

Capital Power Corporation  
(the "Corporation")

## **INDEPENDENT COMPENSATION CONSULTANT POLICY**

The People, Culture, and Governance Committee (the "Committee") of the Board of Directors of Capital Power Corporation (the "Corporation") may retain an independent executive compensation consultant (the "Independent Consultant") from time to time to provide independent advice to the Committee regarding executive compensation matters as defined below (the "Covered Services").

The following sets out the broader guidelines to govern relationships among the Corporation's management ("Management"), the Committee and the Independent Consultant. The Independent Consultant must acknowledge and agree to comply with this Policy in connection with its engagement by the Committee, and shall affirm its compliance in writing to the Committee at least annually.

### **Governance**

- The Committee shall have the direct responsibility and authority to select, retain and dismiss the Independent Consultant.
- The Independent Consultant's professional obligations shall be owed solely to the Committee and not to Management. In discharging its engagement, the Independent Consultant must fulfill a duty of care, loyalty and due diligence and advise the Committee's Chair of any potential conflict of interest that could cause the Independent Consultant's duty of loyalty to be questioned.
- Management may not engage the Independent Consultant to perform any service without the approval of the Committee's Chair. The Committee must approve any compensation payable to the Independent Consultant for any such services performed for Management. In no event shall such other services be material relative to the scope of services provided to the Committee.
- The Independent Consultant shall have a direct and confidential relationship with the Committee. The Committee acknowledges that communications between the Independent Consultant and Management will be necessary to facilitate fulfillment of the Independent Consultant's obligations to the Committee, but all such communications shall remain subject to the Committee's oversight.
- Management may or may not participate in meetings between the Committee and the Independent Consultant, at the discretion of the Chair of the Committee.
- Management may retain a compensation consultant to assist with the formation of its recommendations. As requested by the Committee Chair, the Independent Consultant will review Management's recommendations and provide comments that may include alternatives to Management's recommendations.

### **Administration**

- The Committee Chair shall have responsibility for approving all invoices issued by the Independent Consultant.
- With the consent of the Committee Chair the Independent Consultant will respond directly to information provided by, or requested from, Management.
- When preparing material for Committee's review,
  - Management will allow sufficient time for discussion between the Independent Consultant and the Committee Chair or Committee; and,
  - The Independent Consultant will allow sufficient time for discussion with Management (with consent of the Committee Chair) and for Management to revise its recommendations.

### **Definition of Covered Services**

- As required, the Committee shall determine the Covered Services to be provided by the Independent Consultant.
- Covered Services may be incorporated into a pre-approved work plan or described in an engagement letter.