjusted funds from operations and adjusted funds from operations per share were prepared in accordance with GAAP. See Non-GAAP Financial Measures.

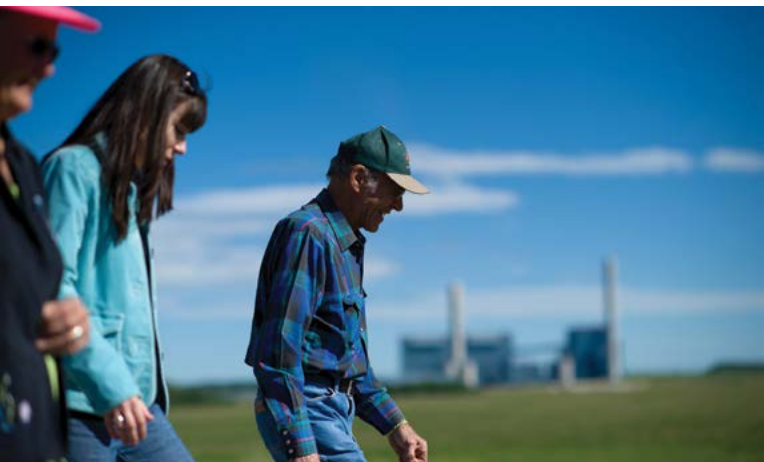
2 Diluted earnings per share was calculated after giving effect to outstanding share purchase options.

3 The comparative periods' amounts have been restated to reflect the IAS 8 accounting policy change resulting from the transition to IFRS 16.

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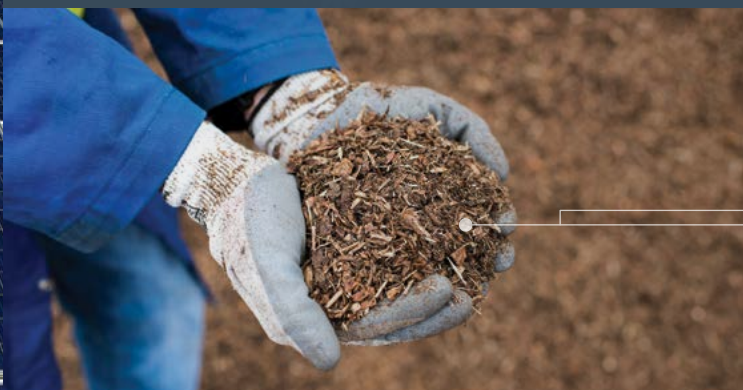




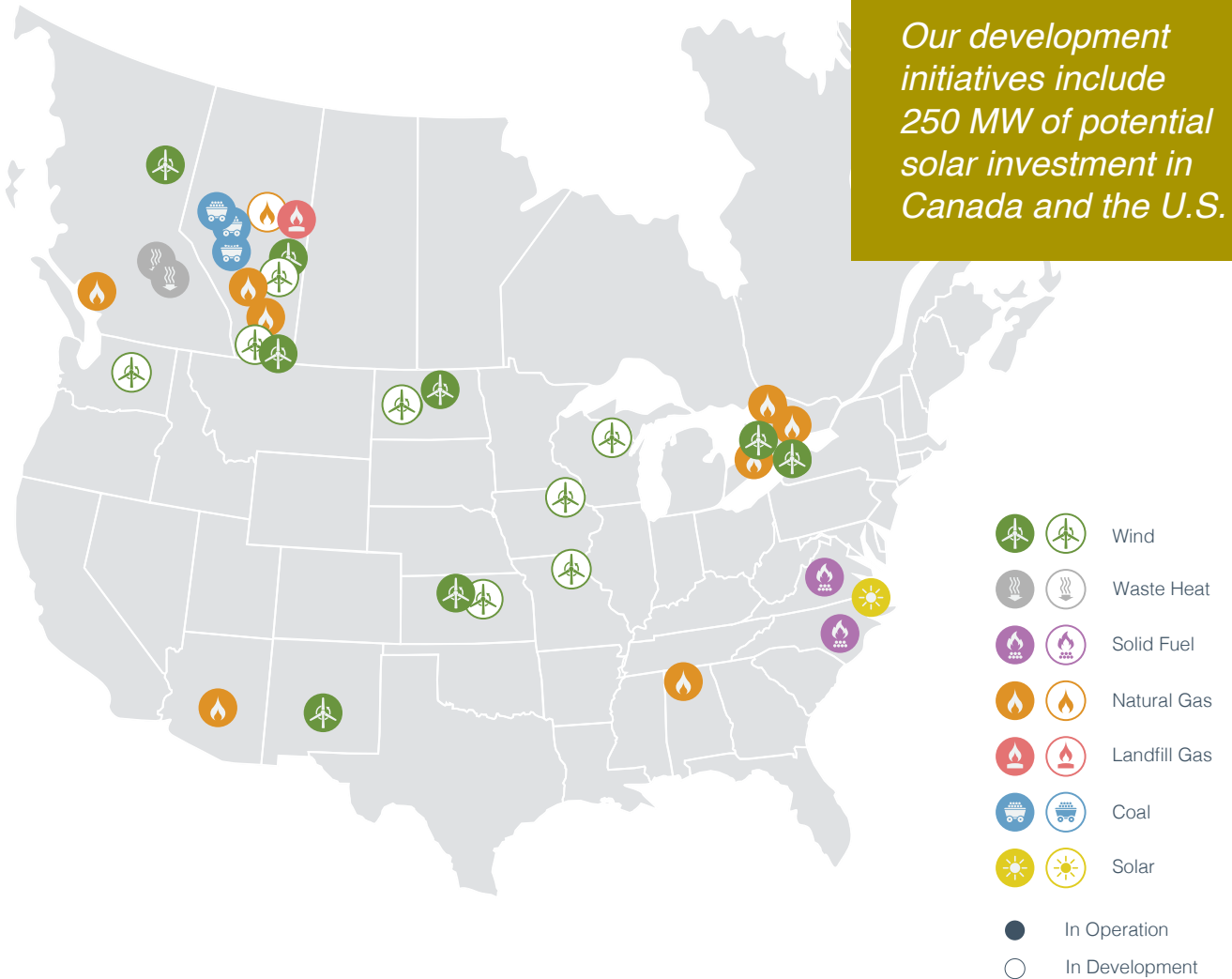
## *Powered for Tomorrow*

Capital Power is powered for tomorrow: committed to creating dependable, cost-effective and innovative electricity solutions to power a sustainable future. We are taking the next steps to transform power generation through the continued expansion and evolution of natural gas and renewables in our portfolio, and the deployment and utilization of world-leading carbon conversion technology.

Our focus on sustainability is central to how we create value. It drives innovation and helps us make better decisions in the interest of our many different stakeholders. That's why we've combined our financial and environmental, social and governance (ESG) reporting in a single Integrated Annual Report this year. We believe this new format provides the most accessible and comprehensive view of our priorities and performance – and the best insight into our strategy for long-term success.



# About Capital Power



## Growth-oriented North American Power Producer

Committed to investment-grade credit rating	Strong pipeline of contracted growth opportunities	~6,200 MW of owned capacity in operation, 800 MW in advanced development
History of dividend growth with 7% annual growth guidance out to 2021 and 5% for 2022	Highly contracted portfolio	Young fleet with long assets located in diverse geographical locations

Capital Power (TSX: CPX) is a growth-oriented North American power producer headquartered in Edmonton, Alberta.

We develop, acquire, own and operate power generation facilities using a variety of energy sources. We own approximately 6,200 megawatts (MW) of power generation capacity at 26 facilities across North America. Approximately 800 MW of owned generation capacity is in advanced development in Alberta and Illinois.

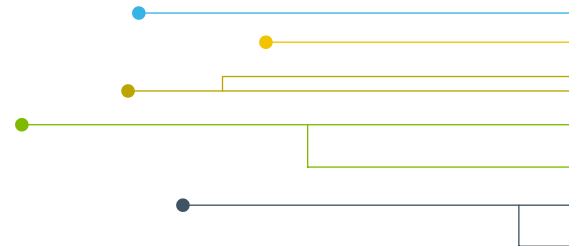
We own approximately 2,600 MW of power generation capacity in Alberta, with ownership interests in nine facilities. The majority of power generated by the Alberta power plants in which Capital Power owns an interest is sold on a merchant, or non-contracted, basis into energy markets as part of our portfolio optimization activities. We sell some of the power generated by our Alberta power plants, and the majority of the power generated by our power plants outside of Alberta, on a contracted basis to arm's length third parties.

As part of our growth strategy, we continually seek opportunities to acquire or develop contracted, large-scale, natural gas-fired and renewable power generation facilities in Alberta, the rest of Canada and the U.S., and have focused our merchant power business on Alberta.

## Responsible Energy for Tomorrow

We recognize and embrace the value of taking a long view to creating a sustainable energy future. We are committed to staying ahead of the curve and acting as a leader in our industry when it comes to sustainability.

In 2019, on the occasion of our 10<sup>th</sup> anniversary, we unveiled a new tagline, *Responsible Energy for Tomorrow*, which captures Capital Power's drive to develop innovative solutions today to power tomorrow, including: continuing to improve efficiency and emissions performance at all of our generating facilities; investing in renewables and efficient natural gas generating facilities; advancing carbon capture, utilization and storage (CCUS); transforming carbon emissions into leading-edge products; and participating in North American carbon markets.



## Our Vision, Mission and Values

### Values

*Committed to safety*

*Working together as a diverse and inclusive team*

*Accountable to our stakeholders*

*Delivering excellence*

### Vision

*To power a sustainable future*

### Mission

*To create dependable, cost-effective and future-ready electricity solutions*

# Reliable, Responsible, Sustainable

The energy industry remains in a period of transition and faces conflicting demands. To satisfy society's growing electrical demands, more power than ever is needed. At the same time, customers, investors and key stakeholders demand and deserve electricity that comes with a reduced environmental footprint.



Our challenge is to find ways to maintain Capital Power as a commercially robust and attractive investment, while simultaneously reducing our carbon emissions – which make up the majority of our environmental emissions – and continuing to provide affordable and reliable power on a 24/7 basis.

As Chairman of Capital Power, I am delighted to say that our business strategy, and the governance framework we utilize to provide oversight and stewardship of the company, have enabled considerable progress towards meeting our goal of being a reliable, responsible and sustainable power producer.

In 2019, for the sixth year in a row, the company increased the annual dividend by 7% and extended that 7% growth target through to 2021. In support of dividend growth, we have achieved annual growth in adjusted funds from operations (AFFO) of 12% since 2015. This performance is a testament to the strength of the company's strategic plan and the sustainability of the dividend.

## Maintaining a Foundation of Trust

As a Board, we believe that building trust with our investors and key stakeholders is about more than just results – it's also about the way in which Capital Power's results are delivered. Our success on this front is evidenced by the honours bestowed on the company in 2019. Capital Power was named one of the World's Most Ethical Companies by Ethisphere® for exemplifying and advancing corporate citizenship, transparency and high standards of integrity. The company was one of only three in Canada to receive this honour, and one of six energy and utilities companies worldwide. Capital Power also ranked among Corporate Knights' 2019 Best 50 Corporate Citizens in Canada for the ninth consecutive year, and in 2020, we were the only utility awarded an A- rating in the 2019 Climate Change List by the international CDP (formerly the Carbon Disclosure Project) and a B- for water security.

High ethical standards and responsible business practices are essential to the company's long-term success. Not only do they promote operational excellence, they also reinforce the bedrock of trust that's essential for remaining an attractive long-term investment. One of the Board's priorities is to ensure that the company continues to uphold and evolve its environmental, social and governance (ESG) standards and practices.

In keeping with our Board Shareholder Engagement Policy, we meet regularly with shareholders to discuss topics that are important to them. By listening and engaging, we learn about how we can improve as an investment for them. The major themes emerging from our 2019 meetings were Board oversight of the company's capital allocation process, strategy, CEO succession planning, ESG metrics and Board renewal.

This year's Integrated Annual Report, and the expanded assessment included in our second Climate Change Disclosure Report based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, are examples of how we act on shareholder feedback – and they demonstrate the extent to which ESG is embedded in our governance and business strategies and processes. Throughout 2019, the Board received quarterly reports on company activities and progress against ESG metrics. As of 2020, 20% of executive short-term incentive pay is based on the company meeting its ESG targets.

### Navigating Change and Renewal

Board renewal and CEO succession planning were key activities in 2019. In keeping with our Board Tenure Policy, two of the company's founding directors, Al Bellstedt and Phil Lachambre, did not stand for re-election at our April Annual General Meeting.

In their place, we welcomed Jane Peverett and Robert Phillips, both of whom bring a wealth of knowledge and diverse experience as seasoned directors and executives. We believe diversity in skills and experience makes us a better Board and contributes to stronger company performance. With the addition of Jane, four of our nine directors (44%) are women.

Following the announcement of Brian Vaasjo's decision to retire in 2020, we activated our CEO succession plan. Although a comprehensive search was underway and many quality candidates had been attracted, we were delighted when Brian advised he had reconsidered his decision to retire and that he wished to extend his term as President and CEO. After consideration of Brian's request, given the value he has created for all stakeholders under his leadership and his vision for the future, the Board was unanimous in its decision to extend Mr. Vaasjo's contract another three years.

*“As of 2020, 20% of executive short-term incentive pay is based on the company meeting its ESG targets.”*

DONALD LOWRY, BOARD CHAIR

Capital Power has excelled under Brian's leadership, from the initial public offering in 2009 onward. He has led a number of successful strategic investments in natural gas and renewable projects that have expanded Capital Power's presence across Canada and the United States, ensured a solid foundation for the continued competitiveness of the Genesee Generating Station, and taken prudent steps to secure a position for the company in the carbon conversion space. This strategy has created consistent shareholder value and positioned the company for ongoing success in a rapidly changing industry. We believe continuity of this strategy under Brian's leadership is a win-win for all stakeholders.

I would also like to thank our investors for their loyalty and growing support of the company, and my fellow Board members and the whole Capital Power team for their ongoing dedication and commitment to building a reliable, responsible and sustainable energy leader.

Sincerely,



Donald Lowry  
Board Chair

# Delivering Value Year over Year

For Capital Power, 2019 was another outstanding year. Our strategy is delivering value for our shareholders, year in and year out, while being future-focused, agile and ready for the energy transition underway.



Six years ago, we embarked on a strategy that focused on operational excellence, growth in renewables and natural gas assets, having more cash flow under long-term contract and increasing geographic diversification. Our track record in each of these areas speaks for itself. By year-end 2019, we had:

- Continued operational excellence with an average fleet availability of 95% in the past six years
- More than doubled the number of wind facilities in our fleet from four to nine, adding 670.6 MW of renewable generation capacity
- Added six natural gas facilities, including the Goreway Power Station in 2019
- Increased contracted earnings before interest, taxes, depreciation and amortization (EBITDA) from 58% to 76%, with approximately 49% coming from outside Alberta

Our results not only validate our strategy, they also point to the strength of our culture and the extraordinary capabilities of our people, who are empowered to do their best work and drive the business forward.

Safety is always job one and I'm proud to say that Capital Power has a tremendous safety record. Beyond that, we work hard to recruit and engage diverse and talented people and maintain a relentless focus on efficiency and continuous improvement, which are vital for increasing operating performance, reducing costs and risks, and navigating the transition to a low-carbon future.

In 2019, we launched a new 10-year operational excellence program, Ops2030, focused on optimizing our fleet through the use of technology, digitization and innovation. Our goal is to become a leader in power plant transformation, and the story of the Genesee Generating Station's transformation on page 8 provides an example of what's possible. We are setting new standards for environmental performance and efficiency at coal-generating units that will carry over once the units are fully converted to natural gas. We expect the entire Genesee facility to have the lowest carbon-dioxide emissions per megawatt hour of any converted plant in North America.

## Growth and Innovation

Growth is an equally important part of our value-creation story. Since 2012, we've targeted \$500 million of growth investments per year, which primarily have been in the form of development and construction of wind facilities and acquisitions of natural gas-fired facilities. 2019 was no exception.

Our acquisition of Goreway Power Station, an 875 MW contracted natural gas facility strategically located in the Greater Toronto Area load centre, is an excellent fit with our growth plans given its size, excellent operating history, location and remaining contract term to 2029. Combined with our other Ontario natural gas assets, we now have nearly 1,200 MW of capacity in the province, which will provide operating and portfolio synergies over time.

We also advanced our renewables growth strategy with the 202 MW first phase of the Whitla Wind facility (Whitla Wind 1) in Alberta beginning commercial operations in late 2019, announced proceeding with the 97 MW Whitla Wind 2 facility and scheduled the 150 MW Cardinal Point



Wind project in Illinois for completion in the first quarter of 2020. You can read about our growing renewables portfolio on page 10.

At the same time, we took a major step in our strategy of supporting the development and deployment of carbon conversion technology by increasing our equity stake in C2CNT and recently announced plans to build the world's first commercial-scale production facility of carbon nanotubes (CNTs) at our Genesee Carbon Conversion Centre (GC<sup>3</sup>) at our Genesee facility in Alberta. This is an investment in a long-term climate change solution that could be a game-changer not just for the energy sector but for other industries as well – by capturing carbon emissions from natural gas-driven processes and turning them into valuable products. The technology is a much-needed tool in the world's response to climate change and we're excited to be driving this innovation. I encourage you to learn more about it on page 13.

By enhancing our operations through innovation and ingenuity, we are collecting more data, finding more efficiencies and driving better results to deliver value both in the short and long term. Digitization, optimization and collaboration across our company are crucial as we move into the new decade and continue to position Capital Power to deliver responsible energy for tomorrow.

## Creating Shared Value

Underpinning Capital Power's strategies has always been our strong commitment to sustainability, or ESG as it's commonly referred to in investment circles. ESG has always been embedded into our business and is integral in how we create value. In 2019 we introduced sustainability targets to shareholders and society at large, in both the short and long term.

With that, we set our first-ever sustainability targets, which include ambitious carbon emissions-reduction targets. We also reaffirmed our commitment to being an employer, a supplier and a neighbour of choice – a company that people want to work for and with, and that is welcomed by local communities because we make a positive difference. We also recognize the growing stakeholder interest in understanding climate-related risks and opportunities – whether it is investors and lenders who are making sustainability more integral to their portfolio and investment decisions, or customers

who are investing in renewables. Our Sustainability Supplement, included as part of this year's Integrated Annual Report, discusses our strategies, approaches and achievements, and is supported by additional details in our Global Reporting Initiative (GRI) Index and second Climate Change Disclosure Report, "Powering a Resilient Future," which aligns to the Task Force on Climate-related Financial Disclosures (TCFD).

Sustainability is very important to the future of our business and over the last two years, we have published two transparent climate change disclosures aligned to TCFD, and this year's integrated reporting process included efforts to initially align to the standards outlined by the Sustainability Accounting Standards Board (SASB). Additionally, being a downstream user of thermal coal, only 21.7% of our revenues and other income<sup>1</sup> were from coal generation in 2019.

## The Future Is Bright

In 2020, shareholders can expect continued solid performance from Capital Power. Our strategy has proven itself to be flexible and agile, enabling us to capture new opportunities and manage uncertainties, while delivering a stable, growing dividend and increasing returns to shareholders. In the last five years, our shareholders enjoyed an average 15% per year total shareholder return, significantly outperforming the TSX market and TSX utilities indices. Our strategy is working, and we see no reason to change it.

With the renewal of my contract for an additional three years, I would like to thank the Board for their ongoing confidence in my leadership and for the opportunity to continue the exciting journey as President and CEO of Capital Power.

Sincerely,



Brian Vaasjo  
President and Chief Executive Officer

<sup>1</sup> Revenues and other income from coal generation in this calculation reflect the facility level revenues of Genesee units 1, 2 and 3, Roxboro, Southport and Keephills 3 from the Consolidated Net Income and Results of Operations section of the 2019 Management's Discussion and Analysis, reduced by the portion of those facilities' revenues generated from natural gas.

# 30 Years Young

While marking the 30<sup>th</sup> anniversary of our Genesee Generating Station in 2019, we also celebrated its promising future.

Located west of Edmonton, Genesee is Capital Power's flagship facility, representing roughly 25% of the installed capacity of our total fleet and providing Alberta with a reliable power supply. Genesee's policies, procedures and operating culture have shaped and informed company-wide practices. *Operational Excellence*, our continuous improvement program, started at Genesee and has spread to the rest of Capital Power's fleet.

*"Genesee is well-situated to handle just about anything the future may bring. A large part of that is thanks to an operational culture that relentlessly pursues continuous improvement."*

JASON COURT, SENIOR MANAGER, GENESEE



**100%**  
dual-fuel capability at  
all three units by 2021



Targeting a  
**50%**  
reduction in carbon emissions  
intensity by 2030 from 2005 levels

Genesee is advancing a full slate of projects geared to providing competitive, reliable baseload and responsible power for years to come. In 2016, we began a five-year, \$45-million Genesee Performance Standard (GPS) efficiency improvement program, which targets a 12% reduction in carbon emissions by 2021. With most of the major upgrades, including the G1 low-pressure turbine completed in 2019, we are on track to achieve or exceed our targets.

This past year, we also announced a \$70-million dual-fuel project. Upon completion in 2021, all three Genesee units will be transformed to have complete dual-fuel capability, with flexibility to use 100% natural gas or coal, depending on market conditions, until we completely phase out coal by 2029. This flexibility will enable us

to maximize economic returns and further reduce emissions. To make the most of this opportunity, we executed a swap transaction with TransAlta Corporation in 2019 which gives us full control of the Genesee site.

This is just the start of what's in store. Also prominent in our growth plans is the Genesee Carbon Conversion Centre (GC<sup>3</sup>), the first-ever commercial-scale production facility of carbon nanotubes (see page 13). Together, these investments will power Genesee into the future and sustain the value and benefits it provides to the community and all Capital Power stakeholders.

# Investing for the Long Term

We ended the year with 202 MW of renewable generation capacity when the Whitla Wind 1 project near Medicine Hat, Alberta, began commercial operations. This was the first wind project that Capital Power has developed as the prime construction manager.



**>2,000** MW  
potential wind  
developments

*“We build and operate power generation facilities that are around for 30+ years, which gives us the opportunity to support and grow with the community.”*

DARCY TRUFYIN, SENIOR VICE PRESIDENT, OPERATIONS,  
ENGINEERING AND CONSTRUCTION, CAPITAL POWER



**>250** MW  
potential solar  
developments

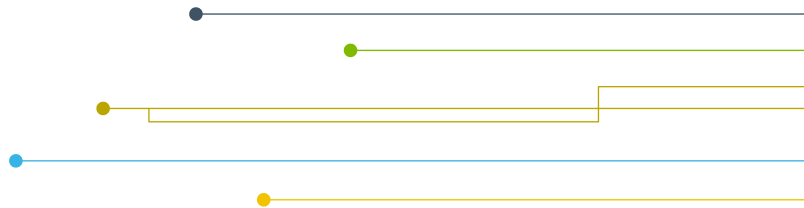
Whitla Wind 1 is now operating under a 20-year power purchase agreement with the Alberta Electric System Operator (AESO), having been one of four wind projects awarded contracts in the first round of the AESO's Renewable Electricity Program (REP) in 2017. We're proud to have been the only North American-based company successful in the inaugural REP auction.

Investments in renewable power generation are a vital part of Capital Power's commitment to leadership in the transition to a low-carbon economy. Since 2009, we've added 940 MW of renewable capacity in Canada and the U.S.

We began construction of the 150 MW Cardinal Point Wind project in Illinois in May 2019, and expect it to commence commercial operations in March 2020. The facility will operate under a 12-year, fixed-price contract with an investment-grade U.S. financial institution covering 85% of the facility's output, beginning in 2021.

We're also advancing Whitla Wind 2, which will add another 97 MW of capacity upon completion in 2021. Given the value of carbon credits available under Alberta's carbon pricing regime and other favourable market fundamentals, we're proceeding with this project on a merchant basis, but will continue to seek opportunities to contract the facility's output.

Beyond their environmental and bottom-line benefits, the new facilities also strengthen the communities in which they're located by creating quality jobs, stimulating economic activity, providing annual lease revenue to landowners and generating steady tax revenue for local municipalities. As much as they're drivers of Capital Power's growth, they are also an investment in our collective economic future.



# The Future Is Here

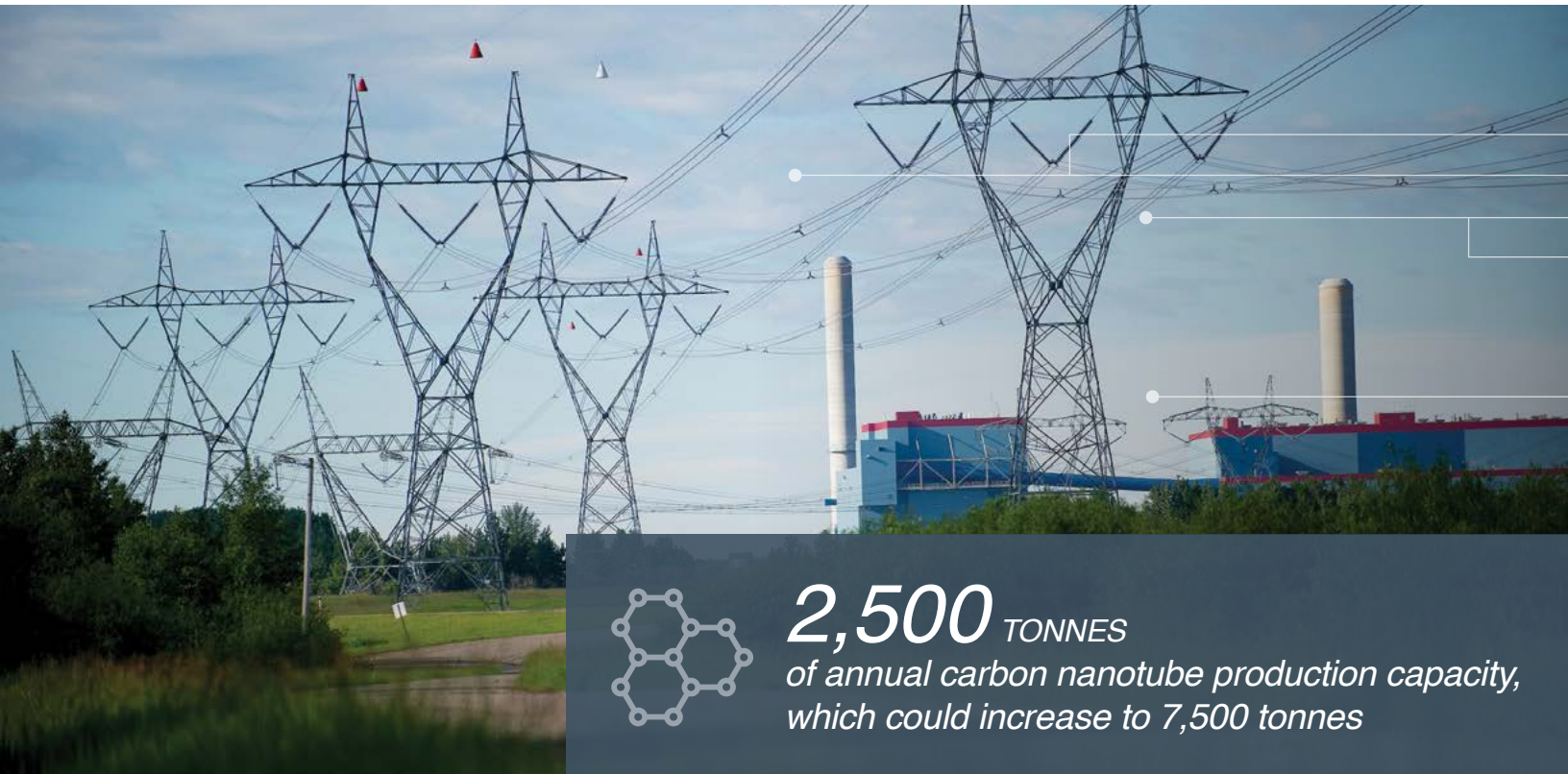
The message of the Intergovernmental Panel on Climate Change in 2018 was clear: the world needs to bring carbon emissions down to net zero by 2050.

*“We believe that alongside increasing renewables, the world will only be able to achieve its emission reduction goals by proliferating technology to remove carbon from natural gas generation, so the result is sustainable, reliable and affordable power.”*

KATE CHISHOLM, SENIOR VICE PRESIDENT,  
CHIEF LEGAL AND SUSTAINABILITY OFFICER



Growing clean tech investments with a **5%** equity interest in C2CNT expected to grow to 40% by year-end 2020



**2,500** TONNES  
of annual carbon nanotube production capacity,  
which could increase to 7,500 tonnes

At Capital Power, we've been charting a course to low-carbon energy production for many years. For us, it's not just about growing renewables. We're working on an *all-of-the-above* solution – one that transitions away from coal and focuses on natural gas and renewables, continually improves efficiency and emissions performance, and invests in carbon capture, utilization and storage (CCUS) technologies – because we believe that's what the world will need to meet its mid-century decarbonization target while ensuring affordable and reliable power for all.

While renewables are a growing part of the global generation mix, natural gas generation is a more reliable energy source and has critical performance attributes that wind and solar lack. It keeps the lights on when the wind isn't blowing and the sun isn't shining. By advancing technologies that enable zero or near-zero emissions from natural gas-fired generation, we aim to support resilient, affordable and sustainable electricity systems long into the future.

In 2019, we announced plans to increase our equity interest in C2CNT, a company that has developed an innovative technology that transforms carbon emissions into carbon nanotube products. Carbon nanotubes can be used as an additive to substantially increase the strength of concrete, steel, aluminum and other materials while reducing the amount of materials – and related carbon emissions – required, which is what makes C2CNT a potential game changer.

Construction materials company Lehigh Hanson is currently testing the use of carbon nanotubes in concrete. Assuming the testing and preliminary marketing are successful, we plan to build the Genesee Carbon Conversion Centre for commercial-scale production of carbon nanotubes. Operations would start up in 2021, generating approximately 2,500 tonnes of carbon nanotubes per year.

The key benefits: those 2,500 tonnes of carbon nanotubes would be produced from 10,000 tonnes of carbon dioxide captured from our flue gas, and the process would avoid carbon dioxide emissions in the production of cement as well. The additional value of developing the Genesee Carbon Conversion Centre results in 2 million tonnes of downstream benefits from producing 2,500 tonnes of carbon nanotubes. Given the importance of tackling emissions from these types of industrial processes, we see this as an innovation worth pursuing.

A carbon nanotube is an allotrope of carbon, popular due to its excellent electrical, mechanical and tensile strength properties. These properties help reduce weight and increase the strength in an array of applications including batteries, electronics, sensors, polymer composites and structural materials. Their tensile strength is 100 times greater than steel of the same diameter.

# Creating Shared Value

Energy underpins every aspect of modern life and is driving improved standards of living for millions of people around the world. In addition to delivering the reliable power that North Americans depend on, Capital Power creates jobs, stimulates economic growth and generates revenue for governments. We also help local communities thrive. Here are some of the ways we created value in 2019.





# Leadership

Our Board and the Executive Team are focused on executing the company's strategic plan to continue to build value for our investors, align with the interests of our stakeholders and maintain our leadership position in the development of responsible energy for a sustainable tomorrow.

## Board of Directors



**Donald Lowry**  
Board Chair



**Brian Vaasjo**  
President and Chief Executive Officer



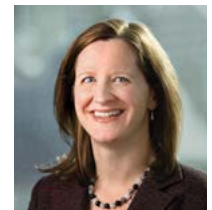
**Jill Gardiner**



**Katharine Stevenson**



**Doyle Beneby**



**Kelly Huntington**



**Keith Trent**



**Jane Peverett**



**Robert Phillips**

## Executive Team



**Brian Vaasjo**  
President and Chief Executive Officer



**Bryan DeNeve**  
Senior Vice President, Finance and Chief Financial Officer



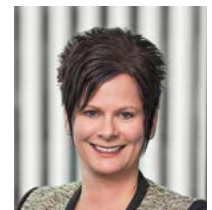
**Kate Chisholm**  
Q.C., Senior Vice President, Chief Legal and Sustainability Officer



**Darcy Trufyn**  
Senior Vice President, Operations, Engineering and Construction



**Mark Zimmerman**  
Senior Vice President, Corporate Development and Commercial Services



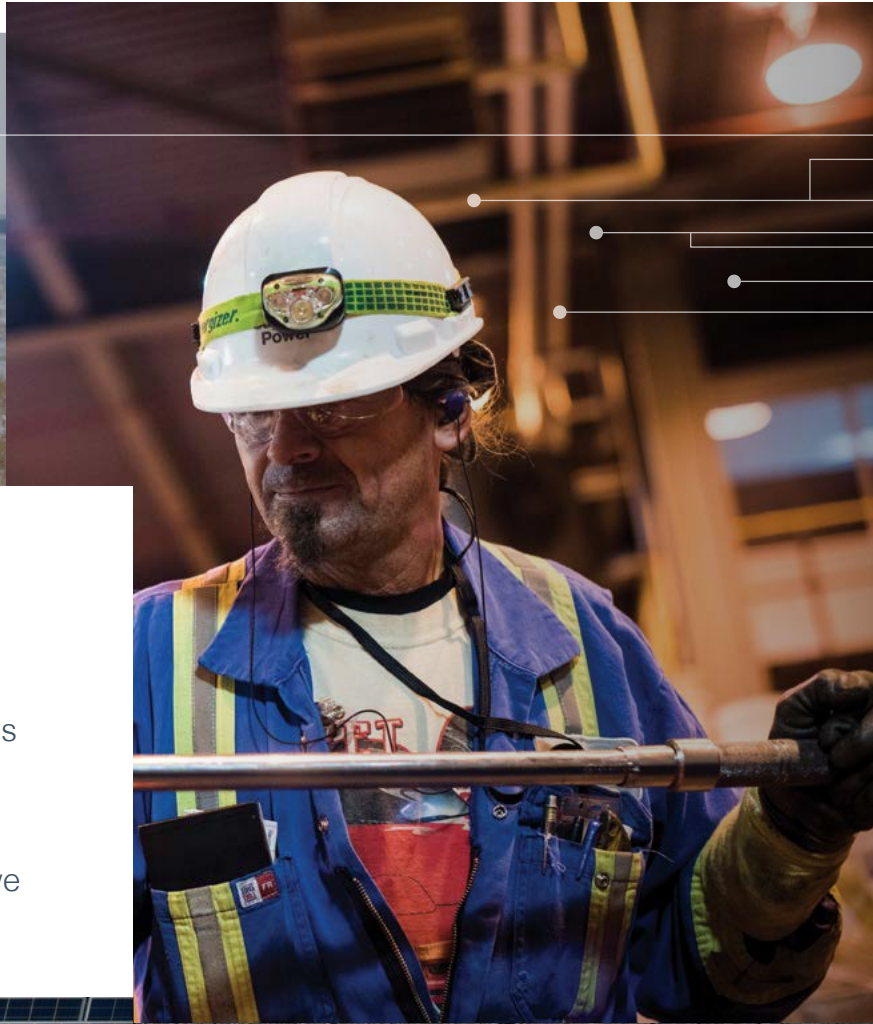
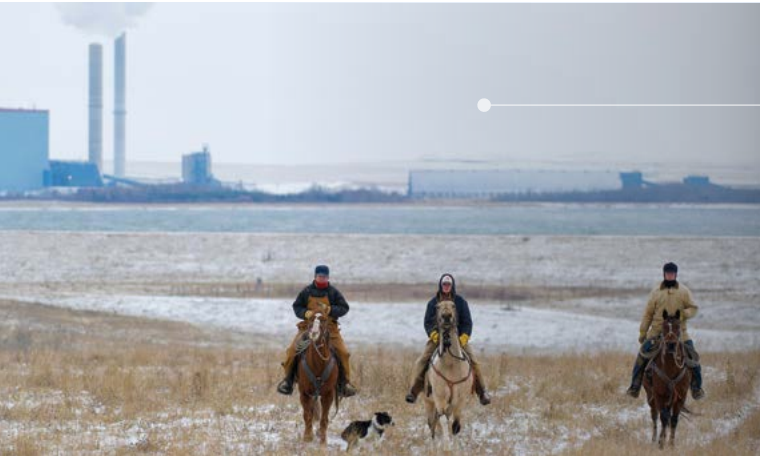
**Jacquie Pylypiuk**  
Vice President, Human Resources

# Leading with Values

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## *Our Sustainability Supplement*

Capital Power's ESG reporting practices are a key pillar of our sustainability strategy, reflecting our belief in the importance of transparency and the resiliency of our business strategy as we transition to a low-carbon economy.





## About This Supplement

This year, we have combined our financial and ESG reporting into a single Integrated Annual Report. We believe this format provides the most comprehensive view of our priorities and performance, and our strategy for long-term success.

In this part of our 2019 Integrated Annual Report, we provide a summary of our management approaches and highlights for select topics identified during our 2018 materiality assessment. This supplement, including our downloadable [Global Reporting Initiative \(GRI\) Content Index](#), has been prepared in accordance with the GRI Standards (Core option).

We report only on assets that we operate (unless otherwise noted) and provide year-over-year trending where possible. All dollar figures are in Canadian funds.

## KPMG Assurance

Capital Power engaged KPMG LLP to provide independent, external assurance on select performance information contained within this report. Assured indicators are identified with this symbol  throughout this report. KPMG's assurance statement can be found on page 44.

## Climate Change Disclosure Report

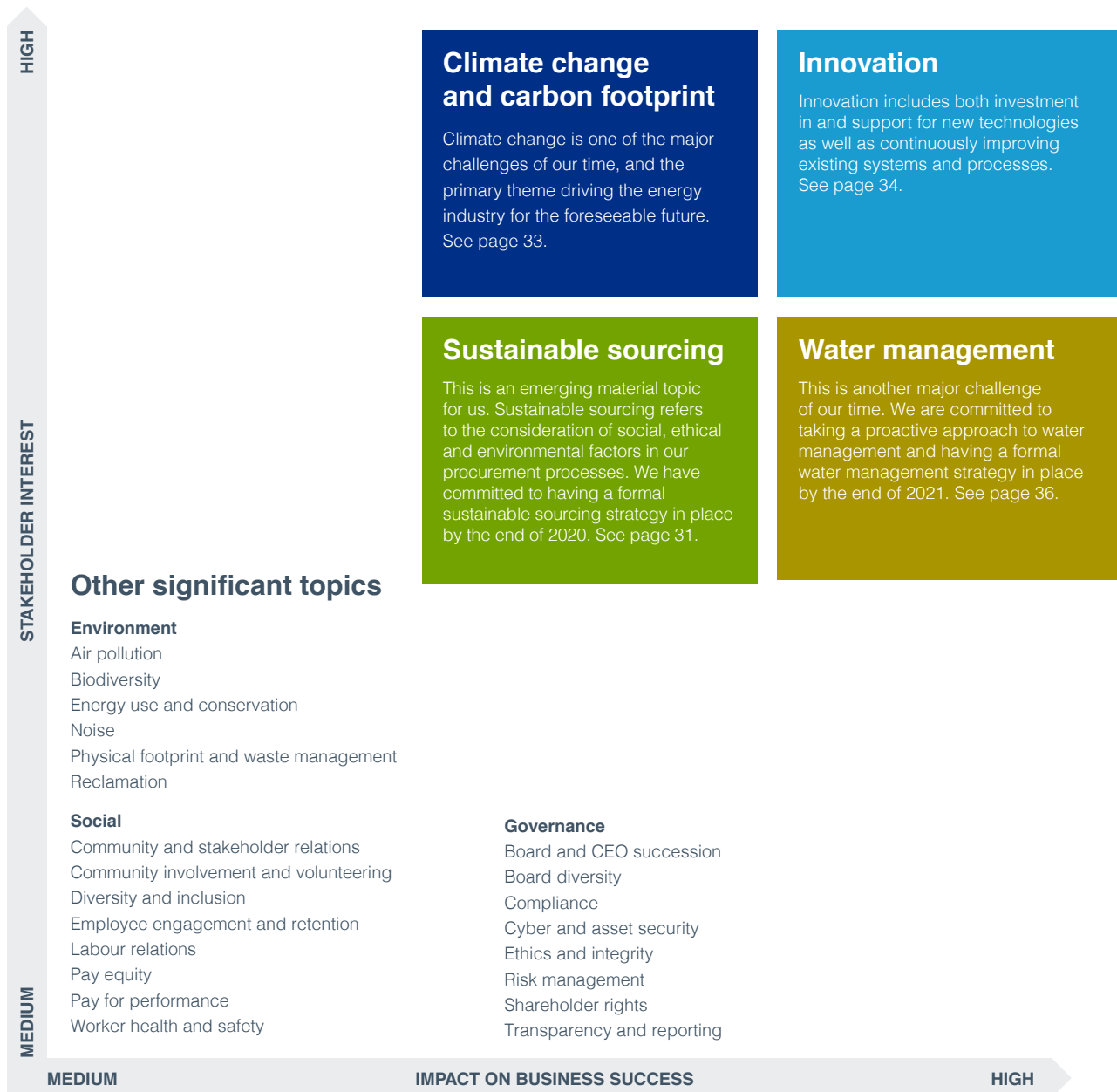
We have also published our second Climate Change Disclosure Report, "Powering a Resilient Future," which is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report provides additional details about Capital Power's climate change governance, strategy, risk management, metrics and targets.

 We welcome your feedback on our report and our sustainability practices at [info@capitalpower.com](mailto:info@capitalpower.com)

## Priority Topics

The content of our Sustainability Supplement was informed by the findings of our 2018 materiality assessment, which was based on the approach prescribed by the GRI. As part of the assessment, we engaged directly with 110 internal and external stakeholders to identify the sustainability topics that are most urgent and relevant for our business. From the exercise, four material sustainability topics and 22 other topics were prioritized. Details can be found in our GRI Content Index.

### Material topics



## Corporate Governance

We believe that effective corporate governance is a major contributor to long-term performance and investor confidence. Our governance practices promote accountability and transparency, and support good decision making in the interest of all of our stakeholders.

The effectiveness of Capital Power's corporate governance starts with our Board of Directors. The Board provides independent oversight of our business so we grow and sustain profits responsibly. It is actively engaged, supervises our business and affairs, and is specifically responsible for: management, strategy and corporate planning oversight; sustainability; enterprise risk management; CEO succession planning; and shareholder engagement.

Key policies include the following:

- [Corporate Governance Policy](#), which recognizes the company's governance practices
- [Diversity Policy](#), which recognizes the benefits of having a diverse board
- [Independent Compensation Consultant Policy](#), which sets out guidelines for the relationship between the Corporate Governance, Compensation and Nominating (CGCN) Committee, management and the independent consultant
- [Board Shareholder Engagement Policy](#), which provides an avenue for contact between the Board and shareholders regarding governance concerns

Our governance practices are regularly assessed and updated to ensure continued regulatory compliance and ongoing improvement in accountability, transparency and shareholder value.

## Risk Management

Risk management is everyone's responsibility, from the Board to individual employees. Our enterprise risk management (ERM) program is based on the Committee of Sponsoring Organizations' standard for risk management, COSO Enterprise Risk Management – Integrated Framework, and uses a systematic approach to identify, treat, report and monitor risk. ERM practices are embedded in two key corporate processes (strategic and long-term planning, and operational planning and budgeting) to help us identify risks that could prevent us from achieving our strategic and business objectives, and develop strategies to mitigate those risks.

The Board reviews and approves the company's risk tolerances, ERM Policy, risk management processes and accountabilities every year. The Vice President of Risk Management presents a general risk report to the Board at least twice a year, and a commodity risk report on a quarterly basis.



**BEST 50**  
CORPORATE CITIZENS

*Capital Power has been named to Corporate Knights' Best 50 Corporate Citizens in Canada for nine consecutive years. This honour recognizes our ongoing performance and commitment to sustainability and transparency in reporting.*



Learn more about our governance and risk management practices  
[Letter from the Board Chair \(page 4\)](#)  
[Management's Discussion and Analysis \(page 47\)](#)  
[2019 Management Proxy Circular](#)  
[Corporate website](#)

## Sustainability Governance



## Sustainability Targets

In 2019, we announced five sustainability targets related to climate change, which we will be reporting on publicly in the coming years.

### Targets

- Construct all new natural gas generation units to be carbon capture and/or hydrogen ready
- Reduce actual carbon emissions at Genesee by 50% by 2029 from 2005 levels
- Reduce actual carbon emissions by 10% and our emission intensity by 65% by 2030 from 2005 levels (based on 2019 fleet), despite increasing our generation by 145%<sup>1</sup>
- Invest in carbon capture, utilization and storage (CCUS) technology such as C2CNT to eventually decarbonize our natural gas fleet
- Complete the Genesee Carbon Conversion Centre by the fourth quarter of 2021

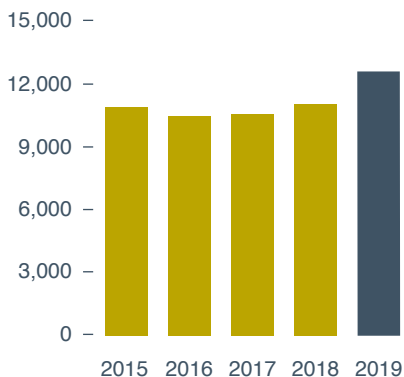
<sup>1</sup> Our sustainability targets were introduced in 2019 and the original baseline referenced in the GRI Index has not been updated to reflect these new targets. Appropriate adjustments will be made in 2020.

The addition of the new Goreway and Arlington facilities increased our generating capacity in our portfolio and, as a result, our absolute emissions increased as well.

Overall carbon emission intensity decreased due to initiatives such as the GPS program, upgrades at Decatur and increased wind generation. Our new facilities also have a better heat rate than our existing fleet's average intensity, which translates into improved emission intensity. The decrease in carbon intensity, while growing our business, demonstrates our ability to produce and innovate, thereby ensuring that we're producing the most efficient electricity while minimizing our impact.

## 2019 Carbon Emissions

Scope 1 emissions from generating assets  
Absolute: CO<sub>2</sub>e (tonnes) (in thousands)



In 2019, Scope 1 emissions were 12,650,545 tCO<sub>2</sub>e, under GHG Protocol which includes emissions from non-generating assets.



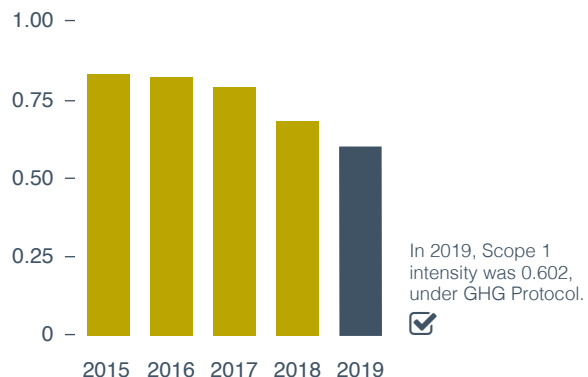
See “The Future Is Here” on page 12 of our Integrated Annual Report

**In May 2019, we committed to increasing our equity interest in C2CNT from 5% to 9% by March of 2020. We intend to exercise options to increase our interest to 40% by the end of 2020 and commence construction of the Genesee Carbon Conversion Centre (GC<sup>3</sup>), assuming the C2CNT testing for concrete use is successful.**



See page 12 of our Integrated Annual Report  
[The Future Is Here](#)

Intensity: CO<sub>2</sub>e/MWh (tonnes)





## Stakeholder Engagement

We have a wide variety of stakeholders – ranging from investors, employees, and local and Indigenous communities, to regulators, business partners and industry groups. Through regular and thoughtful engagement with them, we deepen our understanding of what's important and can collaborate with them to develop solutions. This approach enables us to address a broad range of situations and helps elevate our company's performance.

### *Here are a few of the ways in which we engaged with stakeholders in 2019.*

#### Investors

The Board Chair and Chair of the CGCN Committee periodically met with institutional investors as part of the Board outreach program. Key themes were ESG performance reporting, Board oversight of Capital Power's strategy and capital allocation, and succession planning and Board renewal. Additionally, investor roadshows are undertaken on a regular basis throughout the year.

Executives met with investment analysts and institutional investors at our annual Investor Day event in Toronto, where they discussed various topics related to our growth strategy, operations, market outlook, sustainability priorities and 2020 guidance. The guest speaker was Dr. Stuart Licht, founder of C2CNT, who presented C2CNT's technology of transforming carbon emissions into carbon nanotube products.

#### Employees

We conduct employee engagement surveys and act on the feedback our people provide. The latest results showed 10% improvement in engagement from 68% to 78%. In addition, the CEO regularly engages with our employees through site visits and townhalls throughout the year.

#### Community

Our development process requires that we meet with landowners long before construction commences. During development of the Whitla Wind 1 project, we held a landowner dinner meeting early in the year to discuss the construction process. We also delivered presentations to two local-area councils as well as the Foremost & District Chamber of Commerce. We kept landowners informed through newsletters and direct contact with project team members. Regular updates were also provided to local government officials and media throughout construction.

Similar engagement activities were undertaken with the Cardinal Point Wind project, including running a regular advertisement on traffic safety in local newspapers, as local roads were busy with equipment and wind turbine components. See page 40 for details on our community engagement.

#### Indigenous Communities

Capital Power is proud to fund a number of annual scholarships for young Indigenous people in support of their post-secondary studies. We also assist with annual celebrations and community gatherings by providing funding to support these events. We joined the Canadian Council for Aboriginal Business (CCAB) and look forward to participating more fully in CCAB events in 2020. We've also committed to sponsoring the *2020 Forward Summit* in Calgary, which will focus on important conversations about Indigenous economies and workforces.

#### Canadian Business for Social Responsibility

In 2019, we announced a partnership with Canadian Business for Social Responsibility (CBSR), a think tank and professional association for forward-thinking business leaders across multiple sectors and regions. While our partnership will evolve into a structured program of workshops and peer-to-peer learning, we were mainly involved with CBSR's Do Business Like A Canadian national event series and campaign in year one. The campaign is aimed at promoting a set of Canadian business values and business leadership in environmental stewardship, inclusivity and innovation.

See also pages 40 and 41 for examples of community and Indigenous engagement.



### Carbon Capture Coalition

We're now part of the [Carbon Capture Coalition](#), which includes more than 70 participants and observers representing energy, industry and technology companies, labour unions, and environmental, clean energy and agricultural organizations dedicated to fostering the economy-wide deployment of carbon capture.

### United Nations Climate Change Conference

Capital Power attended the COP 25 World Climate Summit in Madrid in 2019, where we participated in two [International Emissions Trading Association \(IETA\)](#) business-hub lounge events and sponsored the Canadian Climate Leadership Luncheon. Our presentation, which focused on carbon capture, utilization and storage (CCUS) technologies, carbon offsets, and our company's sustainability strategy, was well attended and received. One of the key outcomes of COP 25 is the new world benchmark of net-zero carbon emissions by 2050, which is in line with Capital Power's aspirations.

### Energy Futures Lab 2.0

Capital Power is a funding partner of Energy Futures Lab 2.0 (EFL). Our Chief Sustainability Officer represents the company on the Steering Committee, and we have representation on and participate at the Partner's Council and Fellowship levels. EFL brings together diverse stakeholder groups to find pragmatic solutions that enable energy system transformation while supporting the environment.

### Emissions Reduction Alberta SPARK Conference

We sponsored Emissions Reduction Alberta's (ERA) annual [SPARK](#) conference in Edmonton in 2019. ERA works with government, industry and innovators to accelerate development of innovative technologies that reduce greenhouse gas (GHG) emissions. SPARK gathers some of the world's best clean-technology innovators and investors to explore how we can reduce GHG, attract investment and build a more diverse, lower-carbon economy in Alberta.

Both our President and CEO and our Chief Sustainability Officer spoke at the conference, highlighting our efforts to tackle climate change. A key takeaway was recognition that investors no longer view action on climate change as a "nice-to-have" – rather, it's now a "must-have." A large portion of investors see climate change as the single biggest risk to return on investment, and view companies that actively manage climate risk as better investments.

*"We're happy to work with Capital Power and excited about their potential as they transition towards renewables and invest in carbon capture and utilization technologies. The company's bold steps forward should serve as inspiration to others, especially in Canada's energy sector, who are looking to make meaningful contributions towards solving the climate crises."*

LEOR ROTCHILD,  
EXECUTIVE DIRECTOR, CBSR



# *Managing Our Business Responsibly*

We view sustainability as a common-sense approach to business. By doing what's right, even when it's not the easy choice, we strengthen our business, our reputation and our ability to create and protect long-term value.

*Our ethical foundation shows up in everything we do, from our daily internal interactions to our external relationships with shareholders, government and surrounding communities.*

## Ethics and Integrity

Our commitment to ethical and responsible behaviour shapes and sustains our business practices. We demand high standards from ourselves and those who work with us to drive performance, manage risk and preserve trust with our customers, investors, communities and each other.

Our ethical foundation shows up in everything we do, from our daily internal interactions to our external relationships with shareholders, government and surrounding communities. We have outstanding people, and our training and development opportunities maximize their expertise, commitment, strength of character, ethics and integrity.

We are committed to:

- Working with honesty and integrity
- Treating each other and our neighbours with respect – we stand behind our word
- Investigating all ethical complaints, thoroughly and promptly
- Preventing retaliation of any kind against an employee who in good faith reports a violation or ethical concern

Beginning with onboarding and then every two years, all employees must certify that they have received, read, understood and will comply with our Ethics Policy. The Chief Compliance Officer also conducts biennial, in-person training on the company's Ethics Policy and Respectful Workplace Policy, and on workplace discrimination, harassment and sexual harassment.

The Board of Directors is responsible for overseeing compliance with the laws that apply to us. The Board receives regular reports on compliance, including reports of ethical breaches, management's follow-up activities and strategies to mitigate risk.

We continually assess the effectiveness of our Ethics Policy through our employee engagement survey and through employee feedback. Results are reviewed with each business unit and questions and concerns are addressed by the Chief Compliance Officer. Identified and emerging risks are addressed by compliance and ethics, with adjustments made to training or the compliance program as required.



### *2019 World's Most Ethical Company*

Capital Power was proud to be recognized by Ethisphere® as one of the World's Most Ethical Companies in 2019. This honour is presented to companies who show exemplary stewardship in the areas of ethics and compliance program, culture of ethics, corporate citizenship and responsibility, governance, leadership and reputation. We were one of only three companies in Canada to be recognized, the only energy company in Canada, and one of six energy and utility companies worldwide.

## Our People

People are at the heart of our business. Everything that gets done is because of the knowledge, skills, commitment and experience of our employees. This means we need to place a strategic focus on attracting the right people and ensuring they remain engaged, motivated and empowered throughout their time with us.

Our people priorities are focused on:

- Supporting employee growth by building critical skills and competencies that support the long-term business needs and strategy of the organization
- Developing future leaders through succession planning and progressive management opportunities
- Delivering a compelling employee experience through our culture, career development opportunities and lifestyle benefits
- Driving digital business transformation for the organization through evolving employee roles and skills building

We offer training programs for every stage of an employee's career and are increasingly focused on preparing our people for the future of work. Programs like iLead, our custom-built leadership development curriculum, provide the framework for our leadership competencies as well as drive our

vision and purpose, making change happen and instilling a culture of innovation.

Launched in 2015, our integrated wellness strategy addresses employees' physical, mental, financial and social well-being. Each year, we promote and develop programs designed to create awareness, encourage self-reliance and foster a culture of well-being. We focused on mental health in 2019 and initiated a shift toward financial well-being by offering a pilot retirement readiness program for employees within five years of retirement.



*Each employee spent an average of*  
**17 hours**  
*on formal training in 2019*



### Alberta Top Employer and Canada Top Employer for Young People in 2019

Capital Power was recognized by Canada's Top Employers competition as one of Alberta's Top Employers for the fourth year in a row for our commitment to fostering a supportive workplace. We also received the Canada's Top Employers for Young People award in 2019 for offering one of the best workplaces and programs for young people in Canada who are starting their careers. In early 2020, we were named a repeat winner of this award.

Reasons for winning included our Registered Apprenticeship Program (RAP) for high-school students and the Summer Work Experience Program (SWEP) for employees' family and friends. In addition to giving students opportunities to work in their field of study, SWEP includes opportunities for students to learn more about the organization, which includes networking and learning from our employees.

## Diversity and Inclusion

The diverse backgrounds and perspectives of our people enrich our culture and decision-making processes, foster creative thinking and ultimately improve our company's performance. That's why we strive to recruit diverse talent and ensure that all employees feel respected, valued and empowered to do their best work.

Our Human Resources team is responsible for developing and maintaining our employee recruitment, retention, succession, career development, wellness and benefits programs. Within this broad framework, they have developed and continue to evolve a broad range of policies and programs that address and promote numerous dimensions of diversity and inclusion. This includes key performance indicators such as representation targets for women in leadership positions. Recognizing that ours is a male-dominated industry, we've set a goal of having women represent at least 30% of our Executive Team.

To complement these efforts, we also have an executive-sponsored and employee-led Diversity and Inclusion (D&I) Committee with a mandate to plan and implement

a company-wide strategy for embedding D&I into our culture and practices.

In 2019, we rolled out unconscious bias and inclusivity training for company leaders, 81% of whom completed the workshop by year-end. Participants explored concepts critical to reducing unconscious bias and diagnosing barriers to building an inclusive culture, such as stereotypes, bias, the mutual benefit of equality, workplace culture and the experience of insider/outsider status. Feedback was very positive, with participants rating the perceived value and their motivation to apply the learning as either good or excellent. Similar training will be rolled out for all our employees in 2020.

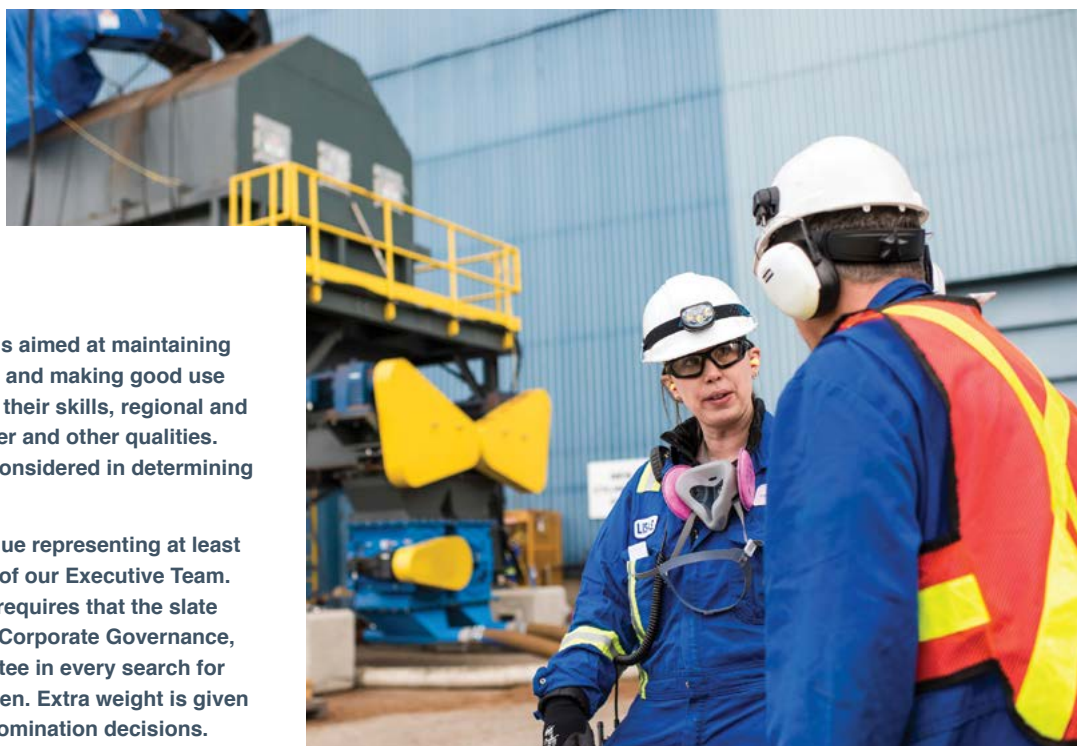
In 2020, a diversity metric will be included in the short-term incentive plan objectives of our CEO and executives to help us increase the diversity of our workforce. It will require that there be at least two diverse candidates presented for interviews for corporate positions and a minimum of one diverse candidate for plant positions.<sup>1</sup>

<sup>1</sup> In this context, we define "diverse" as a candidate from a designated group (e.g., women, visible minorities and Indigenous) that is underrepresented at Capital Power compared to the broader community.

## Board Diversity

Capital Power's Board Diversity Policy is aimed at maintaining our competitive advantage by including and making good use of directors who are diverse in terms of their skills, regional and industry experience, background, gender and other qualities. Such differences among directors are considered in determining the Board's optimum composition.

One of our goals is for women to continue representing at least 30% of our Board of Directors and 30% of our Executive Team. To that end, our Board Diversity Policy requires that the slate of candidates presented to the Board's Corporate Governance, Compensation and Nominating Committee in every search for new directors include at least 50% women. Extra weight is given to qualified female candidates in final nomination decisions.



## Health and Safety

Providing a safe and healthy workplace is the most fundamental obligation we have to employees and contractors working at our sites. Our mission – *Zero Means Everything* – targets zero accidents and injuries, and guides all that we do to work safely each and every day.

Our [Health, Safety and Environment Policy](#) defines the framework under which the organization’s health, safety and environment (HSE) program is developed and maintained. The HSE Committee of the Board oversees HSE matters including reviewing our strategies, goals and policies; conducting due diligence; monitoring performance; and reviewing and recommending operational key performance metrics.

The Board approves HSE objectives annually and measures performance through our HSE Performance Index. The index includes a mix of leading and lagging indicators, where leading indicators represent actions taken to prevent significant injury and ensure compliance with regulatory requirements, and lagging indicators such as total recordable injury frequency (TRIF) measure end results.

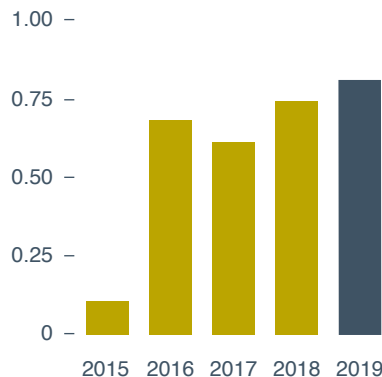
We manage risks through a company-wide occupational health and safety management system, which is formed in part by ISO 45001:2018. The system covers topics such as leadership and commitment, hazard identification and assessment of risks, audits and assessments, performance measurement and monitoring, operational controls, including our 10 LIFE Critical Rules, and safe work practices and procedures.

Contractors whose work and/or workplace activities are not under the direction of Capital Power are covered through our Contractor Management Standard, which includes robust pre-qualification and selection criteria for qualified contractors. We use ISNetworld to assist with assessing contractor health and safety management systems, worker qualifications, injury statistics, insurance requirements and compliance with jurisdictional regulations.

### Select 2019 Highlights

- Achieved an HSE Performance Index of 1.09, representing the sixth consecutive year of reaching or bettering our 1.0 target.
- Fleetwide implementation of the Maximo Incident Management module integrates hazard identification, and near-miss and incident reporting and management, into plant managing processes. The implementation includes a robust reporting framework to assist in enhanced incident reporting and analytics capabilities.
- An update was made to the corporate, operations/ construction and site-specific orientations with an additional requirement for senior site leadership participation in site-specific orientations for their contractors. All employees and contractors will be completing the updated orientations applicable to their position in 2019/2020.
- A workplace inspections program is in place which includes office, facility and construction inspections. The program also includes Executive Team inspections, focused contractor inspections and contractor inspections during outages. In support of this program, a full-day workshop was held in 2019 in which Capital Power’s Executive Team completed the corporate, operations/construction and Genesee site-specific orientation, received a presentation on how to conduct an inspection, and then completed an inspection at the Genesee site.

### Total Recordable Injury Frequency (TRIF)<sup>1</sup>



Our TRIF rose slightly in 2019 (0.81) as compared to 2018. ✓

<sup>1</sup> TRIF is the total number of recordable injuries per 200,000 exposure hours worked during the period. The numbers shown here include corporate and operations but exclude construction projects. TRIF includes both contractors and employees.

## Cyber and Asset Security

As society's reliance on energy and information technology grows, so too do the number and sophistication of threats to cyber and asset security. Managing these risks has become more important than ever across the power industry.

### Cyber Security

Cyber resilience is especially important for companies like Capital Power that provide critical infrastructure. A cyber breach could have a significant impact not only on our organization, but also on the environment and the economy at large.

Our Cyber Security Leadership Council (CSLC) oversees the Cyber Security Program, approving actions recommended by our information services security team and maintaining a cyber-security roadmap to ensure we're well-positioned to respond to threats in the ever-changing cyber landscape. CSLC representatives provide regular and ad hoc updates to the Board.

Key components of our program include:

- Network protections including rogue detection and multiple network-level safeguards
- Regular reviews of network and system audit logs
- Stringent change management controls with security reviews
- Project deployment controls that include cyber-security review
- Documented and tested processes for disaster recovery and cyber-incident response
- Employee awareness training
- Enterprise-level malware and anti-virus system deployment and maintenance
- Regular internal and external system audits
- Continual scanning of the environment for vulnerabilities

We conduct regular cyber-penetration testing as well as social engineering cyber testing, utilizing common threats such as phishing emails, to protect our core infrastructure and ensure our staff are prepared for and aware of the risks. For 2020, we've strengthened mandatory cyber-security awareness training, which includes several modules covering the key risks identified for our industry.

### Asset Protection

Capital Power's Security Management Program is based on industry guidelines and best practices, and governed in part by regulatory requirements such as the North American Electric Reliability Corporation (NERC) critical infrastructure protection standards. Key guidelines include:

- NERC Physical Security Guidelines for the Electricity Sector
- Electricity Information Sharing and Analysis Center (E-ISAC) Guideline for Security Management in the North American Electricity Subsector
- Security Management for Petroleum and Natural Gas Industry Systems (CSA Z-246.1)

Operational asset security is managed on a site-by-site basis and driven by onsite security assessments conducted by certified security professionals. In 2019, we began to explore innovative enterprise access control systems that would enable us to manage access to our physical assets centrally, thereby creating efficiencies and minimizing safety risks.

## GridEx

**In 2019, Capital Power participated in a grid security exercise (GridEx) organized every two years by NERC and E-ISAC. GridEx is an opportunity for industry and government to demonstrate how they would respond to and recover from simulated coordinated cyber and physical security threats and incidents. More than 7,000 individuals from 527 organizations participated. The exercise helped us identify opportunities for improvement in our own processes.**



## Sustainable Sourcing

Recognizing that unsustainable practices by our suppliers can pose risks to our business, Capital Power has committed to developing a formal sustainable sourcing strategy by the end of 2020.

We're a major buyer in the areas where we operate. Sourcing locally in these areas can positively affect the surrounding communities, including Indigenous communities, by directly and indirectly supporting job creation and economic diversification. Capital Power also benefits directly from local sourcing in that it reduces our operational downtime (i.e., requires less lead-time for emergency call-outs), the distance supplies must travel, and the cost and environmental impact of transportation and delivery to our sites.

We generally require compliance with internal and/or external standards intended to ensure that all work conducted by suppliers on our sites does not endanger

our business, our people or our reputation. Our compliance expectations are established at the time of order by agreeing to standardized terms and Capital Power policies. Thereafter, expectations are managed by our staff through to the completion of the work.

Standardized terms agreed to with suppliers typically provide us with the opportunity to audit supplier compliance with terms of each agreement, which we apply by conducting a small number of audits each year. While our audits are not exclusively focused on sustainability, we're evaluating ways to incorporate more of a sustainability focus in the future. On major capital projects, we require project teams to complete "lessons learned" processes throughout the project and at completion. The results support continuous improvement of our approach to supplier sourcing and the corresponding impact on sustainability.

*More than \$70 million was awarded in construction contracts to local companies during the development of the Whitla Wind 1 project – creating jobs for more than 250 workers during peak construction.*



**60%**  
of Capital Power's 2019 spending was on goods and services provided by local suppliers

# *Embracing a Low-Carbon Future*

We recognize climate change as one of the major challenges of our time – and the primary theme driving the energy industry for the foreseeable future. Our strategy embraces the transition to a low-carbon economy and sets a goal of being a leader in the production of reliable, cleaner power.

*Capital Power participates in the CDP (formerly Carbon Disclosure Project) and in 2019 earned a score of A- for climate change and B- for water security.*

## Climate Change

While the world needs more energy, it's also grappling with the increasing threat of climate change and the need to reduce emissions from power production. The focus on lowering carbon emissions has been prominent in our thinking for over a decade and has positioned us to be an industry leader in addressing both the risks and the opportunities that climate change and the energy transition present.

Our strategy is designed to be agile and resilient to change, evolving with the power market and ensuring that our generation portfolio is an optimal mix of low-cost, reliable and low-carbon fuels and technologies. Key aspects include:

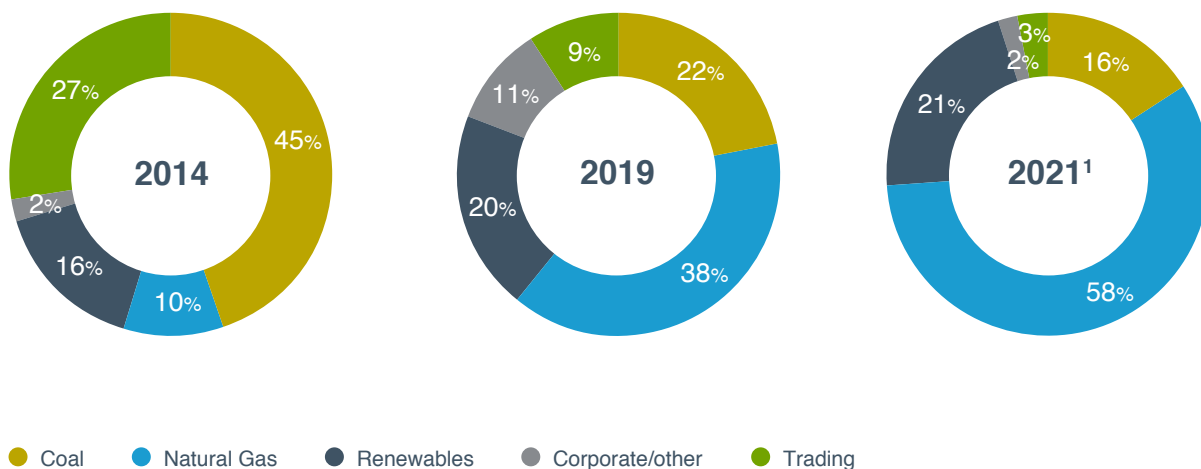
- Integrating climate considerations into key business decision making and managing related risks through our corporate enterprise risk management system
- Taking an active and constructive role on new climate change policy solutions with governments, industry associations, environmental organizations and communities

- Improving emissions intensities and pursuing continuous efficiency improvements at all our facilities, including co-firing coal units with natural gas until they are entirely transitioned to natural gas
- Expanding our natural gas and renewable generating portfolio across Canada and in the U.S.
- Advancing demonstration and deployment of CCUS technology on our natural gas units
- Tracking and reporting our efforts to reduce our energy use and carbon emissions

Details on Capital Power's climate change-related governance, strategy and risk management practices are outlined in our Task Force on Climate-related Financial Disclosures (TCFD) [Climate Change Report](#). This year, we have incorporated additional details about the risks and opportunities to our business from climate change and the results of the analysis show how our strategy is resilient across all three scenarios assessed.

## Revenue by Fuel Type Based on Fuel Mix

We are transitioning away from coal and focusing on natural gas and renewable generation. Genesee's 100% dual-fuel capability facilitates that shift away from coal.



<sup>1</sup> Revenues and other income reflect the facility-level revenues grouped by fuel type, with all trading revenues included in a separate category. Revenues from facilities with multiple fuels have been separated based on their fuel mix. 2021E assumes 50% of Genesee revenues are derived from firing natural gas.

## Innovation

Innovation is the key to meeting the world’s 2050 net-zero emissions goal and creating a responsible, sustainable energy future. That includes improvements to existing systems and processes, as well as transformational advances that mark a step-change in addressing environmental objectives across multiple sectors.

Capital Power is active on both fronts. In 2019 alone, we invested \$14.2 million in technology development and implementation to support our vision of powering a sustainable future.

At Genesee, we’re implementing an industry-leading carbon reduction program that targets a 12% reduction in emissions from 2016 to 2021. We’re also converting to dual-fuel capability, with flexibility to burn 100% natural gas or coal, or a mix of the two, until we completely

phase out coal at Genesee in 2029. By 2030, we expect to achieve a 50% reduction in carbon emissions from 2005 levels.

Through our investment in C2CNT, Capital Power is leading the demonstration and deployment of carbon conversion technology – that is, technology that converts captured carbon into valuable products that can be sold to earn revenue that offsets the cost of capture. Commercial application of carbon conversion technologies would enable zero or near-zero emissions from natural gas generation. Carbon conversion, in conjunction with natural gas generating units, renewables and storage, would deliver affordable, reliable and clean power systems, and reduce emissions from the many industrial processes that will continue to rely on natural gas.

## Roadmap to Decarbonizing Natural Gas Generation

**1. Educate and advocate for carbon capture and conversion technology**

**2. Use partnerships to market, test and scale new carbon capture, utilization and storage (CCUS) technologies**

**3. Construct Genesee Carbon Conversion Centre to produce up to 2,500 tonnes of carbon nanotubes, resulting in two million tonnes of downstream benefits**

**4. Develop carbon conversion partnerships within other emitting industries such as concrete, aluminum and steel**

**5. Expand the Genesee Carbon Conversion Centre to produce up to 7,500 tonnes of carbon nanotubes, once market for carbon conversion products is established**

**6. Incorporate direct air capture of carbon dioxide, once market for carbon conversion products is sufficiently robust**



Learn more:

[Genesee transformation \(page 8\)](#)

[C2CNT investment \(page 12\)](#)

[Genesee Carbon Conversion Centre \(page 12\)](#)

# *Caring for Our Planet*

We believe in our industry's ability to promote environmental stewardship and our duty to ensure that today's efforts to power the planet do not come at a future cost.



*Capital Power has reclaimed 1,148 hectares at the Genesee Mine (36% of the total surface area), which now includes farmland, reforested and wetland areas.*

## Water Use and Management

Water is a necessary component to the operation of our facilities and an essential part of daily life for our communities. It's therefore becoming more important than ever to manage the resource carefully for our communities and operations, and for the future generations that will rely on it.

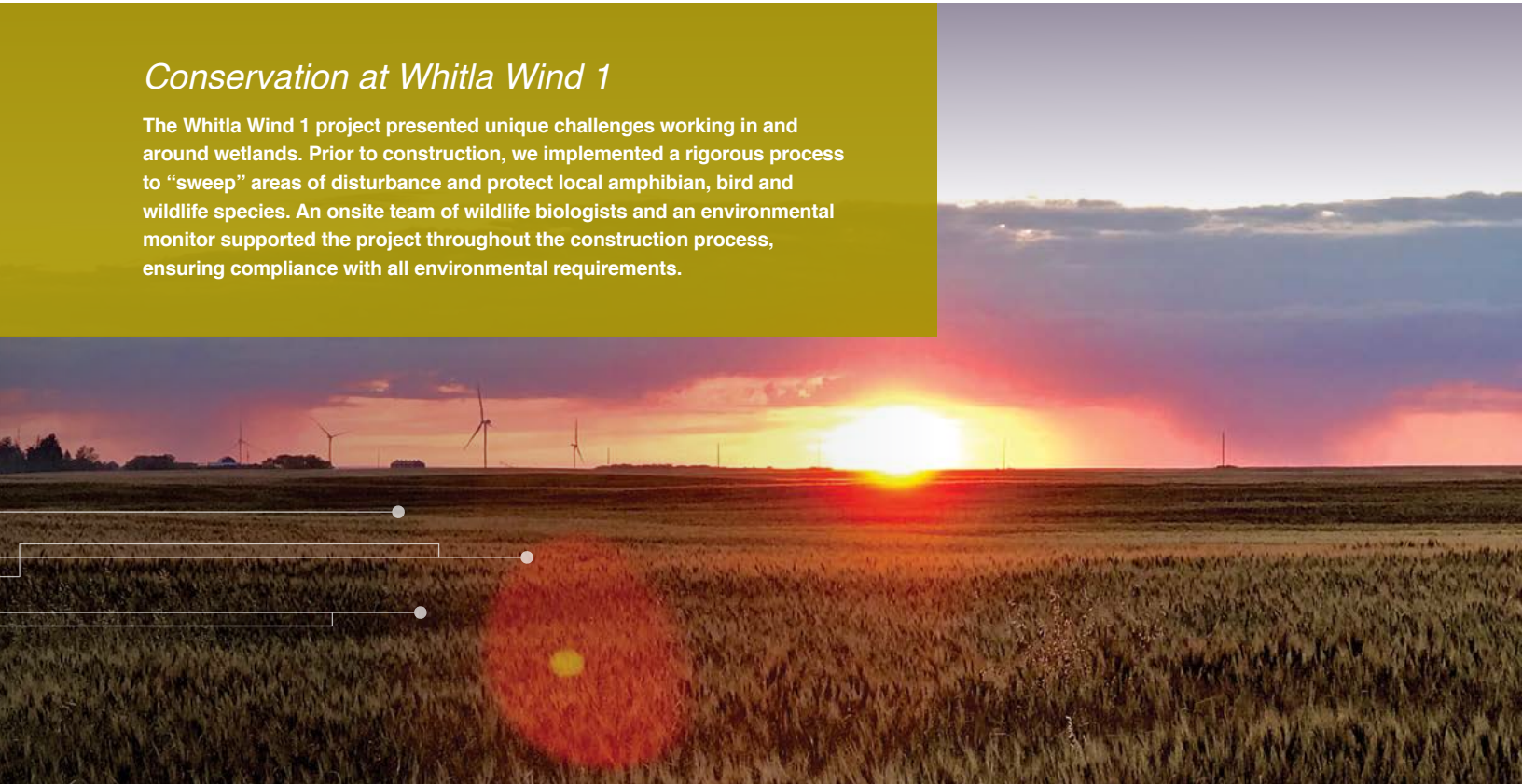
We use water at our thermal generation facilities for two major purposes: cooling and steam production. In general, our steam systems are close-looped to conserve water. Cooling water systems are similar but may withdraw from and discharge to a local water source. Standards for the quality and quantity of such discharges are determined by applicable regional regulatory agencies. Our approvals typically include regulatory requirements which involve studies, limits, monitoring and reporting. We comply with all conditions in our operating water approvals, and participate in watershed alliances and regional biomonitoring programs for some of our facilities.

Sources of water for our operations include municipal, recycled, groundwater and river. Most of our water consumption occurs in Alberta where the majority of our thermal operations are located.

Water management is becoming an increasingly important focus area for us and we will be looking to better understand and manage our impact going forward. The intent is to have a formal water management strategy in place by the end of 2021.

## *Conservation at Whitla Wind 1*

The Whitla Wind 1 project presented unique challenges working in and around wetlands. Prior to construction, we implemented a rigorous process to “sweep” areas of disturbance and protect local amphibian, bird and wildlife species. An onsite team of wildlife biologists and an environmental monitor supported the project throughout the construction process, ensuring compliance with all environmental requirements.



## Biodiversity and Land Reclamation

Our projects and operations affect local natural habitats and the communities that depend on them. We recognize our responsibility to minimize our impact and, where possible, we collaborate with local community groups, academia and environmental experts to protect and restore habitats that matter to us all.

The Genesee Generating Station and Mine is the largest and most diverse land base we manage as part of our operations, and this is where most of our land reclamation, reforestation and biodiversity activities take place. For example, we are involved in a biomonitoring program that measures and assesses potential changes in environmental concentrations of chemicals of potential concern associated with aerial and water emissions from Genesee. Ongoing testing results have shown no appreciable increases.

While rainy weather hampered reclamation efforts in 2019, we still planted 30,000 trees in restoration areas. In total, we have reclaimed 1,148 hectares at the Genesee Mine (36% of the total surface area), which now includes farmland, reforested and wetland areas. This previously mined area is now fully productive farmland and wildlife habitat.

Key partners in our efforts include:

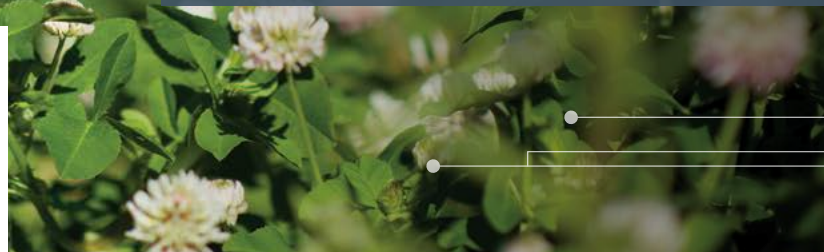
- Northern Alberta Institute of Technology (NAIT) Centre for Boreal Research
- Alberta Conservation Association
- Alberta Hunter Education Instructors Association (AHEIA)
- Leduc County
- Olds College
- University of Alberta

We have provided land to NAIT to conduct a five-year study on ways to reduce agricultural weed competition with trees when reclaiming mine land to forested area. A variety of strategies are being tested, including planting desirable companion plants with trees, and the use of different mulches and herbicides. As part of this research, 35,000 trees were planted in the Genesee Mine, including spruce, aspen and balsam poplar, as well as native plants such as goldenrod and fireweed.



*The long-term regional biomonitoring program encompassing the Genesee facilities is one of the largest programs of its kind in Canada. Since 2004, its air, water and wildlife studies have found no significant changes in land, natural water bodies or ambient air quality.*

**Capital Power serves on the Board of the West Central Airshed Society. This society monitors and promotes effective management of air quality within the Airshed zone, which is approximately 62,000 square kilometres, covering the area from just west of Edmonton to the British Columbia border.**

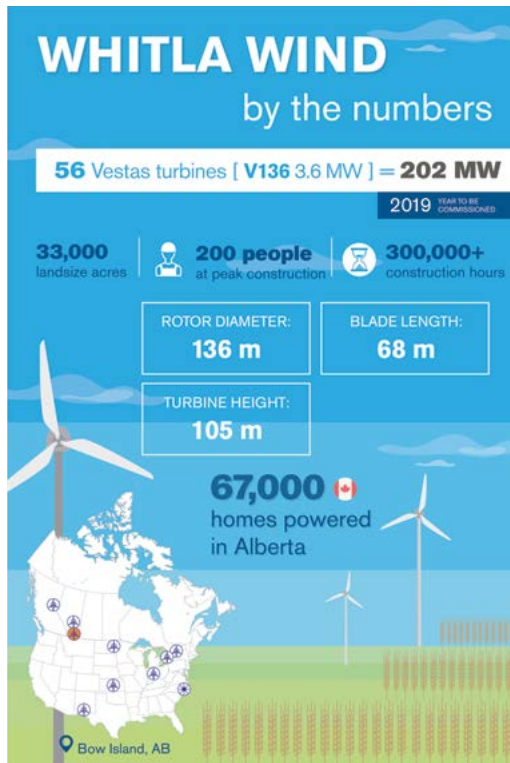


## Advancing Our Wind Facility Expertise

There's a lot of excitement in our company as we grow our wind generation capabilities. From one wind facility in 2001, we had eight at year-end 2019, with 966 MW of generation capacity strategically located across Canada and the U.S.

With this growth and the passing years, we've also honed our technical capabilities and are now looking at how to optimize the performance of our facilities to produce even more emissions-free renewable energy. We're investigating software upgrades to enhance turbine performance, aerodynamic improvements, blade repair aids and innovations to improve wind capture. To leverage these opportunities, we're drawing on expertise from across the company, including operations, engineering, and commercial and business development.

In 2019, we invested in an operational management system that captures data from every turbine in our fleet, and enables alerts, control, monitoring and analysis from a single user-friendly interface. Instead of having site operators physically check each turbine, the software lets us know in real time if a turbine is underperforming, so we can get on the issue faster and improve availability across our fleet.



*“What’s just as important to us is that with this investment, we’re now in a position to do more in-depth analytics of the billions of data points we collect to improve efficiency even further,” said Michal Stasiak, Senior Manager, Energy Management Operations Centre, Capital Power. “Even a quarter or a half percent increase in reliability across our wind fleet makes a major difference.”*

Lunch 'n' Learns and posters help educate our employees about advancements in our renewables portfolio and engage them in this growing venture.





# *Becoming a Neighbour of Choice*

Capital Power strives to be a *Neighbour of Choice* in the communities in which we operate, and earn our place as a respected community member. The long-term nature of our operations gives us the opportunity to build strong relationships and grow with our neighbours.

*Our actions are guided by our values, internal standards and operating culture, which have been tested and enhanced since the company's formation in 2009.*

## Community Engagement

By engaging with the stakeholders who live near, or have an interest in, our operations, we foster understanding and trust, and lay the foundation for mutually beneficial relationships.

Our approach is founded on respect, transparency and a goal of developing enduring relationships that recognize the unique circumstances of individual communities and stakeholder groups. Our actions are guided by our values, internal standards and operating culture, which have been tested and enhanced since the company's formation in 2009.

Community engagement practices cover a range of activities from direct meetings and dialogue with stakeholders, to desktop community assessments when we are considering development in a new area, to formal

consultation efforts as required for regulatory approvals, to annually planning ongoing community investment and onsite activities at our established facilities. We offer stakeholders multiple options for contacting us, including direct contact with our staff, as well as toll-free phone lines and e-mail channels, which are provided on our website.

Our practices are outlined in the company's Stakeholder Engagement Standards and Practices Guide, and evaluated and updated from time to time, generally after completing significant engagement processes. Our standard is to debrief and conduct a "lessons learned" exercise to capture aspects that can improve practices, ensuring that they reflect current realities and evolve with stakeholder interests. We also benchmark our work against industry best practices.

## Engagement in Action

- **Prior to the start of Whitla Wind 1 construction, we held a landowner dinner meeting to discuss the process. We also delivered presentations to two local municipal councils as well as the Foremost & District Chamber of Commerce. We kept landowners informed through newsletters and direct contact with project team members. Regular updates were also provided to local government officials and media throughout construction.**
- **With construction underway at the Cardinal Point Wind project in Illinois, our project team met twice with landowners at dinner meetings, and provided multiple updates by mail and e-mail. The company has supported a number of community groups and initiatives in the region.**



## Indigenous Engagement

We aim to be one of North America's most respected, reliable and competitive power generators through meaningful engagement with Indigenous communities. We consider it a priority to pursue our business interests in a manner that respects constitutionally protected Aboriginal and treaty rights and the distinct cultures, perspectives and interests of specific Indigenous communities.

Our approach is outlined in our Indigenous Engagement Handbook and guided by clear principles, which emphasize:

- Mutual respect
- Open, honest and transparent communication and sharing of information in a timely manner
- Building respectful long-term relationships
- Facilitating and supporting Indigenous involvement in projects
- Engaging in dialogue and working cooperatively
- Respecting distinct identities, interests and priorities while exploring common interests and opportunities to work together for mutual gain
- Engagement and consultation processes that are meaningful and results-oriented
- Sharing information about projects and facilities, with the aim of seeking meaningful input
- Sharing of ideas and commitment to joint problem solving
- Protecting the intellectual property of Indigenous communities
- Addressing the substance of the Indigenous community's concerns, and wherever possible, integrating such concerns into a proposed plan of action

## Progressive Relations

- Capital Power has five Community Benefits Agreements in place for facilities that we operate in British Columbia and Ontario. All of these agreements include a financial component related to our operations. Certain agreements provide for scholarships and community support, as well as a commitment to share information on business and contracting opportunities.
- We joined the Canadian Council for Aboriginal Business (CCAB) in 2019, and look forward to participating more fully in CCAB events in 2020. We have also committed to sponsoring the 2020 Forward Summit in Calgary. Focused on a goal of economic growth in Indigenous communities and people, the event will bring Indigenous and non-Indigenous business and thought leaders together to build relationships, learn and share experiences.
- We support scholarships for members of the McLeod Lake Indian Band, Sauteau First Nation and West Moberly First Nation. In developing provisions for these scholarships, we worked with the communities to ensure they had full discretion to award funding based on need and interests of their members. Funding for these scholarships will be offered throughout the 25-year operational life of the Quality Wind facility. We are also proud to support the Grand River Post-Secondary Education Office with an annual scholarship program for Haudenosaunee Youth.
- In 2019, we continued our engagement with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) in connection with our proposed Nolin Hills Wind Energy project in Oregon. Of critical importance to the CTUIR is the protection of cultural resources that were identified in a detailed survey of the project area undertaken by Capital Power. We are committed to working with the CTUIR throughout the planning process and during construction to protect these sites.
- In the course of business development, we regularly engage other Indigenous communities in discussions about new business opportunities, seeking to understand how those communities and Capital Power can work together in a way that is culturally sensitive and enhances the community's economic capacity.

## Community Investment

When our communities thrive, our business is more likely to thrive. Through our long-standing community investment program, we contribute to local programs and initiatives that promote and strengthen the quality of life of our community neighbours.

Capital Power's support is focused in three main areas:

- Enrichment of community character and vibrancy, including, for example, park amenities, food banks, and crime watch and law enforcement outreach programs
- Enrichment of community ecology, which includes activities such as tree planting, and community garden and park restorations
- Community heritage and fellowship, which often presents itself as festivals, art, museums, languages, summer reading programs, songs, stories, customs, practices or other cultural items that are maintained for the benefit of future generations

In addition to making donations, we support our employees' desire to help their communities and recognize the value of family volunteering. The EmPowering Communities Program provides those who volunteer at least 35 hours in a year with \$500 to direct to a qualifying organization of their choice. GENerosity is a matching donation program in which Capital Power matches employee charitable donations up to \$500 annually, anytime throughout the year.

Capital Power is a member of Boston College Center for Corporate Citizenship, a leading North American centre for corporate citizenship research and training. All of our community investment team members participate in Boston College training and have varying levels of certification.

Community organizations looking for funding are invited to apply through our [online application system](#). We use the Imagine Canada framework as a guideline in determining our annual budget, and participate in peer benchmarking as part of the Boston College Center for Corporate Citizenship.

We believe in investing and being engaged in our community. We set a strong tone at the top where our leaders are actively engaged and involved with the Art Gallery of Alberta, University of Alberta, Chamber of Commerce, United Way, Alberta Cancer Association, the Citadel, Alberta Securities Commission and Alberta Health Services as a few examples.



## Select 2019 Highlights

With our headquarters in Edmonton, we contribute to the quality of life the region enjoys by supporting organizations such as the United Way, STARS Air Ambulance, the Stollery Children’s Hospital Foundation, Wellspring Edmonton, the Art Gallery of Alberta, Edmonton’s Food Bank and the Citadel Theatre. We also contribute to the vibrancy of communities where our facilities are located.



Capital Power has supported the Huron Multicultural Festival near our Kingsbridge Wind facility in Ontario since 2015. This is a free community event that celebrates diversity and builds understanding of the positive contribution that diversity makes to the community. It has grown into a tourism generator with over 40% of attendees from outside of the county.



Our support of elementary school visits to Campbell River’s Discovery Passage Aquarium Society in B.C. enables students in grades four to six to participate in fun and unique hands-on educational experiences.



Libraries are an essential resource in every community. During the summer months, many libraries run community-wide, free summer reading programs to encourage reading and use of the library. Capital Power supported several libraries in the communities where we operate including Bow Island and Foremost, near our Whitla Wind facility.



Our York Energy Centre in Newmarket, Ontario, supports Inn from the Cold, an organization that offers 24/7 support for up to 36 people every day from November to April by providing overnight accommodations, meals, personal care items and professional help in areas of health care, mental health, addictions, housing and employment.



Recognizing the increased need for support during the holiday season, Capital Power partners with many different agencies to help. This includes Westside Recreational Program, near our Arlington facility, which hosts an annual Christmas party for low-income children. In Roxboro, North Carolina, and Warren County, Illinois, near our Cardinal Point Wind project, we supported local Shop with a Cop programs, in which children get to shop with uniformed officers for Christmas gifts and then return to the police station for pizza.



At Warburg, the site of our Genesee Generating Station, our sponsorship of the end-of-summer community barbecue and chili cook-off enabled residents to attend for free.



In communities near our Bloom Wind, New Frontier Wind and Macho Springs Wind facilities, we supported safe and sober after-grad parties for local high-school students.

*Capital Power contributed more than **\$1.3 million** to community organizations in 2019, including over \$84,000 directed by our employees to 143 community service organizations through our EmPowering Communities program.*






## INDEPENDENT LIMITED ASSURANCE REPORT TO CAPITAL POWER CORPORATION

We have been engaged by the management of Capital Power Corporation (the “Entity”) to undertake a limited assurance engagement, in respect of the year ended December 31, 2019, on certain quantitative performance information disclosed in the Entity’s 2019 Integrated Annual Report (the “Report”) as described below.

### Subject matter information

The scope of our limited assurance engagement, as agreed with management, comprises the following performance information (collectively, the “subject matter information”):

- Greenhouse gas (GHG) intensity (tCO<sub>2</sub>e / MWh)
- Total Scope 1 GHG emissions (tCO<sub>2</sub>e)
- Investment in GPS (Genesee Performance Standard) program to date, including C2CNT (million \$)
- Community investment (million \$)
- Total recordable injury frequency (work-related injury / 200,000 hours worked) for Corporate/Operations
- % of women in executive leadership positions

The subject matter information, contained within the Report and denoted by the symbol  have been determined by management on the basis of the Entity’s assessment of the material issues contributing to the Entity’s corporate sustainability and GHG performance and most relevant to their stakeholders.

There are no mandatory requirements for the preparation, publication or review of corporate sustainability performance metrics. As such, the Entity applies the World Resources Institute/World Business Council for Sustainable Development’s Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (the ‘GHG Protocol’) and its own internal reporting guidelines and definitions for corporate sustainability reporting (collectively the ‘applicable criteria’). The internal reporting guidelines and definitions can be found in the GRI Content Index and relevant footnotes in the Report.

### Management’s responsibilities

Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria, current as at the date of our report. Management is also responsible for determining the Entity’s objectives in respect of corporate sustainability performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Management has chosen to prepare the Report in accordance with the

Global Reporting Initiative (‘GRI’) Sustainability Reporting Standard Core Option. Information on management’s approach to corporate sustainability reporting can be found in the GRI Content Index downloadable from the Entity’s website.

### Our responsibility and professional requirements

Our responsibility in relation to the subject matter information is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (‘ISAE’) 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements* (ISAE 3410), issued by the International Auditing and Assurance Standards Board. ISAE 3000 and ISAE 3410 require that we plan and perform this engagement to obtain the stated level of assurance, in accordance with the applicable criteria.

Our conclusion does not cover any periods prior to the year ended December 31, 2019.

### Assurance approach

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the subject matter information, and applying analytical and other evidence gathering procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of the Entity’s processes for determining the material issues for the Entity’s key stakeholder groups;
- Inquiries with relevant staff at the corporate, business unit and facility level to understand the data collection and reporting processes for the subject matter information;
- Assessment of the suitability and application of the criteria in respect of the subject matter information;
- Where relevant, performing walkthroughs of data collection and reporting processes for the subject matter information;
- Identifying and testing effectiveness of controls;

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- Comparing a sample of the reported data for the subject matter information to underlying data sources;
- Inquiries of management regarding key assumptions and, where relevant, the re-performance of calculations;
- Completion of a site visit to Genesee Generating Station, including onsite walkthroughs of data collection and reporting processes, interviews with senior management and relevant staff and physical inspection and site tour; and,
- Reviewing the subject matter information presented in the Report to determine whether they are consistent with our overall knowledge of, and experience with, the corporate sustainability performance of the Entity.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is obtained.

#### ***Independence, quality control and competence***

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies *International Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted by a multidisciplinary team which included professionals with suitable experience in both assurance and in the applicable subject matter.

#### ***Inherent limitations***

Non-financial information, such as that included in the Report, is subject to more inherent limitations than financial information, given the characteristics of significant elements of the underlying subject matter and the availability and relative precision of methods used for determining both qualitative and quantitative information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in management's internally developed criteria, may change over time, and it is important to read the Entity's reporting methodology available in the GRI Content Index and relevant footnotes of the Report.

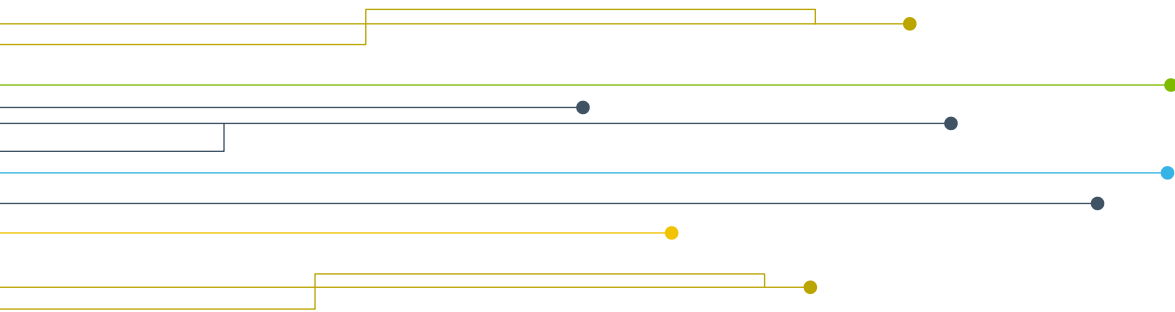
#### ***Our conclusion***

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that for the year ended December 31, 2019, the subject matter information, as described above and disclosed in the Report, have not been prepared and presented, in all material respects, in accordance with applicable criteria, current as at the date of our report.



Chartered Professional Accountants

February 21, 2020  
Vancouver, Canada



### Forward-looking Statement

Forward-looking information or statements included in this Integrated Annual Report are provided to inform the Company's shareholders and potential investors about management's assessment of Capital Power's future plans and operations. This information may not be appropriate for other purposes. The forward-looking information in this Integrated Annual Report is generally identified by words such as "will", "anticipate", "believe", "plan", "intend", "target" and "expect" or similar words suggest future outcomes.

Forward-looking information in this document includes, among other things, information relating to:

- i. Future dividend growth,
  - ii. The timing of existing, planned and potential development projects (including the Cardinal Point Wind project and phase 2 of the Whitla Wind project),
  - iii. Plans to commence commercial production of carbon nanotubes at the Genesee Carbon Conversion Centre,
  - iv. Expectations around timing and cost for achieving 100% dual-fuel flexibility, full conversion to natural gas, and carbon-dioxide emissions at our Genesee facilities,
  - v. Our plans to reduce our emissions using carbon capture, utilization and storage technologies, such as carbon conversion, including regarding C2CNT, and anticipated production of carbon nanotubes and resulting downstream benefits, and
  - vi. Our company-wide targets specific to climate-related performance, including reduction of emissions and emissions intensity, completion of the Genesee Carbon Conservation Centre and commercial application of carbon conversion technologies.
- iii. business prospects (including potential re-contracting of facilities) and opportunities including expected growth and capital projects,
  - iv. status of and impact of policy, legislation and regulations,
  - v. effective tax rates,
  - vi. results of carbon nanotube concrete testing and preliminary marketing, and
  - vii. anticipated performance of Whitla Wind 1.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate including its review of purchased businesses and assets. The material factors and assumptions used to develop these forward-looking statements relate to:

- i. electricity and other energy prices and carbon prices,
- ii. performance,

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results and experience to differ materially from the Company's expectations. Such material risks and uncertainties are:

- i. changes in electricity prices in markets in which the Company operates,
- ii. changes in energy commodity market prices and use of derivatives,
- iii. regulatory and political environments including changes to environmental, financial reporting, market structure and tax legislation,
- iv. generation facility availability and performance including maintenance of equipment,
- v. ability to fund current and future capital and working capital needs,
- vi. acquisitions and developments including timing and costs of regulatory approvals and construction,
- vii. changes in market prices and availability of fuel, and
- viii. changes in general economic and competitive conditions.

Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the specified approval date. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.



## 10-Year Operational and Financial Highlights

(millions of dollars except per share and operational amounts) (unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>OPERATIONAL</b>										
Number of facilities at year-end <sup>1</sup>	26	25	24	18	18	15	14	16	16	32
Electricity generation <sup>1</sup> (GWh)	24,527	20,229	17,194	15,328	14,567	12,376	16,130	16,455	13,659	9,205
Facility availability	94%	95%	96%	94%	95%	95%	93%	91%	92%	90%
<b>FINANCIAL POSITION (as at December 31)</b>										
Total assets <sup>9</sup>	\$8,630	\$7,569	\$6,819	\$6,062	\$5,393	\$5,420	\$5,219	\$5,134	\$4,743	\$5,296
Loans and borrowings including current portion	\$3,413	\$2,647	\$2,146	\$1,508	\$1,615	\$1,586	\$1,527	\$1,659	\$1,480	\$1,869
<b>INCOME AND CASH FLOW</b>										
Revenues and other income <sup>2,9</sup>	\$1,963	\$1,417	\$1,168	\$1,214	\$1,241	\$1,218	\$1,393	\$1,296	\$1,736	\$1,762
Adjusted EBITDA <sup>3,8,9</sup>	\$1,029	\$736	\$614	\$509	\$483	\$387	\$483	\$456	\$533	\$444
Net income <sup>9</sup>	\$119	\$258	\$125	\$102	\$86	\$50	\$228	\$90	\$188	\$77
Net income attributable to shareholders <sup>9</sup>	\$125	\$265	\$135	\$111	\$90	\$46	\$175	\$62	\$77	\$17
Normalized earnings attributable to common shareholders <sup>3,9</sup>	\$140	\$115	\$104	\$117	\$111	\$59	\$127	\$86	\$55	\$32
Basic earnings per share <sup>9</sup>	\$0.73	\$2.17	\$0.98	\$0.91	\$0.70	\$0.28	\$2.13	\$0.84	\$1.60	\$0.77
Diluted earnings per share <sup>4,9</sup>	\$0.72	\$2.16	\$0.98	\$0.91	\$0.70	\$0.28	\$2.08	\$0.84	\$1.59	\$0.69
Normalized earnings per share <sup>3,9</sup>	\$1.34	\$1.12	\$1.03	\$1.22	\$1.15	\$0.72	\$1.74	\$1.29	\$1.24	\$1.40
Funds from operations <sup>3,5,6,7</sup>	N/A	N/A	N/A	\$384	\$400	\$362	\$426	\$383	\$352	\$277
Adjusted funds from operations <sup>3,7</sup>	\$555	\$397	\$361	\$291	\$324	N/A	N/A	N/A	N/A	N/A
Adjusted funds from operations per share <sup>3,7</sup>	\$5.32	\$3.85	\$3.58	\$3.02	\$3.36	N/A	N/A	N/A	N/A	N/A
<b>DIVIDENDS</b>										
Dividends declared per common share	\$1.86	\$1.73	\$1.62	\$1.51	\$1.41	\$1.31	\$1.26	\$1.26	\$1.26	\$1.26
<b>COMMON SHARE INFORMATION (TSX:CPX)</b>										
High	\$35.09	\$29.79	\$26.51	\$24.49	\$27.12	\$28.71	\$23.53	\$25.72	\$28.00	\$24.84
Low	\$26.22	\$22.15	\$23.15	\$16.37	\$15.41	\$20.51	\$19.76	\$20.75	\$21.50	\$20.97
Close	\$34.39	\$26.59	\$24.49	\$23.23	\$17.77	\$26.00	\$21.30	\$22.73	\$25.12	\$23.65
TSX volume (millions)	77.1	65.4	62.8	73.2	79.8	58.3	42.8	39.7	36.6	17.8

- 1 In November 2011, the Capital Power Income L.P. (CPILP) plants, excluding Roxboro and Southport, were disposed of as part of the Atlantic Power acquisition of the CPILP partnership units. Electricity generation and plant availability average excludes CPILP plants in 2010 and 2011.
- 2 Revenues for 2011 and 2012 have been restated to correspond to 2013 basis of presentation. Revenues for 2010 have not been restated. Revenues for 2015 and 2014 have been restated to the 2016 basis of presentation. Revenues for 2013 and prior have not been restated.
- 3 The consolidated financial highlights, except for adjusted EBITDA, normalized earnings attributable to common shareholders, normalized earnings per share, funds from operations, adjusted funds from operations and adjusted funds from operations per share, were prepared in accordance with GAAP. See Non-GAAP Financial Measures in the Management's Discussion and Analysis.
- 4 Diluted earnings per share was calculated after giving effect to outstanding share purchase options and the exchange of common limited partnership units of CPLP held by EPCOR for common shares of Capital Power on a one-for-one basis.
- 5 Excluding non-controlling interests in CPILP (applicable to 2010 and 2011).
- 6 The 2013 and 2012 funds from operations amounts were revised consistent with the change in the measure due to the reclassification of Part VI.1 tax from operating activities to financing activities.
- 7 Commencing in 2017, the Company uses adjusted funds from operations (AFFO) as a measure of the Company's ability to generate cash from its current operating activities to fund growth capital expenditures, debt repayments and common share dividends to the Company's shareholders. In 2018, the Company made several adjustments to its AFFO measure to better reflect the purpose of the measure; see adjusted funds from operations and adjusted funds from operations per share section in the Management's Discussion and Analysis for further details. Comparative AFFO figures have been restated to reflect the above refinements to the AFFO metric.
- 8 Adjusted EBITDA figures for 2010 to 2018 have been restated to correspond to the 2019 basis of presentation.
- 9 The comparative periods' amounts for 2017 and 2018 have been restated to reflect the IAS 8 accounting policy change resulting from the transition to IFRS 16 in 2019. Comparative period amounts prior to 2017 have not been restated.

# Investor Information

## Investor Relations

11<sup>th</sup> Floor  
10423 101 Street N.W.  
Edmonton, AB, Canada T5H 0E9  
Phone: 1-866-896-4636 (toll-free) or  
(780) 392-5305  
Fax: (780) 392-5124  
[investor@capitalpower.com](mailto:investor@capitalpower.com)  
[www.capitalpower.com](http://www.capitalpower.com)

## Registrar and Transfer Agent

Computershare Trust Company  
of Canada  
100 University Avenue  
9<sup>th</sup> Floor, North Tower  
Toronto, ON, Canada M5J 2Y1  
Phone: 1-800-564-6253  
(toll-free in Canada and the U.S.)  
514-982-7555  
(international direct dial)

## Auditors

KPMG LLP, Edmonton, Alberta

## Stock Exchange and Index Membership

Toronto Stock Exchange (TSX)  
Member of the following indices:

- S&P/TSX Composite
- S&P/TSX Canadian Dividend Aristocrats
- S&P/TSX Capped Utilities
- S&P/TSX SmallCap

## 2020 Expected Common Share Dividend Dates

	Ex-Dividend Date	Record Date	Payment Date
Quarter 1	March 30	March 31	April 30
Quarter 2	June 29	June 30	July 31
Quarter 3	September 29	September 30	October 30
Quarter 4	December 30	December 31	January 29, 2021

## 2020 Expected Preferred Share Dividend Dates

	Ex-Dividend Date	Record Date	Payment Date
Quarter 1	March 17	March 18	March 31
Quarter 2	June 16	June 17	June 30
Quarter 3	September 16	September 17	September 30
Quarter 4	December 15	December 16	December 31

## Stock Trading Symbols (TSX)

Common shares: CPX

Preferred shares:

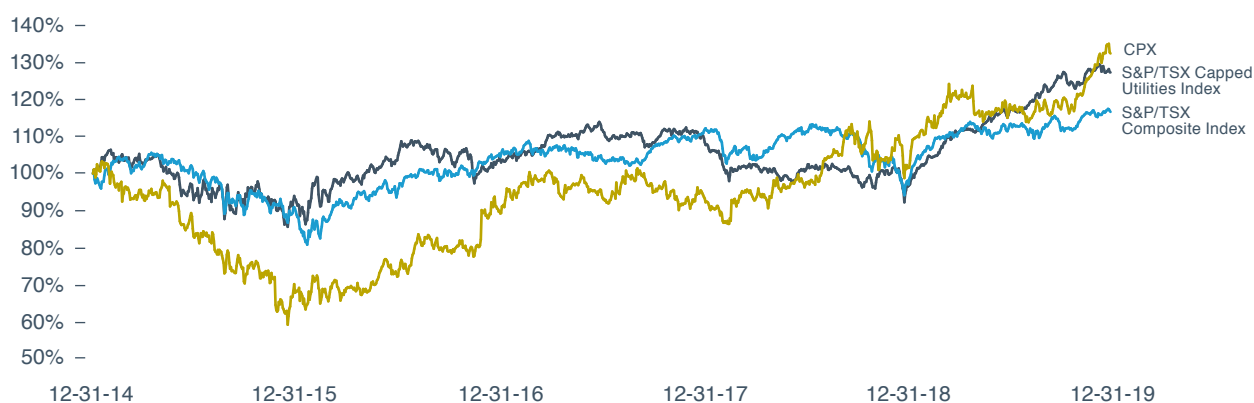
Series 1 – CPX.PR.A  
Series 3 – CPX.PR.C  
Series 5 – CPX.PR.E  
Series 7 – CPX.PR.G  
Series 9 – CPX.PR.I  
Series 11 – CPX.PR.K

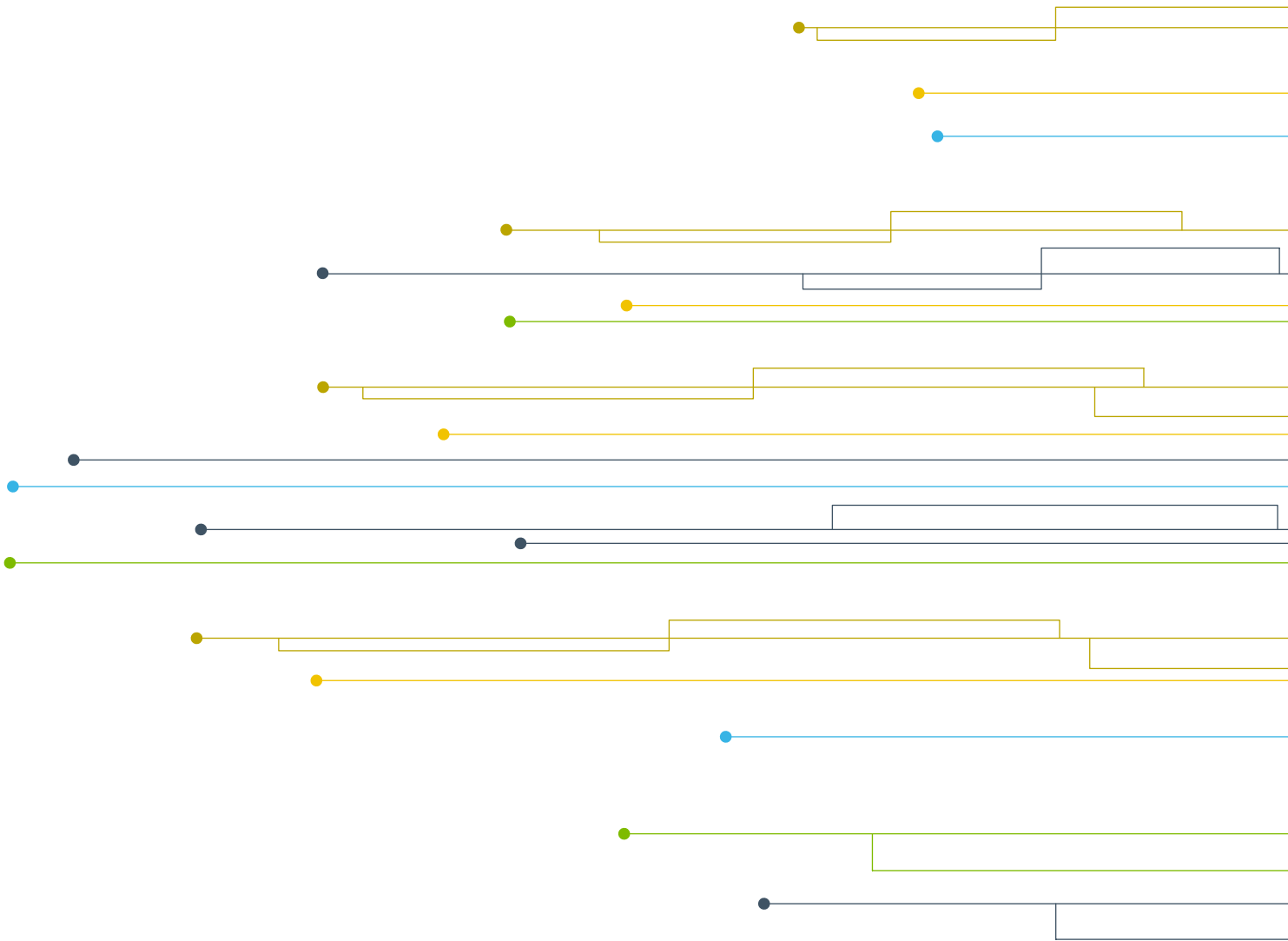
## Common Shares (as of December 31, 2019)

Total outstanding shares:  
105,381,786

Market capitalization: \$3.6 billion

## Common share (CPX) Relative Price Performance (5 years)





Corporate Headquarters  
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