

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

TERMS OF REFERENCE

I. OVERVIEW AND PURPOSE

- A. The Health, Safety and Environment Committee (the “Committee”) of Capital Power Corporation (the “Corporation”) monitors, evaluates, advises and makes recommendations, in accordance with these terms of reference, on matters relating to the impact of the operations of the Corporation, its subsidiaries and its affiliates on the environment and on the workplace health and safety of the employees of the Corporation and its subsidiaries and affiliates and of contractors who conduct work for or on behalf of the Corporation at its worksites. The Committee’s role includes monitoring, advising and making recommendations to the Board of Directors of the Corporation (the “Board”) on matters relating to:
- i) the establishment, maintenance and review of the Corporation’s strategies, goals and policies relating to environment, health and safety;
 - ii) the conduct of due diligence in matters of environment, health and safety;
 - iii) the achievement of excellent corporate performance in environment, health and safety;
 - iv) operational short and long term key performance metrics; and
 - v) provide insight and guidance to the Board on extraordinary material operational events.

II. STRUCTURE

- A. The Committee will be composed of three members, or such other number of members as may be specified by the Board.
- B. The Chair of the Corporation is an ex-officio and non-voting member of the Committee, unless appointed by the Board as a Committee Member.
- C. At the first meeting of the Board following the Corporation’s annual general meeting, Committee Members and the Committee Chair will be appointed by the Board on the recommendation of the Corporate Governance, Compensation and Nominating Committee.
- D. A majority of Committee Members should be independent (as defined in National Policy 58-101 *Corporate Governance Guidelines*, as implemented by the Canadian Securities Administrators and as amended from time to time) and have no relationship

to the Corporation that may interfere with the exercise of their independence from Management and the Corporation.

- E. All members of the Board will be free to attend and participate at any meetings of the Committee, but only Committee Members will be entitled to vote on any question before the Committee. Other than members of the Board, entitlement to attend all or a portion of any Committee meeting will be determined by the Committee Chair or Committee Members.
- F. The Committee will meet at least twice per year and may call special meetings as required.
- G. The minutes of the Committee meetings will accurately record the decisions reached and will be distributed to Committee Members and others as directed by the Committee.

III. DUTIES AND RESPONSIBILITIES

In the areas of environment, health, safety, and operations the Committee is responsible for:

- A. confirming adequate environmental and Workers' Compensation Board (or equivalent) insurance coverage at least annually;
- B. reviewing and recommending to the Board, as required, the preparation, implementation and updating of a Corporate Environmental Policy and Occupational Health and Safety Policy at least annually;
- C. confirming that the Corporation has in place and maintains comprehensive and appropriate systems to effectively manage environmental and health and safety matters;
- D. confirming that risks to the environment and/or workplace health and safety from the Corporation's operations have been reasonably identified and that their consequential risks to the Corporation, its subsidiaries and its affiliates and their respective directors, officers and employees, and to contractors who conduct work for or on behalf of the Corporation at its worksites, are being appropriately managed;
- E. assessing the environment, health and safety performance of the Corporation, its subsidiaries and its affiliates, considering whether such performance complies with the health, safety and environment systems and policies of the Corporation;
- F. confirming, through the activities of the Integrated Site Assurance Team ("ISAT") and internal environment, health and safety audits, and external audits that appropriate environment and health and safety policies, procedures, standards, and programs are in place, understood and being adhered to, in order to ensure compliance with environment, health and safety laws, regulations, permits and

orders, and reviewing and recommending any changes or follow up actions stemming from such audits to the Board as required;

- G. reviewing any material events, incidents or issues relating to environment, health and safety that may arise or be brought to the attention of the Committee and making appropriate recommendations to the Board;
- H. monitoring and reporting to the Board on current, pending or threatened material legal actions relating to environment, health and safety matters by or against the Corporation or any of its subsidiaries or affiliates;
- I. confirming and reporting to the Board any changes to international, federal and provincial environmental and safety laws, regulations or voluntary programs substantially impacting the Corporation's business;
- J. monitoring and reporting to the Board on emerging public policy issues, trends and developments relating to environment, health and safety matters which are relevant to the Corporation, its subsidiaries and affiliates;
- K. reviewing and recommending to the Board annual environmental, health and safety disclosure, (including, but not limited to the annual EH&S disclosure in the AIF, Annual Report and the Corporate Responsibility Report);
- L. conducting an annual review and survey of the effectiveness and performance of the Committee including a review of its compliance with these terms of reference. In conducting its review, the Committee should take into consideration all applicable legislative and regulatory requirements, and any guidelines recommended by regulators or stock exchanges with which the Corporation has a reporting relationship;
- M. advising and counseling Management of the Corporation on an ongoing basis on maintaining and improving environment, health and safety performance;
- N. reviewing these terms of reference at least annually and recommending any required material changes to the Corporate Governance, Compensation and Nominating Committee for further recommendation to the Board;
- O. providing a forum for the discussion of issues relevant to the operations of the Corporation, its subsidiaries and its affiliates;
- P. reviewing any extraordinary and material events or incidents relating to power facility operations;
- Q. reviewing and recommending to the Board annual and longer term key performance indicators; and
- R. reporting to the Board as required.

IV. MEETINGS

- A. Committee meetings may be called by the Committee Chair or by a majority of the Committee Members. A majority of Committee Members will constitute a quorum. The Committee Chair will be a voting member and questions will be decided by a majority of votes.
- B. Meetings may be called with one day's notice, which may be waived by Committee Members. All Committee Members are entitled to receive notice of every meeting.
- C. Meetings will be chaired by the Committee Chair or in the Committee Chair's absence, by a Committee Member chosen from amongst and by Committee Members present at the meeting.
- D. Agendas will be set by the Committee Chair with assistance from the President and Chief Executive Officer ("CEO"), and Senior Vice President, Operations, Construction and Engineering, and circulated with the materials for consideration at the meeting by the Corporate Secretary to all Committee Members, the Chair of the Board, the CEO, and Senior Vice President, Operations, Construction and Engineering no later than the day prior to the date of the meeting. However, it should be standard practice to deliver the agenda and the materials for consideration at the meeting at least five business days prior to the meeting, except in unusual circumstances.
- E. Except as herein provided, the Committee Chair may establish rules of procedure to be followed at meetings.
- F. Meetings may be conducted with the participation of a Committee Member by telephone which permits all persons participating in the meeting to hear or communicate with each other. A Committee Member participating in a meeting by telephonic means is deemed to be present at the meeting.
- G. The powers of the Committee may be exercised at a meeting at which a majority of the Committee Members are present or by resolution in writing signed by all Committee Members who would have been entitled to vote on the resolution at a meeting of the Committee. In case of an equality of votes, the person acting as Chair of the Committee or meeting, as applicable, will not be entitled to a second or casting vote.
- H. A resolution in writing may be signed and executed in separate counterparts by Committee Members and the signing or execution of a counterpart will have the same effect as the signing or execution of the original. An executed copy of a resolution in writing or counterpart thereof transmitted by any means of recorded electronic transmission will be valid and sufficient.

- I. Attendance at all or a portion of Committee meetings by staff will be determined by the Committee and will normally include the President and CEO and appropriate staff.
- J. The Corporate Secretary will keep minutes of the proceedings of all meetings of the Committee which, following Committee approval, are available to any member of the Board. All minutes will be circulated to the Chair of the Board. With the exception of "in camera" items, minutes will be circulated to those receiving the agenda. Minutes will be retained by the Corporate Secretary.