

# People, Culture, and Governance Committee Terms of Reference

## I. Overview and purpose

- A. The purpose of the People, Culture, and Governance Committee (the “Committee”) is to:
- i. review and recommend to the Board of Directors (the “Board”) the establishment and maintenance of appropriate structures, processes and policies required by Capital Power Corporation (the “Corporation”) to address governance issues and maintain compliance with recognized corporate governance guidelines;
  - ii. make recommendations regarding the Board’s effectiveness and to identify and recommend individuals to the Board for nomination as Board members;
  - iii. review matters related to succession of the directors of the Corporation (“Directors”);
  - iv. review and determine matters affecting personnel and compensation and key compensation and human resources policies for the Corporation, so that such policies provide total compensation which is competitive in the market, in accordance with these terms of reference;
  - v. review potential risks associated with the compensation programs and assess whether they could result in a material adverse effect on the Corporation;
  - vi. review recommendations and policies regarding succession planning (including crisis management) for the President and Chief Executive Officer (the “CEO”) and their direct reports (“Management”) and certain non-executive roles, with a focus on high potential, critical skills and diverse candidates, including a review of talent development and management programs; and
  - vii. monitor relevant key human capital issues by reviewing workplace culture and engagement strategies and strategy and programs that advance diversity and inclusion throughout the Corporation and monitor performance within these areas.
- B. The Committee shall have unrestricted access to the Corporation’s personnel and documents and will be provided with the resources necessary to carry out its duties and responsibilities. The Committee has the authority to bring in outside advisors on matters requiring specialist knowledge.

## II. Structure

- A. The Committee shall be composed of such number of Directors of the Corporation as may be specified by the Board from time to time, which number will be not less than three (the “Committee Members”).
- B. The chair of the Board (the “Chair”) is an ex-officio and non-voting member of the Committee, unless appointed by the Board as a Committee Member.
- C. Committee Members and the chair of the Committee (the “Committee Chair”) will be appointed by the Board on the recommendation of the Committee at least once every calendar year.
- D. A majority of Committee Members will be independent pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (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 shall 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 meetings shall be determined by the Committee Chair or the Committee Members.
- F. The Committee shall meet at least three times per year and may call special meetings as required.
- G. The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to Committee Members, Board members, and others as directed by the Committee.
- H. As appropriate, the Committee may retain independent advisors to assist the Committee in carrying out its duties and responsibilities, including fixing such advisors’ fees and retention terms.

## III. Duties and responsibilities

In accordance with the Corporation’s governance documents and these terms of reference, the Committee shall be responsible to assist the Board to maintain prudent corporate governance. The Committee shall, without limitation, endeavor to do the following:

### A. In respect of corporate governance:

- 1. Review and recommend to the Board the establishment and maintenance of appropriate structures and processes required by the Corporation to address governance issues and maintain compliance with recognized corporate governance guidelines.

2. At least annually, review the requirements for, and composition of, all committees of the Board (the “Board Committees”) and recommend any required changes to the Board.
3. At least annually, review the required corporate officers prescribed by the governance documents and consider appropriate changes to the number and/or titles of corporate officers, and recommend any proposed changes to the Board.
4. Review and monitor compliance with recognized corporate governance guidelines and follow any issues as noted by the members or as reported to them by Management or other Directors from time-to-time.
5. At least annually, report to the Board on corporate governance in comparison to recognized corporate governance guidelines, identifying issues and any instances of non-compliance, with appropriate recommendations for action.
6. Hire appropriate consultants, request Management to perform studies and furnish other information as the Committee deems appropriate; review such information and take such actions based thereon as the Committee deems appropriate.
7. Conduct an annual 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 will 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.
8. Review annually these terms of reference and recommend any required material changes to the Board.
9. Review annually the terms of reference of each of the Board, the Board Committees, Chair, individual Directors, and the CEO, and recommend any required material changes to the Board.
10. At least annually, review and recommend to the Board, the report on executive compensation to be included in the annual management proxy circular or any other disclosure documents.
11. Review annually the Corporation’s Ethics Policy, Board Diversity Policy, and policies regarding public disclosure of material information and insider trading (collectively, the “Policies”), and recommend any material changes to the Policies, whether initiated by the Committee or recommended to the Committee by the Corporation’s Audit Committee, to the Board.
12. Report to the Board as required.

**B. In respect of Board composition, development and compensation:**

1. As required, recommend to the Board procedures for the appointment of the Chair of the Board and all other Directors.

2. As required, recommend to the Board for approval, the nominees to stand for election as Directors at the subsequent annual general meeting of the Corporation.
3. As required, recommend to the Board for approval, the compensation to be paid and benefit plans, if any, for Directors.
4. Review, monitor, and make recommendations regarding new Director orientation and the ongoing development of existing Board members.
5. Review, monitor, and make recommendations regarding Director tenure limits and succession.
6. Annually, evaluate Board membership (including composition, diversity and size) and the involvement/performance of each member and make recommendations to the Board for approval of any recommended changes to the composition, diversity and size of the Board and the Board Committees. Concerns noted will be recorded and brought to the attention of the Board Chair, who, together with the Committee, will determine if further action is required. Such action may include:
  - i. discussion between the Board Chair and the individual;
  - ii. advising the full Board of the concern and being directed by their instructions; or
  - iii. recommending appropriate remedial action as/if required.

**C. In respect of officers, personnel and compensation:**

1. Review the CEO and Management's recommendations respecting matters affecting personnel and compensation within the Corporation, including the Corporation's policies and overall strategies related to compensation, benefits, succession planning, training and development, workplace culture, employee engagement, equal opportunity/diversity and inclusion action programs and other human resource matters as deemed appropriate.
2. Monitor the Corporation's performance in relation to the approved human resources policies of the Corporation and be kept informed of all major human resource issues.
3. Review and recommend to the Board candidates for the position of CEO. To recommend to the Board for approval candidates selected by the CEO for the positions of Management.
4. Review and recommend to the Board for approval the salary, incentive plan and annual incentive payment for the CEO, Management, and any other employee designated by the Committee. To review and approve the incentive plans and annual incentive payments for all other personnel of the Corporation. To review and approve the annual performance measures for the incentive plans. To review and approve a remuneration envelope for the CEO and Management in its negotiations with bargaining units, with the terms of the final settlement filed with the Board for

information. To review and determine other compensation matters that may properly come before the Committee.

5. Review and recommend to the Board for approval equity-based incentive award grants for the CEO and Management under the corporate long term incentive plan and review and recommend to the Board equity-based incentive award grants for all other employees.
6. Review the employment agreements between the Corporation and the CEO, and Management, as applicable.
7. Evaluate the performance of the CEO in relation to the Corporation's strategic plans and objectives and make recommendations to the Board regarding the CEO's compensation level based on this evaluation.
8. Any outside directorships proposed to be held by the CEO, and any outside directorships in for-profit ventures unrelated to the Corporation proposed to be held by Management, will be subject to review and approval by the Committee. Outside directorships in not-for-profit ventures proposed to be held by Management will be subject to approval by the CEO and will be reported to the Committee.
9. Review and recommend to the Board for approval, material amendments to the Corporation's pension and other benefits plans (other than statutory changes).
10. At least annually, review the overall governance of the Corporation's pension and other benefits plans and approve the broad objectives of the pension and other benefits plans.
11. Take such actions as are necessary to discharge the duties set out herein, and report to the Board on such activities.

## **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 shall constitute a quorum. The Committee Chair shall be a voting member and questions will be decided by a majority of votes.
- B. Meetings may be called with 24 hours' notice, which may be waived, before or after the meeting, by Committee Members. Attendance at a meeting will be deemed to be waiver of notice of the meeting, except where the Committee member attends the meeting for the express purpose of objecting to the transaction of business on the grounds that the meeting has not been duly called. All Committee Members are entitled to receive notice of every meeting.
- C. Meetings are chaired by the Committee Chair or in the Committee Chair's absence, by a member chosen by the Committee amongst themselves.
- D. At each meeting, an in camera session will be held with just the Committee members in attendance.

- E. Agendas will be set by the Committee Chair with assistance from the CEO, the Corporate Secretary and the Senior Vice President, People, Culture & Technology and will be circulated with the materials for consideration at the meeting by the Corporate Secretary to all Board Members, the CEO and the Corporate Secretary no later than the day prior to the date of the meeting. However, it will be standard practice to deliver the agenda and the materials for consideration at the meeting at least five business days prior to the proposed meeting except in unusual circumstances.
- F. Except as herein provided, the Chair of the meeting may establish rules of procedure to be followed at meetings.
- G. Meetings may be conducted with the participation of one or more members by telephone, video, or other virtual meeting techniques which permits all persons participating in the meeting to hear and communicate with each other. A member participating in a meeting by those means is deemed to be present at the meeting.
- H. 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 meeting shall not be entitled to a second or casting vote.
- I. A resolution in writing may be signed and executed in separate counterparts by members and the signing or execution of a counterpart shall 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 shall be valid and sufficient.
- J. Attendance at all or a portion of Committee meetings by staff will be determined by the Committee and will normally include the CEO, SVP People, Culture & Technology, and the Corporate Secretary.
- K. The Corporate Secretary, or such other person as may be designated by the Committee, shall keep minutes of the proceedings of all meetings of the Committee which, following Committee approval, will be made available to any member of the Board. All minutes will be circulated to the Chair. With the exception of "in camera" items, minutes will be circulated to those receiving the agenda. Minutes will be retained by the Corporate Secretary.