Capital Power

Management Proxy Circular

Notice of 2022 Annual Meeting of Shareholders
April 29, 2022

March 4, 2022

FORWARD-LOOKING INFORMATION

Forward-looking information or statements included in this notice of meeting and management proxy circular for our 2022 annual meeting of shareholders (the circular) are provided to inform the Company's shareholders, potential investors and other stakeholders 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 circular is generally identified by words such as "will", "anticipate", "believe", "plan", "intend", "target" and "expect" or similar words suggesting future outcomes.

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

- our priorities and long term-strategies, including our corporate, sustainability, renewables and digitalisation strategies;
- our company-wide targets specific to climate-related performance, including reduction of emissions and emissions intensity and being net carbon neutral by 2050, commitment to being off-coal in 2023, completion of the Genesee Carbon Conversion Centre and the commercial application of carbon conversion, capture, utilization and storage technologies;
- the completion of the repowering project for Genesee Units 1 and 2 and the anticipated 40% reduction in emissions;
- our plans to add up to a 210 MW Battery Energy Storage System to be integrated into the Genesee Units 1 and 2 repowering project;
- our plans for diversity of our workforce, including our commitment to increase the number of qualified woman hires and improve gender balance at our organization and achieve our compensation linked organizational diversity targets by 2024;
- our goals for Total Shareholder Return, identifying and investing $500 million of growth capital per year and for long-term future dividend growth;
- our plans to move forward with a 151 MW expansion of our Halkirk Wind facility in Alberta;
- our plans to reduce our emissions using clean energy technologies, such as carbon capture, utilization and storage technologies, investment in renewables, natural gas and decarbonization technologies including our intention to advance studies for development of carbon capture and storage at the repowered Genesee 1 and 2 in Alberta and the anticipated reduction in emissions across our portfolio; and
- the impact of climate change and the COVID-19 pandemic.

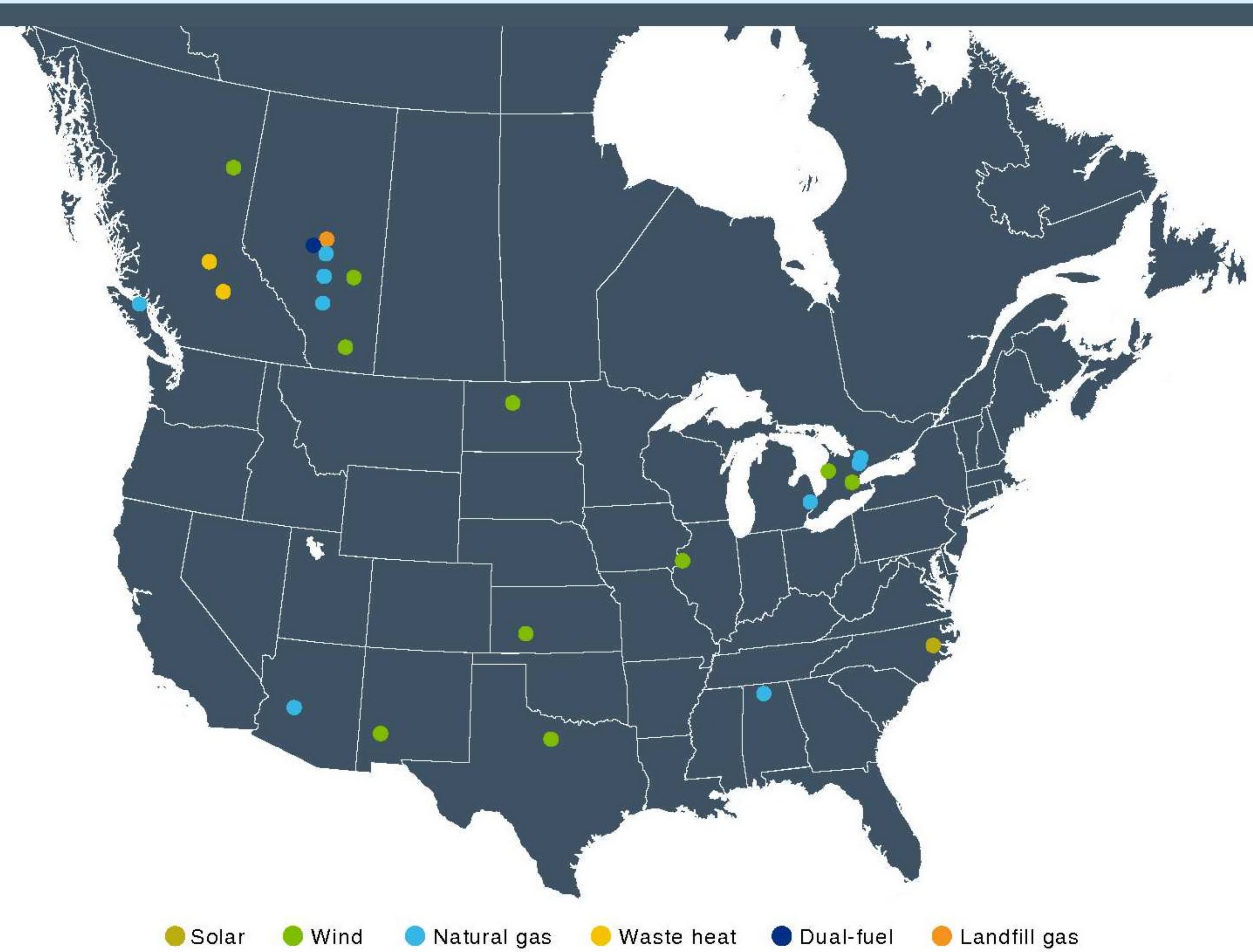
These statements are based on certain assumptions and analyses made by the Company considering its experience and perception of historical and future trends, current conditions, expected future developments, and other factors it believes are appropriate, including its review of purchased businesses and assets. The material factors and assumptions used to develop these forward-looking statements relate to: (i) electricity, other energy and carbon prices, (ii) performance, (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) the development and performance of technology; (vii) foreign exchange rates; (viii) matters relating to the line loss rule proceeding before the Alberta Utilities Commission, including the recovery of payments and timing thereof from appropriate parties; and (ix) other matters discussed under the "Our Strategy" section in the Company's Integrated Annual Report dated February 23, 2022 pertaining to Performance Targets for 2022.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to several 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 include: (i) changes in electricity, natural gas and carbon prices in markets in which the Company operates and the use of derivatives, (ii) regulatory and political environments including changes to environmental, climate, financial reporting, market structure and tax legislation, (iii) disruptions, or price volatility within the Company's supply chains, (iv) generation facility availability, wind capacity factor and performance including maintenance expenditures, (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, (viii) ability to realize the anticipated benefits of acquisitions, (ix) limitations inherent in the Company's review of acquired assets, (x) changes in general economic and competitive conditions, (xi) changes in the performance and cost of technologies and the development of new technologies, new energy efficient products, services and programs, and (xii) the risks and uncertainties discussed under the heading "Risks and Risk Management" in the Company's Integrated Annual Report dated February 23, 2022 for the year ended December 31, 2021. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. 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.

About Capital Power

We are a growth-oriented, publicly traded (TSX: CPX) North American independent power producer headquartered in Edmonton, Alberta, with a corporate purpose *to power a sustainable future for people and planet.* We create innovative electricity solutions to electrify the world reliably and affordably while protecting the planet for future generations. We build, own and operate high-quality, utility-scale generation facilities that include renewables such as wind, solar and waste heat, and thermal such as natural gas and coal.[1] We are committed to be off coal in 2023 and are making investments in carbon capture, utilization and storage to reduce our carbon impact from natural gas generation in the future.

We work to create a brighter world powered by responsible energy, through the development, acquisition, ownership and safe operation of renewable and thermal power generation facilities. Currently, we own approximately 6,600 megawatts (MW) of power generation capacity at 26 facilities. Projects in advanced development include approximately 425 MW of owned renewable generation capacity in North Carolina and Alberta and 512 MW of incremental natural gas combined cycle capacity, from the repowering of Genesee 1 and 2 in Alberta.



[1] The Company's power generation operations and assets are owned by Capital Power L.P. (CPLP), Capital Power L.P. Holdings Inc. and Capital Power (US Holdings) Inc., all wholly owned subsidiaries of the Company. In this report, any reference to the Company or Capital Power, except where otherwise noted or the context otherwise indicates, means Capital Power Corporation together with its subsidiaries.

Growth-oriented North American Power Producer

- Targeted returns on growth opportunities and existing assets to support an average Total Shareholder Return of 10% to 12%
- Pursuing high-quality investments that will provide the opportunity to place $500 million of growth capital per year
- Strong existing pipeline of contracted growth projects ~425 MW in advanced development
- Annual dividend increase guidance of 5% through to 2025 - supported by strong, stable cashflows

Our roadmap to 2050

2009–TODAY

- Genesee efficiency program - 12% decrease in greenhouse gas (GHG) by 2021
- Over $3B invested in/committed to renewables
- C2CNT interest increased to 40%
- Over $40M invested in carbon capture research
- Completed two CCUS FEED studies (2007/2011)

TODAY–2024

- Complete repowering and off coal
- Genesee Battery Energy Storage System
- CCUS FEED study at Genesee
- Invest in renewables, strategic natural gas
- Pair renewables with storage
- CCU: C2CNT and beyond
- Explore commercial/physical direct air capture (DAC) solutions

2024–2030

- Genesee CCS project
- Expand CCU
- Exploring carbon mitigation technologies on ex-Alberta fleet
- Add DAC to carbon compliance portfolio

2030–2050

- Net carbon neutral via physical solutions on natural gas assets, DAC and “offsets”
- Invest in DAC facility
- Renewables + storage as baseload

2050–2070

- Physical decarbonization

Purpose

To power a sustainable future for people and planet

Vision

Electrifying the world reliably and affordably while protecting the planet for future generations

Mission

Implementing and operating innovative energy solutions

Values

- We manage our impact on the Environment to leave a healthy planet
- We value equity, diversity and inclusion, listen with open minds, and treat all People with respect
- We are committed to the Safety and Wellbeing of our people
- We act with Integrity and take responsibility for our decisions and actions
- We embrace Innovation by fostering creativity

Celebrating our ESG momentum

- Recognized for the third straight year by the Ethisphere® Institute as one of the World's Most Ethical Companies® in 2021 – the only Canadian energy & utility sector company named to the list
- On the Globe and Mail's Report on Business magazine's Women Lead Here list for the second consecutive year
- Exceeded our targets for representation of women on our Board (50% of independent directors) and Executive Team (43%)
- Adopted a target for representation of diversity beyond gender on our Board (20% of our independent directors)
- One of Alberta's Top Employers for 2021 for a sixth time from Canada's Top 100 Employers
- One of Canada's Top Employers for Young People for a third time from Canada's Top 100 Employers
- Strong scoring on climate change and water management from CDP:
  - "B" for Climate Change; and
  - "B" for Water Security

Our shares are traded on the Toronto Stock Exchange under the symbol CPX.
Please visit our website for more information | **www.capitalpower.com**

Capital Power

What's inside

Letter to shareholders

March 4, 2022

Dear shareholders,

Capital Power is committed to being net carbon neutral by 2050 without losing sight of the need to reliably and affordably meet the power needs of our communities. Our decarbonization roadmap has and will continue to require, resilience, optimization of our portfolio, and ongoing innovation. In 2021 this was reflected in our operational and financial performance as well as our investment decisions.

Corporate Purpose

To achieve our strategic goals, we continue to incorporate environmental, social and governance priorities across our business. In 2021, we articulated our corporate purpose: *to power a sustainable future for people and planet*. In our fast changing world, the resourcefulness and agility of our people is critical. Relying on our corporate purpose and values to guide us, we are ready to meet the challenges and seize the opportunities in the energy transition, all while sustaining our culture and ensuring people want to work for and with Capital Power, and protecting the long-term sustainability of our business. Our clearly articulated corporate purpose considers the needs of all stakeholders and will inform our strategic decisions.

Continuing to Deliver for Shareholders

Through our achievements in 2021, we have increased our velocity to meet our net carbon neutral by 2050 target – positioning our Company to deliver long-term value for our shareholders, communities, partners and the environment. Our strategic focus on resiliency, optimization and innovation underpins our ability to decarbonize power generation and successfully meet the challenges posed by climate change head-on. Having strategically placed assets contributes to our financial strength, as seen through our ability to meet our revised higher financial guidance, achieve a record share price, and secure $1 billion in sustainability-linked credit facilities over the past year. As we continue to evolve in 2022, we remain committed to financial strength, stability, and disciplined growth. Specifically, we are maintaining:

- our targeted returns on growth opportunities and existing assets support an average Total Shareholder Return (TSR) of 10% to 12%;
- our pursuit of high-quality investments that will provide the opportunity to place $500 million of growth capital per year; and
- management's guidance of an annual dividend increase of 5% through to 2025 to be supported by strong, stable cashflows.

Over the past 5 years, the average TSR was 18% and average growth capital was $790 million.

Prioritizing People

Equity, Diversity, and Inclusion (EDI)

Addressing equity, diversity, and inclusion (EDI) remains a focus for Capital Power. Women make up 43% of our executive team and 44% of our Board of Directors. Recognizing the importance of diversity beyond gender, we are looking at effective and innovative ways to increase all aspects of diversity at the Board and executive levels as well as throughout the Company. We will continue to encourage the hiring of a diverse range of candidates, to provide development opportunities equitably, and to foster a culture of inclusivity and belonging. To facilitate these efforts, we have adopted compensation linked targets including:

1. 9% growth in employee diversity across the organization from January 1, 2022 to December 31, 2024;
2. 30% of new hires being women; and
3. 10% growth in the representation of women at the leadership level from January 1, 2022 to December 31, 2024.

In 2021, we also became a founding partner of the Prosperity Project and are supporting their "Rosie the Riveter" Mentoring Program, an initiative to inspire and empower women and girls to pursue careers in science, technology, engineering and mathematics (STEM), skilled trades and leadership roles.

For more information related to our EDI efforts please refer to the "Diversity" section on page 33 of this document.

COVID-19 Pandemic

The ongoing COVID-19 pandemic continues to present everyone with challenges and we are not an exception.

As always, we place the utmost importance on the health and safety of our people. As the COVID-19 pandemic carried on through 2021, some of the programs and processes we developed and/or maintained were as follows:

- remote work, which started on March 13, 2020, with physical access to Capital Power sites restricted to workers that are essential to reliable operations;
- all Board and Board Committee meetings were virtual during 2021;
- COVID-19 specific hazard assessments were completed for all work locations including our generating facilities, office locations, and work from home;
- fleet wide protocols and procedures including signage, enhanced cleaning, site access screening protocols and temperature checks, COVID-19 specific personal protective equipment, a suspected case procedure including contact tracing, and return to work protocols for employees and contractors;
- monthly inspections at all sites to ensure adherence to COVID-19 protocols;
- a COVID-19 education and awareness campaign including 12 "town hall" meetings where employees were provided information on COVID-19 and vaccination; and
- implementation of an organization-wide COVID-19 vaccination policy which requires all employees, contractors and visitors to either be fully vaccinated or show a negative COVID-19 test within 72 hours of accessing a Capital Power site.

To date, there have been no material employee related COVID-19 impacts to operations at any Capital Power plant or facility.

Excellence in Action

We continue to make excellent progress in decarbonizing the Genesee Generating Station by moving off coal six years ahead of government mandate and seeking to implement game-changing carbon capture solutions. The repowering project for Genesee Units 1 and 2 is well underway and once complete the units will utilize best-in-class natural gas combined cycle technology. The repowering project will reduce emissions by 40% and make the units the most-efficient in Canada and provide reliable and cost-effective energy. Exciting developments in carbon capture initiatives were made, including plans developed for a carbon capture and sequestration project on site, and collaboration with Enbridge who intends to develop a local carbon hub to sequester industrial emissions. We also announced plans for our first-ever storage project: up to a 210-MW Battery Energy Storage System (BESS), the largest in Canada, to be integrated with the Genesee Units 1 and 2 repowering project.

Our momentum in expanding our renewables portfolio was another highlight of 2021. A major achievement for the year was the on-schedule and on-budget completion of the phase 2 and 3 expansions of Whitla Wind, making it Alberta's largest wind facility at 353 megawatts (MW). We also kicked off construction of our Strathmore and Enchant solar projects and announced plans to move forward with a 151-MW phase 2 expansion of our Halkirk Wind facility in Alberta. Additionally, we ensured our renewables development pipeline remained robust with the acquisition of a portfolio of 20 solar development sites in the United States, representing a total potential generation capacity of 1,298 MW and the option to co-locate more than 1,500 MW hours of energy storage. At the end of 2021, we had 425 MW of renewables projects in advanced development in Alberta and North Carolina, including five solar projects and one wind project, expanding upon our 1,383 MW of renewable generation already in operation.

We're also committed to maximizing the benefits of clean energy by empowering other companies to meet their sustainability goals. In 2021, we collaborated with industry-leading, international companies to help them reach their targets through customized renewable energy solutions. We announced a 15-year renewable energy agreement with Labatt Breweries of Canada, advancing Budweiser's 100% renewable energy commitment and a 15-year renewable energy agreement with Dow Chemical Canada ULC, sourcing power from our Enchant Solar project and phase 2 and 3 Whitla Wind expansions respectively.

In November of 2021, the Board approved our Sustainable Sourcing Strategy, to increase the long-term resiliency and transparency of our supply chain, and our Water Management Strategy, to better manage the risks and capture any opportunities pertaining to our water resources.

For more detailed information about progress in achieving our sustainability targets, please refer to our 2021 Integrated Annual Report, a copy of which may be viewed at https://www.capitalpower.com/sustainability/sustainability-reports/.

Our 2022 Annual Meeting of Shareholders

Capital Power Corporation will hold our 2022 annual meeting of shareholders at EPCOR Tower in Edmonton, Alberta at 1:00 p.m. (Mountain Daylight Time) on April 29, 2022.

Attached is the formal notice of the meeting and the management proxy circular, which explains the items of business that will be covered at the meeting and provides important information about voting and other matters to help you decide how to vote your shares.

Shareholders who wish to vote in person may do so. Please note that due to the unpredictable nature of COVID-19, it might, once again, become necessary to implement mandatory gathering restrictions. Shareholders are encouraged to vote by proxy. A live audio webcast will be available for interested parties to join via our website (www.capitalpower.com). We'll also archive the webcast on our website after the meeting.

The Company will only conduct the formal business of the meeting. There will not be a follow-up corporate presentation nor question period following the meeting.

If you have questions, you may contact our Investor Relations department at 1 (866) 896-4636 or investor@capitalpower.com.

Thank you for your continued support, and please be sure to vote.

Sincerely,

Jill Gardiner
Chair of the Board

Brian Vaasjo
President & CEO

Notice of 2022 annual meeting of shareholders

You're invited to attend the 2022 annual meeting of shareholders of Capital Power Corporation:

When: Friday, April 29, 2022
1:00 p.m. Mountain Daylight Time

Where: EPCOR Tower, 11th Floor
10423 – 101st Street NW
Edmonton, Alberta

We'll cover the following items of business:

- receive our consolidated financial statements for the year ended December 31, 2021 and the auditors' report;
- elect directors;
- appoint the auditor with compensation to be fixed by the Board on the recommendation of the Audit Committee;
- vote on our approach to executive compensation;
- vote to continue our shareholder rights plan; and
- transact any other business.

The management proxy circular provides detailed information about the business of the meeting and the voting process.

You're entitled to vote at the meeting if you owned common shares of Capital Power Corporation at the close of business on March 16, 2022. You can vote by proxy or vote in person at the meeting.

Please refer to the management proxy circular to learn more about the meeting. We encourage you to vote.

By order of the Board,

Colleen Legge
Corporate Secretary
Capital Power Corporation
Edmonton, Alberta

March 4, 2022

Management proxy circular

This management proxy circular (circular) has been prepared to assist those shareholders who owned common shares of Capital Power at the close of business on March 16, 2022 (record date). As a shareholder of record, you're entitled to attend our 2022 annual meeting and vote your shares, in person or by proxy. You can still vote your shares if you can't attend the meeting. A live audio webcast of the meeting will be available on our website, and we'll post a transcript of the meeting and archive the webcast on our website after the meeting.

Management is soliciting your proxy for the meeting. We pay all costs for soliciting proxies.

In this document:

- *we, us, our, the Company* and *Capital Power* mean Capital Power Corporation
- *you* and *your* mean the shareholder or holder of our common shares
- *shares or common shares* mean common shares of Capital Power

We plan to begin mailing the notice-and-access notice for the circular and other meeting materials to shareholders of record on or about March 24, 2022. Shareholders may access an electronic copy of the circular on our website on or about March 24, 2022.

Information in this circular is as of March 4, 2022, unless otherwise indicated.

All dollar amounts are in Canadian dollars unless otherwise indicated.

Our principal and head office is in Edmonton, Alberta:

Capital Power Corporation
12th Floor
10423 - 101 Street
Edmonton, Alberta
Canada T5H 0E9

We use the notice-and-access model for delivering meeting materials to both our registered and beneficial shareholders. Registered shareholders still receive a form of proxy, and beneficial shareholders still receive a voting instruction form, which allows them to vote at the annual meeting. Registered and beneficial shareholders receive a notice with information about how they can access copies of the circular electronically rather than receiving printed copies. This alternative means of delivery is more environmentally friendly because it will help reduce paper and printing and mailing costs. These documents will be available on SEDAR (www.sedar.com) and our website (www.capitalpower.com).

HOW TO OBTAIN PAPER COPIES OF THE MEETING MATERIALS

Registered and beneficial shareholders may request paper copies of the circular, at no cost, at any time up to one year from the date the circular was filed on SEDAR.

Requests by registered and beneficial shareholders may be made to our Investor Relations department at any time prior to the meeting by dialing 1.866.896.4636 (within North America) or by e-mail at investor@capitalpower.com.

Requests by registered or beneficial shareholders to receive a paper copy of the circular in advance of the deadline for completing and returning proxies or voting instruction forms and the meeting date of April 29, 2022 must be received by April 19, 2022.

Please note that if you request a paper copy of the circular, you will not receive a new form of proxy or voting instruction form so you should retain the form sent to you in order to vote.

1. About the shareholder meeting

Voting

WHO CAN VOTE

The table below shows our authorized share capital and the number of shares outstanding as of the date of this circular:

Our share capital	Authorized #	# Outstanding
Common shares	unlimited	116,224,382
Special limited voting share	1	1
Preferred shares	unlimited, issued in series	31,000,000

You can vote if you owned common shares of Capital Power as of the close of business on March 16, 2022. Each common share entitles the owner to one vote.

The voting process is different depending on whether you own your shares as a registered or non-registered (beneficial) shareholder (see below under HOW TO VOTE).

Special limited voting share
As of March 4, 2022, EPCOR owns the one outstanding special limited voting share. This share does not have voting rights in respect of this meeting.

Preferred shares
Holders of preferred shares only have voting rights:

- as required by law;
- to satisfy conditions attached to the class of shares; or
- in circumstances where we have not paid dividends for eight quarters and the shareholder meeting occurs during the period when the dividends are in arrears.

You can find more information about the rights, privileges and restrictions of our different classes of shares in our 2021 Annual Information Form (AIF).

HOW TO VOTE

You can vote by proxy, or by attending the meeting and voting in person. Voting by proxy means you're giving someone else (your proxyholder) the authority to vote for you at the meeting and it's the easiest way to vote.

You can choose anyone to be your proxyholder. The person does not need to be a shareholder, but your shares will only be voted if your proxyholder attends the meeting and votes for you. Print the person's name in the space provided on the proxy form. If you vote by proxy but do not specify a proxyholder, the Capital Power representatives named on the proxy form will act as your proxyholder.

Your proxyholder must vote your shares according to your instructions. If you do not specify your voting instructions, your proxyholder can vote as they see fit. If you do not specify your voting instructions and the Capital Power representatives named on the proxy form are acting as your proxyholder, they will vote for each item of business.

If there are any changes to the items of business, or if any new items are proposed at the meeting, your proxyholder has the authority to vote as they like. The Capital Power representatives will vote on any new or amended items using their best judgment.

Transfer agent and registrar
Computershare Trust Company of Canada (Computershare) is our transfer agent and registrar. Computershare receives, counts and tabulates the proxies on our behalf. They keep the votes confidential and only inform us of the voting results.

Registered shareholders
You are a registered shareholder if your shares are registered directly in your name with our registrar and transfer agent, Computershare.

Computershare has a list of all registered shareholders as of the record date. You can check the list at the meeting or at their office during regular business hours:

Computershare Trust Company of Canada
Home Oil Tower
800, 324 8th Avenue SW
Calgary, Alberta T2P 2Z2

Vote by proxy

Online — go to www.investorvote.com and follow the instructions on screen. You'll need your control number, which appears at the bottom of your proxy form.

By phone — Call 1.866.732.8683 toll-free using a touch-tone phone and follow the prompts in English or French. You'll need your control number, which appears at the bottom of your proxy form.

By mail — Follow the instructions on the proxy form, complete it, then sign and date it, and mail it in the envelope provided to:

Computershare Trust Company of Canada
Attention: Proxy Department
8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1

Computershare must receive your completed proxy form by 1:00 p.m. Mountain Daylight Time (MDT) on April 27, 2022 for your vote to be counted. If the meeting is adjourned, they must receive your completed proxy form at least 48 hours before the new meeting time. The chair of the meeting can waive or extend the time limit for depositing proxies at his or her discretion without notice.

If your shares are registered in more than one name, everyone who is registered must sign the proxy form. If the shares are registered in a name that is not your own, or the name of a company, you must provide proof that you're authorized to sign the form. If you have questions about the required documents, contact Computershare at 1.800.564.6253.

Vote in person

If you plan to attend the meeting and vote in person, please do not send us the proxy form. Register with a Computershare representative when you arrive at the meeting.

If you change your mind

If you've already sent a completed proxy form and want to revoke it, you can:

- submit another proxy form with a later date,
- send us a notice in writing, or
- give your written notice to the chair of the meeting before the meeting begins.

Send your new completed proxy form to:

Computershare Trust Company of Canada
Attention: Proxy Department
8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1

Computershare must receive your revocation by **1:00 p.m. MDT** on **April 28, 2022** to revoke your previous proxy form. If the meeting is adjourned, they must receive your revocation at least 24 hours before the new meeting time.

Alternatively, you (or your authorized representative) can write to our Corporate Secretary explaining that you want to revoke your previous proxy form:

Corporate Secretary
Capital Power Corporation
12th Floor
10423 - 101 Street
Edmonton, Alberta T5H 0E9

Our Corporate Secretary must receive your letter by **4:00 p.m. MDT** on **April 28, 2022**. If the meeting is adjourned, she must receive it by **4:00 p.m. MDT** on the last business day before the new meeting time.

Non-registered shareholders
You're a non-registered (beneficial) shareholder if your shares are held in an account in the name of a nominee (like a bank, securities broker, trustee, trust company or other institution). Many of our shareholders are non-registered shareholders.

If you are a non-registered shareholder, you can vote your shares through your nominee or in person at the meeting. You can also give someone else the authority to attend the meeting and vote for you (see above).

Vote through your nominee

Complete the voting instruction form sent to you and then sign and return it as indicated on the form. Your nominee will follow your voting instructions and vote on your behalf. You can also vote by phone or online by following the instructions on your voting instruction form. Please ensure that you provide your voting instructions on or before the time noted in the voting instruction form.

Vote in person

If you plan to attend the meeting and vote in person, do not put your voting instructions on the voting instruction form. Instead, write your name in the space provided and then sign and return it, making sure you follow the instructions on the form carefully.

Your vote will only be counted if you attend the meeting and vote in person. Register with a Computershare representative when you arrive at the meeting.

If you change your mind

If you've already provided voting or proxyholder instructions, contact your nominee for information about how to revoke them.

Business of the meeting

Receive the financial statements

Our consolidated financial statements for the year ended December 31, 2021 and the auditors' report will be tabled at the annual meeting and are included in our 2021 Integrated Annual Report. Copies will be available at the meeting and on our website (www.capitalpower.com) and on SEDAR (www.sedar.com), or you can request a copy from our Corporate Secretary, Capital Power Corporation, 12th Floor, 10423 - 101 Street, Edmonton, Alberta T5H 0E9.

Elect directors

As a holder of common shares, you will vote on electing nine directors to the Board.

Directors will serve until the next annual meeting, or until their successors are elected or appointed. The director profiles starting on page 16 give you detailed information about their skills and experience, their 2021 attendance record, share ownership and membership on other public company Boards.

Nine nominated directors have been proposed by the People, Culture, and Governance (PCG) Committee and approved by the Board:

Jill Gardiner
Doyle Beneby
Kelly Huntington
Barry Perry
Jane Peverett
Robert Phillips
Katharine Stevenson
Keith Trent
Brian Vaasjo

Appoint the auditor

You'll vote on appointing our external auditor. The Audit Committee and the Board propose that KPMG LLP (KPMG) be appointed as auditor and serve until the next annual meeting. The Audit Committee recommends KPMG's compensation to the Board for its review and approval.

KPMG has been our auditor since our initial public offering in 2009. The table below shows the fees billed by KPMG for the fiscal years ended December 31, 2021 and 2020.

($ millions)	2021	2020
Audit fees Include audit and review of financial statements, services related to statutory and regulatory filings and providing comfort letters associated with securities documents	$0.9	$1.0
Audit-related fees Include assurance and related services that are not reported under audit fees	$0.1	$0.1
Tax fees Include reviewing tax returns, answering questions about tax audits, and tax planning	-	-
All other fees All other fees are fees for operational advisory and risk management services and non-securities legislative and regulatory compliance work	$0.5	$0.6
Total	$1.5	$1.7

Vote on our approach to executive compensation

You'll vote on our approach to executive compensation (see Executive compensation beginning on page 47).

The Board recommends that you vote ***for*** approval of our approach to executive compensation:

RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the board of directors that the shareholders accept the approach to executive compensation disclosed in Capital Power's management proxy circular delivered before its 2022 annual meeting of shareholders.

About voting results

A majority of votes must be voted for any item of business to receive shareholder approval.

We report the voting results for each item of business within five days of the annual meeting and file the report on SEDAR (www.sedar.com).

This is an advisory vote and the results are non-binding on the Board. The Board is fully responsible for its decisions about executive compensation and will consider the results of the vote when reviewing compensation matters and making policy decisions in the future. We want the Board to be accountable to you, so this is your opportunity to express your views on this important matter.

We held our first say-on-pay vote in 2012 and have subsequently held say-on-pay votes annually from 2013 to 2021. We received approval in the range of 91% to 99% from our shareholders in these years (91.16% in 2021).

If we receive a significant number of votes against, the Board will meet with shareholders to understand their concerns. The Board will also release a summary of the significant comments they received and explain any resulting changes to our executive compensation. The Board will release the report as soon as practical, ideally within six months of the vote and before the release of next year's circular.

Vote to continue our shareholder rights plan
You'll vote to continue our existing shareholder rights plan (or the plan).

The objective of a shareholder rights plan is to make sure, to the extent possible, shareholders are treated fairly if there is ever a bid to acquire more than 20% of our voting shares (takeover bid). Among other things, it gives the Board time to assess any unsolicited bids and explore and develop alternatives to maximize shareholder value.

Our amended and restated shareholder rights plan was last reviewed and approved by shareholders on April 26, 2019. The continuance of the plan was approved by the Board on February 23, 2022, but it must also be ratified by our shareholders. If our shareholders approve the plan, it will remain in effect until the end of our 2025 annual general meeting. If not, it will expire at the end of our 2022 meeting.

Management and the directors recommend that you vote ***for*** approval of continuance of the shareholder rights plan. The named proxyholders will vote for the following resolution unless you instruct otherwise.

RESOLVED, as an ordinary resolution:

- *That the shareholder rights plan of Capital Power Corporation (Capital Power) be continued as set out in the Amended and Restated Shareholder Rights Plan Agreement made as April 22, 2016 between Capital Power and Computershare Trust Company of Canada, be hereby ratified, confirmed and approved; and*
- *Any director or officer of Capital Power is authorized to do all things and execute all documents to give effect to this resolution.*

You can read more about the plan under the heading About our shareholder rights plan, below. The following summary is qualified in its entirety by reference to the text of the rights plan agreement, which is available on our website (www.capitalpower.com) and on SEDAR (www.sedar.com).

The Board reserves the right to change the terms of the plan or not proceed with it any time before our 2022 meeting if it is in the best interests of Capital Power and our shareholders. The full text of our shareholder rights plan is available on our website (www.capitalpower.com) and on SEDAR (www.sedar.com).

About our shareholder rights plan

Why have a shareholder rights plan

Our shareholder rights plan is intended to make sure shareholders are treated fairly if there is a takeover bid for control of Capital Power. Our plan addresses the three primary concerns shareholders have about takeover bids in Canada: time, pressure to tender and unequal treatment.

- *Time* — The rights plan's minimum expiry period is 105 days (which is the minimum expiry period prescribed by law) as part of the permitted bid definition. This gives shareholders time to evaluate an offer and gives the Board time to explore other options.
- *Pressure to tender* — Shareholders may feel pressure to tender to a bid they feel is inadequate if they could be left with minority position shares that may be discounted or difficult to sell. This can be the case if a bidder simply wants to gain a controlling position (20% or more of the Company's voting shares), not full ownership. The plan separates the shareholder's decision to tender shares from their decision about approving a takeover bid by requiring a bid to remain open for 10 business days after it's announced that more than 50% of the Company's eligible shares have been deposited so that more shareholders can participate if they want.

- *Unequal treatment* — Shareholders may be treated unequally if a shareholder tries to gain control by buying shares above market value from a small group of holders under a private agreement that excludes the other shareholders, or by acquiring shares slowly through a stock exchange, without paying fair value to shareholders for a controlling interest. The plan ensures equal treatment for all shareholders by triggering the provisions of the shareholder rights plan anytime someone attempts to acquire more than 20% of our voting shares.

Plan summary

An acquiring person is anyone (including their associates, affiliates or others acting jointly or in concert) who acquires beneficial ownership of 20% or more of our outstanding voting shares.

Flip in events — A flip in event is any transaction or event where an acquiring person acquires beneficial ownership of 20% or more of our outstanding voting shares that is not a permitted bid under the plan.

Permitted bids – A bidder can make a take-over bid without triggering a flip in event under the shareholder rights plan if the take-over bid qualifies as a permitted bid. Generally speaking, to constitute a permitted bid, the bidder must begin the take-over bid by way of a circular addressed to all holders of our shares. In addition, the bid must remain open for at least 105 days and must provide that any tendered shares may be withdrawn until paid for. Once independent shareholders have deposited 50% of their shares under the take-over bid, a public announcement must be made and the bid must remain open for at least 10 business days following the announcement.

The shareholder rights plan allows a competing permitted bid to be made while a permitted bid is outstanding. It must meet all of the requirements of the permitted bid, except that it can expire on the same day as the permitted bid (as long as it has already been outstanding for at least 35 days, or such longer minimum period required under securities law).

Rights — One right will be issued and attached to each voting share outstanding at November 20, 2012, and will be issued for each new voting share issued after that date.

The rights initially trade with and are represented by certificates that represent the voting shares, including certificates issued before the shareholder rights plan came into effect. The rights will separate from the voting shares and become exercisable 10 trading days after the date of the public announcement that either 1) a flip-in event has occurred, or 2) a person intends to make a take-over bid that is not a permitted bid. Upon the occurrence of a flip-in event, any rights held by an acquiring person will become void when the rights separate, and rights held by all other holders will permit them to buy shares at a substantially discounted price. This will normally result in a great number of new shares being issued when the rights are exercised, thus making a take-over bid extremely expensive and less attractive.

Redemption — The Board can redeem all of the outstanding rights for $0.00001 per right before or after separation but it needs the consent of a majority of independent shareholders in order to do so.

Duties of the Board — The shareholder rights plan does not in any way lessen or affect the duty of the Board to act honestly and in good faith, with a view to the best interests of Capital Power. If a take-over bid or similar offer is made, the Board will continue to have the duty and power to take appropriate actions and make recommendations to shareholders.

Shareholder approval — If our shareholders don't ratify its continuation, the shareholder rights plan and all outstanding rights will terminate and will be void and have no further force and effect. If they do ratify it, the plan will expire at the end of our 2025 annual meeting of shareholders.

Transact other business

You'll also vote on any other items of business that may properly be brought before the meeting. We're not aware of any other matters that may be brought before the meeting.

About the nominated directors

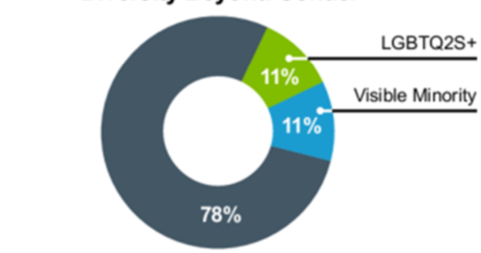
Our articles state that the Board must have between three and twelve directors. The Board has nominated nine directors to be elected by holders of common shares.

The Board is comprised of a diverse (gender and otherwise) mix of people, and includes a deep level of experience in, among other things, executive leadership, strategy and planning, risk management, corporate governance, compensation, finance and accounting, and the power generation sector in Canada and the United States. We believe that each nominated director is willing and able to serve on the Board for a one-year term.

Eight of the nine nominated directors (approximately 89%) are independent as defined by Canadian securities laws, meaning they do not have a material relationship with Capital Power that might reasonably be expected to interfere with their ability to make an independent judgment. Brian Vaasjo is not independent because he is our President & CEO.

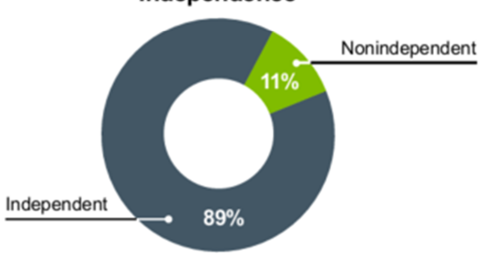
	D. Beneby	J. Gardiner	K. Huntington	B. Perry	J. Peverett	R. Phillips	K. Stevenson	K. Trent	B. Vaasjo
Board Tenure (in years)	9.9	6.8	6.8	1	3	2.9	4.9	4.9	12.7
Geographic Location	US	CDN	US	CDN	CDN	CDN	CDN	US	CDN
Independent Director	√	√	√	√	√	√	√	√	X
Age, as of March 4, 2022	62	63	46	57	63	71	59	62	66
Gender	male	female	female	male	female	male	female	male	male
Board or Committee Chair		√	√				√	√	

Diversity Beyond Gender

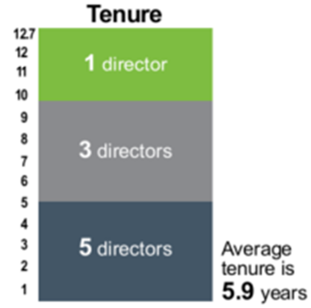


Gender

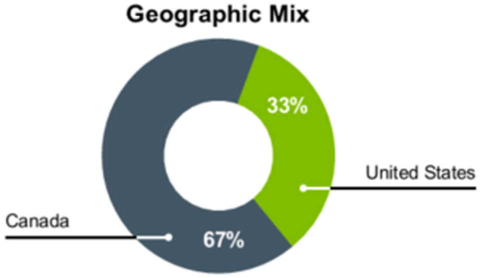
Independence



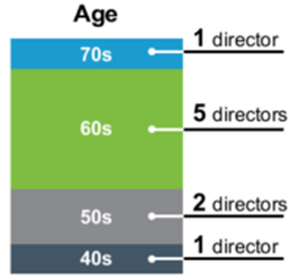
Tenure



Geographic Mix



Age



OUR ADVANCE NOTICE BY-LAW

In 2013, we adopted an advance notice by-law, which was approved by shareholders at our 2013 annual meeting of shareholders.

The purpose of the by-law is to make sure all shareholders (including those participating by proxy) receive adequate notice and information about nominated directors, so that they can make informed voting decisions. It also helps ensure orderly and efficient shareholder meetings by providing a structured and transparent framework for nominating directors.

The by-law requires shareholders to give us advance notice about any directors they propose to nominate (including certain prescribed information about them) unless the nominations are made by:

- shareholder meeting requisition, or
- shareholder proposal under the *Canada Business Corporations Act* (in which case those rules govern).

Under the by-law, director nominees are not eligible to become elected directors of Capital Power unless they're nominated according to the provisions of the by-law.

Information about director nominees must include certain prescribed information. This information is similar to the information we are required to disclose about directors in our circular, such as information about their relevant education and experience, and whether or not they're independent. It's designed to make sure shareholders have enough information about each proposed nominee to make informed voting decisions.

For our annual shareholder meeting, we must receive notice of director nominees at least 30 days (and not more than 65 days) before the meeting date. For special shareholder meetings (unless the special meeting is also an annual meeting), we must receive notice not later than 15 days after we file our notice of meeting and record date on SEDAR. If, however, we use notice-and-access to deliver our proxy materials, we must receive notice at least 40 days (and not more than 75 days) before the date of the annual or special meeting.

Our Board reviews the by-law from time to time and will update it when needed to reflect changes in regulatory or securities law requirements or to meet industry standards. It can also waive any requirement of the by-law at any time, in its sole discretion.

A copy of our advance notice by-law is available on our website (www.capitalpower.com) and on SEDAR (www.sedar.com).

OUR POLICY ON DIRECTOR MAJORITY VOTING

In 2010, our Board adopted a majority voting policy for directors via amendments to our corporate governance policy requiring:

- individual (not slate) voting for all directors, and
- that each director to receive a majority of the votes cast for their election, otherwise they must offer to resign immediately.

If a nominated director does not receive a majority of votes, then the nominee shall be considered not to have received the support of the shareholders, even if elected as a matter of corporate law. In this case, the director is expected to tender their resignation with the Board, which will be accepted as soon as possible and will take effect upon acceptance. The director lacking shareholder support would not participate in these discussions.

If the Board decides not to accept such a resignation, the Board will issue a news release explaining its decision within 90 days after the election results are certified.

This policy does not apply to contested director elections.

DIRECTOR PROFILES

The following profiles include information about each nominated director, including their skills, background and experience and list other public company boards of which they're members. We've also included, where applicable, their attendance for our 2021 Board meeting and Committee meetings (for Committees on which they currently sit), last year's voting results and details about their share ownership.

Holdings of Capital Power common shares and deferred share units (DSUs) are as of March 4, 2022 and include reinvested dividends and dividend equivalents. The value of common shares and DSUs are based on the higher of $39.40, the closing price of our common shares on the TSX on March 4, 2022, and their cost of acquisition. Non-employee directors are not entitled to receive options.

Brian Vaasjo does not receive director DSUs or other director compensation because he is compensated in his role as President & CEO (see Executive compensation beginning on page 47 for more information).

None of the nominated directors have any loans from Capital Power or any of our subsidiaries. All information is as at March 4, 2022 unless indicated otherwise.

Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, power/energy industry, finance/accounting, capital markets, M&A, talent management/compensation

Geographic diversity
Western Canada

Public board interlocks
None

Jill Gardiner (63) (Chair of the Board)

Independent | Director since May 25, 2015 | Vancouver, BC

Jill Gardiner is a professional corporate director. Previously, she spent over 20 years in the investment banking industry, most recently as Managing Director and Regional Head, British Columbia, for RBC Capital Markets. In her various roles in corporate finance, mergers and acquisitions, and debt capital markets she provided strategic advice to, and helped raise capital for, numerous corporations with a focus on the power, pipeline, infrastructure, forest products and diversified industries. She served as Head of the Forest Products Group and Head of the Pipelines & Utilities Group. Jill was formerly Senior Project Manager at the Ontario Energy Board and a lecturer at the University of Victoria in corporate finance and human resource management.

Jill is currently chair of the Board and chair of the Compensation and Human Resources Committee of Trevali Mining Corporation. She is also a member of the board of directors of Hochschild Mining and serves on their Audit, Nomination, and Remuneration Committees. She previously served as chair of the board of directors of Turquoise Hill Resources Ltd. and as a member of the boards of Capstone Mining Corp., Parkbridge Lifestyle Communities Inc., Timber Investments Ltd., SilverBirch Hotels & Resorts LP, and a number of non-profit organizations, including ARC Foundation, the Banff Centre, the Vancouver Art Gallery and the Southern Alberta Institute of Technology.

Jill holds a Bachelor of Science and a Master of Business Administration, both from Queen's University.

Board and Committee membership(1)	Meeting attendance
Board	10 of 10 (100%)
Audit Committee (ex-officio, non-voting as of April 29, 2021)	2 of 2 (100%)
PCG Committee (ex-officio, non-voting as of April 29, 2021)	2 of 2 (100%)
HSE Committee (ex-officio, non-voting as of April 29, 2021)	2 of 2 (100%)

Securities and DSUs held			
Common shares	9,156	Total common shares and DSUs	38,972
DSUs	29,816	Total market value common shares and DSUs	$1,540,434
Percentage of ownership requirement	151%	Meets ownership requirement (see page 46)	yes

Voting results 2021			
Votes in favour	44,794,279 (96.85%)	Votes withheld	1,454,950 (3.15%)

Other public directorships: Trevali Mining Corporation, Hochschild Mining (2)

(1) Jill was elected Chair of the Board effective April 29, 2021; prior to that, Jill was a member of the Audit Committee and Chair of the PCG Committee.

CEO = Chief Executive Officer | CFO = Chief Financial Officer | M&A = mergers and acquisitions |

Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, power/energy industry, operations/development/construction, health safety and environment, cyber/physical security, M&A, talent management/compensation, government/public affairs

Geographic diversity
USA

Public board interlocks
None

Doyle Beneby (62)

Independent | Director since April 27, 2012 | West Palm Beach, FL, USA

Doyle Beneby serves as Chief Executive Officer of Midland Cogeneration Venture since November 2018. Prior to that, he had been self-employed as a professional director since May 2016. He was formerly the CEO of New Generation Power International, an international independent renewable energy company, from October 2015 to May 2016. Prior to joining New Generation Power International, he was the President and CEO of CPS Energy, the largest municipally-owned gas and electric utility in the US, a position he held since August 2010. Doyle has over 30 years' experience in various aspects of the electrical power industry.

Prior to joining CPS Energy, Doyle served at Exelon Corporation from 2003 to 2010 in various roles, most recently, as Senior Vice President of Exelon Power and President of Exelon Corporation from 2009 to 2010. From 2008 to 2009, he served as Vice President, Generation Operations for Exelon Corporation, and prior to that and from 2005 to 2008, he served as Vice President, Electric Operations for PECO, a subsidiary of Exelon Corporation.

Doyle holds a Master of Business Administration from the University of Miami, and a Bachelor of Science from Montana Technical College. In 2021, Doyle was recognized as one of the Most Influential Black Corporate Directors by Savoy Magazine.

Board and Committee membership	Meeting attendance
Board	10 of 10 (100%)
HSE Committee (member as of April 29, 2021)	2 of 2 (100%)
PCG Committee	5 of 5 (100%)

Securities and DSUs held			
Common shares	0	Total common shares and DSUs	56,836
DSUs	56,836	Total market value common shares and DSUs	$2,245,053
Percentage of ownership requirement	345%	Meets ownership requirement (see page 46)	yes

Voting results 2021			
Votes in favour	45,150,077 (97.62%)	Votes withheld	1,099,152 (2.38%)

Other public directorships: Korn/Ferry International, Quanta Services (2)

Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, power/energy industry, operations/development/construction, health safety and environment, cyber/physical security, finance/accounting, capital markets, M&A, financial products/commodity trading, talent management/compensation, government/public affairs, regulatory/legal

Geographic diversity
USA

Public board interlocks
None

Kelly Huntington (46)

Independent | Director since June 3, 2015 | Indianapolis, IN, USA

Kelly Huntington is a professional corporate director. Previously, she was Senior Vice President and CFO of USIC from 2019 to 2022 and Senior Vice President of Enterprise Strategy at OneAmerica Financial Partners, Inc. from 2015 to 2019. Prior to that, she was President and CEO for Indianapolis Power & Light Company (IPL) from 2013 until 2015, and was also a member of the board of IPL and IPALCO Enterprises Inc. Prior to that, she was Senior Vice President and CFO at IPL and held various leadership positions at The AES Corporation. She began her career in investment banking and private equity. Kelly was previously chair of the board of directors of Indianapolis Neighborhood Housing Partnership and vice chair of Riley Children's Endowment.

Kelly holds a Master of Business Administration from Northwestern University's Kellogg School of Management, a Bachelor of Science from the Massachusetts Institute of Technology, and is a Chartered Financial Analyst. Kelly is in the process of obtaining the Diligent Climate Leadership Certification.

Board and Committee membership	Meeting attendance
Board	10 of 10 (100%)
Audit Committee (member as of April 29, 2021)	2 of 2 (100%)
PCG Committee (Chair as of April 29, 2021)	5 of 5 (100%)

Securities and DSUs held			
Common shares	0	Total common shares and DSUs	31,739
DSUs	31,739	Total market value common shares and DSUs	$1,253,210
Percentage of ownership requirement	193%	Meets ownership requirement (see page 46)	yes

Voting results 2021			
Votes in favour	46,124,922 (99.73%)	Votes withheld	124,307 (0.27%)

Other public directorships: None

Barry Perry (57)

Independent | Director since March 1, 2021 | St. John's, NL

Barry Perry is the former President and CEO of Fortis Inc. (Fortis) where he also served as Vice President of Finance and CFO from 2004 to 2014. At Fortis, Barry led the organization through a major expansion, including the purchase of three publicly listed utilities in the United States. Prior to his roles at Fortis, he served as Vice President of Finance and CFO of Fortis-owned Newfoundland Power, Vice President and Treasurer of a large international paper manufacturer and Corporate Controller of the operator of an oil refinery in Newfoundland and Labrador. Barry is a member of the board of CPP Investments and serves on their Investment Strategy, Audit, Human Resources and Compensation Committees.

Prior to his retirement, Barry served on the Fortis Inc. board as well as several subsidiary boards. He also served as chair of the Edison Electric Institute's (EEI) International Programs Trans-Atlantic Regional Advisory Committee and as co-chair of EEI's CEO Policy Committee on Energy Delivery. He has been a keynote speaker on the major trends occurring in the natural gas and electricity industry including the transition to cleaner energy and the impact of disruptive technology.

Barry graduated from Memorial University with a Bachelor of Commerce and is a member of the Association of Chartered Professional Accountants of Newfoundland and Labrador. The Atlantic Business Magazine chose him as its CEO of the year in 2018 and Memorial University selected him as its Alumnus of the Year for 2019.

Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, power/energy industry, operations/development/construction, heath, safety and environment, finance/accounting, capital markets, M&A, financial products/commodity trading, talent management/compensation, government/public affairs, regulatory/legal

Geographic diversity
Eastern Canada

Public board interlocks
None

Board and Committee membership	Meeting attendance
Board	9 of 9 (100%)
Audit Committee (member as of April 29, 2021)	2 of 2 (100%)
PCG Committee (member as of April 29, 2021)	2 of 2 (100%)

Securities and DSUs held			
Common shares	26,000	Total common shares and DSUs	27,671
DSUs	1,671	Total market value common shares and DSUs	$1,092,381
Percentage of ownership requirement	214%	Meets ownership requirement (see page 46)	yes

Voting results 2021			
Votes in favour	46,159,279 (99.81%)	Votes withheld	89,950 (0.19%)

Other public directorships: None

Jane Peverett, ICD.D (63)

Independent | Director since March 1, 2019 | West Vancouver, BC

Jane Peverett has been a professional director since 2009. She was President and Chief Executive Officer of British Columbia Transmission Corporation from 2005 to 2009 and Chief Financial Officer from 2003 to 2005. From 1987 to 2003 she held senior finance, regulatory and executive roles at Westcoast Energy Inc., including President and CEO of Union Gas from 2001 to 2003 (leader of the merger of Union into Duke Energy), CFO of Union Gas, and VP Finance of Westcoast Energy. She presently serves on the boards of directors of Canadian Imperial Bank of Commerce, CP Rail (chair of its audit and finance committee and member of its governance committee) and NW Natural Gas (chair of its Finance Committee, member of its organization and executive compensation committee and governance committee). She also serves on the board of the Canadian Standards Association (chair of the board), a non-public organization.

Jane has also previously served on the boards of directors of AEGIS Insurance Services, Postmedia, as past chair of the audit committee for Encana, as past chair of the governance and nominating committee for Hydro One Inc., and past chair of the board of BC Ferries Authority.

Jane holds a Bachelor of Commerce degree from McMaster University, a Master of Business Administration from Queen's University, is a Certified Management Accountant, and a Fellow of the Society of Management Accountants.

Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, power/energy industry, operations/development/construction, heath, safety and environment, finance/accounting, capital markets, M&A, financial products/commodity trading, talent management/compensation, government/public affairs, regulatory/legal

Geographic diversity
Western Canada

Public board interlocks
CIBC

Board and Committee membership	Meeting attendance
Board	10 of 10 (100%)
PCG Committee	5 of 5 (100%)
HSE Committee	3 of 3 (100%)

Securities, DSUs and options held			
Common shares	2,000	Total common shares and DSUs	10,687
DSUs	8,687	Total market value common shares and DSUs	$423,833
Percentage of ownership requirement	83%	Meets ownership requirement (see page 46)	in progress

Voting results 2021			
Votes in favour	45,839,916 (99.11%)	Votes withheld	409,313 (0.89%)

Other public directorships: CIBC, NW Natural Gas, CP Rail (3)

Jane was a director of Postmedia Networks Canada Corp. (Postmedia) between April 2013 and January 2016. On October 5, 2016, Postmedia completed a recapitalization transaction pursuant to a court approved plan of arrangement under the *Canada Business Corporations Act* under which, approximately US$268.6 million of debt was exchanged for shares that represented approximately 98% of the outstanding shares at that time. Additionally, Postmedia repaid, extended and amended the terms of its outstanding debt obligations pursuant to the recapitalization transaction.

Robert L. Phillips, Q.C., F.ICD (71)

Independent | Director since April 26, 2019 | Anmore, BC

Robert (Bob) Phillips is President of R. L. Phillips Investments Inc., a private investment firm (2001 – present) and was previously President and CEO of British Columbia Railway Corporation from 2001 – 2004. Bob practiced corporate law for 15 years and has served in senior executive positions with Husky Energy Inc., Dreco Energy Services Ltd., PTI Group, Inc. and MacMillan Bloedel Limited.

Bob serves on the boards of several public and private Canadian and US corporations, including Canadian Western Bank (chair and member of its Audit Committee), West Fraser Timber Co. Ltd. (lead director and chair of its Governance Committee) and Canadian National Railway (chair of its Audit, Finance & Risk Committee). He previously served on the Board of Capital Power Corporation (EPCOR nominee from 2009-2013), as well as EPCOR Utilities Inc., Maxar Technologies Inc., Axia NetMedia Corporation, Dreco Energy Services Ltd., National-Oilwell Inc., Precision Drilling Corporation and others.

Bob received his Bachelor of Laws (Gold Medalist) and Bachelor of Science, Chemical Engineering (Hons) degrees from the University of Alberta and is a fellow and director of the Institute of Corporate Directors (chair of its Audit Committee).

Board and Committee membership	Meeting attendance
Board	10 of 10 (100%)
Audit Committee	4 of 4 (100%)
HSE Committee	3 of 3 (100%)

Securities and DSUs held			
Common shares	5,275	Total common shares and DSUs	19,118
DSUs	13,843	Total market value common shares and DSUs	$757,816
Percentage of ownership requirement	149%	Meets ownership requirement (see page 46)	yes

Voting results 2021			
Votes in favour	43,732,682 (94.56%)	Votes withheld	2,516,547 (5.44%)

Other public directorships: Canadian Western Bank, West Fraser Timber Co. Ltd., Canadian National Railway (3)

Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, power/energy industry, health, safety and environment, capital markets, M&A, talent management/compensation, regulatory/legal

Geographic diversity
Western Canada

Public board interlocks
None

Katharine Stevenson, ICD.D (59)

Independent | Director since April 3, 2017 | Toronto, ON

Katharine (Kate) Stevenson brings extensive business and corporate governance experience having served on numerous public company and not-for-profit boards in Canada and the US over the past two decades, where she has consistently assumed leadership roles. Previously Kate was a financial executive in the telecommunications and banking sectors. Kate is chair of the board of directors of Canadian Imperial Bank of Commerce and she also serves on the board of Open Text Corporation (member of its Audit Committee).

In addition, Kate serves on the board of directors of Unity Health Toronto, and served on the board of St. Michael's Hospital Foundation. She is formerly Vice Chair of the Board of Governors of the University of Guelph and past chair of the Board of The Bishop Strachan School.

Kate holds a Bachelor of Arts (magna cum laude) from Harvard University, and has earned her ICD.D. designation from the Institute of Corporate Directors. In 2018, she was honoured by the Women's Executive Network (WXN) as one of Canada's Top 100 Most Powerful Women.

Board and Committee membership	Meeting attendance
Board	10 of 10 (100%)
Audit Committee (Chair)	4 of 4 (100%)
PCG Committee	5 of 5 (100%)

Securities held			
Common shares	8,000	Total common shares and DSUs	36,867
DSUs	28,867	Total market value common shares and DSUs	$1,457,554
Percentage of ownership requirement	286%	Meets ownership requirement (see page 46)	yes

Voting results 2021			
Votes in favour	45,135,542 (97.59%)	Votes withheld	1,113,687 (2.41%)

Other public directorships: CIBC, OpenText Corporation (2)

Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, finance/accounting, capital markets, M&A, financial products/commodity trading, talent management/compensation

Geographic diversity
Central/Eastern Canada

Public board interlocks
CIBC

Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, power/energy industry, operations/development/construction, health safety and environment, cyber/physical security, M&A, financial products/commodity trading, talent management/compensation, government/public affairs, regulatory/legal

Geographic diversity
USA

Public board interlocks
None

Keith Trent (62)

Independent | Director since April 3, 2017 | Charlotte, NC, USA

Keith Trent has been a professional director since 2015, and has 14 years' experience as an energy executive, general counsel and internal legal counsel. From 2005 to 2015, Keith held a variety of senior executive positions with Duke Energy Corporation (Duke), including as general counsel, with responsibility for long-term grid strategy, four regulated utilities, electric transmission, regulated fossil-fuel and hydro generation, health, safety and environment, fuel and system optimization, central engineering and services, corporate strategy, government relations, corporate communications, technology initiatives, legal, internal audit and compliance, and commercial businesses operating in domestic and international retail and wholesale competitive markets. From 2002 to 2005, Keith held a variety of positions with Duke with responsibility for major litigation and government investigations (as Lead Litigator). Prior to 2002, Keith practiced law for 15 years.

Keith currently serves on the boards of directors of Edison International, Inc. and TRC Companies Inc. He has previously served on the board of AWP, Inc., the advisory board of Forsite Development Inc., the board of trustees of The Keystone Energy Board, the Accenture Global Energy Board, the board of visitors of the Wake Forest University School of Business, and the board of Electric Power Research Institute.

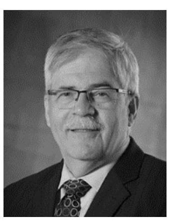
Keith holds a Juris Doctor degree, and a Bachelor of Science (Electrical Engineering). He also completed the Advanced Management Program at Harvard Business School.

Board and Committee membership	Meeting attendance
Board	10 of 10 (100%)
HSE Committee (Chair)	3 of 3 (100%)
Audit Committee	4 of 4 (100%)

Securities and DSUs held			
Common shares	0	Total common shares and DSUs	22,833
DSUs	22,833	Total market value common shares and DSUs	$903,016
Percentage of ownership requirement	139%	Meets ownership requirement (see page 46)	yes

Voting results 2021			
Votes in favour	45,154,177 (97.63%)	Votes withheld	1,095,052 (2.37%)

Other public directorships: Edison International, Inc. (1)



Experience
Executive leadership, strategy and planning, governance/compliance, risk management and oversight, power/energy industry, operations/development/construction, cyber/physical security, finance/accounting, capital markets, M&A, financial products/commodity trading, government/public affairs, regulatory/legal

Geographic diversity
Western Canada

Public board interlocks
None

Brian Vaasjo (66)

President & CEO | Not independent | Director since May 2009 | Edmonton, AB

Brian Vaasjo has been the President & CEO of Capital Power since July 2009. Prior thereto, he was Executive Vice President of EPCOR, and was President of EPCOR's Energy Division. At EPCOR, he was responsible for regional power generation, water operations and the growth of EPCOR's competitive power and water businesses across North America, as well as development and acquisition. He was President of Capital Power Income L.P. (CPILP) from September 2005 until July 2009 and chair of the board of its general partner from July 2009 to November 2011.

Brian spent 19 years with the Enbridge Group of Companies and played a substantial role in several important acquisitions, developments and public offerings. He has a Master of Business Administration, is a Fellow of the Society of Chartered Professional Accountants, and has been on the boards of several non-profit organizations.

Board and Committee membership	Meeting attendance
Board	10 of 10 (100%)
Audit Committee	4 of 4 (100%)
PCG Committee	5 of 5 (100%)
HSE Committee	3 of 3 (100%)

Securities, DSUs and options held			
Common shares	152,456	Total common shares and DSUs	152,456
DSUs	N/A	Total market value common shares and DSUs	$7,052,853
Percentage of ownership requirement* (see page 52)	176%	Meets ownership requirement* (see page 52)	yes

As of March 4, 2022, Brian Vaasjo holds 92,034 performance and restricted share units and 861,498 stock options. Share ownership for Brian is based on the sum of the number of common shares held by him, his earned PSUs, and his RSUs as of December 31, 2021 (see page 52).

Voting results 2021			
Votes in favour	46,152,519 (99.79%)	Votes withheld	96,710 (0.21%)

Other public directorships: None

Brian attends Audit Committee, PCG Committee and HSE Committee meetings as a guest and in his capacity as President & CEO of Capital Power.
*Determinations of share ownership for Brian Vaasjo relative to our share ownership requirement are made as of December 31, 2021.

MEETING ATTENDANCE AND COMMITTEE MEMBERSHIPS

The following table shows the directors' attendance at Board and Committee meetings for the year ended December 31, 2021.

Our directors are expected to attend all Board and relevant Committee meetings. The PCG Committee reviews the attendance records to monitor that each director has attended at least 80% of the meetings. If attendance falls below this level and there are no extenuating circumstances, the PCG Committee will discuss the situation and recommend to the Board whether the Board should seek the director's resignation.

As Chair, Jill Gardiner attends Committee meetings as an ex-officio and non-voting member. Some directors also attend other Committee meetings as guests.

			Committee meetings					
	Board meetings		Audit		PCG		HSE	
Jill Gardiner	(Chair) 10 of 10	100%	4 of 4	100%	5 of 5	100%	3 of 3	100%
Doyle Beneby	10 of 10	100%	2 of 2	100%	5 of 5	100%	2 of 2	100%
Kelly Huntington	10 of 10	100%	2 of 2	100%	(Chair) 5 of 5	100%	1 of 1	100%
Barry Perry	9 of 9	100%	2 of 2	100%	2 of 2	100%		
Jane Peverett	10 of 10	100%			5 of 5	100%	3 of 3	100%
Robert Phillips	10 of 10	100%	4 of 4	100%			3 of 3	100%
Katharine Stevenson	10 of 10	100%	(Chair) 4 of 4	100%	5 of 5	100%		
Keith Trent	10 of 10	100%	4 of 4	100%			(Chair) 3 of 3	100%
Brian Vaasjo	10 of 10	100%	4 of 4	100%	5 of 5	100%	3 of 3	100%

Notes

- Brian Vaasjo attends Committee meetings as a guest and in his capacity as President & CEO of Capital Power.
- Jill Gardiner was elected Chair of the Board effective April 29, 2021.
- The 10 Board meetings include the strategic planning session.
- Barry Perry was appointed to the Board effective March 1, 2021.
- Committee assignments were amended as of April 29, 2021. Audit Committee members are Katharine Stevenson (Chair), Kelly Huntington, Barry Perry, Robert Phillips, and Keith Trent. PCG Committee members are Kelly Huntington (Chair), Doyle Beneby, Barry Perry, Jane Peverett, and Katharine Stevenson. HSE Committee members are Keith Trent (Chair), Doyle Beneby, Jane Peverett, and Robert Phillips.
- The Board and Committees met in-camera without management (including the President & CEO) at every meeting.

DIRECTOR INTERLOCKS

When recommending new directors, the Board considers any potential director interlocks and determines whether any such interlock would impair the exercise of independent judgment by the interlocked directors. If the Board determines there is any such risk then the otherwise interlocked director would not be recommended and nominated for election.

Two of our director nominees serve together on other public company boards. Jane Peverett and Katharine Stevenson serve together on the board of directors of Canadian Imperial Bank of Commerce (CIBC), where Katherine Stevenson is the chair of the board. The Board does not consider this interlock to impair these directors' respective abilities to exercise their independence.

DIRECTOR EDUCATION

We endeavour to provide education and update contextual information as required to ensure that our directors have the most up-to-date knowledge to inform their decisions. Our directors receive materials well in advance of each Board meeting including background information about items to be considered at the meeting. Directors are encouraged to attend externally hosted education conferences and seminars and Capital Power will contribute towards the cost. The table below lists the education we provided directly to our directors in 2021. You can find more information about education and ongoing development of directors on page 30.

Date	Event	Description	Attendees	
March	Director Orientation	Presentations by various members of Capital Power's staff	Barry Perry	
April	Financial Strategy Session	Presentations by members of Capital Power's Finance Team	Donald Lowry Jill Gardiner Doyle Beneby Kelly Huntington Barry Perry	Jane Peverett Robert Phillips Katharine Stevenson Keith Trent Brian Vaasjo
May	Changing Direction, An Energy Transition Discussion	Presentation by Peter Tertzakian	Jill Gardiner Doyle Beneby Kelly Huntington Barry Perry Jane Peverett	Robert Phillips Katharine Stevenson Keith Trent Brian Vaasjo
July	Cyber Threat Landscape	Presentation by Neil Karan, Director Global Cyber Risk Services, Mandiant	Jill Gardiner Doyle Beneby Kelly Huntington Barry Perry Jane Peverett	Robert Phillips Katharine Stevenson Keith Trent Brian Vaasjo
October	Board Ethics Training	Presentation by Erica Salmon Byrne, Executive Vice President for The Ethisphere Institute and Chair of the Business Ethics Leadership Alliance	Jill Gardiner Doyle Beneby Kelly Huntington Barry Perry Jane Peverett	Robert Phillips Katharine Stevenson Keith Trent Brian Vaasjo

In addition, the Chairs of our Board and PCG Committee have access to certain materials from Equilar, a provider of board intelligence solutions, for internal research purposes (such as benchmarking) and all directors have access to seminars and materials through Diligent, our board portal provider. In 2021, Capital Power's directors were provided access to Indigenous digital circle gatherings in recognition of the National Day for Truth and Reconciliation and townhalls facilitated by Medcan regarding COVID-19 information. The directors also individually attended various external webinars and seminars, including: *The Climate Agenda – What Directors Need to Know* (Diligent), *Sustainable Finance and Climate Risk* (Global Risk Institute), *Canada-US Geopolitics with the Honourable Gary Doer* (CIBC), *Tech Fluency on Boards – Cyber and Risk Management* (Deloitte), *Next Level Governance* (ICD National Conference), *Board Oversight of Climate Change (Module 1)* (ICD), *Climate, Environment and Energy Policy* (Scotiabank), *Executive Compensation – What Do We See on the Horizon* (Southlea), *Hydrogen Now to 2030* (Columbia Centre on Global Energy Policy), *Diversity in the Workplace* (Washington Post), *Digital Transformation Journey* (ICD), *Governance of Artificial Intelligence* (ICD), *Social Purpose* (ICD), *Continuing the Digital Transformation* (ICD), *Sustainability and Climate Change* (CPPIB), *Electrifying Transportation, Industry and* Economy (Edison Electric Institute) and *Board Governance and Effectiveness* (Hugessen).

2. Governance

Governance at Capital Power

We are committed to responsible corporate governance to drive long-term performance and investor confidence. Our governance practices promote accountability, transparency and resiliency, and support sound decision making in the interest of all of our stakeholders. Strong governance is essential for us to achieve our corporate purpose – to power a sustainable future for people and planet.

Our corporate governance practices are consistent with the following, as adopted by the Canadian Securities Administrators:

- National Policy 58-201 — Corporate Governance Guidelines (NP 58-201);
- National Instrument 58-101 — Disclosure of Corporate Governance Practices (NI 58-101);
- National Instrument 52-110 — Audit Committees (NI 52-110);
- National Instrument 52-109 — Certification of Disclosure in Issuers' Annual and Interim Filings (CSOX); and
- Form 58-101F1 — Corporate Governance Disclosure (58-101F1).

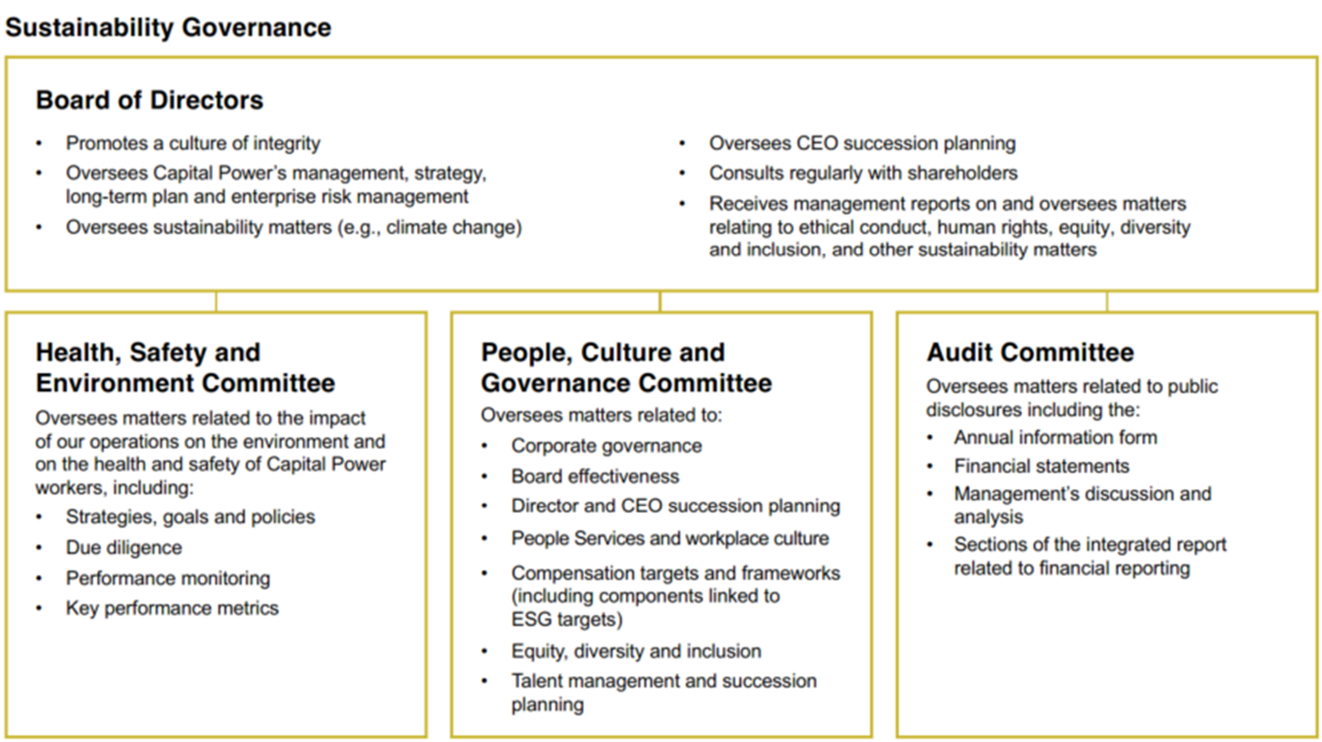
We've adopted a comprehensive corporate governance policy which is available on our website (www.capitalpower.com).

Management has assessed our financial reporting procedures this year and has concluded that we are in compliance as of December 31, 2021.

ESG OVERSIGHT

Our Board provides independent oversight of our business and is responsible for, among other things, ESG and other sustainability practices. As ESG is integrated in our business, our Board of Directors and entire management team are committed to addressing material ESG issues. Our Board's focus on climate change includes approving emission reduction targets and annually approving the long-term plan, which contains strategies relating to decarbonization, technology and the pursuit of renewable generation.

Corporate ESG governance diagram



Effective corporate governance is critical to long-term performance and maintaining stakeholder trust. Our Board has a diversity of knowledge, expertise and lived experiences that will help us navigate our energy transition, manage risks, and continue to deliver value over the long term. At Capital Power, we conduct our business in a manner that is principled, transparent, and accountable to all stakeholders in order to create long term sustainable shareholder value. Sustainability is a journey we are on in partnership with our internal and external stakeholders.

The Board actively oversees the implementation and monitoring of our strategic transformation efforts (see Capital Power's decarbonization roadmap graphic on inside cover), ensuring that the targets assigned to the CEO and management are aligned appropriately with the short, medium, and long-term priorities of the Company. In 2021, we continued to advance along our path towards net carbon neutrality by 2050. We are doing this by investing in leading edge and best-in-class technology that will grow our business while reducing our carbon impact. Our growth strategy includes investment in renewables, natural gas, energy storage, and decarbonization technologies including carbon capture, utilization and storage (CCUS), hydrogen and direct air capture technologies. We believe these technologies will be key to providing reliable and affordable energy while reducing emissions to be net carbon neutral by 2050.

The actions we took in 2021, including the growth of our renewable portfolio and development pipeline, investments in CCUS and progressing Genesee repowering to be off coal by 2023, advanced our decarbonization strategy. In 2021, we completed phases 2 and 3 of the Whitla Wind project, and announced plans for phase 2 of Halkirk Wind. At the end of 2021 we had five solar projects in advanced development which will add approximately 276MW of owned generation capacity in North Carolina and Alberta and 538MW of incremental natural gas combined cycle capacity, from the repowering of Genesee 1 and 2 in Alberta. We are also completing engineering assessments for development of carbon capture and storage (CCS) on the repowered Genesee units, which would further reduce emissions across our portfolio.

Our decarbonization pathway (see graphic on inside cover) provides a foundation for the Company and will continue to guide us towards our ambition of being net carbon neutral by 2050.

Further information on our ESG efforts is provided in our 2021 Integrated Annual Report and Climate Change Disclosure Report published in 2022.

Getting to net carbon neutral: our sustainability targets

- Achieve net carbon neutral by 2050
- Construct all new natural gas generation units to be carbon capture and/or hydrogen ready
- Reduce Scope 1 CO_2 emissions at Genesee by 50% by 2030 from 2005 levels
- Reduce Scope 1 CO_2 emissions by 10% by 2030 from 2005 levels, based on our 2019 fleet
- Reduce Scope 1 CO_2 emission intensity by 65% by 2030 from 2005 levels
- Invest in carbon capture and utilization technology to help achieve net carbon neutrality by 2050 and eventually physically decarbonize our natural gas fleet (ongoing)
- Complete the Genesee Carbon Conversion Centre
- Sustainable sourcing strategy
- Water management strategy
- Target of at least 30% women on the Board and Executive Team

2021 areas of ESG focus

In 2021, the Board provided guidance and oversight on key sustainability initiatives, some of which are identified below:

1. Supported the high-level roadmap and our pathway to becoming net carbon neutral that was first communicated during the 2020 Investor Day and accelerated in 2021.
2. Continued to support the Company's efforts towards achieving the 2030 sustainability targets.
3. Acceleration of our path to a lower carbon future and net carbon neutrality with the continued advancement of the Genesee 1 and 2 repowering and advancement of CCS studies for deployment on the repowered units.
4. Approved the acquisition of development sites for potential renewable and energy storage projects.
5. Approved water management and sustainable sourcing strategies to realize opportunities and mitigate risk in our operations and across our supply chain with implementation commencing in 2022.
6. Supported our 2021 Integrated Annual Report, which includes enhanced disclosure to reflect our ongoing commitments to transparency for our stakeholders.
7. Supported and approved Capital Power's new Purpose, Vision, Mission and Values.

Through these and other efforts in 2021, we are making steady progress toward our sustainability targets, including ambitious carbon emission-reduction goals. More broadly, Capital Power continues to integrate ESG into our core operations, long-term growth strategy and the decision-making processes from the Board-level to the plant floor.

GOVERNANCE PRACTICES

✓	Voting is by individual director, we have a majority voting policy and we disclose the voting results on all items of business within five business days of a shareholder meeting	(see page 15)
✓	We maintain separate Chair and CEO positions so the Board can function independently, monitor management's decisions and actions and effectively oversee our affairs	(see page 26)
✓	The majority of our Board nominees (eight out of nine) are independent	(see page 26)
✓	The Chair of the Board is independent	(see page 26)
✓	The Board has developed clear position descriptions for the Chair of the Board, each Committee and the CEO	(see page 26)
✓	Our Audit Committee is 100% independent	(see page 37)
✓	Our PCG Committee is 100% independent	(see page 39)
✓	Directors are required to meet share ownership requirements within five years of joining the Board or within five years of a material change to their compensation (three times their annual cash and equity retainer in Capital Power DSUs and/or common shares). Capital Power's senior executive officers must also meet share ownership requirements (see page 52 for more information on the share ownership requirements for executive officers)	(see pages 42 and 52)
✓	Our Board has a formal, written mandate	(see page 82)
✓	The Board and Committees meet without management present (in-camera) at every meeting	(see page 26)
✓	100% attendance is expected of our directors. The PCG Committee reviews the attendance record to monitor whether directors have attended at least 80% of Board meetings and their respective Committee meetings	(see page 21)
✓	The Board has adopted a written code of business conduct and ethics, and monitors our compliance with it	(see page 26)
✓	The Board oversees management, strategic (including ESG) and corporate planning oversight, sustainability, risk management (including cyber-security), Board and CEO succession planning, and shareholder engagement	(see page 26)
✓	We conduct an advisory vote on executive compensation, giving shareholders a say on pay	(see page 47)
✓	We have incentive claw-back and anti-hedging policies, further aligning the interests of executives and shareholders and review and amend as required	(see page 49)
✓	We provide orientation and continuing education programs for our directors	(see page 30)
✓	The Board maintains a skills matrix to assist in planning, developing, and managing the skills and competencies of the Board	(see page 31)
✓	Our Board evaluation process involves annual Board and Committee effectiveness surveys, annual director and Chair self-assessments, annual one-on-one meetings between each director and Chair of the Board, and peer-to-peer assessments conducted every three to five years by an independent third party	(see page 32)
✓	The Board has adopted a board diversity policy, which has minimum requirements regarding the proportion of women candidates in director search shortlists and a target for the proportion of women on our Board and our executive team	(see page 33)
✓	The Board has adopted a director tenure & succession policy which establishes term limits and Board Chair succession	(see page 32)
✓	The Board has adopted a shareholder engagement policy	(see page 35)
✓	The Chair of the Board and the Chair of PCG Committee conduct shareholder engagement meetings	(see page 36)
✓	Amendments to our articles and by-laws, and approval of mergers, require a shareholder vote at levels required by law	

About the Board

The Board is responsible for the stewardship of Capital Power, providing independent, effective leadership to oversee the management of Capital Power's business and affairs and to grow value responsibly and in a profitable and sustainable manner. The Board is actively engaged in supervising our business and affairs and is specifically responsible for:

- management, strategic (including ESG) and corporate planning oversight
- enterprise risk management
- Board and CEO succession planning
- shareholder engagement

(referred to in this document as the Board responsibilities)

Capital Power values integrity, diversity, hard work and devotion to doing what's right for our Company, investors, community partners and the rest of our stakeholders. The Board ensures that management's plans and activities are consistent with these values and supports our vision to power the world reliably and affordably while protecting the planet for future generations.

Independence
Eight out of nine director nominees (approximately 89%) are independent according to the standards of independence established under Section 1.2 of NI 58-101. Brian Vaasjo is not considered independent because he is Capital Power's President & CEO.

Nominated directors	Independent	Not independent
Jill Gardiner	✓	
Doyle Beneby	✓	
Kelly Huntington	✓	
Barry Perry	✓	
Jane Peverett	✓	
Robert Phillips	✓	
Katharine Stevenson	✓	
Keith Trent	✓	
Brian Vaasjo		✓

An independent, non-executive director chairs our Board. The Board met 10 times in 2021. The directors met without management (including the President & CEO) at all of the meetings. You'll find the Board's terms of reference in Appendix A.

Separate Chair and CEO positions

We maintain separate Chair and CEO positions, each with their own position descriptions (or terms of reference). The Chair leads, manages and organizes the Board with a strategic focus and presides over its meetings while encouraging strong participation and commitment from all directors. The Chair also works with the CEO to develop and maintain productive stakeholder relationships, and to represent the Board with shareholders, regulators, customers, stakeholders, and the media.

The PCG Committee recommends, and the Board nominates, director candidates based on the skills matrix, their character and leadership strengths, their diverse backgrounds, and other key qualities like breadth of experience, insight and knowledge, financial and compensation literacy, and business judgment. The terms of reference for the Chair of the Board, each Committee, individual directors and the President & CEO include detailed position descriptions and are available on our website (www.capitalpower.com).

Ethics
Our ethics policy applies to all permanent and temporary employees, contractors and members of our Board. We expect all members of our team to conduct themselves in a manner that reflects the values forming the basis of our culture: trust, integrity and respect. Everyone must read, understand and comply with the policy, and executives must certify their compliance with the policy quarterly. Our ethics policy is on our website (www.capitalpower.com), or you can ask our Corporate Secretary to send you a copy (see page 81).

The policy is reviewed at a minimum on an annual basis and the Board has oversight and control over the policy, including governance over all material changes to the ethics policy.

All material changes are communicated to employees through a Company-wide communication shortly after Board approval, with a new version available internally on the Company intranet and externally on the Company website.

Board

The Board is responsible for overseeing our 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.

Senior officers

All senior officers must certify compliance with the ethics policy quarterly and the President & CEO and Senior Vice-President & CFO certify our quarterly and annual financial statements and related management's discussion and analysis information included within the Integrated Annual Report and the quarterly management's discussion and analysis documents, as well as our AIF, for filing with the Canadian Securities Administrators.

Reporting a concern

We've worked hard to foster a culture where anyone can speak openly about ethical concerns. Employees, contractors and any external stakeholder can raise a concern anonymously through our Integrity Helpline.

Our Integrity Helpline is available 24 hours a day, seven days a week (call 1.866.363.8028 or go to http://secure.ethicspoint.eu). A third party operates the helpline on our behalf to ensure confidentiality.

Employees can also raise a concern directly with their manager, Human Resources, our Chief Compliance Officer, any member of senior management or members of the Board.

Investigating ethical complaints

We investigate complaints promptly and thoroughly.

A written report is completed for every investigation process, including its outcome, and is maintained on file. Investigation Procedures are included as an appendix to the ethics policy and include how to report a concern, our commitment to maintaining confidentiality and no retaliation, and information on the investigation process.

Material interests, conflicts of interest and related-party transactions

Our ethics policy applies to all permanent and temporary employees, contractors and members of our Board. All members of our team are to conduct themselves in a manner that reflects the values forming the basis of our culture, trust, integrity and respect. It is everyone's responsibility to read, understand and comply with the policy, and executives must certify their compliance with the policy quarterly.

As mandated by our ethics policy, the Board's terms of reference, and applicable law, our directors must disclose to us in writing any conflict they have with us, or have the interest entered in the minutes of the Board meeting, including a description of the nature and extent of the conflict. Any such director must refrain from participating in any discussion or voting on the matter. As part of our practice, a director with a material interest recuses themself from the Board meeting when a discussion or vote takes place on such a matter. In addition, as part of the Board's annual process, directors are asked to complete annual questionnaires to assist the Board in identifying and monitoring possible conflicts of interest and related party transactions. The PCG Committee oversees director conflicts of interest via its annual review of the Corporation's ethics policy.

Disclosure and insider trading policy

Our disclosure and insider trading policy governs the dissemination of information to the public and guides our decisions and actions in providing clear and complete disclosure in a timely manner, in compliance with all securities regulations.

Our disclosure committee consists of senior managers and reports to, and is subject to, the supervision and oversight of our President & CEO. Our disclosure committee is responsible for reviewing all proposed disclosure before it is released publicly. The disclosure committee also reports its work and findings to our Board and Audit Committee and must promptly inform our Board and Audit Committee of any material disclosure issues or concerns regarding any of our disclosure controls that come to the disclosure committee's attention.

Ethics training

All of our directors and employees must participate in ethics training every two years and attest that they understand the material covered, including reporting avenues to disclose concerns, and that they will comply with the ethics policy. Topics are geared towards the audience, with training covering elements of the ethics policy, including, but not limited to, how to report a concern, fraud and corruption, conflict of interest, accounting and auditing irregularities, insider trading, disclosure of confidential information, discrimination, harassment, sexual harassment and workplace violence. In October 2021, our Chief Compliance Officer, along with a third-party ethics contractor provided the directors and executive team with ethics training.

ROLE AND RESPONSIBILITIES

The Board responsibilities also include ensuring compliance with laws and regulations. The Board approves all matters required by it to do so as per the *Canada Business Corporations Act*, and any other legislation applicable to Capital Power, our articles and our by-laws. In carrying out the duty to act in the best interests of Capital Power, the directors may consider the interests of shareholders, employees, retirees, pensioners, creditors, consumers, governments, the environment and the long-term interests of the Company.

The Board may delegate the review and recommendations of certain matters to its standing committees, however most committee recommendations must be approved by the entire Board.

The Board explicitly delegates certain powers to management by written policy and subject to specific limits. Examples include:

- contract execution and spending authority policy
- financial exposure management policy
- investment policy

Strategic and corporate planning oversight

On an annual basis, the Board meets with management to review Capital Power's strategic and corporate planning, which is designed to:

- ensure that we continue to operate consistently with our corporate purpose, mission, vision and values
- maximize shareholder value while taking into account the interests of our other stakeholders
- integrate and advance ESG and sustainability strategies
- assess the opportunities and risks that may affect our business
- ensure plans are in place that support the overall resilience of the Company's strategy

As President & CEO, Brian Vaasjo leads the executive team and is responsible for Capital Power's strategic direction, sound management and performance.

Management follows a comprehensive planning process for developing our overall strategy which includes assessments of the business environments in which we operate, critical assumptions, goals, supporting strategies, operational and financial matters (include the annual budget), and risks.

First quarter	Management begins the process for the following year by carrying out the following: • assessment of industry trends and the competitive environment • assessment of ESG and sustainability trends • preparation of commodity and economic forecasts • review of how well it executed its strategy in the previous year • determination of what modifications to the strategy are necessary (if any) • adjustment of its plans and objectives to execute the strategy • preparation of a long-range financial forecast
Second quarter	Management uses the inputs to develop our strategy and corporate plan, which contains our market outlooks, critical assumptions, goals, supporting strategies, operational and financial matters and risks, and submits the draft strategy and corporate plan to the Board (generally in May). The Board and management then meet for a two-day, off-site planning session to discuss the strategic plan. Management highlights the risks and solicits feedback from the Board and any proposed changes to the strategy and tactics.
Third quarter	Management reviews the feedback and makes changes to the strategy and corporate plan and submits the revised strategy and corporate plan to the Board for approval, generally at its July meeting.
Fourth quarter	Management updates its financial forecasts based on recent events, updated commodity forecasts and the current budget. Corporate performance measures are also established for the following year based on the approved budget. Management establishes the budget based on the approved strategy and plan, and submits it to the Board for approval.

The Board discusses the impact of current events and developments on our strategic plan and reviews our performance against our strategic plan every quarter. The Board also addresses emerging strategic and public policy issues as they arise throughout the year.

Enterprise risk management

Effectively managing risk is critical to maximizing shareholder value. We believe that 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 Organization's 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), so we can identify risks that could prevent us from achieving our strategic and business objectives and develop strategies to mitigate those risks. This includes assessing specific risk areas, including unpredictable or unusual risks as well as emerging risks to our business.

We expect everyone to understand the risks that fall within their areas of responsibility and to manage these risks within approved risk tolerances.

Open communication is a key part of the process. We need our people to share the best available information (quantitative and qualitative), drawing from historical data, experience, stakeholder feedback, observation, forecasts and their expert judgment.

The Board reviews and approves our risk tolerances, ERM policy, risk management processes and accountabilities every year.

The President & CEO is ultimately accountable for managing our risks and approving the ERM framework. They manage ERM through the executive team.

The Vice President of Financial Planning and Analysis has day-to-day responsibility for the ERM framework, and reports to the Senior Vice President & CFO. The Vice President presents a detailed risk report to the Board twice a year and updates as required.

The HSE and Audit Committees receive reports from the Senior Manager, Internal Audit at every meeting and conduct in-camera sessions with them. The Senior Manager, Internal Audit reports administratively to the Senior Vice President, Planning, External Relations and Chief Sustainability Officer and has a direct reporting relationship with the Audit Committee.

The Audit Committee also receives regular updates on key risks to the Company, including but not limited to commodity, and credit. The Board receives an annual cyber-security report detailing the Company's key initiatives and accomplishments within information services, industrial controls, and supply chain (for more information on the risks covered under the ERM, please refer to the Integrated Annual Report). In addition to the annual cyber-security report, the Board receives a quarterly update identifying top threats, key learnings, emerging trends and cyber-security metrics.

Succession planning and leadership development

The Company's success is significantly dependent upon the continued performance, development, and retention of our executive officers. Management creates and maintains succession, performance and development plans for the President & CEO, executive team, and other critical roles to ensure business continuity in cases of unexpected departures, to support our future growth and to retain our talent (succession plans). As part of its oversight role, the PCG Committee reviews these succession plans at least once a year and reports on them to the Board.

The Company is committed to identifying, assessing, and developing diverse, high-potential employees to prepare them for broader roles within the organization. Developing internal capabilities helps to foster employee engagement, retain talent, and provide a robust pipeline with respect to succession for key roles. Where required, the Company complements the practice of developing and promoting from within by hiring externally. In both 2021 and 2022, our executive short-term objectives include elements related to presenting a qualified diverse candidate pool for interviews for open positions and a commitment to improve the gender balance throughout the organization. For 2022, a portion of non-executive short-term incentive pay is also tied to increasing gender diversity. Starting with the 2022 grant, a portion of executive and leadership performance share units are tied to ESG measures related to increasing diversity at both the leadership and broader organization level. The PCG Committee reviews and discusses our broader performance management and talent development programs to ensure that we are developing our non-executive management high potential talent to support our ongoing business needs.

In addition, the PCG Committee:

- provides oversight of human capital risks
- ensures proper processes are in place for monitoring succession plans, performance, and development of future senior management
- reviews potential succession and gaps for CEO, executive team and other critical roles together with action plans to support the ongoing development of high potential talent within the Company

For more information about the Company's diversity initiatives and targets please refer to the "Diversity" section on page 33 of this document.

ORIENTATION AND ONGOING DEVELOPMENT

We provide our new directors with a fulsome orientation as well as ongoing education for all directors to assist them in keeping up to date with any recent trends.

The Board has a director orientation and education policy that includes:

- guidelines for new directors
- types of education and orientation information for directors
- educational opportunities
- site visits
- conferences, symposiums and seminars

Orientation

We provide our new directors with information pertaining to Capital Power's business and operations. We also provide them with access to many resources, including copies of the minutes and other supporting documents from recent Board meetings. They also receive a corporate governance manual prepared by management that includes our articles, by-laws and other Board documents.

Prior to their first Board meeting, new directors are assigned a "board buddy" and also spend a day with management and attend an orientation session intended to provide a basic understanding of Capital Power and our business.

We may also provide additional information tailored to a new director's needs and interests, information on our current activities, and any other information that a new director may request. New directors are offered a tour of one or more of Capital Power's facilities.

New directors are encouraged to attend Committee meetings as an ex-officio member for at least the first year of their tenure to gain a better understanding of different aspects of Capital Power's business and governance.

Ongoing development

Management regularly provides directors with articles, papers and in-house seminars on issues relevant to Capital Power, our business, the industry, and the regulatory environments in which we operate as well as with a list of relevant external seminars and industry conferences.

Our directors are committed to reviewing the materials, attending the seminars, and staying up to date on relevant issues through the media and other public information sources. In addition, we regularly invite third parties to present to the Board on relevant industry, business or governance topics. For a summary of director education events during 2021, please refer to page 22.

Directors may attend conferences, industry symposia and other seminars and we will reimburse them 100% of the cost (including reasonable travel expenses) in circumstances where the Chair of the Board or Chair of the PCG Committee believes that the content is specifically relevant to Capital Power or its business. Reimbursement will be pre-approved and occur once the director submits original receipts with the expense claim. We will reimburse them 50% of the cost (including reasonable travel expenses), where the Chair of the Board or Chair of the PCG Committee believes that the content is of a more general governance nature that would be relevant to Capital Power as well as to other Boards on which the director sits, and pre-approves it, and the director submits original receipts with the expense claim.

Periodically, Capital Power offers directors the opportunity to take site tours of some of our facilities and plants illustrative of each of the various types of power generating facilities we own and operate. Directors will attend such site tours whenever practicable.

You can learn more about the presentations our directors received in 2021 on page 22.

RECRUITMENT, ASSESSMENT AND TENURE

Skills matrix

The PCG Committee uses a skills matrix to identify and track the key skills and areas of strength that the Board believes are important for overseeing our business, management and our future growth. The skills matrix is reviewed annually to ensure that it remains relevant and consistent with our go-forward strategy.

The table below shows the skills and strengths of each of the director nominees. You can learn more about each director's skills and experience in the director profiles beginning on page 16.

	J. Gardiner	D. Beneby	K. Huntington	K. Stevenson	K. Trent	B. Perry	J. Peverett	R. Phillips	B. Vaasjo
Background/Experience									
Executive Leadership[1]	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategy and Planning[2]	✓	✓	✓	✓	✓	✓	✓	✓	✓
Governance/Compliance[3]	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk Management and Oversight	✓	✓	✓	✓	✓	✓	✓	✓	✓
Power/Energy Industry[4]	✓	✓	✓		✓	✓	✓	✓	✓
Operations/Development/Construction[5]		✓	✓		✓	✓	✓		✓
US operations		✓	✓		✓	✓			✓
Canadian operations						✓	✓		✓
Health, Safety and Environment[6]		✓	✓		✓	✓	✓	✓	
Cyber/Physical Security [7]		✓	✓		✓				✓
Finance/Accounting[8]	✓		✓	✓		✓	✓		✓
Capital Markets[9]	✓		✓	✓		✓	✓	✓	✓
M&A[10]	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial Products/Commodity Trading[11]			✓	✓	✓	✓	✓		✓
Talent Management/Compensation[12]	✓	✓	✓	✓	✓	✓	✓	✓	
Government/Public Affairs[13]		✓	✓		✓	✓	✓		✓
Regulatory/Legal			✓		✓	✓	✓	✓	✓
Geographic Diversity									
Western Canada	✓						✓	✓	✓
Central/Eastern Canada				✓		✓			
USA		✓	✓		✓				

Notes

(1) Executive Leadership – experience as a CEO, senior executive or senior partner of a public company or other organization of similar complexity
(2) Strategy and Planning – ability to think strategically, identify and critically assess strategic opportunities and threats including transformational or disruptive change, and provide guidance on effective strategies
(3) Governance/Compliance – understanding of good corporate governance practices and policies usually gained through experience as a board member of a public company (including as board or committee chair)
(4) Power/Energy Industry – experience as a director, senior executive, or advisor in the power or broader energy sector (including in Alberta's power markets)
(5) Operations/Development/Construction – management or executive experience in power or utility operations, engineering, development or construction
(6) Health, Safety and Environment – board or management experience in, or understanding of, the regulatory environment surrounding workplace health and safety, the environment, sustainability and social responsibility
(7) Cyber/Physical Security – management or executive experience in securing corporate information systems and industrial controls, or physically securing and restricting access to offices and/or industrial plants
(8) Finance/Accounting – experience as CFO or senior executive or partner in accounting, financial management or banking with understanding of financial accounting and reporting, corporate finance, financial internal controls and Canadian GAAP/IFRS
(9) Capital Markets – experience as an investment banker or with transactions to raise capital (including public and private equity and debt offerings), and understanding of relationships between issuers, underwriters and market participants
(10) M&A – experience in major transactions involving private and/or public companies, such as mergers, acquisitions, divestitures and takeover defence
(11) Financial Products/Commodity Trading – experience as an executive, CFO, treasurer, or investment banker in managing or overseeing financial and/or commodity trading and derivatives products
(12) Talent Management/Compensation – management, executive or board experience in designing or implementing market-based compensation plans, leadership development, talent management, succession planning, pensions, compensation decision-making (including risk-related aspects of compensation) and/or human resources principles and practices generally
(13) Government/Public Affairs – board or management experience in, or understanding of, government and public affairs generally, including government relations in Canada or the US, in the context of the power industry or other highly-regulated industries

Board assessment

The PCG Committee is responsible for Board assessment, which involves assessing individual directors, Committees, Committee Chairs, the Board Chair and overall Board effectiveness. Pursuant to our director evaluation process, our ongoing Board and director assessments and evaluations involve:

- annual one-on-one meetings between the Chair of the Board and each director to identify focus areas for the Board and Committees to work on in terms of improving corporate governance, increasing share value and enhancing accountability, and progress with respect to these focus areas is discussed in camera at every meeting of the Committees and/or the Board
- annual director self-evaluations (to be conducted in conjunction with the annual one-on-one meetings held by the Chair)
- peer-to-peer evaluations for all directors, to be conducted by an independent third party every three to five years
- annual Board and Committee effectiveness surveys

Every year, the Board and each Board Committee do a self-evaluation (in accordance with their terms of reference), which involves in-camera discussions and one-on-one interviews with each Committee Chair by the Chair of the PCG Committee. The Chair of the Board also discusses Board and Committee performance with members of senior management.

In the fourth quarter of 2021, the directors participated in Board and Committee evaluations, which were submitted anonymously and the aggregate compiled results were provided to the Chairs of the Board and the PCG Committee.

Finally, the Chair of the Board conducted one-on-one interviews with each director and members of senior management in early 2022. Although not anonymous, the one-on-one interviews between the Chair and each director allowed the Chair to have a frank discussion about key areas of interest, including director performance, continued tenure, and areas of focus and personal development for the coming year. The results of the annual self-evaluation, questionnaire and interviews were discussed by the PCG Committee and the Board at their meetings in February 2022.

In 2021, as a result of the recent transition of the Chair of the Board and the Chair of the PCG Committee, the decision was made to conduct the third-party peer-to-peer evaluations in 2022.

The Chair is committed to fostering a culture of continuous improvement and the Board addresses all areas for improvement in Board effectiveness that are identified through our assessment processes.

You can read more about the annual evaluation process in our corporate governance policy on our website (www.capitalpower.com).

Director tenure and succession

Our Board has adopted a policy around director tenure and succession (as referenced in our corporate governance policy, referred to as the tenure policy) and a succession plan and Committee rotation (succession plan). Our Board has not adopted a retirement age policy because we believe that term limits are a better way to ensure continual Board renewal.

Our tenure policy provides that:

- our primary tools for determining who to nominate to the Board are our director skills matrix, our peer-to-peer director performance evaluations, and our board diversity policy
- in order to remain on the Board, a director must be re-elected by our shareholders and receive satisfactory performance reviews
- non-management directors elected or appointed to the Board prior to 2016 will have a maximum tenure of 12 years
- non-management directors elected or appointed to the Board during or after 2016 will have a maximum tenure of 10 years
- the Board may extend the term of any director beyond the limits in the tenure policy if the Board determines that Capital Power and the Board would benefit from a director's service beyond the term limit and any exercise of such discretion must be identified and disclosed to our shareholders in the circular in which such director is being nominated for election beyond their term limit
- the PCG Committee reviews the anticipated retirement dates of our directors every year, and, in conjunction with this review, will consider the Board's size and composition, succession planning needs associated with loss of skills and experience, the need for Board continuity, and the need for diversity, new skills and experience on the Board as our business and external conditions evolve
- in conjunction with the above:
    - the PCG Committee reviews and uses our director skills matrix to develop a list of potential candidates for nomination or appointment to the Board in the future based on their skills and experience and in accordance with our board diversity policy
    - the list of potential Board directors is comprised of people the PCG Committee believes would be beneficial to join the Board when there is a vacancy by filling any gaps in, or otherwise complement, the current skills matrix as well as comply with our independence criteria for the Board and its Committees

  - the PCG Committee may also hire a search firm to identify potential candidates
- in the normal course, Board Chair succession is determined via a formal process that reflects relevant considerations at that point in time. The process is managed by the PCG Committee or the Board may elect to form a special committee that would not include any directors having an interest in being considered for the role of Board Chair
- in the event of an unplanned (emergency) succession requirement for the Board Chair, the Chair of the PCG Committee shall be deemed acting Chair until the next meeting of the Board, at which time the Board shall ratify and confirm the Chair of the PCG Committee as acting Board Chair until a replacement Board Chair is appointed via the formal process described above
- in the event of an unplanned (emergency) succession requirement for any Committee Chair, the Board Chair in consultation with the specific Committee members will select a new Committee Chair

While shareholders elect directors at annual meetings, the Board may appoint additional directors between annual meetings to fill vacancies.

The succession plan is intended to address Board succession planning in the context of directors chairing and/or serving on the Board's standing Committees, which do much of the detailed, substantive work of the Board and which work generally requires specific subject-matter expertise. The qualifications of compensation Committee members, in particular, have come under increased critical focus in recent years. Therefore, the succession plan provides that:

- the Chairs of the Board and the PCG Committee will establish and maintain a Board succession plan
- the Chair of the Board establishes a development plan for each of our directors that feeds into the succession plan
- a subset of the skills matrix will be used for each standing Committee of the Board in order to aid succession planning and director development
- Committee Chairs and memberships will be rotated as appropriate to facilitate director development, Board succession planning, institutional knowledge, continuity and renewal

DIVERSITY

Adopted in 2014 and amended most recently in 2022, Capital Power maintains a board diversity policy as part of its commitment to diversity at the Board and executive team levels. The policy includes provisions such as giving extra weight to qualified women candidates and qualified candidates who bring diversity beyond gender in the final nomination decisions. The selection process is overseen by the PCG Committee which also is required to consider diversity as part of the performance review of the Board, its Committees, and individual directors. Our board diversity policy establishes goals of:

- at least 40% of the independent directors on the Board be women;
- at least 20% of the independent directors be individuals that are visible minorities, Indigenous people, persons with disabilities, or LGBTQ2S+; and
- 30% of the executive team be women.

Both the Board and the executive team have currently exceeded these representation goals with 50% of the independent directors and 43 percent of the Company's executive team being women; and 25% of the independent directors providing diversity beyond gender as noted above.

Furthering the Company's objective to enhance and maintain diversity at the Board level, when assessing Board composition or identifying suitable candidates for appointment or election to the Board, Capital Power considers people having a diverse mix of experience, skills and backgrounds, who collectively reflect (1) the strategic needs of our business and the nature of the environment in which Capital Power operates, and (2) the skills and experience the Board requires as a whole to be effective. For Capital Power, diversity includes, but is not limited to, business and industry experience, geography, gender, age, visible minorities, Indigenous people, persons with disabilities, and sexual orientation.

Pursuant to the board diversity policy, the PCG Committee will:

- consider the benefits of all aspects of diversity when reviewing the composition of the Board during succession planning and their annual review of the skills matrix
- consider candidates for nomination to the Board on merit with due regard for the benefits of diversity when identifying such candidates
- ensure that every search for new directors includes diverse candidates (focusing on gender, people who are Indigenous, visible minorities, persons with disabilities, and LGBTQ2S+)
- give extra weight to qualified women candidates and qualified candidates that bring diversity beyond gender in the final nomination decisions
- consider the balance of skills, experience, independence and knowledge of Capital Power on the Board, and the diversity of the Board, as part of the annual performance review of the Board, its Committees, and our individual directors

On an annual basis, the PCG Committee reviews the board diversity policy and assesses its effectiveness in promoting a diverse Board and executive team, including our progress towards achieving our diversity objectives and targets described below. In addition, the policy is reviewed by our internal audit department as part of their rotating audit of all corporate policies approved by the Board, including measuring effectiveness based on our goal of women representing at least 30% of our directors.

Board and executive team diversity targets

	Women		Additional designated groups – Indigenous people, members of visible minorities and persons with disabilities	
	Target	**Time Frame**	**Target**	**Time Frame**
Board of directors	Women representing 40% of our independent directors	Achieved	20% of our independent directors being from the additional designated groups and LGBTQ2S+(1)	Achieved
Executive team (members of senior management)	Women representing 30% of our executive team	Achieved	No target adopted	N/A

Note

(1) For the purpose of Capital Power's non-gender diversity target, the board of directors diversity target includes individuals who self-identify as being a member of an additional designated group and LGBTQ2S+.

Other than for women, the Company has not adopted specific diversity targets regarding the representation of any additional designated groups (visible minorities, Indigenous people, and persons with disabilities) for members of senior management. We believe that the most effective way to advance diversity within our leadership ranks, and to continue to ensure the Company is inclusive, is through robust and targeted diversity and inclusion programs and procedures adopted by Capital Power and impacting all people within our Company.

We believe that our ability to execute our strategy and maximize long-term value is achieved by bringing together talented employees from diverse backgrounds, on an inclusive basis, to create an employee experience where we work collaboratively to meet the challenges and capture the opportunities of our business. For more information on our EDI journey please refer to the graphic at the end of this section.

Organization-wide diversity targets linked to compensation

	Gender diversity		Overall Diversity	
	Targets	**Time Frame**	**Target**	**Time Frame**
Entire organization	At least 30% of new hires be women	Immediate	9% growth in employee diversity[1]	By 2024
	10% growth in the representation of women at the leadership level	By 2024		

Note

(1) A 9% target would increase our diverse representation to approximately 38%.

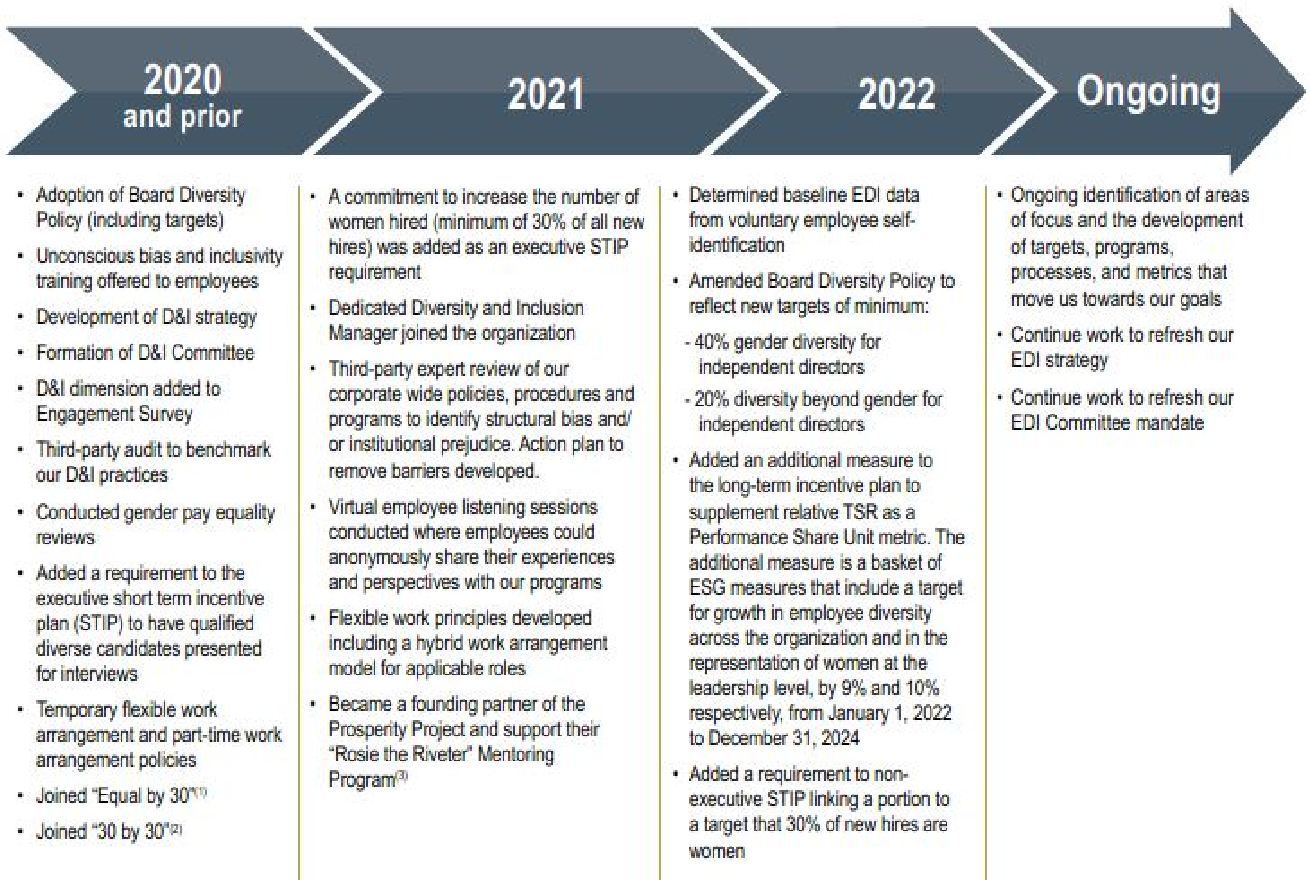
As of March 4, 2022, four (44%) of Capital Power's director nominees and three (43%) members of senior management self-identify as women. In addition, one of our nominee directors (11%) has self-identified as a member of a visible minority and one (11%) as LGBTQ2S. No other member of senior management or nominee director has self-identified as belonging to an additional designated group.

	Women		Persons with Disabilities, Indigenous Peoples, Members of a visible minorities (additional designated groups)		Other groups that contribute to diversity – LGBTQ2S			Number of individuals that are members of more than one designated group
	Number	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**	Total	
Board of directors	4	44%	1	11%	1	11%	9	0
Members of senior management[1]	3	43%	0	0%	0	0%	7	0

Note

(1) For purposes of this table, senior management does not include the Chair of the Board

As part of powering a sustainable future, Capital Power is working to develop future leaders and strengthen the equity, diversity, and inclusion of its workforce.



2020 and prior

- Adoption of Board Diversity Policy (including targets)
- Unconscious bias and inclusivity training offered to employees
- Development of D&I strategy
- Formation of D&I Committee
- D&I dimension added to Engagement Survey
- Third-party audit to benchmark our D&I practices
- Conducted gender pay equality reviews
- Added a requirement to the executive short term incentive plan (STIP) to have qualified diverse candidates presented for interviews
- Temporary flexible work arrangement and part-time work arrangement policies
- Joined "Equal by 30"[1]
- Joined "30 by 30"[2]

2021

- A commitment to increase the number of women hired (minimum of 30% of all new hires) was added as an executive STIP requirement
- Dedicated Diversity and Inclusion Manager joined the organization
- Third-party expert review of our corporate wide policies, procedures and programs to identify structural bias and/ or institutional prejudice. Action plan to remove barriers developed.
- Virtual employee listening sessions conducted where employees could anonymously share their experiences and perspectives with our programs
- Flexible work principles developed including a hybrid work arrangement model for applicable roles
- Became a founding partner of the Prosperity Project and support their "Rosie the Riveter" Mentoring Program[3]

2022

- Determined baseline EDI data from voluntary employee self-identification
- Amended Board Diversity Policy to reflect new targets of minimum:
  - 40% gender diversity for independent directors
  - 20% diversity beyond gender for independent directors
- Added an additional measure to the long-term incentive plan to supplement relative TSR as a Performance Share Unit metric. The additional measure is a basket of ESG measures that include a target for growth in employee diversity across the organization and in the representation of women at the leadership level, by 9% and 10% respectively, from January 1, 2022 to December 31, 2024
- Added a requirement to non-executive STIP linking a portion to a target that 30% of new hires are women

Ongoing

- Ongoing identification of areas of focus and the development of targets, programs, processes, and metrics that move us towards our goals
- Continue work to refresh our EDI strategy
- Continue work to refresh our EDI Committee mandate

Notes

(1) **Equal by 30** is a campaign to promote gender equality as an integral part of the global transition to clean energy.
(2) **30 by 30** is a campaign to invest in the creation and maintenance of programs, policies and partnerships that lead to an improved experience for women in engineering, aiming to increase the percentage of newly licensed women engineers in Canada by 30%.
(3) **"Rosie the Riveter" Mentoring Program** is an initiative to inspire and empower women and girls to pursue careers in STEM, skilled trades, and leadership roles.

SHAREHOLDER ENGAGEMENT

Maintaining an open dialogue with our shareholders is very important to Capital Power, especially on topics like strategic oversight, governance and compensation practices.

Shareholders may attend the annual meeting and pose questions to management. They may also learn more about Capital Power through the following:

- webcasts of our quarterly earnings conference calls with research analysts
- webcasts of our annual investor day for analysts and institutional investors with presentations by our executives
- executive presentations at institutional and industry conferences
- investor road shows in Canada and the United States throughout the year

We also receive feedback from shareholders through:

- analyst and institutional shareholder participation in perception studies that are administered by a third party
- our advisory vote on our approach to executive compensation
- a dedicated address for email inquiries and a toll-free investor phone line
- a confidential ethics hotline and website for shareholders and the public to report a concern

In addition, the Board has adopted a shareholder engagement policy (engagement policy). The engagement policy prescribes governance topics for discussion between the Board and shareholders, information sought by the Board from the shareholder for the purpose of arranging a meeting, guidelines regarding meeting attendance, and a means for shareholders to contact the Board to request a meeting. The engagement policy also provides information for shareholders about contacting management.

In November it was communicated to a number of Capital Power's largest institutional shareholders that Jill Gardiner, Chair of the Board, and Kelly Huntington, the Chair of the PCG Committee would continue outreach in 2022 to hear investor feedback regarding our governance, ESG, and compensation practices. One shareholder expressed an interest in meeting in 2021 and that meeting occurred in December. All feedback from any shareholder outreach meetings is shared with the full Board without attribution to the specific shareholder.

Shareholders who are interested in directly engaging with the Board regarding those topics specified in the engagement policy are encouraged to review the engagement policy, which can be found on our website (www.capitalpower.com), and to contact the Board at:

Board Office
Capital Power Corporation
1200, 10423 – 101 Street NW
Edmonton, AB T5H 0E9
Email: board@capitalpower.com

SHAREHOLDER PROPOSALS

If you want to send a shareholder proposal for inclusion in the circular and proxy form for our 2023 annual meeting of shareholders, we must receive it by December 20, 2022, as required under the *Canada Business Corporations Act*, the corporate statute that governs Capital Power. We expect our 2023 annual meeting of shareholders to be held on or about April 28, 2023. Please send your proposal to the attention of the Corporate Secretary, Capital Power Corporation, 12th Floor, 10423 – 101 Street, Edmonton, Alberta, Canada, T5H 0E9.

Board Committees

The Board has three standing Committees:

- Audit Committee
- People, Culture, and Governance (PCG) Committee
- Health, Safety and Environment (HSE) Committee

The Board may also establish ad hoc committees as appropriate.

The PCG Committee reviews the composition of each Committee at least once every calendar year. It looks at director independence, director qualifications and individual skills and experience when it constitutes each Committee, ensuring that each one has the necessary expertise to provide effective oversight and carry out its responsibilities. Each Committee has its own terms of reference, which it reviews and approves every year. These are posted on our website (www.capitalpower.com). You can find more information about each director in the director profiles beginning on page 16.

AUDIT COMMITTEE

You can find more information about this Committee in our 2021 AIF and the terms of reference for the Committee in Appendix A to our 2021 AIF which is posted on our website (www.capitalpower.com) and on SEDAR (www.sedar.com).

Members	Katharine Stevenson (Chair) Kelly Huntington, Barry Perry, Robert Phillips, Keith Trent Jill Gardiner (ex-officio, non-voting member)
Independent	100%
Qualifications	All members are financially literate as defined by Canadian securities laws and regulations: • Katharine Stevenson has senior financial executive and investment banking experience, has significant public company audit committee experience, including chairing audit committees, and has the ICD.D designation • Kelly Huntington was formerly Senior Vice President and Chief Financial Officer of USIC, was formerly Senior Vice President of Enterprise Strategy for OneAmerica Financial Partners which included responsibility for internal audit and formerly President & Chief Executive Officer, and Senior Vice President & Chief Financial Officer for Indianapolis Power and Light Company, has previously held a variety of positions in investment banking, private equity, financial analysis, investor relations and risk management and holds an MBA from Northwestern University's Kellogg School of Management and is a Chartered Financial Analyst • Barry Perry is a Certified Professional Accountant, former President and Chief Executive Officer of Fortis, former Chief Financial Officer of Fortis, and holds a Bachelor of Commerce from Memorial University of Newfoundland • Robert Phillips acquired significant experience and exposure to accounting and financial reporting issues as the current President of R.L. Phillips Investments Inc., a private investment firm, and as a former CEO, has other previous audit committee experience, has the ICD.D designation, and is a fellow and director of the Institute of Corporate Directors and chair of its Audit Committee • Keith Trent has senior executive experience, has current and previous audit committee experience, and has profit/loss accountability and Sarbanes-Oxley process experience
Key responsibilities	The Committee provides assistance to the Board in fulfilling its oversight responsibility to shareholders of Capital Power, the investment community and others in relation to the integrity of Capital Power's financial statements, financial reporting processes, systems of internal accounting and financial controls, the risk identification assessment conducted by management (including fraud risk assessment) and the programs established by management and the Board in response to such assessment, the internal audit function and the external auditors' qualifications, independence, performance and reports to Capital Power. In addition, the Committee monitors, evaluates, advises or makes recommendations on matters affecting the financial and operational control policies and practices relating to Capital Power, including the external, internal or special audits thereof. Finally, the Committee monitors, evaluates, advises or makes recommendations, in accordance with these terms of reference and any other directions of the Board, on matters related to liquidity, the raising of capital and capital allocation. The Committee's terms of reference are available on our website (www.capitalpower.com).

Key activities and priorities in 2021	• reviewed our annual public disclosure documents for the year ended December 31, 2020 (portions of the Integrated Annual Report, the audited financial statements, press release, and AIF) and recommended them to the Board for approval • reviewed quarterly financial statements, MD&As, and press releases regarding 2021 quarterly financial results and recommended them to the Board for approval • monitored the external auditors (approved the audit plan, scope, and engagement letters and recommended the budget), reviewed the interim and year-end audit reports, and recommended the external auditors to the Board for recommendation to our shareholders • conducted the annual assessment of the external auditors • monitored the internal auditors (approved the audit plan and reviewed the quarterly and annual audit status reports and quarterly commodity risk reports) • monitored risk management and internal controls (reviewed interim and annual certification of filings under CSOX, procedures for accounting and auditing complaints, quarterly litigation reports, quarterly ethics reports, management compliance certificates, fraud risk assessment, tax compliance and exposures, corporate insurance program, significant accounting estimates, and reviewed GAAP and securities updates) • monitored commodity portfolio management activities (reviewed quarterly commodity risk reports, and Alberta commercial portfolio variance reports), reviewed risk capital allocation across credit, commodity and operational risk, and approved commodity risk tolerance factors • recommended a normal course issuer bid to the Board, and monitored our strategy regarding share buy-backs pursuant to our normal course issuer bid • reviewed and recommended amendments to our credit facilities and the incorporation of a sustainably linked loan structure • reviewed and recommended increases to existing bilateral demand credit agreements • reviewed and recommended our public and private offerings in the form of common share offering, US private placement notes and CAD medium term notes • reviewed our financial exposure management, including investment, banking and treasury risk, credit ratings, corporate liquidity, and interest rate and foreign exchange risks • reviewed and recommended amendments to our enterprise risk management policy • reviewed and recommended amendments to our commodity risk limits • received quarterly credit reports regarding major credit risk exposures and counter-parties • reviewed our ethics policy and its investigation procedures • reviewed and recommended amendments to our disclosure and insider trading policy • reviewed the Committee's terms of reference • reviewed the Committee's effectiveness • recommended our common share dividend increase to the Board for approval • reviewed post-implementation reviews of acquisitions and major projects in accordance with the investment policy • reviewed and recommended the redemption of our Cumulative Minimum Rate Reset Preference Shares, Series 7 • identified focus areas for the Committee and discussed progress with respect to these focus areas in camera at every meeting • reviewed Management's decision to suspend the dividend reinvestment program

Pre-approval policies and procedures

The Committee must pre-approve any non-audit services to be provided by the external auditors. If, because of time constraints, the Committee is unable to give pre-approval, the Committee Chair has authority to pre-approve additional services up to $100,000 per service and a maximum of $250,000 per year, as long as the Committee Chair reports them at the next Committee meeting for ratification.

In 2021, the Chair of the Audit Committee pre-approved non-audit related services in an amount not to exceed $5,000 with respect to follow up work regarding cross border financing structures. This pre-approval was ratified by the Audit Committee at the next quarterly meeting. In 2021, the Committee also pre-approved non-audit related services in an amount not to exceed $25,000 with respect to penetration testing on the Corporation's information systems and operational technology networks.

The Committee met four times in 2021 and met without management present at every meeting. The Committee also met with the external auditor and with the internal auditor without management present at every meeting.

PEOPLE, CULTURE, AND GOVERNANCE (PCG) COMMITTEE

Members	Kelly Huntington (Chair) Doyle Beneby, Barry Perry, Jane Peverett, Katharine Stevenson Jill Gardiner (ex-officio, non-voting member)
Independent	100%
Qualifications	All members have expertise in governance and human capital management: • Kelly Huntington has executive experience at multiple companies with responsibility and/or support for executive compensation design, implementation and review, and has experience as a director of non-profit organizations as a member or chair of the committee with responsibility for compensation • Doyle Beneby has senior executive and CEO experience of private, public and municipal energy companies, and currently serves on two public company compensation committees • Barry Perry has senior executive and CEO experience and serves on the human resources and compensation committee for CPP Investments • Jane Peverett has previous board chair experience including compensation and governance committee experience, was past chair of a public company governance committee, and has the ICD.D designation • Katharine Stevenson has public company board experience, including compensation and governance committee experience, was previously chair of a public company governance committee, and has the ICD.D designation
Key responsibilities	The purpose of the Committee is to: • review and recommend to the Board the establishment and maintenance of appropriate structures, processes and policies required within Capital Power to address governance issues and maintain compliance with recognized corporate governance guidelines • make recommendations regarding the Board's effectiveness and identify and recommend individuals to the Board for nomination as Board members and review matters related to director succession • review and determine matters affecting personnel and compensation • review and determine key compensation and human capital management policies, so that such policies foster programs that consider current market practice and provide total compensation which is competitive • review potential risks associated with the compensation programs • develop and execute on a CEO succession strategy; review the plan at least annually, and when required, lead the process to identify a candidate for appointment to the position of CEO • review management's recommendations and policies regarding succession planning (including crisis management) for executives of Capital Power 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 • review key human capital issues by reviewing workplace culture and engagement strategies and strategy and programs that advance equity, diversity, and inclusion throughout the Company and monitor performance within these areas The Committee's terms of reference are available on our website (www.capitalpower.com).
Key activities and priorities in 2021	*Board composition, development and compensation* • reviewed our director skills matrix and Committee structure and membership • reviewed the Board Succession Plan, and reviewed CEO and executive succession planning • recommended our director nominees to the Board for our 2021 annual meeting of shareholders • reviewed and recommended to the Board the record and annual meeting dates for our 2022 annual meeting of shareholders • reviewed and recommended to the Board Committee appointments • reviewed and recommended to the Board director compensation changes effective for 2022 remuneration • recommended a new director candidate to the Board

Key activities and priorities in 2021, continued

Corporate governance

- reviewed and recommended for Board approval our governance and compensation disclosure in the AIF for the year ended December 31, 2020, the Integrated Annual Report, and the circular in connection with our 2021 annual meeting of shareholders (2021 circular)
- reviewed and recommended to the Board changes to our disclosure and insider trading policy
- reviewed terms of reference of the Board, all Committees, the Chair, individual directors and CEO and recommended changes where applicable
- reviewed our Board evaluation process and assessed director, Board and Committee performance
- reviewed our corporate governance practices and our disclosure of those practices
- kept abreast of developments in corporate governance trends and practices
- identified focus areas for the Committee and discussed progress with respect to these focus areas in camera at every meeting
- reviewed shareholder engagement process

People, compensation and benefits

- assessed performance for the 2020 annual incentive plan
- reviewed and recommended for Board approval the CEO's 2022 annual objectives
- reviewed and recommended for Board approval the CEO's and executives' base salaries, target short-term incentive awards, long-term incentive grants, and 2022 performance measures for the short-term incentive program
- reviewed and recommended for Board approval the appointment of executive officers
- reviewed our compensation policies and practices, including management's key messages for compensation disclosure and risk management
- reviewed our compensation programs to ensure the design of the programs consider current market best practices
- reviewed and recommended to the Board an additional performance measurement for Performance Share Units beginning with the 2022 long-term incentive program (LTIP) grant
- reviewed and approved management's recommendations for base salary adjustments, short-term incentive program awards (including merchant short-term incentive program awards) and long term incentive grants to non-executives, and our 2022 performance measures for the non-executive short-term incentive program
- reviewed our compensation principles, which we use to guide the development and execution of our compensation programs
- considered the risks associated with our compensation programs and policies
- reviewed and recommended certain adjustments relating to merchant value creation in the merchant short-term incentive program
- reviewed and recommended the executive compensation peer groups effective for the 2022 compensation review
- reviewed and recommended the performance peer group for performance share units
- received an update on workplace culture
- received an update on our equity, diversity, and inclusion initiatives
- reviewed the governance of our pension and other benefit plans and the executive compensation program
- reviewed and approved union mandates
- reviewed and recommended officer and pension committee appointment
- reviewed and approved the replenishment of a discretionary off-cycle RSU pool and continued delegation of granting authority to the CEO

Independent compensation consultant

The Committee has an independent compensation consultant policy that sets out guidelines for the relationship between the Committee, management and the independent consultant. The policy is available on our website (wwww.capitalpower.com).

The Committee retains an independent consultant (Meridian Compensation Partners) for executive compensation matters because it recognizes the importance of receiving third party advice which is independent from management. This helps ensure that the Committee's decisions and recommendations are appropriate for Capital Power and are consistent with market and good governance practices.

The consultant is responsible to the Committee and must keep all matters confidential. It must also advise the Committee Chair of any potential conflicts of interest. The Committee's consultant has never undertaken any work for management. See page 55 for details about their services and fees.

Willis Towers Watson is management's consultant and provides management with consulting advice and administrative support on compensation, pensions and benefit matters.

The Committee met five times in 2021 and met without management present at every meeting.

HEALTH, SAFETY AND ENVIRONMENT (HSE) COMMITTEE

Members	Keith Trent (Chair) Doyle Beneby, Jane Peverett, Robert Phillips Jill Gardiner (ex-officio, non-voting member)
Independent	100%
Qualifications	All members are knowledgeable about our HSE programs and policies. They are also skilled or experts in sustainable business practices, including HSE and social responsibility, and have other expertise relevant to the Committee mandate. • Keith Trent has extensive senior executive operational and HSE experience and extensive in-house legal experience with a major US energy company • Doyle Beneby has extensive senior executive operational experience with a utility and several energy companies in the US • Jane Peverett is a former CEO and CFO in the power and energy infrastructure business and serves on a number of other boards • Robert Phillips is a former CEO, has corporate law experience and has senior executive experience with energy related companies
Key responsibilities	The Committee oversees matters relating to the impact of our operations on the environment and on the workplace health and safety of employees, including: • reviewing our strategies, goals and policies for the three areas and revising them as appropriate • conducting due diligence • monitoring our performance in these areas • reviewing and recommending operational short and long term key performance metrics • providing insight and guidance to the Board regarding extraordinary material operational events The Committee's terms of reference are available on our website (www.capitalpower.com).
Key activities and priorities in 2021	• reviewed our overall performance in HSE, including our HSE policy, training, compliance and trends • recommended to the Board amendments to our HSE policy • reviewed risk management and audit activities related to this area • reviewed our annual disclosure on HSE, which was recommended to the Board for approval • monitored and reported to the Board on current, pending or threatened material, HSE related legal or regulatory actions by or against Capital Power • monitored changes and proposed changes to environmental laws and regulations • monitored our progress with implementing a world class safety program • received an independent review of our HSE management system • reviewed proposed amendments to our HSE objectives and performance indicators and other key performance metrics related to our short-term incentive plan, long-term business plan and operations, and recommended the same to the Board and PCG Committee, as applicable • reviewed the Committee's terms of reference • received updates regarding our plant operations • received updates regarding our construction activities • received a report on lessons learned due to the COVID-19 pandemic • received a report on migratory bird and bat protection • identified focus areas for the Committee and discussed progress with respect to these focus areas in camera at every meeting

The Committee met three times in 2021 and met without management present at every meeting.

3. Compensation

Director compensation

Compensation discussion and analysis

APPROACH TO COMPENSATION

Our director compensation program is designed to attract and retain the most qualified people to serve on our Board. The program recognizes the size and complexity of Capital Power, the director compensation paid by a peer group of companies (which is the same as is used to assess executive compensation), and the importance of share ownership to align the interests of directors and shareholders.

Brian Vaasjo does not receive any director compensation because he is an employee of Capital Power and is compensated in his role as President & CEO.

Share ownership

The Board believes in aligning the interests of directors and shareholders. The PCG Committee instituted share ownership guidelines in 2009, requiring directors to hold at least three times the total value of their annual cash and equity retainer in common shares and deferred share units (DSUs). The value of ownership is calculated at the higher of cost of acquisition or market price as of the date of the circular. Directors must meet the requirement within five years of the date they were appointed or elected to the Board or within five years after a material change to their compensation.

As of March 4, 2022, seven of the eight independent directors met the requirements (see page 46). Those independent directors who have yet to meet our share ownership requirement are still within the five-year period as set out in the guidelines.

See the director profiles beginning on page 16 for the details of their individual holdings.

DECISION-MAKING PROCESS

The PCG Committee reviews director compensation, including an assessment of our director and executive compensation peer group selection criteria as well as the alignment of the current peer group with the criteria. Director compensation is benchmarked against the same peer group that is used for benchmarking executive compensation, which can be found on page 51.

ELEMENTS OF COMPENSATION

Director compensation includes annual cash, equity, Committee Chair, and Committee membership retainers and a modest travel allowance if a director cannot travel to and from a Board or Committee meeting within the same day. The annual equity retainer is paid in deferred share units (DSUs) to promote equity ownership and align the interests of directors and shareholders.

The table below shows our director fee schedule for 2021.

Compensation element	Payee	Amount
Annual cash retainer(1)	Board Chair	$165,000/yr
	All other independent directors	$80,000/yr
Annual equity retainer(2)	Board Chair	$165,000/yr
	All other independent directors	$80,000/yr
Annual Committee Chair retainer	Audit	$20,000/yr
	PCG	$20,000/yr
	HSE	$15,000/yr
Annual Committee member retainer(3)	Audit	$6,000/yr
	PCG	$6,000/yr
	HSE	$4,000/yr
Travel allowance(4)	Independent directors, as applicable	$500(5)

Notes

(1) If the number of Board meetings exceeds 12 per year, the Board reserves the right to consider adding meeting fees in the amount of $1,500 per additional meeting (attendance fees).

(2) All directors are subject to share ownership guidelines of 3x the total cash and equity retainer to be achieved by the end of 5 years after the date of their appointment or within 5 years of a material change to their compensation.

(3) The Board reserves the right to consider meeting or retainer fees for any ad hoc special committees established.
(4) Directors are entitled to be reimbursed for all reasonable travel expenses directly and necessarily incurred in connection with service on Capital Power's Board. When a director's travel serves multiple purposes (including non-Capital Power ones), Capital Power will contribute an amount that is no greater than that which would have been reasonably required to travel directly to and from the Capital Power business.
(5) Should a director be required to travel from their place of residence the day before a Board or Committee meeting, or should a member have to travel back to their residence the day following a meeting, then a travel allowance fee is allocated.
(6) US resident directors are paid the amounts listed above in US dollars (for example, US resident directors receive an annual retainer of US $80,000 per year and an annual equity retainer of US $80,000 per year) to provide consistent compensation to US resident directors in their home country currency, regardless of the Canadian and US dollar exchange rate.
(7) Directors may elect to receive all or a portion of their annual retainer, Committee Chair retainer or Committee retainer in DSUs, in accordance with our DSU plan.

The Board conducted a review of director compensation in October 2021 and resolved to increase the annual equity retainers for the Board Chair and all other independent directors to $175,000/yr and $90,000/yr respectively, to align director compensation with market median. These changes take effect with the 2022 remuneration. The Board also committed to reviewing director compensation every two years.

DSU plan

DSUs are credited to directors as notional units which have the same downside risk and upside opportunity as common shares, but do not have a dilutive effect and must be held until the director leaves the Board. We calculate the number of DSUs to be granted by dividing the amount of the retainer by the volume-weighted average closing price of our common shares on the TSX for the five trading days immediately preceding the grant date. Using a five-day volume-weighted average is common practice among Canadian public companies and may reduce the potential impact of share price volatility when determining the size of the grants than if using the share price from a single day.

DSUs vest immediately and cannot be redeemed until a director leaves the Board. DSUs earn dividend equivalents as additional whole or partial notional units at the same rate as dividends paid on our common shares.

DSUs are redeemed for cash. The plan provides that cash payments for redeemed DSUs shall be calculated using the volume-weighted average closing price of our common shares on the TSX for the five trading days immediately before the date that is six months after a director leaves the Board. We may amend the plan at any time if a change does not adversely affect the rights of directors to receive DSUs or any previously granted DSUs without their consent, unless the change is required by law.

In addition to the annual equity retainer, directors can elect to receive all or a portion of the annual cash retainer, Committee Chair retainer and/or Committee member retainer in DSUs. Retainers are paid quarterly.

2021 details

DIRECTOR COMPENSATION TABLE

The table below shows the type of compensation directors earned in 2021.

It does not include Brian Vaasjo as he does not receive director compensation because he is an employee of Capital Power and is compensated in his role as President & CEO.

Doyle Beneby, Kelly Huntington, and Keith Trent received their compensation in US dollars, however their amounts stated in the table below are in Canadian dollars.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total compensation ($)
Doyle Beneby	114,703	101,216	–	–	–	–	215,919
Jill Gardiner	145,333	136,667	–	–	–	–	282,000
Kelly Huntington	127,433	101,216	–	–	–	–	228,649
Donald Lowry	55,000	55,000	–	–	–	–	110,000
Barry Perry	74,667	66,667	–	–	–	–	141,334
Jane Peverett	90,000	80,000	–	–	–	–	170,000
Robert Phillips	90,000	80,000	–	–	–	–	170,000
Katharine Stevenson	106,000	80,000	–	–	–	–	186,000
Keith Trent	127,785	101,216	–	–	–	–	229,001

Fees earned
Represents the aggregate amount of directors' annual cash retainer, Committee Chair retainer and Committee member retainers. Directors can elect to receive all or a portion of the annual cash retainer, Committee Chair retainer and Committee member retainers in DSUs. See the table on the next page for a breakdown of the total fees earned.

Share-based awards
Represents the annual equity retainer paid in DSUs. The number of DSUs granted will be determined by dividing the amount of the retainer paid in DSUs by the volume-weighted average closing price for our common shares on the TSX for each of the five trading days immediately preceding the grant date.

All other compensation
Represents the travel allowance and attendance fees, if applicable, paid to directors, which are only paid in cash.

Notes

- Some directors received their compensation in US dollars to provide consistent compensation to US resident directors in their home country currency, regardless of the Canadian and US dollar exchange rate.
- Doyle Beneby earned fees totalling US$90,667, share-based awards totalling US$80,000, and no other compensation.
- Kelly Huntington earned fees totalling US$100,667, share-based awards totalling US$80,000, and no other compensation.
- Keith Trent earned fees totalling US $101,000, share-based awards totalling US $80,000, and no other compensation.
- There were no travel expenses in 2021 due to the COVID-19 pandemic.
- Donald Lowry did not stand for re-election at the April 29, 2021 shareholders meeting and as such, his compensation is pro-rated to that date.
- Jill Gardiner was elected Chair of the Board effective April 29, 2021 and relinquished the PCG Chair role, and as such her compensation reflects her change in roles.
- Barry Perry was appointed to the Board effective March 2021 and as such his compensation is pro-rated to that date.

BREAKDOWN OF FEES EARNED

The table below shows the breakdown of fees earned by directors in 2021. Three directors served as Committee Chairs and received a retainer for that role:

- Kelly Huntington (PCG Committee)
- Katharine Stevenson (Audit Committee)
- Keith Trent (HSE Committee)

Doyle Beneby, Kelly Huntington, and Keith Trent received their compensation in US dollars, but their amounts stated in the table below are in Canadian dollars.

Directors can elect to receive all or a portion of the annual cash retainer, Committee Chair retainer and Committee member retainers in DSUs. Attendance fees, if any, are paid in cash.

Name	Total fees earned ($)	Annual director retainer ($)	Annual Committee Chair retainer ($)	Committee member retainer ($)	% of annual retainer earned paid in cash	% of annual retainer earned paid in DSUs
Doyle Beneby	114,703	101,216	–	13,487	0%	100%
Jill Gardiner	145,333	136,667	6,667	2,000	75%	25%
Kelly Huntington	127,433	101,216	16,957	9,261	100%	0%
Donald Lowry	55,000	55,000	–	–	100%	0%
Barry Perry	74,667	66,667	–	8,000	100%	0%
Jane Peverett	90,000	80,000	–	10,000	75%	25%
Robert Phillips	90,000	80,000	–	10,000	0%	100%
Katharine Stevenson	106,000	80,000	20,000	6,000	0%	100%
Keith Trent	127,785	101,216	18,978	7,591	80%	20%

Notes

- Committee member retainers: Audit $6,000/yr; PCG $6,000/yr; HSE $4,000/yr.
- Committee assignments were amended as of April 29, 2021 and as such, some directors Committee Chair/member retainers were pro-rated. As of April 29, 2021 Audit Committee members are Katharine Stevenson (Chair), Kelly Huntington, Barry Perry, Robert Phillips, and Keith Trent. PCG Committee members are Kelly Huntington (Chair), Doyle Beneby, Barry Perry, Jane Peverett, and Katharine Stevenson. HSE Committee members are Keith Trent (Chair), Doyle Beneby, Jane Peverett, and Robert Phillips.
- Some directors received their compensation in US dollars to provide consistent compensation to US resident directors in their home country currency, regardless of the Canadian and US dollar exchange rate:
- Doyle Beneby earned fees totalling US$90,667, comprised of US$80,000 (annual director retainer), and, US$10,667 (audit, HSE and PCG Committee member retainers).
- Kelly Huntington earned fees totalling US$100,667, comprised of US$80,000 (annual director retainer), US$13,333 (annual Committee Chair retainer), and US$7,333 (PCG, audit and HSE Committee member retainers).
- Keith Trent earned fees totalling US$101,000, comprised of US$80,000 (annual director retainer), US$15,000 (annual Committee Chair retainer), and US$6,000 (audit Committee member retainer).
- No attendance fees were paid in 2021.
- Donald Lowry did not stand for re-election in 2021 and as such, his fees have been pro-rated to that date.
- Jill Gardiner was elected Chair of the Board effective April 29, 2021 and relinquished the PCG Chair role, and as such her compensation reflects her change in roles.
- Barry Perry was appointed to the Board effective March 2021 and as such his fees have been pro-rated to that date.

SHARE OWNERSHIP

The following table shows the common shares and DSUs each director nominee held as at March 4, 2022, and includes reinvested dividends. The value of common shares and DSUs reflects the higher of cost of acquisition or market price as of the date of the circular. Directors must meet the share ownership requirement within the later of five years of being appointed or within five years after a material change to their compensation.

Equity ownership of directors

As at March 4, 2022

Name	Ownership requirement ($)	Total common shares and DSUs (#)	Value ($)	As a % of ownership requirement (%)	Meets ownership requirement	Deadline to meet ownership requirement
Jill Gardiner	$1,020,000	38,972	$1,540,434	151%	yes	April 29, 2026
Doyle Beneby	$650,250	56,836	$2,245,053	345%	yes	January 1, 2023
Kelly Huntington	$650,250	31,739	$1,253,210	193%	yes	January 1, 2023
Barry Perry	$510,000	27,671	$1,092,381	214%	yes	March 1, 2026
Jane Peverett	$510,000	10,687	$423,833	83%	in progress	March 1, 2024
Robert Phillips	$510,000	19,118	$757,816	149%	yes	April 27, 2024
Katharine Stevenson	$510,000	36,867	$1,457,554	286%	yes	January 1, 2023
Keith Trent	$650,250	22,833	$903,016	139%	yes	January 1, 2023

Notes

- As of the date of the circular, the closing price for our common shares on the TSX was $39.40.
- All directors are subject to share ownership guidelines of 3x the annual cash and equity retainer (excluding Committee and Chair retainers) to be achieved by the end of 5 years after the date of their appointment or within 5 years of a material change to their compensation.
- Jill Gardiner was elected Chair of the Board effective April 29, 2021 thereby resetting the deadline to meet the ownership requirement to April 29, 2026.
- Effective January 1, 2022, the annual equity retainer for the Chair and all other independent directors was increased by $10,000 respectively; as this change was not considered material the deadline to meet the ownership requirement was not reset.
- As of March 4, 2022, Brian Vaasjo held 152,456 common shares with a value of $6,006,766 based on the TSX closing price for our common shares of $39.40 on March 4, 2022. Brian Vaasjo's share ownership requirement as CEO is calculated as of December 31, 2021 and can be found on page 52.

Share-based awards

The following table sets out information regarding DSUs outstanding as at December 31, 2021:

	Share-based awards (DSUs)			
Name	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Number of shares or units of shares that have vested (#)	Market value or payout value of vested share-based awards not paid out or distributed ($)
Jill Gardiner	0	0	29,816	$1,176,529
Doyle Beneby	0	0	56,836	$2,242,756
Kelly Huntington	0	0	31,739	$1,252,418
Barry Perry	0	0	1,671	$65,947
Jane Peverett	0	0	8,687	$342,794
Robert Phillips	0	0	13,843	$546,232
Katharine Stevenson	0	0	28,867	$1,139,076
Keith Trent	0	0	22,833	$901,008

Notes

- Directors do not receive stock options.
- DSUs vest in full when credited to directors.
- Number of shares or units of shares that have vested includes reinvested dividends.
- Market value or payout value of vested share-based awards not paid out or distributed is based on $39.46 the closing price of our common shares on the TSX on December 31, 2021.

Executive compensation

Letter to shareholders

March 4, 2022

Dear shareholders,

On behalf of the Board, and the PCG Committee (the Committee), I am pleased to share with you Capital Power's compensation discussion and analysis (CD&A). Your Board and the PCG Committee continue to keep up-to-date with trends and best practices to ensure our approach to executive compensation is current, supports our strategy, and aligns with the interests of our shareholders. Through our diligent approach, we strive to deliver compensation plans that are realistic and understandable to our employees, shareholders and other stakeholders.

Capital Power's strategic priority is to provide shareholders with a strong long-term total return by effectively managing our existing operations and growing our asset portfolio. Our market competitive compensation programs are aligned with these strategies with a strong pay-for-performance orientation that supports the attraction, retention, and motivation of employees. Through our ongoing commitment to our people, we will maintain a safe, healthy, and responsible corporate culture and workplace that enables employees to do their best work. Our Company values are the values of our people. Together, we are focused on the future.

Committee oversight
Commencing in 2012, the Board has held an annual 'say on pay' advisory vote to receive direct feedback from shareholders on Capital Power's executive compensation. We are pleased that shareholder support to date has been very strong with approval in the range of 91% to 99% in each of these years (91.16% in 2021).

The Committee considers and monitors compensation risk to ensure that our programs continue to support the right level of risk-taking throughout the organization and remain aligned with our shareholders' interests.

In addition to our regular annual work (see page 39), the Committee undertook the following initiatives in 2021:

- reviewed and recommended to the Board additional performance measures for Performance Share Units beginning with the 2022 long-term incentive program (LTIP) grant to incent achievement of a basket of ESG-related measures;
- reviewed and recommended to the Board changes to the performance measures for the 2022 short-term incentive (STI) program, including greater emphasis on construction execution and evolution of ESG-related measures for executives, and the addition of a target for non-executives tied to increasing gender diversity within the organization;
- reviewed and approved the replenishment of a discretionary off-cycle RSU pool and continued delegation of granting authority to the CEO, to be used for retention and recruitment of employees with critical skills

Executing on succession planning
Capital Power recognizes we need to continue to evolve to meet our changing environment. Our succession planning initiatives include developing our talent, refining our processes, and realigning responsibilities. Accordingly, we were pleased to announce several changes in the organization on July 30, 2021 that make us stronger and position us to maximize Capital Power's future potential.

- Bryan DeNeve moved to Senior Vice President, Operations, from Senior Vice President Business Development and Commercial Services
- Chris Kopecky moved to Senior Vice President and Chief Legal, Development and Commercial Officer from Senior Vice President and Chief Legal Officer
- Steve Owens was appointed Senior Vice President, Construction and Engineering
- Brian Vaasjo, Sandra Haskins, Kathryn Chisholm, and Jacquie Pylypiuk retained their roles as President and Chief Executive Officer, Senior Vice President Finance and Chief Financial Officer, Senior Vice President Planning, External Relations and Chief Sustainability Officer, and Senior Vice President People, Culture and Technology, respectively

We remain focused on developing diverse, high-potential employees at all levels to prepare them for broader roles within the organization and provide a robust pipeline with respect to succession for key roles.

2021 performance (see page 64)

In a year continuing to be dominated by the COVID-19 pandemic, Capital Power's results are a testament to the efforts of the executive team and their colleagues across the organization. Each one has risen to the unprecedented challenges, adapting to fast-changing circumstances with unquestionable commitment.

We measure performance against financial and non-financial targets that align with Capital Power's long-term corporate strategy. Corporate measures used to assess performance for incentive purposes include funds from operations (FFO), health, safety and environment (HSE), an annual strategic objective (in 2021, a committed capital objective) and a growth objective. Each named executive officer (NEO) has additional individual business and ESG objectives related to their role that may include, operational performance, asset optimization activities, cost management, retention, succession planning, diversity, and ESG initiatives and reporting. Overall, the Board assessed corporate performance as above target:

- We generated $714 million of FFO which surpassed our stretch target.
- We achieved HSE performance between our target and stretch goalposts.
- We continued to invest in strategic growth despite challenging circumstances, committing $274M of capital.
- Our target on a newly introduced growth objective focused on the progress of a number of major construction projects and achieved 80% of target in a constrained market.

Corporate ESG measures include measures related to retention of our people, strengthening the diversity of our workforce and ESG initiatives and reporting. We had strong performance in each of these areas during the year.

As a Committee, we have discretion to adjust incentive payouts to ensure that compensation outcomes align with performance and reflect the risks undertaken to achieve results. No adjustments were made in assessing 2021 performance.

Capital Power delivered a total shareholder return (TSR) of 21.4% in 2021 and a 3-year TSR of 71.8%.

2021 compensation highlights

Based on our corporate and individual performance, short term incentive program (STIP) payments were awarded to the NEOs. Overall, the total performance result and resulting payout factor for executives was above target, with corporate performance at 125.56%.

Over the three-year performance period from 2019 to 2021, Capital Power's relative TSR performance resulted in a payout multiplier for our 2019 performance share units of 103% (of target), which, together with the 48% share price increase and dividends paid over the period, drove a total payout of 166% of their original grant value.

For 2022, we are increasing the base salary for one NEO to align compensation with the median of our executive compensation peer group. STIP and LTIP targets will remain unchanged for all NEOs as compensation is well aligned with the median.

Looking ahead

The Board is pleased that management continues to execute on our strategy and to develop our workforce to be ready for the future. The Committee recognizes the importance of maintaining alignment with market practice to underpin our ability to attract, retain, motivate, and reward all employees to deliver long term shareholder value.

This Committee is experienced, knowledgeable and diligent, and we are working hard to do what is right for Capital Power and its shareholders to support future growth and to benefit all stakeholders.

You can contact the Committee or the Board through the Corporate Secretary, Capital Power Corporation,12th floor, 10423 – 101 Street, Edmonton, Alberta T5H 0E9, or via e-mail at Board@capitalpower.com.

Sincerely,

Kelly Huntington
Chair, People, Culture, and Governance (PCG) Committee

Doyle Beneby	Barry Perry	Jane Peverett	Kate Stevenson

COMPENSATION PRACTICES

The following table summarizes our compensation governance practices which are reviewed regularly for continued alignment with market and best practices.

✓ What We Do	× What We Don't Do
Compensation Design ✓ Provide majority of our compensation in variable pay which is at-risk and performance oriented ✓ Link majority of our variable pay to long-term performance ✓ Align our compensation programs with our business strategy, shareholder returns, and our ESG commitments ✓ Cap payouts from our incentive programs ✓ Short-term incentive program design includes financial and HSE circuit breakers, eliminating payouts in the event performance does not meet threshold levels ✓ Long-term incentive program design includes 3-year cliff vesting of share units to encourage appropriate risk-taking that considers sustainable growth of shareholder value ✓ Value stocks at a minimum (or floor) of 15% of the share price when granting stock options to moderate leverage ✓ Apply discretion to address extenuating circumstances ✓ Claw-back awards from executives if we are required to restate our financial and other results or if executive misconduct has resulted in a material negative impact on the business, its reputation, or its financial condition ✓ Provide a defined contribution supplemental retirement plan to new executive hires ✓ Have an anti-hedging policy that prohibits insiders from engaging in any transaction in which they could benefit, directly or indirectly, if the value of any of our securities falls *Compensation Governance* ✓ Have a qualified and independent committee that uses an independent advisor ✓ Require executives to have a meaningful ownership stake in the Company plus a post-employment hold for the CEO ✓ CEO severance capped at 24 months ✓ Allow executives to defer annual incentive payments into deferred share units for long-term alignment ✓ Have double trigger change-of-control provisions requiring both a change of control and termination of the executive for good reason ✓ Consider our risk profile when assessing compensation designs and outcomes ✓ Review our historical pay outcomes for our President & CEO relative to our performance ✓ Provide for an annual "say on pay" vote	× Re-price stock options or grant options at a discount × Guarantee a minimum payment in our incentive programs, including our performance share units × Encourage excessive risk-taking through our compensation programs × Benchmark compensation against unreasonable or aspirational peer companies

Compensation discussion and analysis

The CD&A discusses executive compensation for 2021 for our five most highly compensated executives (our named executives):

- Brian Vaasjo, President & CEO
- Sandra Haskins, Senior Vice President, Finance & CFO
- Bryan DeNeve, Senior Vice President, Operations(1)
- Chris Kopecky, Senior Vice President and Chief Legal, Development and Commercial Officer(2)
- B. Kathryn Chisholm, Q.C., Senior Vice President, Planning, External Relations and Chief Sustainability Officer

Notes

(1) Bryan DeNeve was appointed to the role of Senior Vice President, Operations on June 1, 2021. Prior to his appointment, he held the position of Senior Vice President, Business Development and Commercial Services.
(2) Chris Kopecky was appointed to the role of Senior Vice President and Chief Legal, Development and Commercial Officer on June 1, 2021, Prior to his appointment, he held the position of Senior Vice President and Chief Legal Officer.

In this CD&A, all references to *Committee* mean the Board's PCG Committee, which has reviewed and approved the contents of this section.

APPROACH TO COMPENSATION

Philosophy and objectives

Our executive compensation is designed to pay for performance. We use direct and indirect compensation to create a total compensation package that is competitive with our peers.

Our program aims to achieve three key objectives:

- attract, retain and reward high performing employees
- link compensation with our business strategy and objectives, including our ESG-related commitments
- align total compensation with the interests of shareholders

The Committee sets our strategy for executive compensation. It focuses on short, medium and long-term performance goals and the need for executives to have an ownership stake in Capital Power so we achieve our business priorities and enhance our value for shareholders.

Compensation component			Key objectives		
			Attract and retain high performing talent	**Link compensation to business strategy and objectives**	**Align compensation with interests of shareholders**
Base salary		See pages 56, 64, 70 and 72	✓ Competitive base level of fixed compensation based on scope of responsibilities and market data ✓ Rewards experience, expertise and execution of responsibilities		
Short term incentives	*Short term incentive program (STIP)*	See pages 56, 62, 64 and 72		✓ Based on achievement of annual performance targets that support overall strategic direction ✓ Rewards achievement of annual corporate objectives and individual performance goals	
Long term incentives		See pages 56, 58, 62, 66, 68, 72, 74 and 75			✓ Equity-based compensation for sustaining mid- to long-term performance aligning interests of executives and shareholders
	Performance share units (PSUs)	See pages 59, 68, 72, 74 and 75			

Stock options	See pages 60, 68, 72, 74 and 75	✓ Used to retain executives ✓ Rewards achievement of mid- to long-term performance results and growth in share price
Restricted share units (RSUs)	See page 59	

Staying competitive through benchmarking

We benchmark our executive compensation against a peer group of companies that we compete with for executive talent. When developing this group, we considered comparably-sized companies, as determined by financial criteria such as revenue, total enterprise value and total assets from the following industries and geographies:

- utility and related companies from across Canada (15 of 24), to align with the industry we operate in,
- publicly-traded energy services and exploration and production companies from Alberta (5 of 24), to consider the commodity risk inherent in parts of our business, and
- general industry companies with headquarters in Edmonton (4 of 24), to reflect one of the primary markets we recruit talent from.

We review our peer group against the criteria on an annual basis to ensure alignment. The list of peer companies is as follows:

Utilities in Canada	Energy Services & E&P Companies in Alberta	General Industry Companies in Edmonton
Algonquin Power & Utilities Corp.	ARC Resources Ltd.	ATB Financial Inc.
AltaGas Ltd.	Baytex Energy Corp	AutoCanada
ATCO Ltd.	Enerplus Corporation	Canadian Western Bank
Boralex Inc.	Ensign Energy Services Inc.	Stantec Inc.
ENMAX Corp.	Precision Drilling Corporation	
EPCOR Utilities Inc.		
Gibson Energy Inc.		
Innergex Renewable Energy Inc.		
Inter Pipeline Ltd.		
Just Energy Group Inc.		
Keyera Corp.		
Northland Power Inc		
Parkland Fuel Corporation		
Superior Plus Corp		
TransAlta Corporation		

The group of 24 companies is well balanced from various perspectives, including size, industry and region. The table below summarizes Capital Power's positioning against the peer group (all values are in millions of $).

	($ millions)		
Market	**Total revenue (1)**	**Total enterprise value (2)**	**Total assets(1)**
25th percentile	$1,475	$3,765	$3,432
50th percentile	$2,601	$8,610	$8,130
75th percentile	$4,653	$11,131	$13,247
Capital Power Corporation	**$1,757**	**$8,625**	**$9,073**
	33rd percentile	**52nd percentile**	**58th percentile**

Notes

(1) Total revenue and total assets reflect the most recent fiscal year.
(2) Total enterprise value reflects 3-month average ending December 31, 2021.

The Committee and external consultants review the peer group annually to ensure the criteria and composition remain relevant. The executive compensation peer group above was used by the Committee to assess and set compensation of our executives in 2021. For 2022, the Committee removed Inter Pipeline Ltd., Just Energy Group inc., Baytex Energy Corp, Enerplus Corporation and AutoCanada Inc. as they no longer met the selection criteria, while Crescent Point Energy Corp was added as better fitting the size criteria.

We obtain market data from publicly available proxy circulars and third-party compensation surveys to compare executive base salaries and short and long-term incentive awards for positions that are similar in scope and responsibility.

Each compensation element, and overall total direct compensation, is targeted at the median of the peer group. The resulting total direct compensation (base salary and short and long-term incentives) will produce above median compensation in the event of superior corporate and individual performance. Conversely, in challenging performance years, resulting total direct compensation will be below median, reinforcing our strong alignment between pay and performance.

Share ownership requirements

We require executives to own shares in Capital Power to align their interests with those of our shareholders. Minimum requirements increase by level of executive, and individuals must meet the requirements within five years of being appointed to the position or from the date that a change has been made to the required guideline. The CEO is subject to a one-year post-retirement equity hold period.

	Share ownership guideline
Level of executive	**As a multiple of base salary**
President & CEO	5 x
All Senior Vice Presidents (including CFO)	2 x

Share ownership for each executive is based on the sum of the number of common shares, restricted share units and executive deferred share units (DSUs) held. Option grants do not count towards an executive's ownership requirement. The Executive DSU plan allows executives to voluntarily defer all or a portion of their annual short-term incentive award into DSUs. The DSU plan helps to facilitate equity ownership by providing executives a way to acquire share units on a pre-tax basis. Participation in the voluntary DSU deferral program is capped at the level required by executives to comply with their guidelines. As with DSUs held by directors, executives cannot access the value of their DSUs until they leave the Company. Performance share units (PSUs) granted in 2019 with completed tranches are included in the calculations because executives can use the proceeds from their earned PSU award payout to buy common shares to meet their share ownership requirements. Starting with the 2020 grant, PSUs are no longer included as the revised vesting methodology eliminated earned tranches.

The following table shows the common shares and share units each named executive held on December 31, 2021. The value of common shares reflects the higher of cost of acquisition or $39.46, the closing price of our common shares on the TSX on December 31, 2021. Share units include dividend equivalents and are also based on the $39.46 closing price. The estimated value of the earned PSUs represents the payout value described above on an after-tax basis (using a marginal tax rate of 48%).

		Brian Vaasjo(1)(3)	**Sandra Haskins(2)**	**Bryan DeNeve(3)**	**Chris Kopecky(2)(4)**	**Kathryn Chisholm(3)**
Base Salary		$800,000	$410,000	$410,000	$410,000	$390,000
Current Equity Ownership	**Value of common shares**	$6,015,914	$305,499	$1,929,436	$0	$1,073,628
	Value of after-tax earned PSUs and RSUs	$1,160,013	$149,399	$375,290	$165,485	$297,590
	Pre-tax value of DSUs	n/a	n/a	$42,079	n/a	n/a
	Total ownership value	$7,175,927	$454,899	$2,346,805	$165,485	$1,371,217
Ownership Requirement	**Multiple of salary**	5	2	2	2	2
	Value	$4,000,000	$820,000	$820,000	$820,000	$780,000
Compliance Assessment	**Multiple of salary**	9.0	1.1	5.7	0.4	3.5
	As a percentage of ownership requirement	179%	55%	286%	20%	176%
	Meets ownership requirement?	Yes	In Progress	Yes	In Progress	Yes
	Compliance date(2)	July 27, 2023	July 30, 2025	May 1, 2020	July 30, 2025	July 27, 2023

Notes

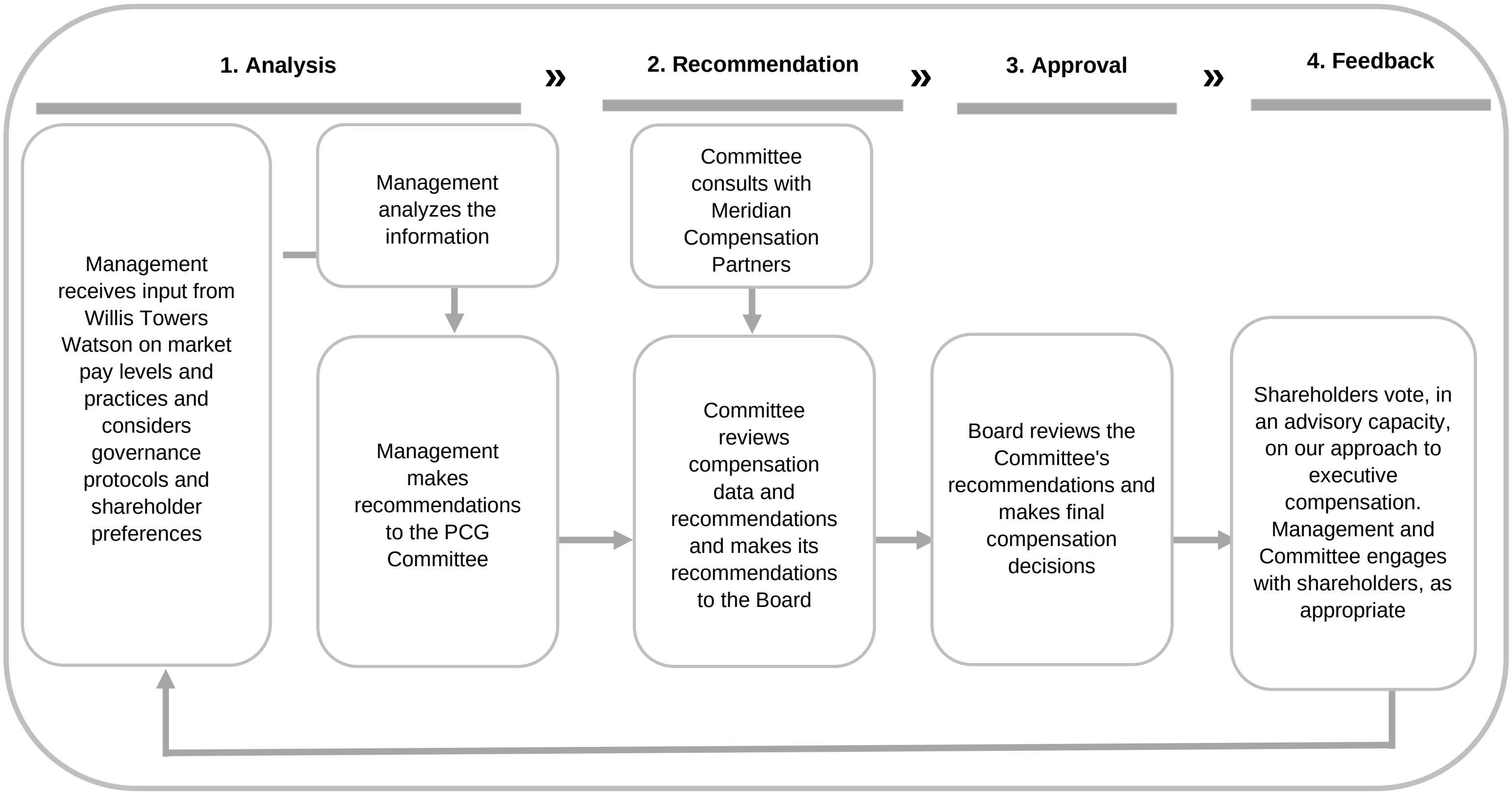
(1) Brian Vaasjo is subject to a 1-year post-retirement equity hold period.

(2) Sandra Haskins and Chris Kopecky were appointed on July 30, 2020.

(3) Bryan DeNeve had an increase to his percentage of ownership requirement in 2015 which reset his compliance date to 2020 while Brian Vaasjo and Kathryn Chisholm had increases in 2018, resetting their compliance date to 2023.
(4) Chris Kopecky is currently a resident of the United States and his ability to acquire Capital Power shares has been limited. Until his forthcoming change of residency to Canada, he will increase his ownership value by the restricted share units granted to him as part of his long-term incentive and by electing to transfer his annual incentive into deferred share units.

We have an anti-hedging policy that prohibits insiders from engaging in any transaction in which they could benefit, directly or indirectly, if the value of any Capital Power security falls. In addition, all directors and any employee that has a minimum share ownership requirement is prohibited from pledging equity interests used to satisfy their ownership requirement.

DECISION-MAKING PROCESS



All executive compensation decisions are based on a formal process that involves management, the Committee and the Board. Management's external consultant (Willis Towers Watson) and the Committee's independent compensation consultant (Meridian Compensation Partners) also provide input.

Analysis
Compensation planning is integrated with the annual business planning and budgeting process as well as our long-term planning process. Financial, operational and ESG targets are set based on the overall strategic plan and business priorities for the year.

Management researches compensation information with input from Willis Towers Watson that includes data from proxy circulars filed with Canadian securities commissions, and peer group analysis.

Management assesses the information and makes recommendations to the Committee.

Recommendation
The Committee reviews the compensation strategy and program design to ensure they align with our business needs. It reviews the total compensation of the CEO and other named executives against market data and recommends any changes to compensation levels to the Board. The Committee approves the annual salary increase budget for non-executives and the design of incentive programs.

In addition, the Committee reviews the CEO's performance and his individual performance assessments of the other executives and recommends the executive STIP awards to the Board. It also reviews and approves the total payout of the STIP and the measures for the LTI program to make sure they reinforce our key priorities.

Independent advice
The Committee has retained an independent consultant for executive compensation issues because it recognizes the importance of receiving third party advice from a subject matter expert that has no relationship with management. This helps to ensure that the Committee's decisions and recommendations are made in an objective manner and are appropriate for Capital Power and consistent with market practices.

The consultant provides independent advice on:

- market trends and practices
- compensation and performance
- peer groups for executive and director compensation
- the performance framework as well as performance assessment process
- considerations related to levels of compensation in the competitive market provided by management and its advisor
- CEO and executive compensation packages and annual STIP and LTIP awards
- other compensation and related governance matters included within the Committee's mandate

The consultant is responsible to the Committee and must keep all matters confidential. It must also advise the Committee Chair of any potential conflicts of interest.

The Board has a policy that sets out broad guidelines for the independent consultant relationship. The policy limits the consultant's exposure to management and requires the Committee to pre-approve any work plan undertaken with management, among other things. To date, the Committee's consultant has not undertaken any work for management. Meridian Compensation Partners has been the Committee's consultant since October 2018. The table below shows the fees paid to the Committee's consultant for the last two years:

	2021 Meridian Compensation Partners	**2020** Meridian Compensation Partners
Executive compensation fees[1]	$61,786	$44,075
All other fees	$0	$0
Total	**$61,786**	**$44,075**

Note

(1) $16,016 of fees related to director compensation review

Management uses its own consultant for human capital matters and has retained Willis Towers Watson since Capital Power's inception.

Approval

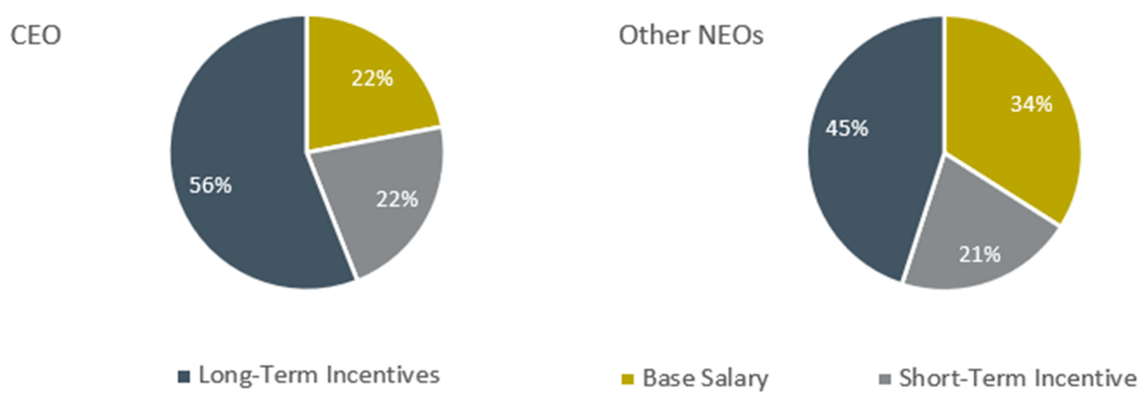
The Board reviews the Committee's recommendations and approves all decisions on executive compensation.

ELEMENTS OF COMPENSATION

Total direct compensation includes base salary and short and long-term incentive awards.

A target compensation mix is set for each executive. The mix is based on level and role, the individual's relative ability to influence our business results and competitive practices. Incentive awards are at risk because they are not guaranteed — they also account for the largest portion of the mix.

Compensation mix



The next table describes each element in more detail:

Component	Objective	What it rewards
Base salary	Provides a competitive level of fixed compensation based on scope of responsibilities and market data	Experience, expertise and execution of responsibilities
Short-term incentive	Provides compensation that is based on achieving annual performance targets that support our overall strategic direction	Achievement of annual corporate objectives and individual performance goals
Long-term incentive	Provides equity-based compensation for sustaining mid to long-term performance and aligns the interests of executives and shareholders Provides longer term retention vehicle for executives	Achievement of mid to long-term performance results and growth in share price

Base salary

Base salaries are targeted at the median of the compensation peer group, and are based on the responsibilities of each position, individual experience, expertise, and knowledge when compared with the market, individual performance and internal equity.

Short-term incentive

The STIP is designed to provide a competitive annual bonus based on corporate and individual performance while reinforcing our focus on strong leadership. The plan focuses on the achievement of corporate results and incents participants to meet or exceed individual business-specific objectives.

Target awards are set for each position as a percentage of base salary and are targeted at the median of the peer group for executive positions with similar responsibilities. The table below shows the target incentive for each named executive for 2021:

	As a % of base salary		
Name	**Minimum (%)**	**Target (%)**	**Maximum (%)**
Brian Vaasjo	0	100	200
Sandra Haskins	0	60	120
Chris Kopecky	0	60	120
Bryan DeNeve	0	60	120
Kathryn Chisholm	0	60	120

STIP awards are based on performance during the 2021 calendar year and are paid out in March 2022.

Performance measures and weightings

Performance under the STIP is based on the following measures and weightings for the executive group:

Performance measure	Weighting(1)	
Corporate measures Funds from operations (FFO)	50%	Most Corporate measures, aside from the Growth Objective, have a threshold, target and stretch value for each metric.
Corporate Strategic Objective (In 2021, Committed Capital)	10%	
Growth Objective (In 2021, Construction & Repowering Projects)	5%	
Environmental, Social and Governance (ESG) measures – HSE Index(2)	10%	
Individual measures Business and ESG objectives (2)	25%	The individual measures are assessed through the performance management process. Performance against business and ESG objectives is measured and rated against a five-point scale that determines the payout:

Performance	Payout (as a % of STIP target value)
Below Threshold	0%
Threshold (minimum)	50%
Target	100%
Stretch (maximum)	200%

Rating	Payout (as a % of STIP target value)
Unacceptable	0%
Stronger performance required	50%
Fully successful	100%
Frequently exceeds expectations	150%
Outstanding	200%

Notes

(1) Beginning with the 2022 program year, the weighting of the individual STIP measures is adjusted to account for the growing importance of construction to the organization and to incorporate greater emphasis on ESG measures related to diversity, inclusion and sustainability as we move forward on these initiatives. The weighting for the 2022 program year is: FFO (decreasing to 45%); Corporate Strategic Objective (no change at 10%); Growth Objective (increasing to 10%); HSE Index (no change at 10%); and Individual measures (no change at 25% but greater number of diversity and inclusion and sustainability initiatives to be assessed for named executive performance).

(2) Environment, Sustainability and Governance (ESG) measures were introduced in the 2020 performance year with 10% allocated to the corporate HSE Index and the remainder included as part of the assessment of individual performance for each named executive officer. Each named executive officer has individual business and ESG objectives related to their role that may include, among others, operational performance, asset optimization activities, cost management, retention, succession planning, diversity and inclusion, ESG development and reporting.

The maximum payout is capped at 200% of target.

The following requirements must be met for an individual to receive the maximum payout:

- Stretch results for corporate performance, and
- Outstanding individual performance on business and ESG objectives.

Payout formula

The target incentive opportunity (target award) for each position is a percentage of base salary. Performance is assessed against each measure and its weighting (base x weighting x target incentive x performance achievement). Results against each of the five performance measures are added together to determine the final STIP award:

The STIP includes a circuit breaker which is set at a level below the threshold value of FFO (70%). If FFO is below the circuit breaker value, the STIP will not pay out except for the compensation related to the HSE Index component of the incentive.

Notwithstanding this circuit breaker guideline, the Committee may still use informed judgment and discretion when determining the level of incentives that may be paid for all components of the short-term incentive when the minimum circuit breaker level is not met, or as the Committee deems appropriate in the circumstances.

Measurement of the HSE Index includes the two threshold conditions outlined below which must be met for the metric to contribute to a payout of the STIP award.

- should there be a fatality or permanent disabling injury, then TRIF is said to have not met threshold performance and will not contribute towards the STIP award.
- should there be a major or critical environmental incident, then the Environment Incident measure will be deemed to have not met threshold performance and will not contribute towards the STIP award.

Committee oversight and discretion
The Committee has the discretion to adjust payout levels for the program and for individuals to consider any unusual factors or extenuating circumstances that are beyond the executive's control and result in an incentive award that inappropriately overpays or underpays or creates an unintentional result. No adjustments were made for 2021 performance as the compensation outcomes were well aligned with performance.

Long-term incentive (LTI)
We grant an LTI award to:
- align the interests of our executives and shareholders
- motivate executives to deliver strong mid- and long-term performance
- retain executives over the long term

The table below shows the award components of the LTIP:

Executive	Performance Share Units (PSUs)	Restricted Share Units (RSUs)	Stock Options
CEO	60%	20%	20%
Other NEOs	60%	20%	20%

Awards are granted annually, with the size of the grant based on the target award and grant level approved by the Committee and the Board. Target awards are set for each position as a percentage of base salary and are targeted at the median of the peer group for executive positions with similar responsibilities. The table below shows the target incentive for each named executive as of December 31, 2021:

Name	As a % of base salary
Brian Vaasjo	250
Sandra Haskins	135
Bryan DeNeve	135
Chris Kopecky	115
Kathryn Chisholm	115

The Committee assesses the CEO's performance and recommends his LTIP award to the Board for its review and approval. The CEO prepares recommendations for the other program participants based on their level of responsibility, performance, and market competitiveness. The CEO submits these to the Committee which then recommends the awards to the Board for its review and approval.

The Committee and the Board do not consider grants from previous years when determining new awards.

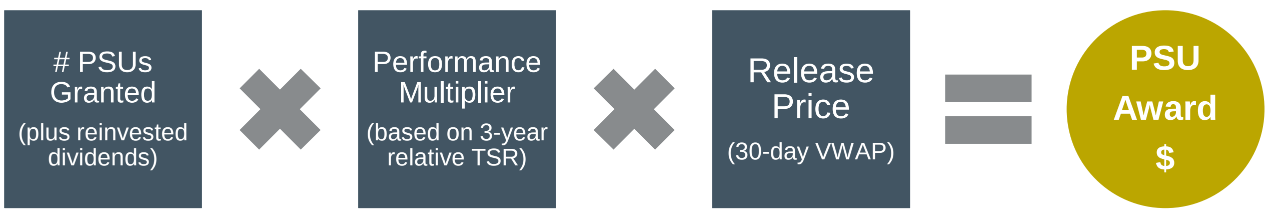
Board oversight and discretion
The Board has the discretion to amend or discontinue the LTIP at any time, subject to compliance with the requirements of the TSX.

Performance Share Units (PSUs) and Restricted Share Units (RSUs)

Form of award	Notional share-based awards
Who participates	Executives and senior management
Dividends	Dividend equivalents (at the same rate as dividends paid on our common shares)
Vesting	Cliff vest at the end of three years, on January 1 (dividend equivalents vest on the same schedule and for PSU dividend equivalents only, are based on the same performance as the PSUs themselves)
Payout	Cash
Assignment	Generally, cannot be transferred except for estate planning purposes. Outstanding PSUs and RSUs are for the benefit of and are binding on the beneficiary
Termination	*Resignation/termination* for cause – all PSUs and RSUs are forfeited *Termination without cause; retirement; disability* – vesting of PSUs is based on actual performance to the end of the quarter preceding the date of termination, and pro-rated to the last day of service. For RSUs, vesting is pro-rated to the last day of service *Death* – vesting of PSUs is based on target performance and is pro-rated to the last day of service worked. For RSUs, vesting is pro-rated to the last day of service.

PSUs granted prior to 2022 focus only on relative performance of total shareholder return (TSR), defined as growth in share price (including reinvested dividends) to measure our performance against the performance of our peers. In 2021, the Committee reviewed and approved a recommendation to the Board that beginning with the 2022 LTIP grant, the measurement of PSU performance be broadened to also incorporate a basket of ESG measures, focusing initially on diversity and environment metrics. The basket of ESG measures is weighted at 20% and the relative TSR measure is reduced to 80%.

Payout formula (for PSUs granted prior to 2022)



The actual payout or realized value of PSUs is based on our relative TSR ranking and our 30-day volume-weighted average share price (VWAP) at the end of the three-year performance period.

Performance peer group
Our performance peers are companies with similar business characteristics that we compete with for investment capital.

All companies in the performance peer group are publicly-traded Canadian companies classified as power producers or utilities with total enterprise values (TEV) greater than $1 billion (TEV is capped at 10x our TEV to avoid including significantly larger organizations), with strong dividend yields and low volatility (as measured through a company's beta, namely the measure of volatility relative to the market as a whole).

Management regularly reviews the peer group to ensure that companies meet the established criteria. The following is a list of the companies used to measure our TSR performance for the 2019, 2020, and 2021 PSU grants:

Algonquin Power & Utilities Corp
AltaGas Ltd.
Boralex Inc.
Brookfield Renewable Energy Partners L.P.
Canadian Utilities Limited
Emera Inc.
Fortis Inc.
Hydro One Ltd.
Innergex Renewable Energy Inc.
Northland Power Inc.
TransAlta Corporation

The difference between the executive compensation peer group and the performance peer group reflects the different purposes of each of the groups, namely benchmarking executive pay versus benchmarking company performance. The executive compensation peer group represents the market for executive talent while the performance peer group represents companies that share similar risks and opportunities, are subject to similar macro-economic influences, and are operational, strategic and shareholder investment competitors.

Independent consultants and the Committee review the peer group scoping criteria every year to assess the suitability of current peers and identify potential changes to the peer group. Many of the peers do not have the same commodity exposure as Capital Power, so we anticipate that performance relative to these companies will be impacted by our position within the commodity cycle. Given the limited number of direct performance peers, we believe that the current group best represents other Canadian companies with similar business and operational strategies.

Payout multiplier
Relative TSR performance is measured over a 3-year period. Payouts are made at the end of the three-year period based on the payout multiplier and our share price at the end of the period (a 30-day volume-weighted average).

The table below shows the TSR rankings and corresponding payout multipliers for the formula. The payout multiplier is interpolated on a straight-line basis if performance falls between percentiles.

If we achieve a TSR ranking of:	Then the payout multiplier is
75th percentile or higher	200% of target
50th percentile (median)	100% of target
25th percentile	50% of target
Below the 25th percentile	0% of target

Note

- The 2019 grant measured relative TSR over four tranches: 40% based on three-year cumulative performance and 60% based on annual performance weighted 20% per year. The Committee reviewed and approved the recommendation to the Board to change the vesting schedule of the PSUs as detailed in the above table beginning with the 2020 LTI grant to ensure alignment of practice with our executive compensation peer group.

Stock options
Stock options promote a focus on increasing our absolute share price over the longer term.

The exercise price for stock options granted under the LTIP is the closing price of our common shares on the TSX on the day immediately preceding the grant date (the fair market value).

	LTIP
Form of award	The right to purchase our common shares at a price that is at least the fair market value on the grant date
Participants	Executives and senior management
Vesting	One-third each year beginning on the first anniversary of the grant date (unless stated otherwise when the options are granted)
Term	Expire after seven years (or less as stated when the options are granted) If the expiry date falls during a black-out period, the expiry date is extended to 10 days after the black-out period ends
Payout	Based on when the participant exercises the options The participant only realizes a value if the share price is higher than the exercise price when they exercise the options
Assignment	Generally, cannot be transferred, except for estate planning purposes or judicial order. Any outstanding options are for the benefit of and are binding on the party holding exercise rights
Termination	*Resignation* – unvested options are forfeited and vested options expire the earlier of; the 7-year expiry date of the option or 30 days after termination. *Termination without cause* – all options continue to vest and expire the earlier of; the 7-year expiry date of the option or 30 days after termination. *Retirement/disability/death* – all options continue to vest and expire the earlier of; the 7-year expiry date of the option or 12 months after termination. *Termination for cause* – vested and unvested options are forfeited upon termination

The Committee and the Board believe that stock options form an important component of a competitive compensation package for executives and senior management. They help attract, retain, and motivate them to execute our business strategy successfully and to drive value creation for our shareholders.

The Board recognizes the need to strike a proper balance between a long-term compensation program for management employees that aligns their interests with those of shareholders, and potential shareholder concerns about dilution from the ongoing granting and exercising of stock options.

Stock option valuation

Stock options are valued using the estimated accounting grant date fair value (determined by using a binomial option pricing model) or 15% of the calibration price, whichever is greater. For the 2021 stock option grant, a value ratio of 15% was used.

Amending or terminating LTIP

We must receive shareholder approval to make any of the following changes:

- increase the maximum number of shares that can be granted under the LTIP
- reduce the exercise price below the market price of the shares on the grant date
- cancel and re-issue an award under different terms which has the effect of reducing the exercise price of the award
- increase the limits of the number of common shares that can be reserved for issue to insiders or to any participant
- reduce the exercise price of an outstanding award
- extend the term beyond seven years
- extend the term of any outstanding awards
- allow a participant to assign their options to someone not currently allowed under the LTIP
- change the definition of persons eligible to participate in the LTIP

The Board can amend the LTIP to make housekeeping or administrative changes if they meet the TSX requirements. The Board can also terminate the LTIP at any time.

Any changes do not affect the rights that participants have already accrued.

Share reserve

The plan limits the number of common shares that may be reserved for issue:

- no more than 10% of the total common shares issued and outstanding to all insiders in any year
- no more than 5% of the total common shares issued and outstanding to any participant

The number of common shares reserved for issue for stock options awarded to insiders represents approximately 1.1% of the common shares outstanding (116,193,681 as of December 31, 2021).

A total of 9,194,506 common shares can be issued under the plan as of December 31, 2021.

For additional discussion of our equity compensation plan, please see page 75.

ASSESSING PERFORMANCE

Our executive compensation is designed to pay for performance, rewarding individuals for results that meet or exceed our corporate objectives and business strategy within the risk tolerances approved annually by the Board.

Capital Power's integrated business planning, risk management, budgeting and performance management processes are designed to:

- align departmental business plans with our corporate plan and strategy
- promote cross-functional coordination
- increase accountability for deliverables and cross-functional commitments
- link plans with resources through integration with the budget process

The business planning process starts with the development of the CEO's business plan. The business plan has key initiatives that support the long-term corporate strategy and several necessary shorter-term deliverables or milestones, most of which are delegated to the executive team. These delegated deliverables become the executive team's deliverables, for which they identify and delegate, as appropriate, interim deliverables. The business planning process follows this cascading approach down to all managerial positions.

The business planning process provides a framework to ensure that executive and managerial positions are working in concert to move Capital Power forward in the desired direction, ultimately focused on supporting our overall vision and corporate strategy.

The STIP provides competitive annual bonuses that reflect corporate and individual performance against business plan deliverables. Corporate measures focus on corporate results and create joint accountability among the executives. Individual performance objectives allow for the differentiation of payouts based on individual contributions. Individual performance is assessed relative to how well each executive meets their annual individual deliverables in their business plan.

The LTIP promotes a focus on increasing our share price in both absolute and relative terms. In absolute terms, share performance directly affects the value that executives can realize from their share unit and stock option holdings – stock options have no value except to the extent share price increases and the value of share units is based on the share price at the end of the 3-year vesting period. In relative terms, higher or lower share performance compared to that of our performance peer group will result in higher or lower payouts from PSU holdings. This emphasis on longer-term performance, with the value directly tied to share price, is intended to align executive interests with those of our shareholders over a longer time horizon. Adhering to the business plans and accomplishing the key initiatives that support our corporate strategy can result in appreciation in our share price.

Risk management

The Board establishes acceptable levels of risk, and these govern our business decisions and risk management policies. Compensation risk is factored into every compensation decision or recommendation the Committee makes to ensure decisions and actions are consistent with our policies and practices and appropriate based on market conditions and peer practices. Management provided the Committee with an internally conducted compensation program risk assessment in October 2021 to review our compensation structure, policies and practices, and the key risks affecting our business.

As a result of the internal assessment, it was determined that none of Capital Power's current compensation practices are reasonably likely to have a material adverse effect on the Company. On a prospective basis, management will engage a third-party consultant to perform a compensation program risk assessment every three to five years and review program risk internally in the interim years. The next comprehensive risk assessment will be completed in 2022. Assessment results are presented to the Board. The table below describes risk mitigating features of our compensation programs:

Compensation Governance	• Risk management integrated into the business planning and review process • There is overlap between members of the various Board Committees which provides context on common activities and helps better manage risks
Pay Philosophy & Structure	• Executive compensation is balanced between fixed and variable pay, short and long-term incentives, and absolute and relative measures, encouraging proper risk taking that builds long-term value creation and discouraging excessive short-term risk taking that can threaten our long-term success • Retention risk is mitigated during a change-in-control event by double trigger vesting of long-term incentives • Severance arrangements are limited to a reasonable level (see Appendix B, page 89) to discourage inappropriate risk taking

Pay Plan Design	Incentive programs have a balance of measures to provide for a broad view of performance • STIP financial metric (FFO) encourages acquisition/development of assets that make strong contributions to our results • Other objectives measured for STIP include operational, ESG, safety and project execution • The Committee has the discretion to adjust payout levels of the STIP, whether overall or by individual, to address unintentional results • Performance multipliers under the STIP and the PSU component of the LTIP are capped at 2X target award opportunity • To support sustained results, PSUs, RSUs, and options are awarded annually and have overlapping vesting periods and PSUs also have overlapping performance cycles • Executives have share ownership guidelines (5X for CEO; 2X for other Executives), and the CEO is required to maintain his share ownership after retirement, exposing them to the long-term risks of their decision making • Our claw-back provision(1) requires both current and former executives and employees to reimburse the Company for any STI or LTI compensation awarded for financial or other results that were subsequently materially restated or corrected, within a three-year period of the event. The claw-back provision defines the trigger for misconduct as an event where the individual engaged in intentional, willful, or gross negligence or omission which resulted in a material negative impact on the Company's business, reputation, or financial condition. • Our anti-hedging policy(1) prohibits insiders from engaging in trading activities that would allow them to benefit from a decrease in the value of our securities. It also prohibits employees and directors from pledging or encumbering any shares that go towards meeting their minimum share ownership requirements

Note

(1) These policies and provisions are contained in our corporate governance policy which can be found on our website (www.capitalpower.com).

COMPENSATION DECISIONS FOR 2021

The Board, on the Committee's recommendation and based on management's executive compensation review, approved the following decisions on executive compensation for performance in 2021.

Base salary

	2020 Salary	2021 Salary	% Increase	2022 Salary	% Increase
Brian Vaasjo President & CEO	$800,000	$800,000	0%	$800,000	0%
Sandra Haskins Senior Vice President, Finance & CFO	$375,000	$410,000	9.3%	$440,000	7.3%
Bryan DeNeve Senior Vice President, Operations	$410,000	$410,000	0%	$410,000	0%
Chris Kopecky Senior Vice President and Chief Legal, Development and Commercial Officer	$377,000	$410,000	8.8%	$410,000	0%
Kathryn Chisholm Senior Vice President, Planning, External Relations & Chief Sustainability Officer	$390,000	$390,000	0%	$390,000	0%

Notes

- Base salaries are reviewed on an annual basis and are targeted within a competitive range of the median of the peer group (see page 51).
- For Chris Kopecky, the salary adjustment between 2020 and 2021 reflects the addition of Development and Commercial activities to his role on June 1, 2021.

2021 STIP award

Corporate performance

Performance measure	Weighting	Target*	Result	Performance assessment	Highlights
Financial **Funds from operations (FFO)** • cash provided by operating activities (IFRS-defined term), less changes in operating working capital	50%	$591 million	$714 million	200% Above stretch	FFO came in significantly above target, benefitting from high Alberta spot power prices.
		*(Threshold: $532M; Stretch: $650M)			
Corporate Strategic Objective **Committed capital during the year** • a measurement of achievement as defined by the Board	10%	$500 million	$274 million	62.3% Between threshold and target	We are moving forward with the 151 MW phase 2 of Halkirk Wind at an expected capital cost of $274 million,
		*(Threshold: $200M; Stretch: $1,000M)			
Growth Objectives • Complete Whitla 2 and Whitla 3 on-time and on-budget • Construction of Strathmore, Enchant and NC Solar Plants on-time and on-budget • Genesee 1 & 2 proceeding on-time and on-budget	5%	1.00	0.80	80% Slightly below target	Whitla 2 and 3 were 1 month ahead of the original schedule and under budget. Strathmore and Enchant CODs were extended and projecting cost overruns, and results are mixed for NC solar plants due to supply issues. Genesee repowering is trending to target for timing and spend. The scope has been broadened to include battery storage at an expected capital cost of $195 million.
ESG Objective **Health, Safety & Environment (HSE) Index** • a measurement of safe, healthy and environmentally accountable work	10%	1.00	1.08	153.3% Between Target and Stretch	The leading and lagging safety indicators making up the index came in well above target. Environmental measures came in at target.
		*(Threshold: 0.85; Stretch: 1.15)			

Performance measure	Weighting	Target*	Result	Performance assessment	Highlights
performance. Utilizes a weighted combination of five (5) leading indicators and two (2) lagging indicators					

Individual performance [1]

Performance Measures	Weighting	Highlights
ESG and Business Objectives	25%	ESG Objectives Each named executive officer has ESG objectives, including the Health Safety and Environment measures described above. Measures that have a larger impact on the entire Company are identified with individual executives named as prime. These measures include people measures related to retention, strengthening employee diversity and inclusion, and environmental emissions initiatives. Individual Business Objectives Each named executive officer has individual annual business objectives related to their areas of responsibility that may include, among others, operational performance, asset optimization activities, and cost management. In 2021, all measures were generally met or exceeded.

Note

(1) Individual performance measures are established at the beginning of each year. The CEO reviews and assesses performance results and makes a recommendation to the Board for approval. Individual measures are assessed on a five-level performance assessment scale ranging from Unacceptable to Outstanding. Details on individual performance assessment results for the named executives are discussed in detail under the *Individual Performance* section on the following page.

Corporate Measures	Weighting		Performance assessment		Corporate performance results
Funds from operations (FFO)	50%	x	200%	=	100%
ESG Objective HSE Index	10%	x	153.3%	=	15.33%
Corporate Strategic Objective	10%	x	62.3%	=	6.23%
Growth Objective	5%	x	80.0%	=	4.00%
				Total	125.56% of target

Individual Measures	Weighting		Performance assessment		Individual performance results
Unacceptable			0%		**0%**
Stronger performance required			50%		**12.5%**
Fully successful	25%	x	100%	=	**25%**
Frequently exceeds expectations			150%		**37.5%**
Outstanding			200%		**50%**

STIP Award Amounts

	Base salary ($)		Target incentive		Corporate performance results + Individual performance results		2021 STIP award ($)
Brian Vaasjo	800,000	x	100%	x	(125.56% + 25.0%)	=	$1,204,480
Sandra Haskins	410,000	x	60%	x	(125.56% + 37.5%)	=	$401,128
Bryan DeNeve	410,000	x	60%	x	(125.56% + 25%)	=	$370,378
Chris Kopecky	410,000	x	60%	x	(125.56% + 37.5%)	=	$401,128
Kathryn Chisholm	390,000	x	60%	x	(125.56% + 37.5%)	=	$381,560

Notes

- Sandra Haskins elected to defer a portion of her 2021 STIP award into executive DSUs and received a grant of 4,123 DSUs on March 3, 2022, with an expected value of $160,451.
- Chris Kopecky elected to defer a portion of his 2021 STIP award into executive DSUs and received a grant of 5,153 DSUs on March 3, 2022, with an expected value of $200,564.

Based on a review of the STI targets against market competitive data for our peers, Management determined that STI targets will remain unchanged in 2022.

Individual performance

Named executive	Business objectives rating	Comments
Brian Vaasjo President & CEO	Fully Successful	Mr. Vaasjo achieved Fully Successful on his 2021 Individual Measures. Funds From Operations exceeded stretch and measures relating to maintenance, safety and environment and construction were all exceeded. General and administrative costs and EDI objectives met expectations. Other initiatives to extend the Arlington contract, commence the Halkirk 2 windfarm, and acquire extensive solar and battery sites were excellent. Plant availability, sustaining capital expenditures and committed capital were all below target. Mr. Vaasjo continued to demonstrate steady leadership and agility through a challenging business environment. His proactive outreach to policymakers, combined with his strategic thinking and emphasis on innovation, were critical to advancing Capital Power's growth and decarbonization initiatives.
Sandra Haskins Senior Vice President, Finance & CFO	Frequently Exceeds Expectations	Ms. Haskins achieved Frequently Exceeds Expectations on her 2021 Individual Measures. Measures associated with her areas of responsibility, tax, and timing of quarter end closings, generally met expectations. The three financings in the year exceeded expectations, especially the sustainability linked loan. Managing financial and credit relationships exceeded expectations.
Bryan DeNeve Senior Vice President, Operations	Fully Successful	Mr. DeNeve achieved Fully Successful on his 2021 Individual Measures. Safety and environment results and cost performance exceeded expectations. Sustaining capital expenditures and operating results were below target due to unplanned and extended outages. Managing operating and maintenance activities in a COVID-19 environment was excellent.
Chris Kopecky SVP and Chief Legal, Development & Commercial Officer	Frequently Exceeds Expectations	Mr. Kopecky achieved Frequently Exceeds Expectations on his 2021 Individual Measures. Management of the commodity position significantly exceeded the stretch target. Cost management in the commercial, business development and law areas exceeded expectations. Initiating and negotiating the 6-year extension of the Arlington agreement and the acquisition of the BW solar sites were outstanding. Committed capital was below target.
Kathryn Chisholm Senior Vice President, Planning, External Relations and Chief Sustainability Officer	Frequently Exceeds Expectations	Ms. Chisholm achieved Frequently Exceeded Expectations on her 2021 Individual Measures. Regulatory and government relations advocacy efforts met expectations in 2021, while the gain in public profile for ESG related matters greatly exceeded expectations. Communications and Stakeholder Relations exceeded expectations in a COVID-19 environment. Development, execution, and external communication of sustainability strategy, targets and corporate purpose and vision was excellent.

Payment of 2019 PSU awards

PSU awards are at-risk compensation. The named executives achieved performance of 103% for the 2019 PSU awards when they vested on January 1, 2022. The table below is based on $39.14, the 30-day volume-weighted average closing price of our common shares on the TSX immediately preceding the vesting date.

	Accumulated PSUs		**Payout multiplier**		**Release Price**		**Payout**
	2019 grant plus reinvested dividends (#)		based on relative TSR (%)		30-day VWAP ($)		realized value ($)
Brian Vaasjo	31,600	x	103	x	39.14	=	1,273,890
Sandra Haskins	876	x	103	x	39.14	=	35,304
Bryan DeNeve	10,417	x	103	x	39.14	=	419,933
Kathryn Chisholm	8,154	x	103	x	39.14	=	328,698
Chris Kopecky	1,267	x	103	x	39.14	=	51,078

Note

- The product of the Accumulated PSUs and Payout multiplier is rounded down to the nearest whole share unit. As per LTI plan rules, fractional share units are not released.

Relative TSR

TSR measures the change in value of an investment over time, representing the return that an investor receives from changes in share price and dividends paid. Relative TSR measures the performance of a company against its business competitors, and rewards industry out-performance.

We calculated TSR for the period ending December 31, 2021 for the 2019 PSU grant as follows:

- Starting and ending share price – share price is the simple average closing share price of the 30 trading days prior to the start and end of the measurement period, which reduces the possible impact of short-term share price fluctuations.
- Measurement period – there are four (4) measurement periods, aligning with each of the four (4) tranches in the PSU grant, as follows:

Measurement Period	Weight	Starting Share Price	Ending Share Price
Tranche 1	20%	November 16, 2018 to December 31, 2018	November 18, 2019 to December 31, 2019
Tranche 2	20%	November 18, 2019 to December 31, 2019	November 18, 2020 to December 31, 2020
Tranche 3	20%	November 18, 2020 to December 31, 2020	November 18, 2021 to December 31, 2021
Final Tranche	40%	November 16, 2018 to December 31, 2018	November 18, 2021 to December 31, 2021

- Reinvested dividends – dividends are reinvested on the dividend payment date.
- Performance peer group – the following 11 companies were used to measure our TSR performance for the 2019 PSU grant:

Algonquin Power & Utilities Corp.
AltaGas Ltd.
Boralex Inc.
Brookfield Renewable Energy Partners LP
Canadian Utilities Limited
Emera Inc.
Fortis Inc.
Hydro One Ltd.
Innergex Renewable Energy Inc.
Northland Power Inc.
TransAlta Corporation

The following table details the results of Capital Power's relative TSR for the 2019 PSU award:

	Tranche 1 (2019)	Tranche 2 (2020)	Tranche 3 (2021)	Tranche 4 (2019-2021)
25th Percentile	30.6%	2.5%	-11.0%	44.6%
50th Percentile	34.8%	14.9%	12.9%	75.7%
75th Percentile	43.9%	64.0%	18.1%	111.0%
Capital Power Corporation	**31.2**%	**7.8%**	**21.4%**	**71.8%**
Payout Factors	57%	72%	200%	94%
Weighted Average	**11%** (57% x 20%)	**14%** (72% x 20%)	**40%** (200% x 20%)	**38%** (94% x 40%)
Aggregate Weighted Average (Payout Factor)		**103%** (11% + 14% + 40% + 38%)		

In the aggregate (weighted average basis), our TSR finished between the 50th and 75th percentile, resulting in a payout factor of 103%. See Performance share units on page 59.

Payment of 2019 RSU awards

RSU awards are at-risk compensation. The 2019 RSU grant vested on January 1, 2022. The table below is based on $39.14, the 30-day volume-weighted average closing price of our common shares on the TSX immediately preceding the vesting date.

	Accumulated RSUs 2019 grant plus reinvested dividends (#)		Release Price 30-day VWAP ($)		Payout realized value ($)
Brian Vaasjo	n/a		n/a		n/a
Sandra Haskins	1,751	x	39.14	=	68,534
Bryan DeNeve	n/a		n/a		n/a
Kathryn Chisholm	n/a		n/a		n/a
Chris Kopecky	2,535	x	39.14	=	99,220

Note

- Beginning with the 2020 LTIP grant, Executive officers receive RSUs as part of the grant mix, reducing the number of options they receive. Sandra Haskins and Chris Kopecky hold RSUs granted prior to 2020 while they were in non-executive positions.

2022 LTI award

The Board approved a grant of PSUs (weighted at 60%), RSUs (20%) and stock options (20%), no earlier than March 11, 2022, to the named executives and other eligible participants. Based on a review of the LTI targets against market competitive data for our peers, the Board approved the PCG Committee's recommendation that LTI targets remain unchanged in 2022 as they already reflect market median. PSUs and RSUs will vest on January 1, 2025 and the realized value will depend on our volume-weighted average closing share price on the 30 trading days preceding the vesting date and for PSUs only, a basket of ESG measures including employee diversity and emissions targets weighted at 20% and our relative TSR against the performance peer group weighted at 80%.

The realized value of the option award depends on our share price over time and when the executive exercises the options. Options vest one third each year beginning on the first anniversary of the grant date and expire after seven years.

Pay for performance analysis

Executive compensation includes cash and equity-based compensation with terms varying from one year for annual base salary and the short-term incentive plan, to three to seven years for our long-term incentives.

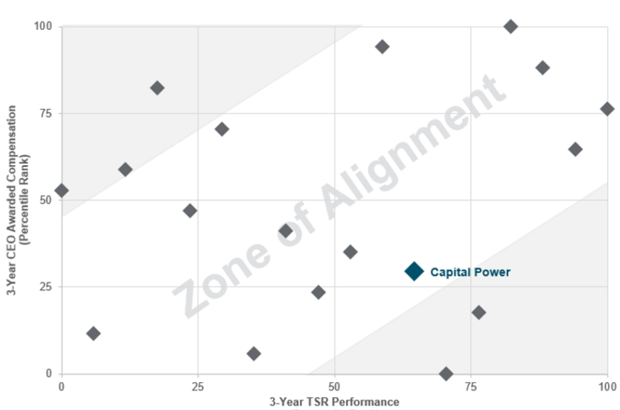
Compensation under our incentive programs is variable, or at-risk, to motivate executives to deliver strong corporate and individual performance. Equity-based compensation adds another element of risk and motivation because executives can realize a higher value of their long-term incentives the stronger our shares perform over time.

The charts below give a pay for performance analysis for Brian Vaasjo, our President & CEO, over the period 2019 to 2021, based on two different views: pay opportunity and realizable pay. The compensation of Mr. Vaasjo is compared to Company performance, relative to the executive compensation peer group. Company performance is measured as total shareholder return (TSR), equal to the annualized rate of return of a stock to an investor, reflecting both share price increase and reinvested dividends.

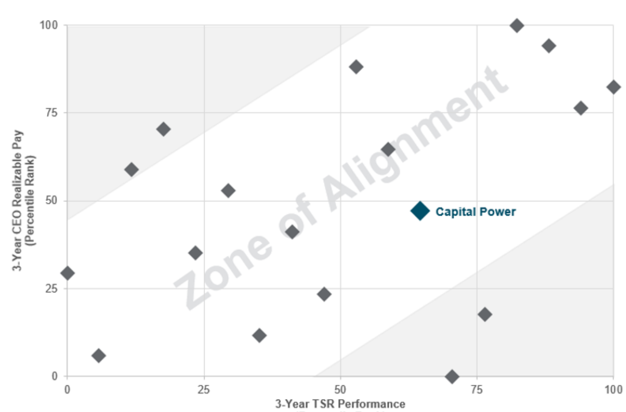
Zone of alignment

	Pay opportunity	**Realizable pay**
CEO pay definition	Pay Opportunity is defined as the sum of annual base salary, actual bonus received and the estimated value of long-term incentive on the date of grant.	Realizable pay is defined as the sum of annual base salary, actual bonus received and the in-the-money value of long-term incentive grants.
Company performance definition	Total shareholder return (TSR), which is equal to the annualized rate of return of a stock to an investor, reflecting both capital gains and reinvested dividends	Same
Outcome	Mr. Vaasjo is positioned **within** the zone of alignment at the **29th** percentile while Capital Power's TSR performance is at the **65th** percentile, meaning lower compensation for higher performance.	Mr. Vaasjo is positioned **within the zone** of alignment at the **47th** percentile while Capital Power's TSR performance is at the **65th** percentile. Realizable pay is still low for higher performance, but alignment is improved, which suggests that compensation programs are generally operating as intended.

Pay Opportunity



Realizable pay



Look back analysis

The table below gives a "look back" view of compensation for Mr. Vaasjo since 2014 compared to absolute shareholder value. It compares the grant date value of compensation awarded to Mr. Vaasjo for his performance as President & CEO against the actual value he has received from his compensation during his tenure.

On a weighted average basis over the cumulative period of 2014 to 2021, Mr. Vaasjo has realized 75% more than the expected value of the compensation that the Committee awarded him (awarded compensation) while the shareholder's investment has increased by 107% demonstrating a positive relationship on behalf of the shareholder.

	Targeted compensation(1)	Awarded compensation(2)	Actual compensation value as of December 31, 2021(3)	Value of $100		
				Period	Brian Vaasjo(4)	Shareholder(5)
2014	$2,589,370	$2,643,606	$3,988,377	2014JAN01 to 2021DEC31	$151	$304
2015	$2,449,511	$2,558,959	$3,664,378	2015JAN01 to 2021DEC31	$143	$237
2016	$2,480,957	$2,654,631	$8,755,066	2016JAN01 to 2021DEC31	$330	$326
2017	$2,521,693	$2,598,416	$5,259,498	2017JAN01 to 2021DEC31	$202	$231
2018	$2,676,254	$3,036,978	$5,959,645	2018JAN01 to 2021DEC31	$196	$206
2019	$2,692,107	$3,040,325	$4,152,851	2019JAN01 to 2021DEC31	$137	$177
2020	$3,032,329	$3,339,988	$4,381,411	2020JAN01 to 2021DEC31	$131	$129
2021	$3,579,719	$3,984,199	$5,623,925	2021JAN01 to 2021DEC31	$141	$119
				Weighted average(6)	$175	$207

Notes

(1) Includes salary as noted in Mr. Vaasjo's employment agreement, target short-term incentive award and the expected value of the long-term incentive award as of the date of the grant.

(2) Includes actual salary earned, actual short-term incentive award in respect of performance during the year, and the expected value of the long-term incentive award as of the date of the grant.

(3) Includes actual salary earned, actual short-term incentive award in respect of performance during the year, the value of maturity of share units granted (or current value for units that are outstanding), the value of stock options exercised during the period, and the in-the-money value of stock options that remain outstanding. Share units and options are valued at the closing price of our common shares on the TSX on December 31, 2021 of $ 39.46 per share.

(4) Represents the actual value to Mr. Vaasjo for each $100 awarded in total direct compensation during the fiscal year indicated.

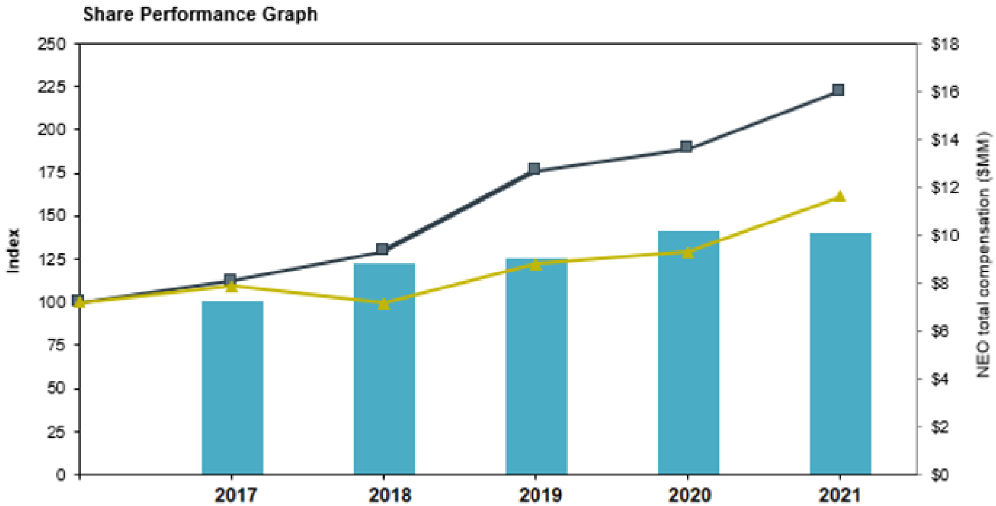
(5) Represents the cumulative value of a $100 investment in common shares made on the first trading day of the period indicated, including reinvested dividends.

(6) The weighted average for Mr. Vaasjo and the shareholder has been calculated using the "targeted compensation" as the common multiplier.

Overall, the pay for performance analyses above demonstrate that Capital Power has provided compensation to Mr. Vaasjo over his tenure that is aligned with absolute and relative Company performance and the shareholder experience.

SHARE PERFORMANCE

The following graph compares the annual change in the cumulative total shareholder return on our common shares to the cumulative total return on the S&P/TSX Composite Index. The calculation for the 5-year period assumes an investment of $100 in our common shares (CPX) on December 31, 2016 and the reinvestment of dividends.



	2017	2018	2019	2020	2021
NEO total compensation ($MM)	7.2	8.8	9.0	10.2	10.1
CPX TSR	112	130	177	189	223
S&P/TSX Composite Index TSR	109	99	122	129	161

Note

- The above graph reflects share values as of December 31 of the respective year.

Total compensation as shown in the graph and in the summary compensation table is the sum of the following elements:

- base salary
- short-term incentive
- grant date fair value of long-term incentive awarded
- pension
- all other compensation

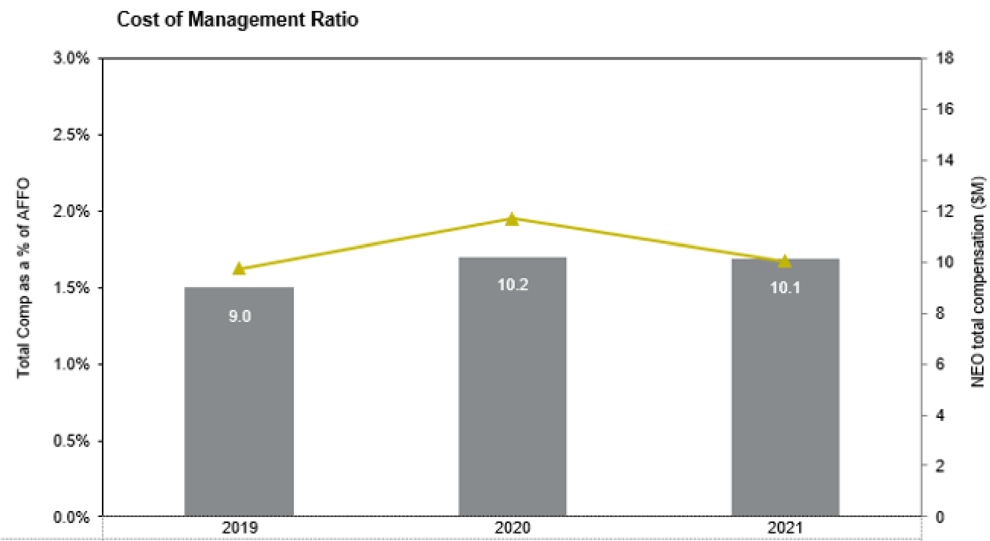
Executive compensation will be affected by our share performance over the long term because a significant portion is equity based, aligning the interests of executives and shareholders. While the grant date fair value of our stock option and share unit grants do not vary with corporate or share performance, award payouts are directly tied to our share performance.

- For stock options and share units, there is a direct correlation between our share price performance and the actual gains realized by our executives.
- For PSUs, in addition to share price, performance relative to that of our peer group will result in higher or lower payments.

This relationship is illustrated in the look back analysis (see previous section) where the actual value earned through the various compensation elements shows alignment with our shareholder returns.

Cost of Management Ratio

To demonstrate the relationship between NEO compensation and the Company's financial resources, the following graph plots the total of all types of compensation awarded to the top five NEOs compared to adjusted Funds from Operations (AFFO), since 2019. This measure shows that Capital Power's NEO compensation as a percentage of AFFO has remained relatively consistent over the past three years and now sits at 1.7% of AFFO.



	2019	2020	2021
NEO total compensation ($ millions)	9.0	10.2	10.1
Total Comp as a % of AFFO	1.6%	2.0%	1.7%
AFFO ($ millions)	555	522	605

Note

- AFFO is reported for the year ended December 31 and is a Non-GAAP financial measure. See Non-GAAP Financial Measures on page 60 in the Company's Integrated Annual Report for the year ended December 31, 2021.

2021 details

SUMMARY COMPENSATION TABLE

The table below shows the compensation each named executive received for the fiscal years ended December 31, 2021, 2020, and 2019. Brian Vaasjo does not receive compensation as a director of Capital Power.

Name and principal position	Year	Salary ($)	Option-based awards ($)(1)	Share-based awards ($)(1), (5)	Non-Equity incentive plans (Annual) ($)	Pension value ($)	All other compensation ($)	Total compensation ($)
Brian Vaasjo President & CEO	2021	800,000	379,701	1,600,018	1,204,480	326,021	96,499	4,406,719
	2020	787,019	272,344	1,159,985	1,120,640	552,310	93,355	3,985,653
	2019	725,000	665,730	757,627	891,968	316,184	92,960	3,449,469
Sandra Haskins(2) Senior Vice President, Finance & CFO	2021	400,577	96,113	404,990	401,128	484,716	60,686	1,848,210
	2020	294,992	15,777	67,216	234,525	1,284,170	29,940	1,926,620
	2019	240,000	22,554	62,995	100,926	50,469	18,899	495,843
Bryan DeNeve(3) Senior Vice President, Operations	2021	410,000	105,083	442,817	370,378	42,362	58,247	1,428,887
	2020	401,923	96,355	410,406	307,697	274,712	58,733	1,549,826
	2019	377,308	268,225	249,743	374,011	148,290	58,850	1,476,427
Chris Kopecky(4) Senior Vice President & Chief Legal, Development and Commercial Officer	2021	394,466	50,102	211,131	401,128	24,443	27,403	1,108,364
	2020	388,492	25,441	108,384	316,294	24,828	12,268	850,878
	2019	350,653	32,638	91,167	143,893	24,486	n/a	645,778
Kathryn Chisholm Senior Vice President, Planning, External Relations & Chief Sustainability Officer	2021	390,000	85,145	358,833	381,560	63,953	53,406	1,332,897
	2020	381,923	77,760	331,193	327,787	266,917	50,003	1,435,583
	2019	354,615	209,963	195,490	354,326	218,857	52,650	1,385,901

Notes

(1) Beginning with the 2020 LTIP grant, Executive officers receive RSUs as part of the grant mix, reducing the number of options they receive. Sandra Haskins and Chris Kopecky hold RSUs granted prior to 2020, while they were in non-executive positions.
(2) Sandra Haskins' 2020 Pension Value incorporates an above-average adjustment to her compensation experience due to her promotion to an Executive position.
(3) Bryan DeNeve was appointed to the role of Senior Vice President, Operations on June 1, 2021. Prior to his appointment, he held the position of Senior Vice President, Business Development and Commercial Services.
(4) Chris Kopecky was appointed to the role of Senior Vice President & Chief Legal, Development & Commercial Officer on June 1, 2021.
(5) Share based awards values represent accounting fair value of PSUs and RSUs (where applicable) for all named executives.

Salary

Based on management's executive compensation review, the base salary for Sandra Haskins will be increased from $410,000 to $440,000 in 2022. No other NEOs received salary increases for 2022.

Share-based awards

Amounts are based on the grant date fair value of the share unit awards (using a 30-day volume-weighted average price preceding the grant date, noted in the table below) and represent what was approved by the Board.

	2021	2020	2019
PSUs and RSUs	$36.06	$28.91	$28.66

Option-based awards

Amounts are the grant date fair value of the option awards consistent with the accounting valuation and in accordance with IFRS. We adopted a minimum option valuation factor of 15% for granting purpose in 2019, 2020 and 2021. The actual fair values in 2019, 2020 and 2021 were less than the minimum; therefore, the minimum was adopted for all three grants.

	2021 Accounting	2020 Accounting	2019 Accounting
Volatility	17.4%	17.9%	16.9%
Dividend yield	5.99%	7.07%	5.82%
Expected life	4.5 years	4.5 years	4.5 years
Risk-free rate	0.36%	1.68%	1.88%
Vesting discount	0%	0%	0%
Fair value	$2.47	$4.07	$4.62

Non-equity incentive plans

Annual

- Amounts are the actual STIP awards earned for that year and paid in March of the following year.

Long-term

- Capital Power does not have a long-term non-equity incentive program.

Pension value

- 2021 pension value represents compensatory changes from January 1, 2021 to December 31, 2021. The 2021 pension value reflects changes in the obligation due to actual salary experience during 2021 and includes service cost based on a 2.5% increase in pensionable earnings for 2021 and thereafter.
- 2020 pension value represents compensatory changes from January 1, 2020 to December 31, 2020. The 2020 pension value reflects changes in the obligation due to actual salary experience during 2020 and includes service cost based on a 3.0% increase in pensionable earnings for 2020 and thereafter.
- 2019 pension value represents compensatory changes from January 1, 2019 to December 31, 2019. The 2019 pension value reflects changes in the obligation due to actual salary experience during 2019 and includes service cost based on a 3.0% increase in pensionable earnings for 2019 and thereafter.

All other compensation

Relates to parking allowance ($5,090 for all executives) and perquisites. No parking allowance was paid in 2021 due to working from home. The 2021 perquisite amounts include:

- an executive benefit allowance of $14,000, an executive business allowance of $25,000 and employer contributions to the savings plan of $ 51,945 for Brian Vaasjo.
- an executive benefit allowance of $14,000, an executive business allowance of $15,000 and employer contribution to the savings plan of $ 17,467 for Sandra Haskins.
- an executive benefit allowance of $14,000, an executive business allowance of $15,000 and employer contributions to the savings plan of $ 25,937 for Bryan DeNeve.
- an executive benefit allowance of $14,000, an executive business allowance of $15,000 for Chris Kopecky
- an executive benefit allowance of $14,000, an executive business allowance of $15,000 and employer contributions to the savings plan of $ 19,500 for Kathryn Chisholm.

INCENTIVE PLAN AWARDS

Outstanding share based and option-based awards

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2021:

		Option-based awards				Share-based awards		
Name	Grant date	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market value or payout value of vested share-based awards not paid out or distributed ($)
Brian Vaasjo	March 04/15	n/a	–	–	n/a	–	–	–
	March 01/16	233,163	17.33	March 01/23	5,159,897	–	–	–
	March 09/17	166,262	25.53	March 09/24	2,316,030	–	–	–
	March 07/18	177,057	24.47	March 07/25	2,654,084	–	–	–
	March 07/19	144,191	30.78	March 07/26	1,251,578	33,524	1,322,866	–
	April 01/20	66,874	27.15	April 01/27	823,219	42,168	1,663,957	–
	March 09/21	73,951	34.23	March 09/28	386,764	82,275	3,246,568	–
Sandra Haskins	March 04/15	5,019	24.88	March 04/22	73,177	–	–	–
	March 01/16	–	17.33	March 01/23	–	–	–	–
	March 09/17	5,394	25.53	March 09/24	75,138	–	–	–
	March 07/18	5,710	24.47	March 07/25	85,593	–	–	–
	March 07/19	4,885	30.78	March 07/26	42,402	2,733	107,857	–
	April 01/20	3,874	27.15	April 01/27	47,689	2,571	101,459	–
	March 09/21	18,719	34.23	March 09/28	–	20,825	821,750	–
Bryan DeNeve	March 04/15	–	24.88	March 04/22	–	–	–	–
	March 01/16	–	17.33	March 01/23	–	–	–	–
	February 28/17	n/a	n/a	n/a	–	–	–	42,079
	March 09/17		25.53	March 09/24	–	–	–	–
	March 07/18	20,081	24.47	March 07/25	301,014	–	–	–
	March 07/19	58,095	30.78	March 07/26	504,265	11,051	436,068	–
	April 01/20	23,660	27.15	April 01/27	291,255	14,919	588,713	–
	March 09/21	20,466	34.23	March 09/28	107,037	22,770	898,514	–
Chris Kopecky	March 04/15	5,000–	24.88	March 04/22	72,900–	–	–	–
	March 01/16		17.33	March 01/23	–	–	–	–
	March 09/17	7,637	25.53	March 09/24	106,383	–	–	–
	March 07/18	8,020	24.47	March 07/25	120,220	–	–	–
	March 07/19	7,069	30.78	March 07/26	61,359	3,956	156,093	–
	April 01/20	6,247	27.15	April 01/27	76,901	4,146	163,600	–
	March 09/21	9,758	34.23	March 09/28	51,034	10,856	428,394	–
Kathryn Chisholm	March 04/15	–	24.88	March 04/22	–	–	–	–
	March 01/16	34,484	17.33	March 01/23	763,131	–	–	–
	March 09/17	–	25.53	March 09/24	–	–	–	–
	March 07/18	41,131	24.47	March 07/25	616,554	–	–	–
	March 07/19	45,476	30.78	March 07/26	394,732	8,650	341,338	–
	April 01/20	19,094	27.15	April 01/27	235,047	12,040	475,085	–
	March 09/21	16,583	34.23	March 09/28	86,729	18,451	728,094	–

Notes

- Share-based awards number and market payout value includes PSUs and RSUs (where applicable). RSUs were added to the executive long term incentive grant beginning in 2020. Only Sandra Haskins and Chris Kopecky hold RSUs granted prior to 2020, while they were in non-executive positions.
- Value of unexercised in-the-money options — the greater of zero dollars or the difference between the closing price of our common shares on the TSX as of December 31, 2021 of $ 39.46 per share and the option exercise price, times the number of outstanding vested and unvested stock options.
- Number of shares or units of shares that have not vested — includes reinvested dividends.

- Market or payout value of share-based awards that have been earned but not vested — the closing price of our common shares on the TSX as of December 31, 2021 of $39.46 per share multiplied by the number of share units. Earned PSUs reflect the current performance multiplier.
- Market value or payout value of vested share-based awards not paid out or distributed — On December 31, 2021 no PSUs or RSUs had vested. The named executives realized % of the grant value of the 2019 share unit awards when they vested on January 1, 2022. See Compensation Decisions for 2021 – Payment of 2019 PSU Awards starting on page 66. The value denoted for Bryan DeNeve represents the closing price of our common shares on the TSX of $39.46 as of December 31, 2021 multiplied by the number of DSUs he held as of December 31, 2021.

Incentive plan awards – value vested or earned during the year

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Brian Vaasjo	955,836	1,676,087	1,204,480
Sandra Haskins	36,587	115,547	401,128
Bryan DeNeve	362,066	522,647	370,378
Chris Kopecky	54,207	127,449	401,128
Kathryn Chisholm	247,209	318,581	381,560

Notes

- *Option-based awards* – Value vested during the year — the difference between the closing price of our common shares on the TSX on the respective vesting date and the option exercise price of the respective option grant, multiplied by the number of stock options that vested during the year.
- *Share-based awards* – Value vested during the year — values shown are 2018 PSU and RSU (where applicable) awards that vested on January 1, 2021 and were paid to the named executives on February 19, 2021. Only Sandra Haskins and Chris Kopecky held 2018 RSUs, granted to them while still in non-Executive positions.
- *Non-equity incentive plan compensation* – Value earned during the year — values shown are STIP awards. Capital Power does not have a long-term non-equity incentive plan.

Stock options

The following table provides details of the option-based awards exercised by named executives during the year ended December 31, 2021:

Name	Grant date	Number exercised (#)	Exercise Price ($)	Market Price ($)	Value Realized ($)
Brian Vaasjo	March 04, 2015	52,000	$24.88	$35.22	$407,147
	March 04, 2015	53,195	$24.88	$35.66	$434,035
	March 04, 2015	53,000	$24.88	$35.73	$435,271
					$1,276,454
Sandra Haskins	March 12, 2014	3,512	$24.80	$35.33	$5,042
	March 12, 2014	2,020	$24.80	$34.99	$20,584
					$5,042
Bryan DeNeve	March 09, 2017	60,097	$25.53	$35.40	$448,737
	March 07, 2018	4,000	$24.47	$43.89	$58,864
	March 07, 2018	12,000	$24.47	$40.46	$145,469
	March 07, 2018	10,000	$24.47	$39.28	$112,184
	March 07, 2018	21,400	$24.47	$39.34	$241,183
					$1,006,437
Kathryn Chisholm	March 09, 2017	38,851	$25.53	$35.39	$289,832
	March 01, 2016	20,000	$17.33	$41.34	$364,242
					$654,074

EQUITY COMPENSATION PLANS

We adopted our two equity compensation plans for executives and employees — the 2009 plan and the LTI plan — before our initial public offering in 2009 and did not need shareholder approval under the TSX requirements. The initial public offering prospectus disclosed the two equity compensation plans. The one and only option grant made under the 2009 plan expired on July 8, 2016, and the 2009 plan was terminated by the Board on November 17, 2016.

The maximum number of shares reserved for issue under our stock option plan is 9,194,506, representing approximately 7.9% of the common shares outstanding as at December 31, 2021.

Of the total number of common shares that can be issued under the LTI plan, 340,832 options were issued under the LTI plan in 2021.

The table below gives details about the equity compensation plans as at December 31, 2021:

Plan category	Number of securities to be issued upon exercise of outstanding stock options (a): % of common shares outstanding	Number of securities to be issued upon exercise of outstanding stock options (a): #	Weighted average exercise price of outstanding stock options (b)	Number of securities remaining available for future issue (excluding securities reflected in column (a)) (c): % of common shares outstanding	Number of securities remaining available for future issue (excluding securities reflected in column (a)) (c): #	Total stock options outstanding and available for grant (a) + (c): % of common shares outstanding	Total stock options outstanding and available for grant (a) + (c): #
Equity compensation plans approved by security holders	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity compensation plans not approved by security holders	1.9%	2,136,627	$26.87	1.1%	1,289,784	3.1%	3,426,411
Total	1.9%	2,136,627	$26.87	1.1%	1,289,784	3.1%	3,426,411

Note

- Stock options were granted for 2,183,100 common shares under the 2009 plan, and 10,044,823 common shares under the current LTI plan for a total of 12,227,923 options. Of the total granted under the two plans, stock options for 4,323,201 common shares have been cancelled or expired, and stock options for 5,768,095 common shares have been exercised.

The table below shows the stock option overhang, dilution and run rate. See Stock options on page 60 for details.

Rate	Description	2021	2020	2019
Overhang	• the total potential dilution from stock options • the total number of stock options outstanding plus the number of shares available for future issue, divided by the number of common shares outstanding	3.08%	4.08%	4.89%
Dilution	• the current dilution from stock options • the total number of stock options outstanding divided by the number of common shares outstanding	1.92%	2.55%	3.07%
Run rate	• shows the size of annual stock option grants and indicates how quickly the stock option reserve is being used • the total number of stock options issued in a year, divided by the number of common shares outstanding	0.31%	0.37%	0.62%

The Company regularly monitors dilution levels and, where warranted, will consider changes to the LTI plan award mix to manage the situation.

The table below is a summary of outstanding stock options granted by the Board and run rate:

Year	Number of common shares to be issued for stock options previously granted	As a percentage of common shares outstanding at year-end (run rate)
2015	671,804	0.67%
2016	977,624	1.01%
2017	696,057	0.69%
2018	719,050	0.70%
2019	639,265	0.62%
2020	393,245	0.37%
2021	340,832	0.31%

Copies of the plan documents are available on SEDAR (www.sedar.com). See also Stock options on page 60.

RETIREMENT BENEFITS

Pension and other benefits help provide long-term financial security and retain executives.

We have a defined benefit plan (grandfathered employees only) and a defined contribution plan (employees hired since July 9th, 2009) for Canadian employees. US employees may participate in our 401(k) plan.

Canadian management employees are also eligible to participate in our supplemental retirement plan if their pension benefits under either plan are limited because of the maximum pension or contribution limits defined in the *Income Tax Act* (Canada) (Income Tax Act).

Defined benefit plan

Our defined benefit plan is the Local Authorities Pension Plan (LAPP), a multi-employer, contributory pension plan for employees of municipalities, hospitals, and other public entities in Alberta, governed by the *Public Sector Pension Plans Act* (Alberta) and subject to the limits of the Income Tax Act. Brian Vaasjo, Bryan DeNeve, Sandra Haskins, and Kathryn Chisholm participate in this plan.

Benefits are based on the average of the best five consecutive years of pensionable earnings and years of service. Pensionable earnings are equal to base salary plus actual bonus, up to a maximum of 20% of base salary (beginning January 1, 2004) limited for each year of service after 1991 to the maximum annual accrual under the Income Tax Act.

The benefit formula is 1.4% of the average of the best five consecutive years' annual pensionable earnings up to the average Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan, plus 2% of the average of the best five consecutive years' annual pensionable earnings in excess of the five-year average YMPE. The benefit formula is multiplied by years of service up to a maximum of 35 years.

Employee and employer contribution rates are explained in the plan rules and are adjusted from time to time by the plan's Board of trustees based on recommendations from the plan's actuary.

In 2021, members were required to contribute 8.39% up to the YMPE plus 12.84% of pensionable earnings above the YMPE, and employers contributed 9.39% up to the YMPE and 13.84% of pensionable earnings above the YMPE.

Participants can receive an unreduced pension when they turn 65 or have 85 points (age plus years of service). The pension is reduced by 3% for each year that the combination of the individual's age and years of service is less than 85 or for each year the participant is younger than 65, whichever provides the lower reduction. No pension is paid if a participant has not completed two years of service.

The pension is indexed annually to 60% of the increase in the Alberta consumer price index.

The table below shows the reconciliation of the accrued benefit obligation for each named executive. The compensatory change reflects:

- the current employer service cost for the supplemental retirement plan (SRP)
- any change in the SRP obligation because of an unexpected increase in compensation during the period
- any change in the obligation because of plan changes
- changes in employer contributions

The actual increase in compensation may be different from the expected increase used in actuarial assumptions and will also vary among the named executives and from year to year.

Name (a)	Number of years of credited service (#) (b)	Annual benefits payable ($) At year end (c1)	Annual benefits payable ($) At age 65 (c2)	Opening present value of defined benefit obligation ($) (d)	2021 Compensatory changes ($) (e)	2021 Non-compensatory changes ($) (f)	Closing present value of defined benefit obligation ($) (g)
Brian Vaasjo	23.6	590,275	590,275	9,849,007	326,021	(472,637)	9,680,115
Sandra Haskins	19.9	139,601	160,647	2,407,770	484,716	(71,413)	2,798,797
Bryan DeNeve	19.3	219,624	317,338	3,564,760,	42,362	(211,547)	3,373,299
Kathryn Chisholm	17.3	182,977	250,847	3,016,432	63,953	(174,943)	2,883,166

Notes

(b) Number of years of credited service

- Brian Vaasjo — the amount reflects credited service under the LAPP and 22 years of credited service under the SRP.
- Sandra Haskins — the amount reflects credited service under the LAPP and SRP.
- Bryan DeNeve — the amount reflects credited service under the LAPP and SRP.
- Kathryn Chisholm — the amount reflects credited service under the LAPP and SRP.

(c1 and c2) Annual benefits payable

- (c1) At year end — Accrued Defined Benefit pension under the LAPP and SRP as at December 31, 2021 and payable at normal retirement age of 65 based on highest average earnings, average YMPE and pensionable service as at December 31, 2021. An unreduced pension is payable at the earliest of age 65 or 85 points.
- (c2) At age 65 — the amount payable on retirement at age 65, assumes continued service accrual to age 65 and that the highest average earnings and estimated CPP, at age 65, remain unchanged from December 31, 2021.

(d) Opening present value of defined benefit obligation

- The defined benefit obligation and service cost for the SRP were determined using the same methods and assumptions used to determine accounting information disclosed in Capital Power's financial statements. Accounting entries for the LAPP are recognized on a defined contribution basis; therefore, only Company contributions to the LAPP are included in compensatory changes. As a result, columns (d), (e) and (f) do not sum up to column (g).

(e) 2021 Compensatory changes

- The defined benefit obligation and service cost for the SRP were determined using the same methods and assumptions used to determine accounting information disclosed in Capital Power's financial statements. Accounting entries for the LAPP are recognized on a defined contribution basis; therefore, only Company contributions to the LAPP are included in compensatory changes. As a result, columns (d), (e) and (f) do not sum up to column (g).
- Includes $22,276 in LAPP employer contributions for all named executives.

(g) Closing present value of defined benefit obligation

- The defined benefit obligation and service cost for the SRP were determined using the same methods and assumptions used to determine accounting information disclosed in Capital Power's financial statements. Accounting entries for the LAPP are recognized on a defined contribution basis; therefore, only Company contributions to the LAPP are included in compensatory changes. As a result, columns (d), (e) and (f) do not sum up to column (g).

Defined contribution plan

Contributions to the defined contribution plan are based on pensionable earnings up to the annual limits imposed under the Income Tax Act. Participants contribute 5% of pensionable earnings, and Capital Power contributes 5%, 6.5% or 8% of pensionable earnings depending on the participant's years of service.

We allow executive participants to suspend their membership and transfer the account balance to a locked-in retirement savings vehicle. We pay a lump sum equivalent to what would have been paid into the plan if they had continued to participate, after deducting any payroll withholding or other taxes.

Executive participants have the right to resume participation in the plan in the future. Company contributions will also resume, but only for future service as of the date the suspension is lifted.

In 2021, there were no named executives in Canada participating in the defined contribution plan.

401(k) plan

For its U.S. employees, Capital Power sponsors a 401(k) plan, under which members are permitted to make pre-tax or after-tax elective contributions up to 100% of eligible contribution. Capital Power matches employee deferrals to a maximum of 7% of eligible contribution, 5% which vests immediately and 2% which vests over a 2-year period.

Chris Kopecky participates in this plan. The following table is a reconciliation of the accumulated value as at the end of the last two years. The compensatory change is the employer contribution made on his behalf.

Name	Accumulated value at Dec 31, 2020[1] ($)	2021 Compensatory changes[2] ($)	Accumulated value at Dec 31, 2021[3] ($)
Chris Kopecky	1,237,042	24,443	1,568,340

Notes

(1) Based on Bank of Canada exchange rate of 1.2732 as at December 31, 2020.
(2) Based on average Bank of Canada exchange rate of 1.2535 between January 4, 2021 and December 31, 2021.
(3) Based on Bank of Canada exchange rate of 1.2678 as at December 31, 2021.

Supplemental retirement plan

All Canadian named executives participate in the SRP, which is unfunded and non-contributory. It provides pension benefits in excess of the maximum limits prescribed by the Income Tax Act (Canada) and is therefore a non-registered plan. The SRP includes both a Defined Benefit (DB) and a Defined Contribution (DC) plan and aligns with the underlying registered plan in which the executive participates.

If a named executive was a member of the EPCOR supplemental pension plan (SPP) before our inception in July 2009, the terms of the plan are the same and we have assumed all obligations from EPCOR relating to entitlements accrued under their SPP. The SRP provides a defined benefit pension that is equal to 2% of the average pensionable earnings in excess of an earnings threshold, multiplied by years of service after January 1, 2000, and has the same early retirement and indexing provisions as our defined benefit plan. All the named executives participate in the defined benefit SRP.

For new hires after July 2009, the SRP provides benefits that exceed the contribution limits of the Income Tax Act and are on a defined contribution basis.

An executive who chooses to withdraw from the defined contribution plan is still eligible to participate in the SRP for earnings that exceed the pension maximum or contribution limits of the *Income Tax Act*.

OTHER BENEFITS

Other benefits support employee wellbeing.

We review the plans periodically to assess their competitiveness and whether they continue to meet our business and people objectives.

Health and welfare benefits

Benefit plans are designed to protect the health of employees and their dependents and cover them in the event of death or disability. Executives participate in the same benefits program as our other full-time employees.

Executive benefit allowance

In addition to health and welfare benefits, executives also receive an annual executive benefit allowance of $14,000 CAD to offset their costs. The allowance is paid biweekly.

Executive business allowance

Executives receive an annual taxable allowance to offset the cost of various business-related expenses like memberships and other out-of-pocket costs associated with performing their duties. Brian Vaasjo receives an annual $25,000 CAD allowance; the other named executives receive $15,000 CAD annually. The allowance is paid bi-weekly.

Financial planning allowance

Brian Vaasjo is eligible to receive an annual financial planning allowance of up to $5,000 CAD. The other named executives are eligible to receive an annual financial planning allowance of up to $3,500 CAD.

Savings plan

Our savings plan allows all Canadian-based, non-unionized employees to contribute up to 100% of their base salary towards a range of investment options, including our common shares. Participation is voluntary.

We match employee contributions up to a maximum of 5% of base salary.

TERMINATION AND CHANGE OF CONTROL

We have employment agreements with each named executive. See Appendix B for a description of the compensation and benefits for each named executive if their employment is terminated.

The table below shows the estimated incremental amounts that would be paid if the named executive had been terminated on December 31, 2021 because of a termination without cause or a double trigger change of control (which requires both a change of control and termination of the executive for good reason). No incremental amounts are triggered by the other termination scenarios.

			For Termination without Cause			For Double Trigger Change of Control		
Name	Length of service for calculating the severance payment	Estimated severance ($)	Estimated value of vested stock options ($)	Estimated value of vested Share Units ($)	Total including Estimated Severance ($)	Estimated value of vested stock options ($)	Estimated value of vested Share Units ($)	Total including Estimated Severance ($)
Brian Vaasjo	17 months	2,365,755	820,520	3,918,771	7,105,047	1,352,769	6,167,538	9,886,062
Sandra Haskins	18 months	1,066,551	62,664	543,198	1,672,413	143,827	1,022,333	2,232,711
Bryan DeNeve	24 months	1,464,079	300,852	1,290,720	3,055,651	469,295	1,944,020	3,877,394
Chris Kopecky	18 months	1,092,166	0	475,983	1,568,149	122,754	738,439	1,953,360
Kathryn Chisholm	24 months	1,392,010	238,836	998,578	2,629,425	375,004	1,527,469	3,294,483

Notes

- The information in the table is provided for example purposes only using the executives' current contracts.

Estimated severance

- Severance payment includes salary, STIP at target, annual Company benefits, pension, and savings plan contributions and annual business allowance, for the length of service noted in the table (except for Brian Vaasjo and Sandra Haskins).

Estimated value of vested stock options

- The difference between $39.46 the closing price of our common shares on the TSX on December 31, 2021, and the respective exercise price for each options grant, times the number of outstanding unvested stock options that would vest under the termination scenario.

Estimated value of PSUs

- The estimated payout value of PSUs is based on the closing price of our common shares on the TSX on December 31, 2021 of $ 39.46 per share multiplied by the current weighted average performance multiplier.

4. Other Information

Copies of the circular and our most recent AIF and Integrated Annual Report (including our consolidated financial statements for the year ended December 31, 2021) are available free of charge:

- go to our website (www.capitalpower.com), or
- request a copy from our Corporate Secretary, Capital Power Corporation, 12th Floor, 10423 – 101 Street, Edmonton, Alberta T5H 0E9.

Our disclosure documents and any reports, statements or other information we file with Canadian Securities Administrators or other similar regulatory authorities are available on SEDAR (www.sedar.com).

We want your feedback

We work hard to maintain a comprehensive investor communications program, and welcome your feedback on our website, disclosure documents and other corporate information, including our:

- integrated annual report
- annual information form
- quarterly reports
- management proxy circular
- presentations and webcasts
- dividend history
- ethics policy
- investment overview
- community investment
- consultation initiatives

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The Board has approved the contents of this circular and has authorized us to send it to all shareholders of record.

By order of the Board,

Colleen Legge
Corporate Secretary
Capital Power Corporation
Edmonton, Alberta

March 4, 2022

Appendix A

Board of Directors – Terms of Reference

I. Introduction

A. The Board of Directors (the "Board") has the power to manage, or supervise the management of, the business and affairs of Capital Power Corporation (the "Corporation") except as limited or restricted by the *Canada Business Corporations Act* (the "Act") and the Corporation's Articles and By-laws.

B. The Corporation hereby adopts these terms of reference for the Board, which set out the specific responsibilities to be discharged by the Board. The purpose of these terms of reference is to assist the Board in annually assessing its performance.

C. The President and Chief Executive Officer (the "CEO") and their management team ("Management") formulate strategies and plans and present them to the Board for approval. The Board approves the goals of the business, the objectives and policies within which it is managed, and then assumes a stewardship role and evaluates the CEO's performance. Reciprocally, the CEO keeps the Board fully informed, in a timely and candid manner, of the Corporation's progress towards the achievement of its goals and of all material deviations from the goals or objectives and policies established by the Board.

II. Board composition

A. The Board will consist of a minimum of three (3) and a maximum of twelve (12) directors (the "Directors").

B. A majority of the members of the Board will be independent pursuant to National Policy 58-201 Corporate Governance Guidelines (as implemented by the Canadian Securities Administrators and as amended from time to time) ("NP 58-201").

C. The Board should consist of professional and competent members with an appropriate mix of skills and abilities to ensure that the Board carries out its duties and responsibilities in the most effective manner and that the Corporation meets its legal, financial and operational objectives.

D. The Directors will be elected at the annual general meeting of the Corporation each year and, subject to the Corporation's policies and applicable law, will hold office until their successors are duly elected or appointed.

III. Responsibilities

All of the following responsibilities are undertaken within the parameters and restrictions established by the Act, the Articles, and the By-laws.

A. Managing the affairs of the Board

The Board supervises the management of the affairs of the Board by establishing Committees (the "Committees") to provide more detailed review of important areas of responsibility, delegating certain of its authorities to the CEO and Management, reserving certain powers to itself and making certain recommendations to the shareholders. This process includes:

i. appointing Committees and/or advisory bodies, which at a minimum shall be comprised of an Audit Committee, a People, Culture, and Governance Committee (the "PCG Committee") and a Health, Safety and Environmental Committee;

ii. delegating responsibilities to, and seeking the advice of, the Committees and establishing and periodically reviewing/approving their respective terms of reference;

iii. approving terms of reference for the chair of the Board (the "Chair") and Individual Directors;

iv. implementing processes to evaluate the performance of the Board, the Committees and the Directors in fulfilling their respective responsibilities;

v. on the recommendation of the PCG Committee, implementing processes for new Director orientation and ongoing Director development;

vi. appointing the Secretary;

vii. on the recommendation of the PCG Committee, implementing effective governance processes to fulfill its responsibility for oversight and control;

viii. making recommendations to the shareholders in the following areas:

a. on the recommendation of the PCG Committee, director nominees;

b. on the recommendation of the Audit Committee, the appointment of the external auditors; and

c. any special business items to be addressed by the shareholders that may be brought forward by the Board or the Corporation from time to time;

ix. delineating the authority to be retained by the Board and that to be delegated to the Committees and the CEO;

x. publishing a corporate governance statement annually, describing how each of the principles of good governance in NP 58-201 (or its successor) is put into practice;

xi. at least annually, surveying the management, development, effectiveness and performance of the Board, including reviewing and considering any amendments to be made to these terms of reference; and

xii. considering as a Board and not delegating to any Committee:

a. any submission to the shareholders of the Corporation of a question or matter requiring the approval of the shareholders;

b. the filling of a vacancy among the Directors or the Corporation's auditor or the appointment of additional Directors;

c. the issuance of securities, including shares of a series, except as authorized by the Board;

d. the declaration of dividends;

e. the purchase, redemption or any other form of acquisition of shares issued by the Corporation;

f. the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Corporation from the Corporation or from any other person, or the procurement or agreement to procure purchasers for any shares of the Corporation;

g. approval of the annual audited financial statements, quarterly financial statements and quarterly reports, management proxy circulars, takeover bid circulars, directors' circulars, prospectuses, annual information forms, integrated annual reports, and other disclosure documents required to be approved by the directors of a corporation under securities laws, regulations or rules of any applicable stock exchange; or

h. the adoption, amendment or repeal of the Corporation's by-laws (the "By-laws").

B. Strategy and plans

The Board has the responsibility to:

i. participate with the CEO and Management in developing and adopting the Corporation's strategic planning process including:

a. providing input on emerging trends and issues;

b. reviewing and approving, on an annual basis, the Corporation's strategic plans (long term business plans), which will take into account, among other things, the opportunities, risks and sustainability of the business of the Corporation; and

c. reviewing and approving, on an annual basis, the Corporation's financial objectives, plans and actions, including significant capital allocations and expenditures;

ii. approve annual capital and operating budgets which support the Corporation's ability to meet the objectives established in the strategic plan; and

iii. monitor the Corporation's progress towards its goals, and to revise and alter its direction through the CEO and Management in light of changing circumstances.

C. Management and human resources

With the assistance of the PCG Committee, the Board will be responsible for:

i. the appointment, termination and succession of the CEO;

ii. approving CEO compensation;

iii. approving terms of reference for the CEO;

iv. monitoring CEO performance and reviewing CEO performance at least annually, against agreed upon written objectives;

v. providing advice and counsel to the CEO in the execution of the CEO's duties;

vi. approving compensation and benefits for Directors;

vii. approving decisions relating to those of the Corporation's officers reporting directly to the CEO, including the:

   a. appointment and termination of Management; and

   b. compensation and benefits for Management;

viii. satisfying itself as to the integrity of the CEO and Management and that the CEO and Management create a culture of integrity throughout the Corporation;

ix. ensuring succession planning programs are in place, including programs to train, develop and monitor Management and other senior management;

x. approving certain matters relating to all employees, including:

   a. the overarching compensation policy/program for employees;

   b. new benefit programs or material changes to existing programs; and

   c. material benefits granted to retiring employees outside of benefits received under approved pension and other benefit programs;

xi. satisfying itself as to the oversight and governance of, and approving all material amendments to, the Corporation's pension plans; and

xii. ensuring there are adequate procedures for the Board to be apprised on a timely basis of concerns relating to unethical behavior, fraudulent activities or violation of the Corporation's policies.

D. Business and risk management

The Board has the responsibility to:

i. with the assistance of the Audit Committee, monitor corporate financial performance against the operating and capital plans, including assessing operating results to evaluate whether the Corporation's business is being properly managed and meeting its objectives;

ii. ensure the CEO and Management identify the principal risks of the Corporation's business and implement appropriate systems to manage these risks;

iii. with the assistance of the Health, Safety and Environment Committee, monitor and assess the effectiveness of the Corporation's employee health and safety and environmental stewardship;

iv. receive, at least annually, reports from the CEO and Management and, where applicable, from the Committees, on matters relating to, among others, ethical conduct, human rights, diversity and inclusion, and other sustainability matters;

v. understand principal risks and determine whether the Corporation achieves a proper balance between risk and returns, and that Management ensures that systems are in place to address the risks identified; and

vi. with the assistance of the Audit Committee, assess and monitor management control systems, including evaluating and assessing information provided by the CEO and Management and others (e.g., internal and external auditors) about the effectiveness of management control systems.

E. Financial and corporate issues

The Board has the responsibility to:

i. with the assistance of the Audit Committee, at least annually, provide oversight of a review to ensure the implementation and integrity of the Corporation's internal control and management information systems;

ii. with the assistance of the Audit Committee, monitor operational and financial results;

iii. on the recommendation of the Audit Committee, approve annual and quarterly financial statements, and approve the release thereof by the Corporation;

iv. declare dividends from time to time;

v. approve debt financing, banking resolutions and significant changes in banking relationships;

vi. review coverage, deductibles and key issues regarding corporate insurance policies;

vii. approve commitments that may have a material impact on the Corporation; and

viii. approve the commencement or settlement of litigation that may have a material impact on the Corporation.

F. Shareholder and corporate communications

The Board has the responsibility to take all reasonable steps to:

i. ensure the Corporation has in place effective communication processes with shareholders and major stakeholders;

ii. with the assistance of the Audit Committee, ensure that the financial performance of the Corporation is adequately reported to the shareholders, other security holders and regulators on a timely and regular basis;

iii. on the recommendation of the Audit Committee, ensure the financial results are reported fairly and in accordance with generally accepted accounting principles; and

iv. ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation.

G. Policies and procedures

The Board has the responsibility to take all reasonable steps to:

i. with the assistance of the PCG Committee (where applicable), approve and monitor compliance with all significant policies and procedures by which the Corporation is operated;

ii. with the assistance of the PCG Committee, direct the CEO and Management to ensure the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;

iii. on recommendation from the relevant Committee, review and approve significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment);

iv. with the assistance of the PCG Committee, develop and adopt corporate governance principles and guidelines for the Corporation and review such corporate governance guidelines annually; and

v. with the assistance of the PCG Committee, adopt and monitor a written code of business conduct and ethics applicable to all directors, officers and employees of the Corporation addressing:

a. conflicts of interest and the procedures to be established and monitored for identifying and dealing with conflicts of interest;

b. protection and proper use of corporate assets and opportunities;

c. confidentiality of corporate information;

d. fair dealing with the Corporation's security holders, customers, suppliers, competitors and employees;

e. compliance with applicable laws, rules and regulations; and

f. reporting of any illegal or unethical behaviour.

IV. General legal obligations of the Board of Directors

A. The Board is responsible for directing the CEO and Management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained.

B. The Act includes the following as legal requirements for Directors:

i. to act honestly and in good faith with a view to the best interests of the Corporation;

ii. to exercise the care, diligence and skill that reasonably prudent people would exercise in comparable situations; and

iii. to act in accordance with the obligations contained in the Act, and any other relevant legislation, regulations and policies, and the Corporation's articles and By-laws.

V. Meetings

In accordance with, and subject to, the Act and the Corporation's By-laws:

A. The Board will meet at least four times per year and review meeting materials prior to attending each meeting.

B. At each meeting, an in-camera session will be held with just the Directors in attendance.

C. Agendas will be set by the Chair with assistance from the CEO and the Corporate Secretary and will be circulated with the materials for consideration at the meeting by the Corporate Secretary to all Directors, the CEO, Management, 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 (5) business days prior to the proposed meeting except in unusual circumstances.

D. Except as provided in these terms of reference, the Chair of the meeting may establish rules of procedure to be followed at meetings.

E. 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.

F. Attendance at all or a portion of Board meetings by staff and others will be determined by the Board and will normally include the CEO, Management, and the Corporate Secretary.

G. The Corporate Secretary, or such other person as may be designated by the Board, shall keep minutes of the proceedings of all meetings of the Board which, following Board 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.

Appendix B

Employment Contracts – Termination and Change of Control Benefits

The following table summarizes the treatment of the named executives' compensation and benefits if they are no longer employed by Capital Power. *Change of control* and *termination without cause/resignation* are based on adverse changes to the terms of employment.

	Resignation	Retirement/ Disability	Death	Termination without cause	Termination for cause	Double trigger change of control
Salary and benefits	All salary and benefits programs end.					
STIP	Annual STIP payment is forfeited.	Annual STIP payment is paid at target on a pro rata basis.			Annual STIP payment is not paid.	Annual STIP payment is paid at target and included in severance
Stock options	All unvested options under the LTI plan are forfeited. Vested options granted under the LTI plan expire on the original expiry date or 30 days after termination of employment, whichever is earlier.	Except as noted below for Brian Vaasjo in the case of retirement, unvested options under the LTI plan continue to vest and can be exercised for 12 months following termination of employment before they expire. Vested options expire on the original expiry date or 12 months after the date of termination, whichever is earlier. For Brian Vaasjo, in respect of options granted under the LTI Plan on or after January 1, 2014, unvested options continue to vest and can be exercised for 36 months following the date of retirement before they expire. Vested options expire on the original expiry date or 36 months after the date of retirement, whichever is earlier.		Except as noted below for Brian Vaasjo and Bryan DeNeve, all unvested options under the LTI plan will vest and expire on the original expiry date or 30 days after termination of employment, whichever is earlier. For Brian Vaasjo and Bryan DeNeve, in respect of options granted under the LTI plan on or after January 1, 2015, all unvested options will continue to vest and can be exercised for 12 months following termination of employment before they expire.	All unvested and vested options under the LTI plan are forfeited.	All unvested options under the LTI plan will vest and expire on the original expiry date or 30 days after termination of employment, whichever is earlier.
Share Units	All PSUs and RSUs are forfeited. DSUs are fully vested upon grant. Payout occurs within 90 days of the date of termination.	Vesting of PSUs and RSUs is pro-rated to the date of retirement (for Brian Vaasjo, PSUs and RSUs continue to vest after the date of retirement until fully vested). Performance pro-ration of PSUs is based on actual performance to the end of the quarter preceding the date of retirement (for Brian Vaasjo, PSU performance pro-ration is based on actual performance to the end of the 3-year vesting period). Payouts occur within 90 days of the date of retirement. DSUs are fully vested upon grant. Payout occurs within 90 days of the date of retirement.	Vesting of PSUs and RSUs is pro-rated to the date of termination. PSU performance pro-ration is based on target performance. Payouts occur within 90 days of the date of termination. DSUs are fully vested upon grant. Payout occurs within 90 days of the date of termination.	Vesting of PSUs and RSUs is pro-rated to the date of termination. Performance pro-ration of PSUs is based on actual performance to the end of the quarter preceding the date of termination, pro-rated to the date of termination. Payouts occur within 90 days of the date of termination. DSUs are fully vested upon grant. Payout occurs within 90 days of the date of termination.	All PSUs and RSUs are forfeited. DSUs are fully vested upon grant. Payout occurs within 90 days of the date of termination.	All unvested PSUs and RSUs vest immediately. PSU performance pro-ration is based on actual performance to the end of the quarter preceding the date of termination. Payouts occur within 90 days of the date of termination. DSUs are fully vested upon grant. Payout occurs within 90 days of the date of termination.
Pension LAPP/DB SRP	Vested pension is paid as a commuted value or deferred benefit.	Vested pension is paid as a deferred or immediate benefit or commuted value.	Vested pension is paid as a commuted value or deferred (if less than 55) or immediate benefit (if 55 or older).		Vested pension is paid as a commuted value or a deferred (if less than 55) or immediate benefit (if 55 or older). Vested benefit under the SRP may be forfeited at Capital Power's sole discretion.	Vested pension is paid as a commuted value or a deferred (if less than 55) or immediate benefit (if 55 or older).

	Resignation	Retirement/ Disability	Death	Termination without cause	Termination for cause	Double trigger change of control
DC RPP/SRP	Vested DC account balance as lump sum or annuity. No additional SRP accrual contributions made in year of termination if termination date is prior to Dec 31.	Vested DC account balance as lump sum or annuity. Employer contribution for SRP benefits accrued.	Vested DC account balance as lump sum or annuity. Employer contribution for SRP benefits accrued.	Vested DC account balance as lump sum or annuity. Employer contribution for SRP benefits accrued.	Vested DC account balance as lump sum or annuity. Employer contribution for SRP accrued. Vested pension may be forfeited at Capital Power's sole discretion.	Vested DC account balance as lump sum or annuity. Employer contribution for SRP benefits accrued.
401(k)	Vested percentage of account balances greater than $5,000 may be elected for distribution either as a single lump sum payment or in installments, otherwise the balance is distributed as single lump sum payment.	Member becomes 100% vested in all accounts. Account balances greater than $5,000 may be elected for distribution either as a single lump sum payment or in installments, otherwise the balance is distributed as single lump sum payment.	Vested percentage of account balances greater than $5,000 may be elected for distribution either as a single lump sum payment or in installments, otherwise the balance is distributed as single lump sum payment.	Vested percentage of account balances greater than $5,000 may be elected for distribution either as a single lump sum payment or in installments, otherwise the balance is distributed as single lump sum payment.	Vested percentage of account balances greater than $5,000 may be elected for distribution either as a single lump sum payment or in installments, otherwise the balance is distributed as single lump sum payment.	Vested percentage of account balances greater than $5,000 may be elected for distribution either as a single lump sum payment or in installments, otherwise the balance is distributed as single lump sum payment.
Severance* *(Brian Vaasjo)*	Not applicable.			Severance is provided representing the Severance Payment equivalent to the lesser of 24 months and the number of months between the termination date and June 1, 2023.	Not applicable.	Severance is provided representing the Severance Payment equivalent to the lesser of 24 months and the number of months between the termination date and June 1, 2023.
Severance* *(Sandra Haskins)*	Not applicable			Severance is provided representing the Severance Payment for 12 months plus an additional one (1) month for each year worked with Capital Power to a maximum of 18 months.	Not applicable.	Severance is provided representing the Severance Payment for 12 months plus an additional one (1) month for each year worked with Capital Power to a maximum of 18 months.
Severance* (*Bryan DeNeve*)	Not applicable.			Severance is provided representing the Severance Payment for a total of 18.8 months plus one month for each year of service with Capital Power (from January 1, 2011) to a maximum of 24 months.	Not applicable.	Severance is provided representing the Severance Payment for 12 months plus 1 month of each year of service with EPCOR, plus one month for each year with Capital Power to a maximum of 24 months.
Severance* (Chris Kopecky)	Not applicable.			Severance is provided representing the Severance Payment for 12 months plus an additional one (1) month for each year worked with Capital Power to a maximum of 18 months.	Not applicable.	Severance is provided representing the Severance Payment for 12 months plus an additional one (1) month for each year worked with Capital Power to a maximum of 18 months.

	Resignation	Retirement/ Disability	Death	Termination without cause	Termination for cause	Double trigger change of control
Severance* *(Kathryn Chisholm)*	Not applicable.			Severance is provided representing the Severance Payment for 14.5 months plus one (1) month for each year of service with Capital Power to a maximum of 24 months.	Not applicable	Severance is provided representing the Severance Payment for 14.5 months plus one (1) month for each year of service with Capital Power to a maximum of 24 months.

Note

- "Severance Payment" includes salary, STIP at target, annual Company benefits, pension and savings plan contributions and annual business allowance (except for Brian Vaasjo, Sandra Haskins and Chris Kopecky, whose severance is not to include the annual business allowance, and Bryan DeNeve whose severance is not to include the savings plan).

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