

Management Proxy Circular

Notice of 2023 Annual Meeting of Shareholders, April 28, 2023

March 13, 2023

FORWARD-LOOKING INFORMATION

Forward-looking information or statements included in this notice of meeting and management proxy circular for our 2023 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 our pathway to net zero 2045, pathway to decarbonization, commitment to being off-coal in 2023, repowering of Genesee 1 and 2 with addition of battery storage and conversion of Genesee 3, completion of the Genesee Carbon Conversion Centre and commercial application of carbon conversion, capture, utilization and storage technologies;
- our plans for equity, diversity and inclusion in our workforce, including our commitment to increase the number of female hires and improve gender balance at our organization and achieve our compensation linked organizational diversity targets by 2025;
- our goals for Total Shareholder Return, identifying and investing \$600 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 and carbon footprint by repowering Genesee 1 and 2 to utilize natural gas and continuing investment in clean energy technologies, such as carbon capture, utilization and storage technologies, battery storage and direct air capture, investment in renewables, strategically located mid-life natural gas assets, 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;
- statements relating to our growth and sustainability strategy and sustainability targets, including tying executive and leadership incentives to ESG metrics; and
- the impact of climate change.

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 "Strategy and Targets" section in the Company's 2022 Integrated Annual Report pertaining to Performance Targets for 2023.

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 2022 Integrated Annual Report for the year ended December 31, 2022. 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.

To power a sustainable future for people and planet

Capital Power is an independent North American power producer creating innovative electricity solutions to electrify the world, reliably, affordably and sustainably.



About us

Alongside our purpose, we are guided by our vision, mission and values.

Our vision

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

Our mission

Implementing and operating innovative energy solutions

Our values

We manage our impact on the environment to leave a healthy planet

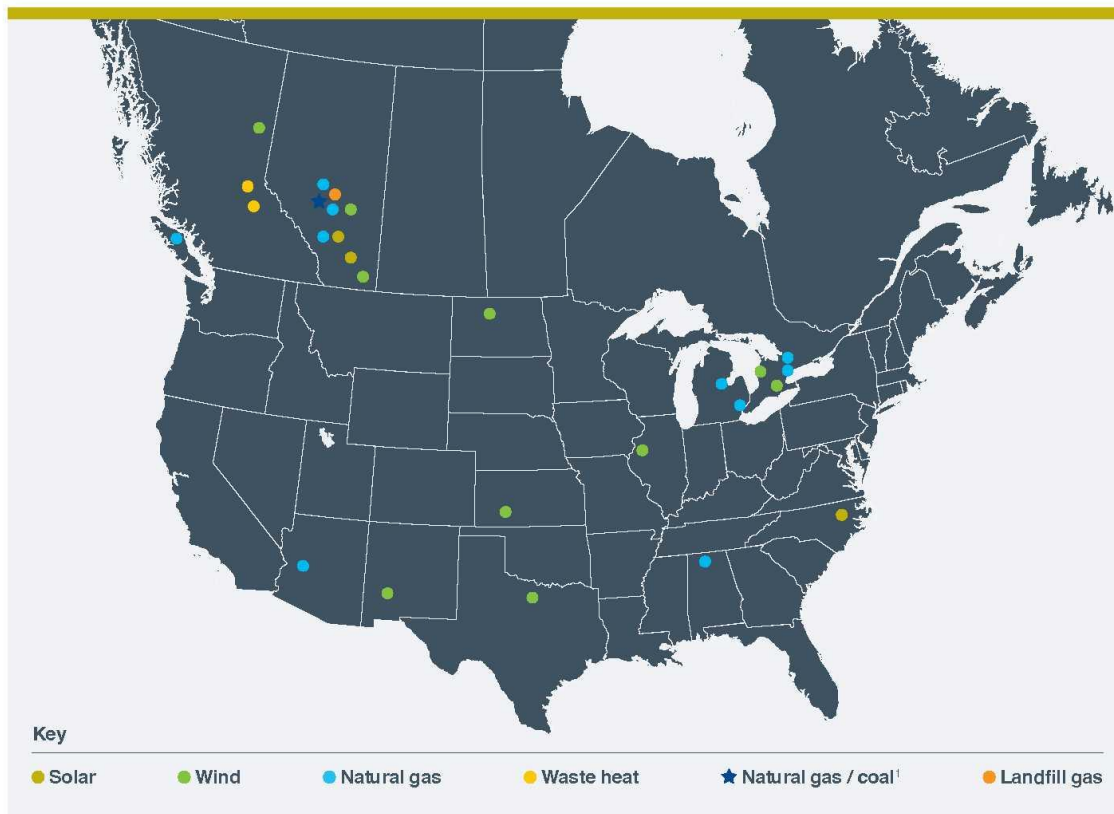
We value equity, diversity and inclusion, listen with open minds, and treat all people with respect

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 and harnessing technology

Where we operate



29
Facilities



7,500MW
Approximate generation capacity



20%
from renewables

Territorial acknowledgement

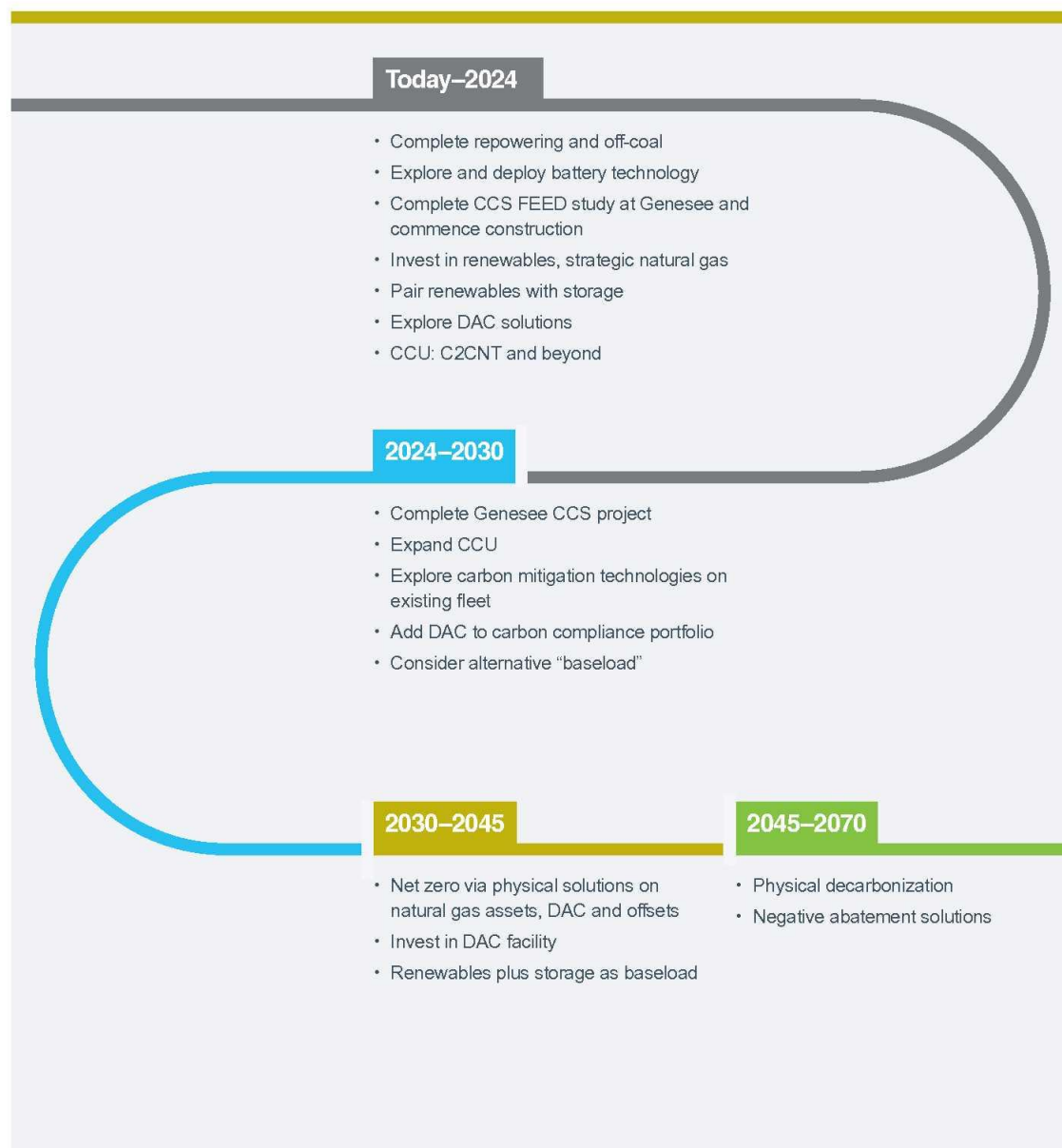
In the spirit of reconciliation, Capital Power respectfully acknowledges that we operate within the ancestral homelands, traditional and treaty territories of the Indigenous Peoples of Turtle Island, or North America.

Capital Power's head office is located within the traditional and contemporary home of many Indigenous Peoples of the Treaty 6 Region and Métis Nation of Alberta Region 4. We acknowledge the diverse Indigenous communities that are located in these areas and whose presence continues to enrich the community.

¹ Representing Genesee Generating Station Units 1, 2 and 3. Off-coal in 2023.

Our pathway to net zero 2045

Capital Power's strategy focuses on the development and operation of our core technologies: wind, solar, natural gas and storage. Our pathway to net zero 2045 also includes the advancement of decarbonization technologies such as CCS, hydrogen and direct air capture (DAC).



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Letter to shareholders

March 13, 2023

Dear shareholders,

In a rapidly changing world, we rely on our corporate purpose – *to power a sustainable future for people and planet* – to help guide us in driving a culture of resourceful and agile people ready to meet the challenges, and seize the opportunities, of the energy transition while protecting the long-term sustainability of our business.

Last year, we accelerated our commitment to be net zero by 2045 (from 2050) while continuing to provide reliable and affordable power to the communities in which we operate. Capital Power is reducing its carbon footprint by repowering our Genesee 1 and 2 facilities to utilize natural gas, and continuing our focus on renewables, strategically located mid-life natural gas assets, and technologies such as carbon capture, utilization, and storage (CCUS), battery storage, and direct air capture. For more detail pertaining to our progress towards meeting our commitment to be net zero by 2045 please refer to our pathway to net zero 2045 graphic on page 6 of this document.

Our momentum continued in 2022, as reflected in our operational and financial performance as well as our investment decisions. The actions we took over the past year, including the growth of our renewable portfolio, advancing carbon capture and storage (CCS) at our Genesee 1 and 2 facilities with the issuance of a limited notice to proceed and progressing Genesee 1 and 2 repowering to be off-coal in 2023, are advancing our decarbonization strategy. During 2022, two of our solar sites (Strathmore Solar and Clydesdale Solar) reached commercial operation and we continue to expand on our renewable portfolio with the acquisition of renewable development sites and the ongoing development of our Halkirk 2 Wind project. We acquired Midland Cogeneration Venture along with our co-owner Manulife Investment Management. Midland Cogeneration Venture is a strategically significant 1,633-megawatt cogeneration facility located in Michigan that diversifies our fleet geographically. In the late summer of 2022, Capital Power adopted a Green Financing Framework and closed a \$350 million offering of a green hybrid subordinated debt security, the first of its kind in Canada.

For 2023, we remain committed to maintaining our financial strength, stability, and disciplined growth strategy by:

- maintaining our targeted returns on growth opportunities and existing assets supporting an average Total Shareholder Return (TSR) of 10% to 12%;
- pursuing high-quality investments that will provide the opportunity to place \$600 million of growth capital per year; and
- maintaining management's guidance of an annual dividend increase to 6% (previously 5%) through to 2025 supported by strong, stable cashflows.

We are proud to say that, over the past 5 years, Capital Power's average TSR was 26% and average growth capital investment was \$949 million.

Addressing equity, diversity, and inclusion (EDI) continues to be a focus for Capital Power. At the present time, women make up 43% of our executive team and 44% of our independent directors. To encourage increasing diversity beyond gender, last year our Board adopted a target for at least 20% of our independent directors to be individuals that are visible minorities, Indigenous people, persons with disabilities, or LGBTQ2S+. Currently, 33% of our independent directors represent these diverse groups. Company-wide, we are committed to hiring a diverse range of employees, to equitably provide all our employees with development opportunities, and to actively foster a culture of inclusivity and belonging. To this end, Capital Power's compensation-linked targets for 2023 include:

- 9% growth in workforce diversity from 2023 by end of 2025;
- 30% of new hires in 2023 being women; and
- 10% growth in women leaders from 2023 by end of 2025.

For more information related to our EDI efforts please refer to the "Diversity" section on page 34 of this document.

For more detailed information about:

- our growth during 2022 please refer to our 2022 Annual information Form at <https://www.capitalpower.com/wp-content/uploads/2023/02/2022-Capital-Power-Annual-Information-Form.pdf>; and
- our progress in achieving our sustainability targets, please refer to our 2022 Integrated Annual Report, a copy of which may be viewed at <https://www.capitalpower.com/sustainability/sustainability-reports/>.

Our 2023 Annual Meeting of Shareholders

Capital Power Corporation will hold our 2023 annual meeting of shareholders at EPCOR Tower in Edmonton, Alberta at 1:00 p.m. (Mountain Daylight Time) on April 28, 2023.

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. If you are unable to attend the meeting in-person, we encourage you 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 2023 annual meeting of shareholders

You're invited to attend the 2023 annual meeting of shareholders of Capital Power Corporation:

When: Friday, April 28, 2023
1:00 p.m. Mountain Daylight Time

Where: EPCOR Tower, 8th Floor
10423 – 101st Street NW
Edmonton, Alberta

We'll cover the following items of business:

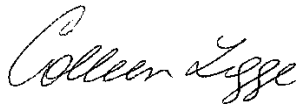
- receive our consolidated financial statements for the year ended December 31, 2022 and the auditors' report;
- elect directors;
- appoint the auditor with compensation to be fixed by the Board on the recommendation of the Audit Committee;
- vote on our approach to executive compensation; and
- transact 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 13, 2023. 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 13, 2023

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 13, 2023 (record date). As a shareholder of record, you're entitled to attend our 2023 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.

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 23, 2023. Shareholders may access an electronic copy of the circular on our website on or about March 23, 2023.

Information in this circular is as of March 13, 2023, unless otherwise indicated.

All dollar amounts are in Canadian dollars unless otherwise indicated.

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

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 28, 2023 must be received by April 18, 2023.

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	116,900,515
Special limited voting share	1	1
Preferred shares	unlimited, issued in series	25,000,000

You can vote if you owned common shares of Capital Power as of the close of business on March 13, 2023. 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 13, 2023, 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 2022 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 26, 2023 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 27, 2023** 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 27, 2023**. 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, 2022 and the auditors' report will be tabled at the annual meeting and are included in our 2022 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 ten 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 15 give you detailed information about their skills and experience, their 2022 attendance record, share ownership, and membership on other public company Boards.

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

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

Appoint the auditor

As a holder of common shares, you will 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. KPMG has acted as our external auditors since 2009. To assist the Audit Committee in their oversight duties of the external auditors, a formal annual review of KPMG is conducted every year, and a comprehensive review at least every five years following the guidelines set out by the Chartered Professional Accountants of Canada and the Canadian Public Accountability Board. The previous comprehensive review was completed in April 2018, and the next comprehensive review will be completed in April 2023.

For the 2022 audit period, the Audit Committee's assessment considered factors such as (i) KPMG's independence, objectivity and professional skepticism; (ii) the quality of their engagement team; (iii) the quality of their communications and interactions; (iv) the overall quality of the service provided; and (v) a review of management's evaluation. The Audit Committee concluded that they were satisfied with the quality of audit services provided by KPMG for 2022.

The Audit Committee recommends KPMG's compensation to the Board for its review and approval. The table below shows the fees billed by KPMG for the fiscal years ended December 31, 2022 and 2021.

(\$ millions)	2022 ⁽¹⁾	2021 ⁽²⁾
Audit fees	\$1.5	\$1.2
Includes audit and review of financial statements of the Company and its subsidiaries, services related to statutory and regulatory filings, and providing comfort letters associated with securities documents		
Audit-related fees	\$0.3	\$0.3
Includes assurance and related services that are not reported under audit fees; during fiscal years 2022 and 2021, the services provided in this category include sustainability assurance engagements and French translation work performed in relation to securities filing engagements		
Tax fees	–	–
Includes 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		
Total	\$1.8	\$1.5

Notes

- (1) The increase in 2022 audit fees is largely due to the acquisition of Midland Cogeneration Venture including audits of its related subsidiaries and higher securities filing fees.
- (2) Comparative figures have been reclassified to conform to the current year's presentation. Accordingly, subsidiary audit fees of \$0.3 million and ESG assurance service fees of \$0.2 million were reclassified from All other fees to Audit fees and Audit-related fees, respectively.

Vote on our approach to executive compensation

You'll vote on our approach to executive compensation (see Executive compensation beginning on page 48).

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 2023 annual meeting of shareholders.

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 held say-on-pay votes annually through 2022. We received approval in the range of 90% to 99% from our shareholders in these years (90.95% in 2022).

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.

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 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).

About the nominated directors

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

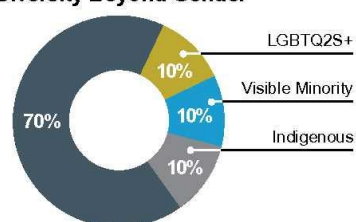
The Board is composed of a diverse (gender and otherwise) mix of people, who have a deep level of experience in, among other things, executive leadership, strategy and planning, risk management, corporate governance, talent management and compensation, finance and accounting, and the power generation sectors in Canada and the United States.

Nine of the ten nominated directors (90%) 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.

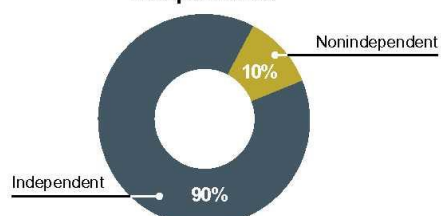


	D. Boney	G. Bosgoed	J. Gardiner	K. Huntington	B. Perry	J. Peverett	R. Phillips	K. Stevenson	K. Trent	B. Vaasjo
Board Tenure (in years)	10.9	.8	7.8	7.8	2	4	4.9	5.9	5.9	13.7
Geographic Location	US	CDN	CDN	US	CDN	CDN	CDN	CDN	US	CDN
Independent Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	X
Age, as of March 13, 2023	63	64	64	47	58	64	72	60	63	67
Gender	male	male	female	female	male	female	male	female	male	male
Committee Chair				✓	✓				✓	

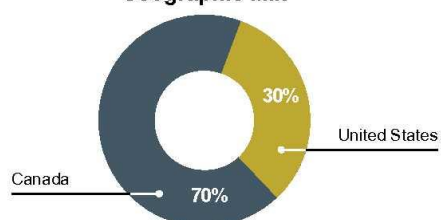
Diversity Beyond Gender



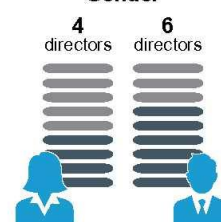
Independence



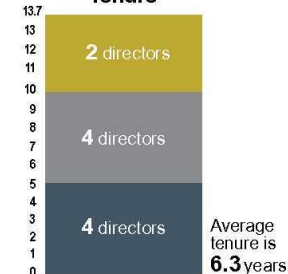
Geographic Mix



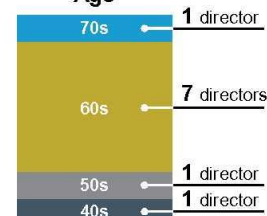
Gender



Tenure



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* (CBCA) (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. Following changes made effective in 2022 to the CBCA, our corporate governance policy was further revised to comply with the requirements of the CBCA and provide that shareholders may vote for or against (as opposed to withheld) each and every director nominee. If, with respect to any particular nominee, the number of shares voted against equals or exceeds the number of shares voted in favour of the nominee, then the nominee shall not be elected. In the event that an incumbent director nominee is not elected, they may be permitted to remain as a director until the earlier of: (i) 90 days after the date of the election; or (ii) the date on which their successor is elected or appointed. Further, elected directors may appoint the incumbent director nominee notwithstanding such nominee does not receive a majority of votes cast where it is required to satisfy the CBCA:

- Canadian residency requirements; or
- requirement that at least two directors of a distributing corporation are not also officers or employees of the corporation or its affiliates.

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 2022 Board meetings 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 13, 2023 and include reinvested dividends and dividend equivalents. The value of common shares and DSUs are based on the higher of \$41.34, the closing price of our common shares on the Toronto Stock Exchange (TSX) on March 13, 2023, 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 48 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 13, 2023 unless indicated otherwise.



Jill Gardiner (64) (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 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 Trevali Mining Corporation, 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.

Top 5 areas of contribution

- Strategy and planning
- Governance/compliance
- Power/energy industry
- Capital markets
- M&A

Geographic diversity

Western Canada

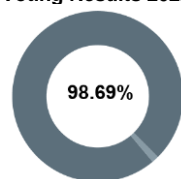
Other public directorships

Hochschild Mining (1)

Public board interlocks

None

Voting Results 2022



In favour: 47,742,071; Withheld 632,251

Board and Committee membership	Meeting attendance
Board	12 of 12 (100%)
Audit Committee (ex-officio, non-voting)	5 of 5 (100%)
PCG Committee (ex-officio, non-voting)	5 of 5 (100%)
HSE Committee (ex-officio, non-voting)	3 of 3 (100%)

Securities and DSUs held

Common shares	9,630	Total common shares and DSUs	45,451
DSUs	35,821	Total market value common shares and DSUs	\$1,896,542
Percentage of ownership requirement	186%	Meets ownership requirement	yes

(see page 47)

Jill Gardiner was a director of Trevali Mining Corporation (Trevali) between July 2019 and September 2022. On August 19, 2022, Trevali received an Initial Order for creditor protection from the British Columbia Supreme Court under the Companies' Creditors Arrangement Act (CCAA) for an initial period of ten days. The Initial Order was subsequently extended to October 6, October 18th, and finally December 16, 2022 to allow Trevali to restructure its business and financial affairs. Trevali is currently awaiting court approval of a winning bid that occurred under the CCAA's sales and investment solicitation process.

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

**Doyle Beneby (63)**

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

Doyle Beneby is a professional director. From November 2018 to September 2022 he served as CEO of Midland Cogeneration Venture. 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 & 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.

Doyle is a member of the board of directors for Korn Ferry International (chair of nominating and corporate governance committee and member of compensation committee) and Quanta Services (chair of compensation committee and member of investment committee).

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.

Top 5 areas of contribution

- Executive leadership
- Strategy and planning
- Power/energy industry
- Operations/development/construction
- Health safety and environment

Geographic diversity

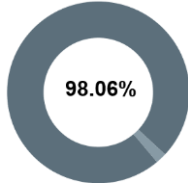
USA

Other public directorships

Korn/Ferry International, Quanta Services (2)

Public board interlocks

None

Voting Results 2022

In favour: 47,434,778; Withheld 939,544

Board and Committee membership		Meeting attendance
Board		11 of 12 (92%)
HSE Committee		3 of 3 (100%)
PCG Committee		5 of 5 (100%)

Securities and DSUs held			
Common shares	0	Total common shares and DSUs	64,381
DSUs	64,381	Total market value common shares and DSUs	\$2,680,824
Percentage of ownership requirement	383%	Meets ownership requirement	yes
(see page 47)			

Doyle Beneby was the prior chief executive officer of Midland Cogeneration Venture from November 2018 until it was acquired by Capital Power on September 23, 2022. Pursuant to the Company's ethics policy (see page 27) and applicable laws, Doyle disclosed his interest in the transaction and abstained from voting on any resolution to approve the transaction.

**Gary Bosgoed (64)**

Independent | Director since June 1, 2022 | Edmonton, AB

Gary Bosgoed, P.Eng, is a business leader with senior executive experience in infrastructure, industrial, commercial and institutional projects. A member of the Peepeekisis First Nation and an engineer, Gary is the president & CEO of Bosgoed Project Consultants, a project management and management consulting company headquartered in Edmonton, and previously was senior vice president & general manager of WorleyParsons (Edmonton location).

Gary is a member of the board of directors of MEG Energy (member of governance & nominations and health, safety and environment & reserves committees), Westrade Strategic Solutions, and serves on the University of Regina Board of Governors. Gary is also Vice-Chair of the Alberta Indigenous Opportunities Corporation and has served as Chair of the Alberta Capital Region United Way Campaign, and Director of the Alberta Electric System Operator (AESO), and the National Aboriginal Economic Development Board.

Gary holds a Bachelor of Applied Science degree in Industrial Systems Engineering from the University of Regina.

Top 5 areas of contribution

- Executive leadership
- Strategy and planning
- Risk management and oversight
- Operations/development/construction
- Health, safety and environment

Geographic diversity

Western Canada

Other public directorships

MEG Energy (1)

Public board interlocks

None

Voting Results 2022

n/a

Board and Committee membership		Meeting attendance
Board (as of June 1, 2022)		6 of 6 (100%)
HSE Committee (member as of July 1, 2022)		2 of 2 (100%)
PCG Committee (member as of July 1, 2022)		2 of 2 (100%)

Securities and DSUs held			
Common shares	0	Total common shares and DSUs	1,200
DSUs	1,200	Total market value common shares and DSUs	\$52,588
Percentage of ownership requirement	10%	Meets ownership requirement (see page 47)	in progress

**Kelly Huntington, NACD.DC (47)**

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

Kelly Huntington currently serves as senior vice president & CFO at MYR Group Inc. Previously, she was senior vice president & CFO of USIC (2019 to 2022) and senior vice president of enterprise strategy at OneAmerica Financial Partners, Inc. (2015 to 2019), president and CEO for Indianapolis Power & Light Company (IPL) (2013 to 2015), and was also a member of the board of IPL and IPALCO Enterprises Inc. Prior to that, she was senior vice president & 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. She is a National Association of Corporate Directors (NACD) Board Leadership Fellow and earned the NACD Directorship Certification (NACD.DC), and the Diligent Climate Leadership Certification.

Top 5 areas of contribution

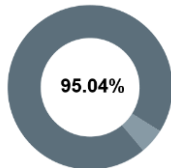
- Executive leadership
- Strategy and planning
- Power/energy industry
- Finance/accounting
- Talent management/compensation

Other public directorships

None

Public board interlocks

None

Voting Results 2022

In favour: 45,973,006; Withheld 2,401,316

Board and Committee membership		Meeting attendance
Board		12 of 12 (100%)
Audit Committee		5 of 5 (100%)
PCG Committee (Chair)		5 of 5 (100%)

Securities and DSUs held

Common shares	0	Total common shares and DSUs	35,637
DSUs	35,637	Total market value common shares and DSUs	\$1,482,827
Percentage of ownership requirement	212%	Meets ownership requirement	yes

(see page 47)

**Barry Perry (58)**

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

Barry Perry is the former president & 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 & CFO of Fortis-owned Newfoundland Power, vice president & 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 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.

Top 5 areas of contribution

- Executive leadership
- Strategy and planning
- Finance/accounting
- Capital markets
- M&A

Geographic diversity

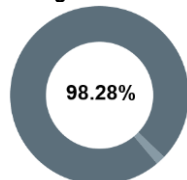
Eastern Canada

Other public directorships

None

Public board interlocks

None

Voting Results 2022

In favour: 47,544,644; Withheld 829,678

Board and Committee membership		Meeting attendance
Board		12 of 12 (100%)
Audit Committee (Chair as of April 29, 2022)		5 of 5 (100%)
PCG Committee		5 of 5 (100%)

Securities and DSUs held

Common shares	26,000	Total common shares and DSUs	29,766
DSUs	3,766	Total market value common shares and DSUs	\$1,237,886
Percentage of ownership requirement	243%	Meets ownership requirement (see page 47)	yes

**Top 5 areas of contribution**

- Executive leadership
- Strategy and planning
- Governance/compliance
- Power/energy industry
- Finance/accounting

Geographic diversity

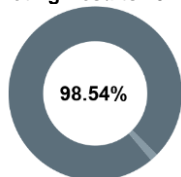
Western Canada

Other public directorships

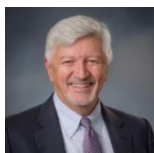
CIBC (until April 2023), NW Natural Gas, CP Rail (3)

Public board interlocks

CIBC

Voting Results 2022

In favour: 47,668,239; Withheld 706,083

**Top 5 areas of contribution**

- Executive leadership
- Strategy and planning
- Governance/compliance
- Capital markets
- Regulatory/legal

Geographic diversity

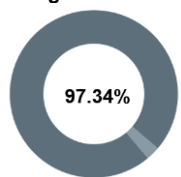
Western Canada

Other public directorships

West Fraser Timber Co. Ltd., Canadian National Railway (2)

Public board interlocks

None

Voting Results 2022

In favour: 47,085,977; Withheld 1,288,345

Jane Peverett, ICD.D (64)

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

Jane Peverett has been a professional director since 2009. She was president & CEO of British Columbia Transmission Corporation from 2005 to 2009 and CFO from 2003 to 2005. From 1987 to 2003 she held senior finance, regulatory, and executive roles at Westcoast Energy Inc., including president & CEO of Union Gas from 2001 to 2003 (leader of the merger of Union into Duke Energy), CFO of Union Gas, and vice president 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 audit 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.

Board and Committee membership	Meeting attendance
Board	12 of 12 (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	15,078
DSUs	13,078	Total market value common shares and DSUs	\$637,569
Percentage of ownership requirement	125%	Meets ownership requirement (see page 47)	in progress

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 CBCA 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, K.C., F.ICD (72)

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

Robert (Bob) Phillips is President of R. L. Phillips Investments Inc., a private investment firm (2001 to present) and was previously president & CEO of British Columbia Railway Corporation from 2001 to 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 corporations, including West Fraser Timber Co. Ltd. (chair of its governance committee and member of its human resources and compensation committee) and Canadian National Railway (chair of its governance, sustainability and safety committee, and member and former chair of its audit, finance & risk committee). He previously served on the Board of Capital Power Corporation (EPCOR nominee from 2009 to 2013), as well as EPCOR Utilities Inc., Canadian Western Bank (past chair), Maxar Technologies Inc., Axia NetMedia Corporation, Dreco Energy Services Ltd., National-Oilwell Inc., Precision Drilling Corporation, and others.

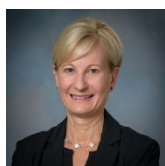
Bob received his Bachelor of Laws (Gold Medalist) and Bachelor of Science, Chemical Engineering (Hons) degrees from the University of Alberta and is a fellow and director of the Institute of Corporate Directors (chair of its audit committee).

Board and Committee membership	Meeting attendance
Board	12 of 12 (100%)
Audit Committee	5 of 5 (100%)
HSE Committee	3 of 3 (100%)

Securities and DSUs held

Common shares	5,275	Total common shares and DSUs	18,428
DSUs	18,428	Total market value common shares and DSUs	\$994,680
Percentage of ownership requirement	195%	Meets ownership requirement	yes

(see page 47)

**Katharine Stevenson, ICD.D (60)**

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. She has been honoured by the Women's Executive Network (WXN) as one of Canada's Top 100 Most Powerful Women.

Top 5 areas of contribution

- Strategy and planning
- Governance/compliance
- Risk management and oversight
- Finance/accounting
- Capital markets

Geographic diversity

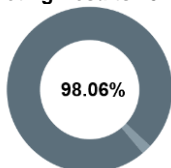
Central/Eastern Canada

Other public directorships

CIBC, OpenText Corporation (2)

Public board interlocks

CIBC

Voting Results 2022

In favour: 47,434,034; Withheld 940,288

**Keith Trent (63)**

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.

Top 5 areas of contribution

- Strategy and planning
- Power/energy industry
- Health safety and environment
- Government/public affairs/stakeholder relations
- Regulatory/legal

Geographic diversity

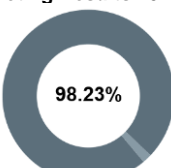
USA

Other public directorships

Edison International, Inc. (1)

Public board interlocks

None

Voting Results 2022

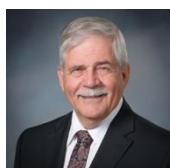
In favour: 47,518,755; Withheld 855,567

Board and Committee membership		Meeting attendance
Board		12 of 12 (100%)
Audit Committee		5 of 5 (100%)
PCG Committee		5 of 5 (100%)

Securities held			
Common shares	8,000	Total common shares and DSUs	42,169
DSUs	34,169	Total market value common shares and DSUs	\$1,758,737
Percentage of ownership requirement	345%	Meets ownership requirement	yes
(see page 47)			

Board and Committee membership		Meeting attendance
Board		12 of 12 (100%)
HSE Committee (Chair)		3 of 3 (100%)
Audit Committee		4 of 5 (80%)

Securities and DSUs held			
Common shares	0	Total common shares and DSUs	26,395
DSUs	26,395	Total market value common shares and DSUs	\$1,100,963
Percentage of ownership requirement	157%	Meets ownership requirement	yes
(see page 47)			



Top 5 areas of contribution

- Executive leadership
- Strategy and planning
- Power/energy industry
- Capital markets
- Government/public affairs/
stakeholder relations

Geographic diversity

Western Canada

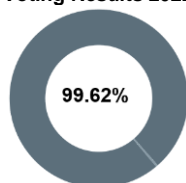
Other public directorships

None

Public board interlocks

None

Voting Results 2022



In favour: 48,191,323; Withheld 182,999

Brian Vaasjo (67)

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, and has been on the boards of several non-profit organizations.

Brian has a Master of Business Administration and is a Fellow of the Society of Chartered Professional Accountants.

Board and Committee membership*		Meeting attendance
Board		12 of 12 (100%)
Audit Committee		5 of 5 (100%)
PCG Committee		5 of 5 (100%)
HSE Committee		3 of 3 (100%)

Securities, DSUs and options held

Common shares	156,015	Total common shares and DSUs	156,015
DSUs	n/a	Total market value common shares and DSUs	\$8,067,471
Percentage of ownership requirement**	202%	Meets ownership requirement*	yes
(see page 53)		(see page 51)	

As of March 13, 2023, Brian Vaasjo holds 91,847 performance and restricted share units and 696,034 stock options. Share ownership for Brian is based on the sum of the number of common shares held by him, RSUs and DSUs as of December 31, 2022 (see page 51).

*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, 2022.

MEETING ATTENDANCE AND COMMITTEE MEMBERSHIPS

The following table shows the directors' attendance at Board and Committee meetings for the year ended December 31, 2022.

Our Board expects our directors 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)	12 of 12	100%	5 of 5	100%	5 of 5	100%	3 of 3
Doyle Beneby		11 of 12	92%			5 of 5	100%	3 of 3
Gary Bosgoed		6 of 6	100%			2 of 2	100%	2 of 2
Kelly Huntington		12 of 12	100%	5 of 5	100%	(Chair) 5 of 5	100%	
Barry Perry		12 of 12	100%	(Chair) 5 of 5	100%	5 of 5	100%	
Jane Peverett		12 of 12	100%			5 of 5	100%	3 of 3
Robert Phillips		12 of 12	100%	5 of 5	100%			3 of 3
Katharine Stevenson		12 of 12	100%	5 of 5	100%	5 of 5	100%	
Keith Trent		12 of 12	100%	4 of 5	80%			(Chair) 3 of 3
Brian Vaasjo		12 of 12	100%	5 of 5	100%	5 of 5	100%	3 of 3

Notes

- Brian Vaasjo attends Committee meetings as a guest and in his capacity as President & CEO of Capital Power.
- The 12 Board meetings include the strategic planning session.
- Gary Bosgoed was appointed to the Board effective June 1, 2022.
- Committee assignments were amended as of April 29, 2022 and again as of July 1, 2022 (due to a board appointment).
- Audit Committee members are Barry Perry (Chair), Kelly Huntington, Katharine Stevenson, Robert Phillips, and Keith Trent. PCG Committee members are Kelly Huntington (Chair), Doyle Beneby, Gary Bosgoed, Barry Perry, Jane Peverett, and Katharine Stevenson. HSE Committee members are Keith Trent (Chair), Doyle Beneby, Gary Bosgoed, Jane Peverett, and Robert Phillips.
- The Board established an ad hoc CEO Search Committee in April 2022 (comprised of Doyle Beneby (chair), Jill Gardiner, Kelly Huntington and Robert Phillips). The ad hoc committee met several times since April 2022.
- Barry Perry became Chair of the Audit Committee as of April 29, 2022.
- Gary Bosgoed became a member of the PCG Committee and HSE Committee as of July 1, 2022.
- The Board and Committees met in camera without management (including the President & CEO) at every meeting.

PARTICIPATION ON OTHER BOARDS AND DIRECTOR INTERLOCKS

In 2022, the Board amended our corporate governance policy to provide that prior to joining the board of directors of another company, a director will notify the PCG Committee Chair or Board Chair who will then consider, in consultation with management and the PCG Committee when needed, whether there are any actual or potential conflicts of interest that may arise as a result of the proposed board appointment.

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 Katharine 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 2022. You can find more information about education and ongoing development of directors on page 31.

Date	Event	Description	Attendees	
February	The Net Zero Moment	Presentation by Dr. Rick Smith, Ph.D. President, Canadian Institute for Climate Choices	Doyle Beneby Jill Gardiner Kelly Huntington Barry Perry	Jane Peverett Katharine Stevenson Keith Trent Brian Vaasjo
April	Environmental and strategic deep dive	Presentation by members of Capital Power's strategy team	Doyle Beneby Jill Gardiner Kelly Huntington Barry Perry	Jane Peverett Robert Phillips Katharine Stevenson Brian Vaasjo
May	Plant tour	Tour of repowering site at Capital Power's Genesee 1 and 2 facilities	Kelly Huntington Barry Perry Jane Peverett Robert Phillips	Katharine Stevenson Keith Trent Brian Vaasjo
June	Director orientation	Presentations by Capital Power management	Gary Bosgoed	
October	Capital Power government advocacy efforts	Presentation by Daniel Jurijew, VP, Government Relations, Regulatory & Environmental Policy, Capital Power	Jill Gardiner Doyle Beneby Gary Bosgoed Kelly Huntington Barry Perry	Jane Peverett Robert Phillips Katharine Stevenson Keith Trent Brian Vaasjo
October	Tour of Capital Power's commodity trading operations	Presentation by Capital Power management and staff	Doyle Beneby Gary Bosgoed Kelly Huntington Barry Perry	Jane Peverett Robert Phillips Katharine Stevenson Keith Trent

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 2022, Capital Power's directors were provided access to a virtual Indigenous learning session in recognition of the National Day for Truth and Reconciliation. The directors also individually attended various external webinars and seminars, including: *The Trade Environment: Evolving Context and Canadian Priorities* (Bennett Jones), *Geopolitical Perspective: A Conversation with Dr. Condoleezza Rice* (Morgan Stanley), *Board ESG Oversight* (Spencer Stuart and Diligent), *2022 Proxy Season Review* (Tapestry Audit Committee Roundtable), *The Board's Role in CEO Transitions* (ICD), *Bold Actions for Sustained Outcomes* (Conference Board of Canada), *Boards – Evolving Best Practices* (Egon Zehnder), *Navigating Modern Boardroom Dynamics* (JP Morgan), *Evolving Geopolitical Landscape: Risks and Opportunities* (Canadian Directors Network), *ESG – Action, Measurement, Disclosure, Oversight and CEO Transitions* (Canadian Directors Network), *The Chair of the Future* (Deloitte), *Social Media and Ethics* (Mecklenburg County Bar), and *Designing Company Culture – What Board Directors Need to Know* (Extraordinary Women on Boards).

In 2022, director nominee Kelly Huntington also earned a Climate Leadership Certificate (Diligent) and NACD Directorship Certification.

2. Governance

Governance at Capital Power

Our commitment to responsible corporate governance practices is integral to achieving the Company's long-term performance goals and facilitating 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, 2022.

SUSTAINABILITY AND CLIMATE OVERSIGHT

Our Board provides independent oversight of our business and is responsible for, among other things, climate change-related issues and other sustainability practices. 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. To promote accountability, transparency and resiliency, and support sound decision-making in the interest of all our stakeholders, we annually disclose our climate risks and opportunities in alignment with the Task Force on Climate-related Financial Disclosures (TCFD). The disclosure is aligned to the four central themes of the TCFD recommendations, which include governance, strategy, risk management and targets, and metrics. For additional discussion see – 2022 Climate Change Disclosure Report (<https://www.capitalpower.com/sustainability/sustainability-reports/>).

Sustainability is integrated in our business and our Board of Directors and entire management team are responsible for addressing material issues.

Governance framework



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 to create long-term sustainable shareholder value.

The Board actively oversees the implementation and monitoring of our strategic transformation efforts, ensuring that the targets assigned to the CEO and management are aligned appropriately with the short, medium, and long-term priorities of the Company. Capital Power has accelerated its net zero target to 2045 from 2050 (see page 6 of this document for our pathway to net zero 2045). We are committed to reducing our carbon footprint while maintaining the reliability and affordability of the power system through investments in renewables, strategically located mid-life natural gas assets, and technologies such as CCUS, battery storage, hydrogen, and direct air capture.

The actions we took in 2022, including the growth of our renewable portfolio, advancing CCS at Genesee 1 and 2 with a limited notice to proceed and progressing Genesee 1 and 2 repowering to be off-coal by 2023, advanced our decarbonization strategy. In 2022, we reached commercial operation at two solar sites in Canada and continued to advance our renewable portfolio with the ongoing development of Halkirk 2 Wind project. We also completed the acquisition of the Midland Cogeneration Venture with our partner Manulife Investment Management. Midland Cogeneration Venture is a strategically significant 1,633-megawatt cogeneration facility located in Michigan. The site provides opportunities for additional turbines, batteries, and other decarbonization solutions in the future.

Additional information on our sustainability efforts is provided in our 2022 Integrated Annual Report and Climate Change Disclosure Report published on March 1, 2023 (<https://www.capitalpower.com/sustainability/sustainability-reports/>).

Sustainability targets

- Achieve net zero by 2045;
- Construct all new natural gas generation units to be carbon capture and/or hydrogen ready;
- Reduce Scope 1 CO₂ emissions at Genesee by 50% by 2030 from 2005 levels;
- Reduce Scope 1 CO₂ emissions by 10% by 2030 from 2005 levels, based on our 2019 fleet;
- Reduce Scope 1 CO₂ emission intensity by 65% by 2030 from 2005 levels;
- Invest in CCUS technology to help achieve net zero by 2045; and
- Progress Genesee Carbon Conversion Centre.

Executive and leadership sustainability linked incentives

20% of 2023 executive short-term incentive pay:

- 5% of our Alberta natural gas purchases will be from Responsibly Sourced Natural Gas, that is, natural gas that has been certified by a third party who ensures gas is produced using environmentally and socially responsible practices in 2023;
- Consider at least 2 diverse candidates for all external corporate positions, and at least 1 diverse candidate for all external facility positions;
- HSE Performance Index of 1.00 or greater;
- 30% of new hires to be women across our entire workforce; and
- 95% retention rate.

20% of 2023 executive and leadership LTIP 3-year PSU measurement:

- 30% reduction in emissions intensity by end of 2025 from 2022 levels;
- 10% growth in women leaders from 2023 by end of 2025; and
- 9% growth in workforce diversity from 2023 by end of 2025.

2022 areas of ESG focus

In 2022, the Board provided guidance and oversight on key sustainability initiatives, some of which are identified below:

- Approved the acceleration our key sustainability target to net zero by 2045 (from 2050);
- Continued to oversee the Company's efforts towards achieving our sustainability targets;
- Supported our path to a lower carbon future and net zero with the continued advancement of the Genesee 1 and 2 repowering and advancement of CCS studies for deployment on the repowered units;
- Approved the acquisition and development of renewable and mid-life natural gas assets;
- Approved our 2021 Integrated Annual Report, which includes enhanced disclosure to reflect our ongoing commitments to transparency for our stakeholders;
- Approved changes to executive and leadership compensation based on the achievement of sustainability targets;
- Reviewed the Corporation's Indigenous Relations Policy Framework; and
- Approved the Corporation's Sustainable Sourcing Policy.

Through these and other efforts in 2022, we are making steady progress towards our sustainability targets, including ambitious carbon emission-reduction goals. More broadly, Capital Power continues to integrate sustainability 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 14)
✓	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 27)
✓	The majority of our Board nominees (nine out of ten) are independent	(see page 27)
✓	The Chair of the Board is independent	(see page 27)
✓	The Board has developed mandates for the Chair of the Board, each Committee and the CEO	(see page 27)
✓	Our Audit Committee is 100% independent	(see page 38)
✓	Our PCG Committee is 100% independent	(see page 40)
✓	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 53 for more information on the share ownership requirements for executive officers)	(see pages 43 and 53)
✓	Our Board has a formal, written mandate	(see page 81)
✓	The Board and Committees meet without management present (in camera) at every meeting	(see page 27)
✓	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 27)
✓	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 27)
✓	The Board provides independent oversight of our business and is responsible for, among other things, ESG and other sustainability practices	(see page 24)
✓	We conduct an advisory vote on executive compensation, giving shareholders a say on pay	(see page 48)
✓	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 50)
✓	We provide orientation and continuing education programs for our directors	(see page 31)
✓	The Board maintains a skills matrix to assist in planning, developing, and managing the skills and competencies of the Board	(see page 32)
✓	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 33)
✓	The Board has adopted a board diversity policy, which in final nomination decisions, gives extra weight to female candidates and candidates that bring diversity beyond gender and includes targets for the percentage of women and diversity beyond gender (visible minority, Indigenous people, persons with disabilities, or LGBTQ2S+) on our Board and for the percentage of women on our executive team	(see page 34)
✓	The Board has adopted a director tenure & succession policy which establishes term limits and Board Chair succession	(see page 33)
✓	The Board has adopted a shareholder engagement policy	(see page 37)
✓	The Chair of the Board and the Chair of PCG Committee conduct shareholder engagement meetings	(see page 37)
✓	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; and
- shareholder engagement.

(referred to in this document as the Board responsibilities).

Capital Power values:

- acting with integrity;
- respecting equity, diversity, and inclusion;
- providing for the safety and wellbeing of our employees;
- managing our impact on the environment;
- embracing innovation;

and generally doing what's right for our Company, and its employees and retirees, 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

Nine out of ten director nominees (90%) 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	✓	
Gary Bosgoed	✓	
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 12 times in 2022. 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 80).

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 Finance & 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 have 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 will recuse themselves from the Board (or Committee) 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's responsibilities also include ensuring compliance with laws and regulations. The Board approves all matters required by it to do so as per the CBCA, 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. 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; and
- 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 sustainability strategies;
- assess the opportunities and risks that may affect our business; and
- 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	<p>Management begins the process for the following year by carrying out the following:</p> <ul style="list-style-type: none"> • assessment of industry trends and the competitive environment; • assessment of 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; and • preparation of a long-range financial forecast.
Second quarter	<p>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).</p> <p>In advance of, or at, the strategic planning meeting management presents a deep dive of industry trends and signals that influence or impact the strategy/long term plan.</p> <p>The Board and management then meet for a two-day planning session to discuss the strategic plan and evaluate performance against corporate goals, objectives, commitments and targets. Management highlights the risks and solicits feedback from the Board and any proposed changes to the strategy and tactics and, if required, establishing new objectives, key performance indicators, and targets to ensure alignment with our corporate purpose.</p>
Third quarter	<p>Management reviews the Board's feedback from the strategic planning meeting and, if required, 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.</p>
Fourth quarter	<p>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.</p>

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 Risk Management and Controller has day-to-day responsibility for the ERM framework, and reports to the Senior Vice President, Finance & 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, Chief Strategy and 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.

Oversight and protocols around cybersecurity risk

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 2022 and 2023, our executive short-term objectives include elements related to presenting a diverse candidate pool for interviews for open positions and a commitment to improve the gender balance throughout the organization. For 2022 and 2023, 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 including 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; and
- 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 34 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; and
- 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, as soon as practical, also spend time with management to attend orientation sessions 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 2022, 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 2022 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, as well as their five top areas of contribution, in the director profiles beginning on page 15.

CPC Board of Directors Skills Matrix

	D. Beneby	G. Bosgoed	J. Gardiner	K. Huntington	J. Peverett	B. Perry	R. Phillips	K. Stevenson	K. Trent	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	✓	✓		✓	✓	✓			✓	✓
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/Stakeholder Relations ¹³	✓	✓		✓	✓	✓			✓	✓
Regulatory/Legal		✓	✓	✓	✓	✓	✓		✓	✓
ESG/Sustainability ¹⁴	✓	✓	✓	✓						✓
Geographic Diversity										
Western Canada		●	●		●		●			●
Central/Eastern Canada						●		●		
USA	●			●					●	

✓ -denotes knowledge of a skill as defined

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, and the environment.
- (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 unsolicited 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), equity, diversity and inclusion, and/or human resources principles and practices generally.
- (13) Government/Public Affairs/Stakeholder Relations – board or management experience in, or understanding of, government and public affairs generally, including government and other stakeholder relations in Canada or the US, in the context of the power industry or other highly-regulated industries.
- (14) ESG/Sustainability – board or management experience, or understanding of, environmental, social, and governance and sustainability matters and their implications for business strategy, risk management, and disclosure.

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; and
- 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 2022, the directors completed a self-evaluation and a peer-to-peer review process with the assistance of Watson Inc. to be used for board development and succession planning purposes with a focus on top priorities to be considered in 2023. The director self-evaluations and results of the peer-to-peer review process were discussed with the Board at their October 2022 meeting. In addition, the directors participated in short form internal 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, and made available to all directors.

Finally, the Chair of the Board conducted one-on-one interviews with each director and members of senior management in early 2023. 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 2023.

The Chair of the Board 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). We have not adopted a retirement age policy because we believe that term limits are a better way to ensure continual Board renewal.

Director Term Limits		Other Mechanisms for Board Renewal
Age Limit	Tenure Limit	
No	Yes – 10 years (if appointed after 2016) Yes – 12 years (if appointed prior to 2016)	Succession planning measures.

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;
- to remain on the Board, a director must be re-elected by our shareholders and receive satisfactory performance reviews;
- non-management (independent) directors elected or appointed to the Board prior to 2016 will have a maximum tenure of 12 years;
- non-management (independent) 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 composed 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; and
 - 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; and
- 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 or to address any gaps identified via the skills matrix or board assessments.

Board succession is considered 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 Board 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; and
- 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 women and candidates who represent diversity beyond gender in the final nomination decisions and 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
- at least 30% of the executive team be women.

At the present time, the Board and the executive team have exceeded all representation goals with 44% of the independent directors and 43% of the Company's executive team being women; and 33% of the independent directors representing diverse groups beyond gender as noted above.

Furthering our 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, we consider 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 us, diversity includes, but is not limited to, business and industry experience, geography, gender, age, visible minorities, Indigenous people, persons with disabilities, and persons in the LGBTQ2S+ community.

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

- consider the benefits of all aspects of the different diversity groups 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 candidates from different diversity groups (focusing on gender, people who are Indigenous, visible minorities, persons with disabilities, and LGBTQ2S+);
- give extra weight to women candidates and candidates that represent different diversity groups beyond gender in the final nomination decisions; and
- 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 board diversity 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 40% of our independent directors.

Board and executive team diversity targets

	Women		Additional designated groups – Indigenous people, members of visible minorities and persons with disabilities	
	Target	Progress	Target	Progress
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 purposes 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, we have 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 ⁽¹⁾	Annual	9% growth in workforce diversity ⁽⁴⁾	For 2022 LTIP grant ⁽²⁾
	10% growth in the representation of women at the leadership level ⁽³⁾	For 2022 LTIP grant ⁽²⁾		

Note

- (1) Target exceeded for 2022 with 33% of new hires being women.
- (2) Measurement period for the 2022 grant is from January 1, 2022 to December 31, 2024.
- (3) A 10% target would increase our representation of women at the leadership level to approximately 26%; currently we are on track to meet our target.
- (4) A 9% target would increase our workforce diversity representation to approximately 38%; currently we are on track to meet our target.

As of March 13, 2023, four (40%) of Capital Power's director nominees and three (43%) members of senior management self-identify as women. In addition, one of our nominee directors (10%) has self-identified as a member of a visible minority, one (10%) as Indigenous, and one (10%) 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 visible minorities (additional designated groups)		Other groups that contribute to diversity – LGBTQ2S+		Number of individuals that are members of more than one designated group
	Total ⁽²⁾	Number	Percentage	Number	Percentage	Number	Percentage	
Board of directors	10	4	40%	2	20%	1	10%	1
Members of senior management ⁽¹⁾	7	3	43%	0	0%	0	0%	0

Note

- (1) For purposes of this table, senior management does not include the Chair of the Board.
(2) Indicates total number of directors or senior management, as applicable.

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	2021	2022	2023	Ongoing
<p>Adoption of Board Diversity Policy (including targets)</p> <p>Unconscious bias and inclusivity training offered to employees</p> <p>Development of D&I strategy</p> <p>Formation of D&I Committee</p> <p>D&I dimension added to Engagement Survey</p> <p>Third-party audit to benchmark our D&I practices</p> <p>Conducted gender pay equality reviews</p> <p>Added a requirement to the executive short term incentive plan (STIP) to have qualified diverse candidates presented for interviews</p> <p>Temporary flexible work arrangement and part-time work arrangement policies</p> <p>Joined "Equal by 30"⁽¹⁾</p> <p>Joined "30 by 30"⁽²⁾</p>	<p>A commitment to increase the number of women hired (minimum of 30% of all new hires) was added as an executive STIP requirement</p> <p>Dedicated Diversity and Inclusion Manager joined the organization</p> <p>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</p> <p>Virtual employee listening sessions conducted where employees could anonymously share their experiences and perspectives with our programs</p> <p>Flexible work principles developed including a hybrid work arrangement model for applicable roles</p> <p>Became a founding partner of the Prosperity Project and support their "Rosie the Riveter" Mentoring Program⁽³⁾</p>	<p>Determined baseline EDI data from voluntary employee self-identification</p> <p>Amended Board Diversity Policy to reflect new targets of minimum:</p> <ul style="list-style-type: none"> • 40% gender diversity for independent directors • 20% diversity beyond gender for independent directors <p>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</p> <p>Added a requirement to non-executive STIP linking a portion to a target that 30% of new hires are women</p> <p>EDI Council launched</p> <p>EDI strategy refreshed</p> <p>Launched Days of Significance and continued cultural awareness training.</p> <p>Evolved interview process (scoring metrics, diverse interview panels)</p> <p>Expanded onboarding process to first year</p>	<p>Implement Employment Equity (AIEE)/ Federal Contractors Program (FCP)</p> <p>Launch Employee Resource Groups</p> <p>Continue to evolve flexible strategy (workspace, degree of flex)</p> <p>Continue to increase opportunities to listen to voice of the employee (pulse surveys)</p>	<p>Ongoing identification of areas of focus and the development of targets, programs, processes, and metrics that move us towards our goals</p> <p>Continue work to refresh our EDI strategy</p>
			<p>Notes</p> <p>(1) Equal by 30 is a campaign to promote gender equality as an integral part of the global transition to clean energy.</p> <p>(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%.</p> <p>(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.</p>	

SHAREHOLDER ENGAGEMENT

Maintaining an open dialogue with our shareholders is very important to Capital Power. A copy of our shareholder engagement policy (engagement policy) may be found on our website at www.capitalpower.com.

Opportunities for engaging with Capital Power's management are varied and include:

- 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; and
- investor road shows in Canada, United States, and Europe.

Management and the Board also receive feedback from shareholders through:

- our annual general meeting;
- analyst and institutional shareholder participation in perception studies that are administered by a third party;
- a dedicated address for email inquiries and a toll-free investor phone line; and
- a confidential ethics hotline and website for shareholders and the public to report a concern.

The engagement policy prescribes:

- governance topics for discussion between the Board and shareholders;
- information sought by the Board from shareholders 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 September, Jill Gardiner, Chair of the Board, and Kelly Huntington, Chair of the PCG Committee, met with nine of Capital Power's institutional shareholders to hear investor feedback regarding our governance, ESG, and compensation practices. In December, they also met with an investment management company that had expressed an interest in having a discussion. All feedback from any outreach meetings is shared on an anonymous basis with the full Board.

Shareholders who are interested in directly engaging with the Board regarding those topics specified in the engagement policy are encouraged 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 2024 annual meeting of shareholders, we must receive it by January 29, 2024, as required under the CBCA, the corporate statute that governs Capital Power. We expect our 2024 annual meeting of shareholders to be held on or about April 30, 2024. 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; and
- Health, Safety, and Environment (HSE) Committee.

The Board may also establish ad hoc committees as appropriate.

As President & CEO Brian Vaasjo's current contract with Capital Power expires in the second quarter of 2023, in April 2022 the Board established an ad hoc CEO Search Committee (comprised of Doyle Beneby (chair), Jill Gardiner, Kelly Huntington, and Robert Phillips) and engaged an executive search firm to support a comprehensive search process to identify the next President & CEO. That search is still ongoing, and Brian Vaasjo will step down from the Board once his successor is appointed. No compensation has been paid to the CEO Search Committee members to date.

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 15.

AUDIT COMMITTEE

Members	Barry Perry (Chair) Kelly Huntington, Katharine Stevenson, Robert Phillips, Keith Trent Jill Gardiner (ex-officio, non-voting member)
Independent	100%
Qualifications	<p>All members are financially literate as defined by Canadian securities laws and regulations:</p> <ul style="list-style-type: none"> • Barry Perry is a Certified Professional Accountant, former president & chief executive officer of Fortis, former chief financial officer of Fortis, and holds a Bachelor of Commerce from Memorial University of Newfoundland • Kelly Huntington is currently senior vice president & chief financial officer of MYR Group Inc., previously Kelly was senior vice president & chief financial officer of USIC and for Indianapolis Power and Light Company (IPL), she was also senior vice president of Enterprise Strategy for OneAmerica Financial Partners (which included responsibility for internal audit) and president & chief executive officer for IPL, and has 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, is a Chartered Financial Analyst, and has the NACD.DC designation • Katharine Stevenson has senior financial executive and investment banking experience, has significant public company audit committee experience, including chairing audit committees, has the ICD.D designation, and has periodically been Director in Residence for the Institute of Corporate Directors Audit Committee Effectiveness Course • 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 chief executive officer, has other previous audit committee experience, and is a fellow (F.ICD) and director of the Institute of Corporate Directors and chair of its Audit Committee • Keith Trent has senior executive experience, including management of an internal audit team, has current and previous audit committee experience, and has profit/loss accountability and Sarbanes-Oxley process experience
Key responsibilities	<p>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 (including the integrated annual report and the annual information form), 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 process by which management measures publicly disclosed progress towards the achievement of material, non-financial, sustainability related performance metrics, 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.</p>

The Committee's terms of reference are available on our website (www.capitalpower.com).

Key activities and priorities in 2022

- reviewed our annual public disclosure documents for the year ended December 31, 2021 (portions of the Integrated Annual Report, the audited financial statements, press release, and AIF) and recommended them for approval
- reviewed quarterly financial statements, MD&As, and press releases regarding 2022 quarterly financial results and recommended them 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)
- approved management's recommendation for the Senior Manager, Internal Audit position
- 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, and monitored our strategy regarding share buy-backs pursuant to our normal course issuer bid
- reviewed and recommended amendments to our credit facilities
- reviewed and recommended increases to existing bilateral demand credit agreements and surety bond issuance
- reviewed and recommended extension to the base shelf and MTN supplement
- reviewed and monitored financing strategies related to financing scenarios for growth opportunities
- reviewed and recommended the redemption of our Cumulative Minimum Rate Reset Preference Shares, Series 9
- reviewed and recommended the issuance of a green hybrid subordinated bond
- reviewed and recommended Capital Power's Green Financing Framework
- 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 financial exposure management policy
- reviewed and recommended amendments to our enterprise risk management policy
- reviewed our commodity risk limits
- received credit reports regarding major credit risk exposures and counterparties
- reviewed and recommended amendments to our credit policy
- reviewed our ethics policy and its investigation procedures
- reviewed our disclosure and insider trading policy
- reviewed and recommended amendments to the Committee's terms of reference
- reviewed the Committee's effectiveness
- reviewed post-implementation reviews of acquisitions and major projects in accordance with the investment policy
- identified focus areas for the Committee and discussed progress with respect to these focus areas in camera at every meeting
- reviewed management's progress regarding digital transformation of the Capital Power Finance function
- reviewed the process used by management to measure publicly disclosed progress towards the achievement of material non-financial performance metrics to ensure accuracy and reasonableness
- reviewed climate/ESG evolving disclosure requirements and best practices

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.

There were no non-audit related services which required approval in 2022.

The Committee met five times in 2022 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	<p>Kelly Huntington (Chair)</p> <p>Doyle Beneby, Gary Bosgoed, Barry Perry, Jane Peverett, Katharine Stevenson</p> <p>Jill Gardiner (ex-officio, non-voting member)</p>
Independent	100%
Qualifications	<p>All members have expertise in governance and human capital management:</p> <ul style="list-style-type: none"> • Kelly Huntington has senior executive and chief executive officer experience with responsibility and/or support for executive compensation design, implementation and review, has experience as a director of non-profit organizations as a member or chair of the committee with responsibility for compensation and nominations/governance, and has the NACD.DC designation • Doyle Beneby has senior executive and chief executive officer experience of private, public and municipal energy companies, and currently serves on two public company compensation committees • Gary Bosgoed has senior executive and chief executive officer experience including over thirty years experience in executive compensation oversight and is a member of the governance and nominations committee for a public company • Barry Perry has senior executive and chief executive officer 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	<p>The purpose of the Committee is to:</p> <ul style="list-style-type: none"> • 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 workforce 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 in addition to strategy and programs that advance equity, diversity, and inclusion throughout the Company, and monitor performance within these areas <p>The Committee's terms of reference are available on our website (www.capitalpower.com).</p>
Key activities and priorities in 2022	<p><i>Board composition, development and compensation</i></p> <ul style="list-style-type: none"> • reviewed our director skills matrix and Committee structure and membership • reviewed and recommended amendments to the board diversity policy • reviewed the board succession plan, and reviewed CEO and executive succession planning • recommended our director nominees for our 2022 annual meeting of shareholders • reviewed and recommended the record and annual meeting dates for our 2023 annual meeting of shareholders • reviewed and recommended the continuation of the amended and restated shareholder rights plan for approval at the 2022 annual meeting of shareholders • reviewed and recommended Committee appointments • recommended a new director candidate to the Board

Key activities and priorities in 2022, continued*Corporate governance*

- reviewed and recommended our governance and compensation disclosure in the AIF for the year ended December 31, 2021, the Integrated Annual Report, and the circular in connection with our 2022 annual meeting of shareholders
- reviewed 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 including through a third party peer-to-peer director assessment
- 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
- reviewed and recommended amendments to the corporate governance policy

People, compensation and benefits

- assessed performance for the 2021 annual incentive plan
- reviewed and recommended the 2023 Capital Power annual objectives (including for the CEO)
- reviewed and recommended the CEO's and executives' base salaries, target short-term incentive awards, long-term incentive grants, and 2023 performance measures for the short-term and long-term incentive program
- reviewed our compensation policies and practices, including management's key messages for compensation disclosure and risk management
- reviewed and recommended an approach to the taxation of stock options in response to changes to the preferential tax treatment of stock options in Canada
- reviewed our compensation programs to ensure the design of the programs consider current market best practices
- reviewed and recommended the 2023 long-term incentive plan PSU measures
- 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 2023 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 merchant value creation target setting in the merchant short-term incentive program
- reviewed and recommended the executive compensation peer groups effective for the 2023 compensation review
- reviewed and recommended the performance peer group for performance share units
- reviewed the company's short-term incentive program design and target setting approach to affirm pay-for-performance alignment
- reviewed alternative termination provisions for the Long Term Incentive Program (LTIP) with an emphasis on retention and succession preparedness of critical talent
- reviewed and recommended to the Board changes to the executive performance measures for the 2023 short-term incentive (STI) program to better highlight the emphasis of ESG-related measures on executive pay
- received updates on workplace culture and employee engagement
- received updates on our equity, diversity, and inclusion initiatives
- reviewed the governance of our pension and other benefit plans and the executive compensation program and recommended amendments to the supplemental retirement pension plan
- reviewed and approved a union mandate
- reviewed and recommended officer and pension committee appointment

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 (www.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 2022 and met without management present at every meeting.

HEALTH, SAFETY AND ENVIRONMENT (HSE) COMMITTEE

Members	Keith Trent (Chair) Doyle Beneby, Gary Bosgoed, Jane Peverett, Robert Phillips Jill Gardiner (ex-officio, non-voting member)
Independent	100%
Qualifications	<p>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.</p> <ul style="list-style-type: none"> • 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 • Gary Bosgoed is an engineer, has extensive senior executive experience in infrastructure, industrial, commercial and institutional projects and is a member of the HSE and reserves committee for MEG Energy • Jane Peverett is a former chief executive officer and chief financial officer in the power and energy infrastructure business and serves on a number of other boards • Robert Phillips is a former chief executive officer, has corporate law experience and has senior executive experience with energy related companies
Key responsibilities	<p>The Committee oversees matters relating to the impact of our operations on the environment and on the workplace health and safety of employees, including:</p> <ul style="list-style-type: none"> • 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 <p>The Committee's terms of reference are available on our website (www.capitalpower.com).</p>
Key activities and priorities in 2022	<ul style="list-style-type: none"> • reviewed our overall performance in HSE, including our HSE policy, training, compliance and trends • 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 on current, pending or threatened material, HSE related legal/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 from an external safety leader a report on best practices • 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 • 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 2022 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 13, 2023, eight of the nine independent directors met the requirements (see page 47). The independent director who has yet to meet our share ownership requirement is still within the five-year period as set out in the guidelines.

See the director profiles beginning on page 15 for the details of their individual holdings.

DECISION-MAKING PROCESS

The PCG Committee reviews director compensation every two years (last reviewed in October 2021 the results of which can be found in the 2022 management proxy circular), 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 52.

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 2022.

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	\$175,000/yr
	All other independent directors	\$90,000/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 \$90,000 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.

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.

2022 details

DIRECTOR COMPENSATION TABLE

The table below shows the type of compensation directors earned in 2022.

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	118,571	118,571	–	–	–	2,011	239,153
Gary Bosgoed	51,667	75,000	–	–	–	500	127,167
Jill Gardiner	165,000	175,000	–	–	–	1,125	341,125
Kelly Huntington	139,650	118,571	–	–	–	2,655	260,876
Barry Perry	101,333	90,000	–	–	–	2,000	193,333
Jane Peverett	90,000	90,000	–	–	–	1,500	181,500
Robert Phillips	90,000	90,000	–	–	–	1,500	181,500
Katharine Stevenson	96,667	90,000	–	–	–	2,000	188,667
Keith Trent	133,062	118,571	–	–	–	2,011	253,644

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\$90,000, share-based awards totalling US\$90,000, and other compensation totalling US\$1,500.
 - Kelly Huntington earned fees totalling US\$106,000, share-based awards totalling US\$90,000, and other compensation totalling US\$2,000.
 - Keith Trent earned fees totalling US \$101,000, share-based awards totalling US \$90,000, and other compensation totalling US\$1,500.
- Gary Bosgoed was appointed to the Board effective June 1, 2022 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 2022. Three directors served as Committee Chairs and received a retainer for that role:

- Kelly Huntington (PCG Committee);
- Katharine Stevenson and Barry Perry (Audit Committee) (part year service for each); and
- 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 fees paid in cash	% of annual fees paid in DSUs
Doyle Beneby	118,571	105,396	—	13,175	0%	100%
Gary Bosgoed	51,667	46,667	—	5,000	100%	0%
Jill Gardiner	165,000	165,000	—	—	75%	25%
Kelly Huntington	139,650	105,396	26,349	7,905	100%	0%
Barry Perry	101,333	80,000	13,333	8,000	100%	0%
Jane Peverett	90,000	80,000	—	10,000	0%	100%
Robert Phillips	90,000	80,000	—	10,000	0%	100%
Katharine Stevenson	96,667	80,000	6,667	10,000	0%	100%
Keith Trent	133,062	105,396	19,762	7,905	100%	0%

Notes

- Committee member retainers: Audit \$6,000/yr; PCG \$6,000/yr; HSE \$4,000/yr.
- Committee assignments were amended as of April 29, 2022 and again as of July 1, 2022 (due to a board appointment) and as such, some directors Committee Chair/member retainers were pro-rated.
- As of April 29, 2022 Audit Committee members were Barry Perry (Chair), Kelly Huntington, Katharine Stevenson, Robert Phillips, and Keith Trent. PCG Committee members were Kelly Huntington (Chair), Doyle Beneby, Barry Perry, Jane Peverett, and Katharine Stevenson. HSE Committee members were Keith Trent (Chair), Doyle Beneby, Jane Peverett, and Robert Phillips.
- As of July 1, 2022, Audit Committee members are Barry Perry (Chair), Kelly Huntington, Katharine Stevenson, Robert Phillips, and Keith Trent. PCG Committee members are Kelly Huntington (Chair), Doyle Beneby, Gary Bosgoed, Barry Perry, Jane Peverett, and Katharine Stevenson. HSE Committee members are Keith Trent (Chair), Doyle Beneby, Gary Bosgoed, 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\$90,000, comprised of US\$80,000 (annual director retainer), and, US\$10,000 (HSE and PCG Committee member retainers).
 - Kelly Huntington earned fees totalling US\$106,000, comprised of US\$80,000 (annual director retainer), US\$20,000 (annual Committee Chair retainer), and US\$6,000 (Audit Committee member retainer).
 - 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 2022.
- Gary Bosgoed was appointed to the Board effective June 1, 2022 and to the HSE Committee and PCG Committee as of July 1, 2022, as such his fees have been pro-rated to those dates.
- The Board established an ad hoc CEO Search Committee in April 2022 (comprised of Doyle Beneby (chair), Jill Gardiner, Kelly Huntington and Robert Phillips). The ad hoc committee met informally several times since April 2022, however no additional compensation was paid to committee members to date.

SHARE OWNERSHIP

The following table shows the common shares and DSUs each director nominee held as at March 13, 2023, 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 13, 2023

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	45,451	\$1,896,542	186%	yes	April 29, 2026
Doyle Beneby	689,316	64,381	\$2,680,824	383%	yes	January 1, 2023
Kelly Huntington	689,316	35,637	\$1,482,827	212%	yes	January 1, 2023
Barry Perry	510,000	29,766	\$1,237,886	243%	yes	March 1, 2026
Jane Peverett	510,000	15,078	\$637,659	125%	yes	March 1, 2024
Robert Phillips	510,000	23,703	\$994,680	195%	yes	April 27, 2024
Katharine Stevenson	510,000	42,169	\$1,758,737	345%	yes	January 1, 2023
Keith Trent	689,316	26,395	\$1,100,963	157%	yes	January 1, 2023
Gary Bosgoed	510,000	1,200	\$52,588	10%	in progress	June 1, 2027

Notes

- See Director Profiles starting on page 15 for a breakdown of the number of each type of instrument used in the valuation.
- As of the date of the circular, the closing price for our common shares on the TSX was \$41.34.
- 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.
- 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 13, 2023, Brian Vaasjo held 156,015 common shares with a value of \$6,449,660 based on the TSX closing price for our common shares of \$41.34 on March 13, 2023. Brian Vaasjo's share ownership requirement as CEO is calculated as of December 31, 2022 and can be found on page 53.

Share-based awards

The following table sets out information regarding DSUs outstanding as at December 31, 2022:

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	34,534	1,599,965
Doyle Beneby	0	0	62,904	2,914,352
Kelly Huntington	0	0	34,898	1,616,833
Barry Perry	0	0	3,230	149,644
Jane Peverett	0	0	12,006	556,244
Robert Phillips	0	0	17,356	804,111
Katharine Stevenson	0	0	33,086	1,532,852
Keith Trent	0	0	25,657	1,188,681
Gary Bosgoed	0	0	664	30,763

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 \$46.33 the closing price of our common shares on the TSX on December 30, 2022.

Executive compensation

Letter to shareholders

March 13, 2023

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 programs 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 90% to 99% in each of these years (90.95% in 2022).

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 40), the Committee undertook the following initiatives in 2022:

- reviewed the company's short-term incentive program design and target setting approach to affirm pay-for-performance alignment;
- reviewed alternative termination provisions for the Long Term Incentive Program (LTIP) with an emphasis on retention and succession preparedness of critical talent; and
- reviewed and recommended to the Board changes to the executive performance measures for the 2023 short-term incentive (STI) program to better highlight the emphasis of ESG-related measures on executive pay.

Succession planning

We recognize the need to continue to evolve to meet our changing environment. Our succession planning initiatives include developing our talent, refining our processes, and realigning responsibilities to make us stronger and position us to maximize Capital Power's future potential. Succession plans were reviewed in normal course and 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.

2022 performance (see page 63)

Capital Power's results are a testament to the efforts of the executive team and their colleagues across the organization. As we transitioned out of a period dominated by the COVID-19 pandemic, our employees rose 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 2022, 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 \$893 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 \$631M of capital; and
- our growth objective, focusing on the progress of several major construction projects, achieved 50% of target in an environment of labour market and capital constraints.

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 2022 performance.

Capital Power delivered a total shareholder return (TSR) of 25.1% in 2022 and a 3-year TSR of 63.8%.

2022 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 124.29%.

Over the three-year performance period from 2020 to 2022, Capital Power's relative TSR performance resulted in a payout multiplier for our 2020 performance share units of 200% (of target).

For 2023, we are increasing the base salary and STIP targets for most NEOs and three NEOs will have their LTIP target increased. These changes are being made to maintain alignment of the compensation package with the median of our executive compensation peer group.

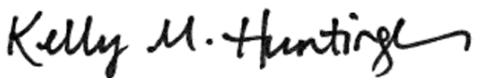
Looking ahead

The Board is pleased that management continues to execute on our strategy and readies our operations and workforce for a future in energy transition. 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

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
<p><i>Compensation Design</i></p> <ul style="list-style-type: none"> ✓ 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 if 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 ✓ A minimum (or floor) of 15% of the share price is used 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 <p><i>Compensation Governance</i></p> <ul style="list-style-type: none"> ✓ 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 (see page 79 for definition) ✓ 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 	<ul style="list-style-type: none"> ✗ 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 2022 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
- Chris Kopecky, Senior Vice President & Chief Legal, Development & Commercial Officer
- B. Kathryn Chisholm, K.C., Senior Vice President, Chief Strategy & Sustainability 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; and
- 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, 63, 69, and 71	<ul style="list-style-type: none"> ✓ 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, 61, 63, and 71		<ul style="list-style-type: none"> ✓ 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	Performance share units (PSUs)	See pages 56, 58, 61, 65, 66, 71, 73, and 75			<ul style="list-style-type: none"> ✓ Equity-based compensation for sustaining mid to long-term performance aligning interests of executives and shareholders
	Stock options	See pages 60, 66, 71, 73, and 74			<ul style="list-style-type: none"> ✓ Used to retain executives ✓ Rewards achievement of mid- to long-term performance results and growth in share price
	Restricted share units (RSUs)	See page 58			

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 (13 of 20), to align with the industry we operate in;
- publicly traded energy services and exploration and production companies from Alberta (4 of 20), to consider the commodity risk inherent in parts of our business; and
- general industry companies with headquarters in Edmonton (3 of 20), 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.	Crescent Point Energy Corp.	Canadian Western Bank
ATCO Ltd.	Ensign Energy Services Inc.	Stantec Inc.
Boralex Inc.	Precision Drilling Corporation	
ENMAX Corp.		
EPCOR Utilities Inc.		
Gibson Energy Inc.		
Innergex Renewable Energy Inc.		
Keyera Corp.		
Northland Power Inc.		
Parkland Fuel Corporation		
Superior Plus Corp.		
TransAlta Corporation		

The group of 20 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 \$).

Market	(\$ millions)		
	Total revenue ⁽¹⁾	Total enterprise value ⁽²⁾	Total assets ⁽¹⁾
25th percentile	\$1,115	\$5,499	\$5,358
50th percentile	\$2,775	\$9,144	\$9,199
75th percentile	\$4,811	\$15,263	\$19,243
Capital Power Corporation	\$1,757	\$9,328	\$9,073
	31st percentile	54th percentile	47th 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, 2022.

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 2022 and for 2023.

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, unvested restricted share units and vested executive deferred share units (DSUs) held. Stock option and PSU 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.

The following table shows the common shares and share units each named executive held on December 31, 2022. The value of common shares reflects the higher of cost of acquisition or \$46.33, the closing price of our common shares on the TSX on December 30, 2022. Share units include dividend equivalents and are also based on the \$46.33 closing price. The estimated value of RSUs represents the payout value on an after-tax basis (using a marginal tax rate of 48%).

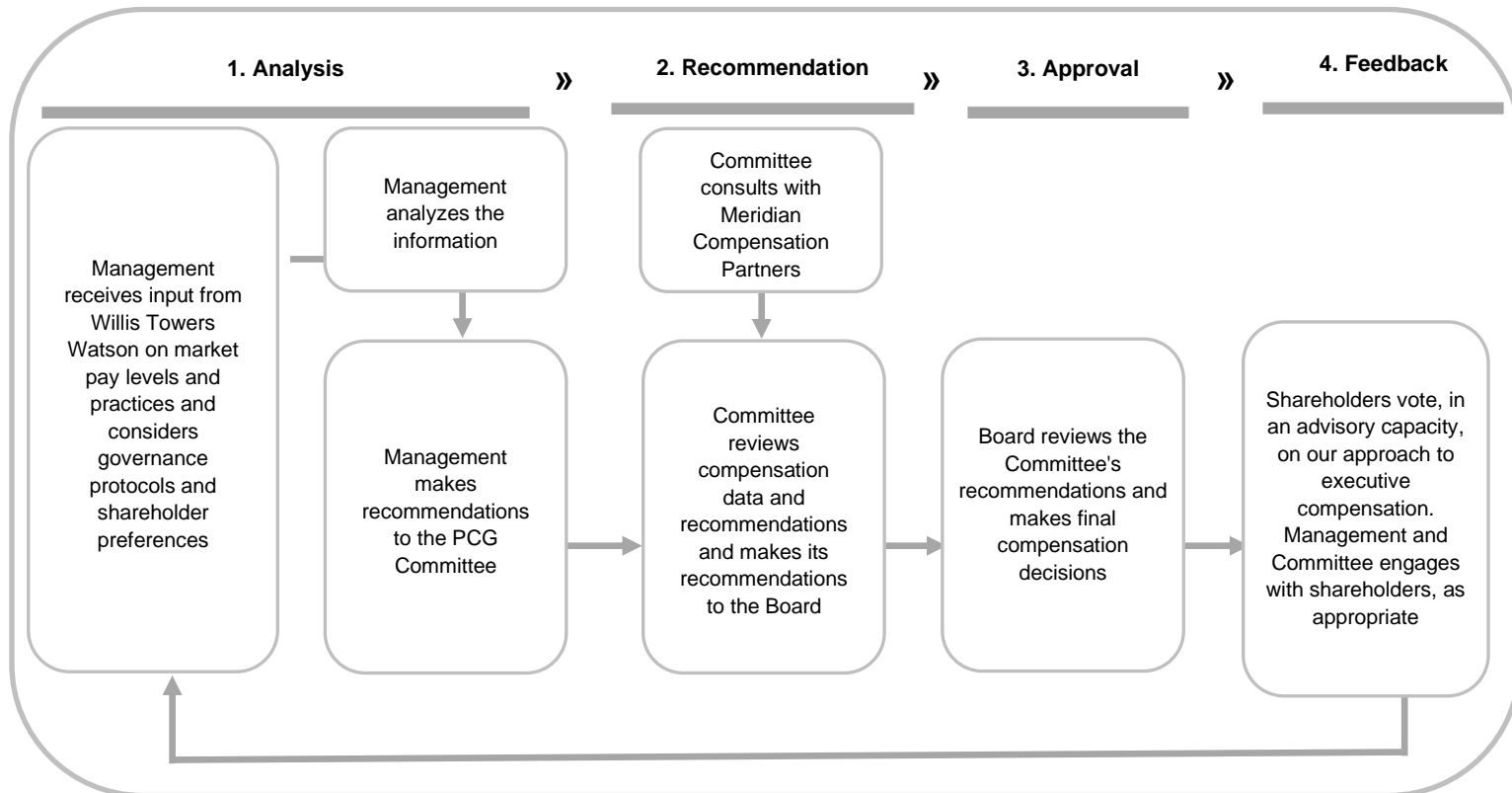
		Brian Vaasjo ⁽¹⁾⁽³⁾	Sandra Haskins ⁽²⁾	Bryan DeNeve ⁽³⁾	Chris Kopecky ⁽²⁾⁽⁴⁾	Kathryn Chisholm ⁽³⁾
Base Salary		\$800,000	\$440,000	\$410,000	\$410,000	\$390,000
Current Equity Ownership	Value of common shares	\$7,228,175	\$390,933	\$2,644,146	\$0	\$1,314,243
	Value of after-tax RSUs	\$839,296	\$187,533	\$254,311	\$166,504	\$205,744
	Pre-tax value of DSUs	n/a	\$200,660	\$51,899	\$250,788	n/a
	Total ownership value	\$8,067,471	\$779,125	\$2,950,355	\$417,292	\$1,519,987
Ownership Requirement	Multiple of salary	5	2	2	2	2
	Value	\$4,000,000	\$880,000	\$820,000	\$820,000	\$780,000
Compliance Assessment	Multiple of salary	10.1	1.8	7.2	1.0	3.9
	As a percentage of ownership requirement	202%	89%	360%	51%	195%
	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) Brian Vaasjo and Kathryn Chisholm had increases to their percentage of ownership requirement 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 he resides in 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 or WTW) 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 applicable to the time horizon of the respective compensation program.

Management researches compensation information with input from WTW that includes data from proxy circulars 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 ensure 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;
- director compensation benchmarking;
- 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; and
- 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:

	2022	2021
	Meridian Compensation Partners	Meridian Compensation Partners
Executive compensation fees ⁽¹⁾	\$42,370	\$61,786
All other fees	\$0	\$0
Total	\$42,370	\$61,786

Note

(1) \$16,016 of fees in 2021 related to director compensation review.

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

Approval

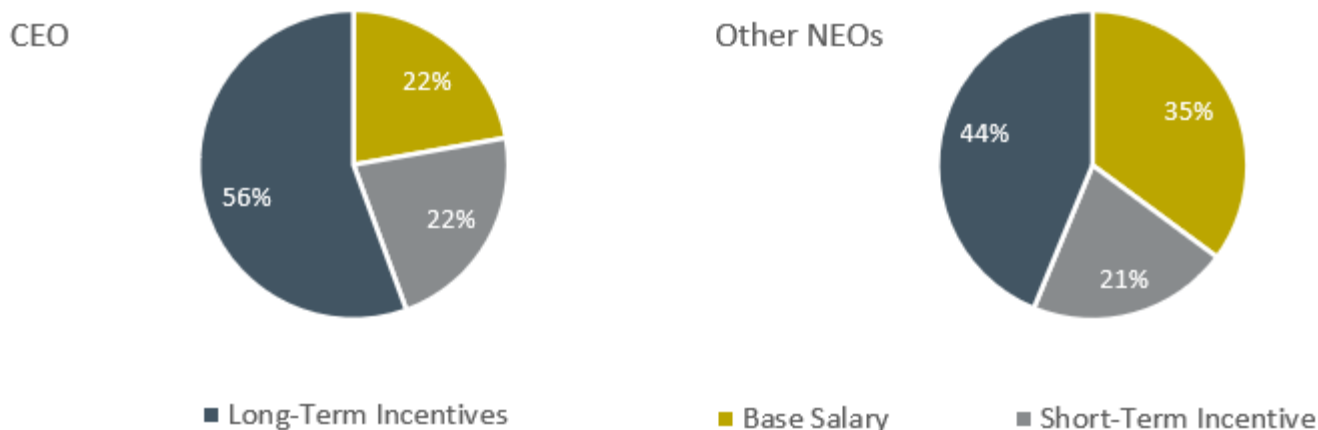
The Board reviews the Committee's recommendations and approves all decisions on executive compensation.

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 contingent on performance – 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 provides participants with the incentive 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 2022:

Name	As a % of base salary		
	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 2022 calendar year and are paid out in March 2023.

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		Most Corporate measures, aside from the Growth Objective, have a threshold, target and stretch value for each metric.												
Funds from operations (FFO)	45%	<table><tr><th>Performance</th><th>Payout (as a % of STIP target value)</th></tr><tr><td>Below Threshold</td><td>0%</td></tr></table>	Performance	Payout (as a % of STIP target value)	Below Threshold	0%								
Performance	Payout (as a % of STIP target value)													
Below Threshold	0%													
Corporate Strategic Objective (In 2022, Committed Capital)	10%	<table><tr><td>Threshold (minimum)</td><td>50%</td></tr><tr><td>Target</td><td>100%</td></tr></table>	Threshold (minimum)	50%	Target	100%								
Threshold (minimum)	50%													
Target	100%													
Growth Objective (In 2022, Construction & Repowering Projects)	10%	<table><tr><td>Stretch (maximum)</td><td>200%</td></tr></table>	Stretch (maximum)	200%										
Stretch (maximum)	200%													
Environmental, Social and Governance (ESG) measures – HSE Index	10%													
Individual measures		The individual measures are assessed through the performance management process.												
Business and ESG objectives ⁽²⁾	25%	Performance against business and ESG objectives is measured and rated against a five-point scale that determines the payout:												
		<table><tr><th>Rating</th><th>Payout (as a % of STIP target value)</th></tr><tr><td>Unacceptable</td><td>0%</td></tr><tr><td>Stronger performance required</td><td>50%</td></tr><tr><td>Fully successful</td><td>100%</td></tr><tr><td>Frequently exceeds expectations</td><td>150%</td></tr><tr><td>Outstanding</td><td>200%</td></tr></table>	Rating	Payout (as a % of STIP target value)	Unacceptable	0%	Stronger performance required	50%	Fully successful	100%	Frequently exceeds expectations	150%	Outstanding	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 2023 program year, the weighting of the individual STIP measures is adjusted to incorporate greater emphasis on ESG measures related to diversity, inclusion, and sustainability as we move forward on these initiatives. The weighting for the 2023 program year is: FFO (no change at 45%); Corporate Strategic Objective (no change at 10%); Growth Objective (no change at 10%); ESG Objectives, weighted at 20%, comprised of the HSE Index (no change at 10%), and a basket of other ESG measures (weighted at 10%); and Individual measures (decreasing to 15%).
- (2) Beginning with the 2023 performance year, ESG objectives will form part of the corporate measures category and be weighted at 10%. The remaining 10% will be assigned to individual business objectives related to the role of each named executive officer that may include operational performance, asset optimization activities, and cost management.

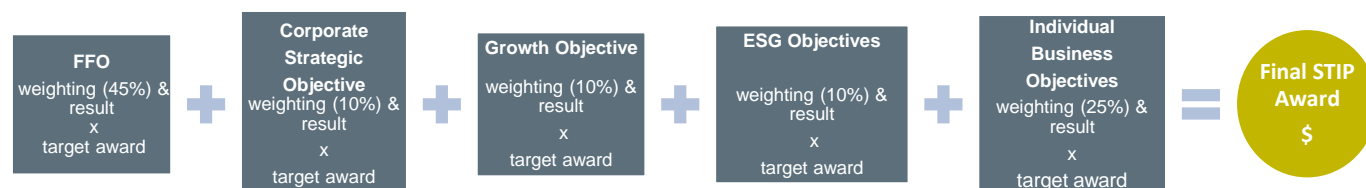
The maximum payout is capped at 200% of target.

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 conditions outlined below which can impact the score included in the payout of the STIP award:

- if there is a fatality or permanent disabling injury, then total recordable incident frequency will not meet threshold performance and will not contribute to the STIP award; and
- if there is a major or critical environmental incident, then the Environment Incident measure will not meet threshold performance and will not contribute to 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 2022 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; and
- retain executives over the long term.

The award components of the LTIP are the same for the CEO and other NEOs: 60% delivered as Performance Share Units (PSUs); 20% delivered as Restricted Share Units (RSUs); and, 20% delivered as stock options.

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, 2022:

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	<p><u>Resignation/termination for cause</u></p> <ul style="list-style-type: none"> • PSUs: forfeited. • RSUs: forfeited. <p><u>Termination without cause</u></p> <ul style="list-style-type: none"> • PSUs: vesting is based on actual performance to the end of the quarter preceding the date of termination (where available otherwise, target performance is used) and pro-rated to the termination date. • RSUs: vesting is pro-rated to the termination date. <p><u>Retirement or disability</u></p> <ul style="list-style-type: none"> • PSUs: beginning with the 2023 LTIP grant, continue to vest to the end of the 3-year term and actual performance is used. Prior grants vested pro-rata to the termination date. • RSUs: beginning with the 2023 LTIP grant, continue to vest to the end of the 3-year term. Prior grants vested pro-rata to the termination date. <p><u>Death</u></p> <ul style="list-style-type: none"> • PSUs: beginning with the 2023 LTIP grant, fully vest immediately and based on target performance. Prior grants vested pro-rata to the termination date. • RSUs: beginning with the 2023 LTIP grant, fully vest immediately. Prior grants vested pro-rata to the termination date.
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The performance measurement of PSUs is based on a combination of two objectives:

- relative total shareholder return (TSR), weighted at 80%, defined as growth in share price (including reinvested dividends) relative to the performance of our peers; and
- a basket of ESG measures, weighted at 20%, focusing on diversity and emissions intensity.

PSUs granted prior to 2022 focus only on relative TSR.

Payout formula



The actual payout or realized value of PSUs is based on our relative TSR ranking, our progress on diversity and emissions intensity reduction, 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 2020, 2021, and 2022 PSU grants:

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

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 three-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

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).

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	<u>Resignation</u> – unvested options are forfeited and vested options expire the earlier of; the 7-year expiry date of the option or 30 days after termination. <u>Termination without cause</u> – all options continue to vest and expire the earlier of; the 7-year expiry date of the option or 30 days after termination. <u>Retirement/disability</u> – beginning with the 2023 LTIP grant, all options continue to vest and expire the earlier of; the 7-year expiry date of the option or 36 months after termination. Prior grants had a 12-month expiry window and unvested options continued to vest in the 12-month window. <u>Death</u> – beginning with the 2023 LTIP grant, all unvested options vest immediately and expire the earlier of; the 7-year expiry date of the option or 12 months after termination. Prior grants had unvested options continue to vest in the 12-month window. <u>Termination for cause</u> – 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 long term 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) with a minimum value (or floor) of 15% of the share price. For the 2022 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; and
- 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; and
- 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 0.9% of the common shares outstanding (116,886,649 as of December 31, 2022).

A total of 9,194,506 common shares have been reserved for issuance under the plan, and 1,022,734 remain available as of December 31, 2022.

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; and
- 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 engaged their compensation consultant (WTW) to provide the Committee with a comprehensive compensation program risk assessment in October 2022 to review our compensation structure, policies and practices, and the key risks affecting our business.

As a result of the 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. Management engages a third-party consultant to perform a compensation program risk assessment every three to five years and reviews the program risk internally in the interim years. The next risk assessment will be completed internally, in 2023. Assessment results are presented to the Board. The table below describes risk mitigating features of our compensation programs:

Compensation Governance	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<p>Incentive programs have a balance of measures to provide for a broad view of performance</p> <ul style="list-style-type: none"> • The 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. In addition, the claw-back provision includes a trigger for misconduct defined 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 are included in 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

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 2022.

Base salary

	2021 Salary	2022 Salary	% Increase	2023 Salary	% Increase
Brian Vaasjo President & CEO	\$800,000	\$800,000	0%	\$860,000	7.5%
Sandra Haskins Senior Vice President, Finance & CFO	\$410,000	\$440,000	7.3%	\$460,000	4.5%
Bryan DeNeve Senior Vice President, Operations	\$410,000	\$410,000	0%	\$440,000	7.3%
Chris Kopecky Senior Vice President & Chief Legal, Development, and Commercial Officer	\$410,000	\$410,000	0%	\$425,000	3.7%
Kathryn Chisholm Senior Vice President, Chief Strategy and Sustainability Officer	\$390,000	\$390,000	0%	\$405,000	3.8%

Note

- Base salaries are reviewed on an annual basis and are targeted within a competitive range of the median of the peer group (see page 52).

2022 STIP award

Corporate performance

Performance measure	Weighting	Target*	Result	Performance assessment	Highlights
Financial Funds from operations (FFO) <ul style="list-style-type: none"> cash provided by operating activities (IFRS-defined term), less changes in operating working capital 	45%	\$705 million	\$893 million	200% Above stretch	FFO exceeded stretch, benefitting from strong Alberta spot power prices and strong contributions across the fleet.
*(Threshold: \$635M; Stretch: \$776M)					
Corporate Strategic Objective Committed capital during the year <ul style="list-style-type: none"> a measurement of achievement as defined by the Board 	10%	\$500 million	\$631 million	126.2% Between target and stretch	Successful acquisition of Midland Cogeneration Venture in Q3 with 50% JV partner, using cash on hand and existing credit facilities.
*(Threshold: \$200M; Stretch: \$1,000M)					
Growth Objectives <ul style="list-style-type: none"> Complete Halkirk 2 on-time and on-budget Construction of Strathmore, Clydesdale and NC Solar Plants on-time and on-budget Genesee 1 & 2 proceeding on-time and on-budget 	10%	1.00	0.50	50% Below target	Halkirk 2 proceeding on-schedule. Strathmore Solar completed on-schedule and on-budget. Clydesdale Solar project completed on-schedule. NC Solar project cancelled due to cost and schedule constraints. Genesee repowering is trending to target for timing and spend.
ESG Objective Health, Safety & Environment (HSE) Index <ul style="list-style-type: none"> a measurement of safe, healthy and environmentally accountable work performance. Utilizes five (5) leading indicators. 	10%	1.00	1.10	166.7% Between Target and Stretch	Performance indicators generally came in above target.
*(Threshold: 0.85; Stretch: 1.15)					

Individual performance⁽¹⁾

Performance Measures	Weighting	Highlights
ESG and Business Objectives	25%	<p>ESG Objectives</p> <p>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 having primary accountability. These measures include people measures related to retention, strengthening employee diversity and inclusion, and environmental emissions initiatives.</p> <p>Individual Business Objectives</p> <p>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.</p> <p>In 2022, all ESG and Individual Business objectives were generally met or exceeded.</p>

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)	45%	x	200%	=	90.0%
ESG Objective HSE Index	10%	x	166.7%	=	16.67%
Corporate Strategic Objective	10%	x	126.2%	=	12.62%
Growth Objective	10%	x	50.0%	=	5.0%
Total					124.29% 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		2022 STIP award (\$)
Brian Vaasjo	800,000	x	100%	x	(124.29% + 37.5%)	=	\$1,294,320
Sandra Haskins	440,000	x	60%	x	(124.29% + 37.5%)	=	\$427,126
Bryan DeNeve	410,000	x	60%	x	(124.29% + 37.5%)	=	\$398,003
Chris Kopecky	410,000	x	60%	x	(124.29% + 37.5%)	=	\$398,003
Kathryn Chisholm	390,000	x	60%	x	(124.29% + 50.0%)	=	\$407,839

Notes

- Sandra Haskins elected to defer a portion of her 2022 STIP award into executive DSUs and received a grant of 3,051 DSUs on March 8, 2023, with an expected value of \$128,138.
- Chris Kopecky elected to defer a portion of his 2022 STIP award into executive DSUs and received a grant of 3,791 DSUs on March 8, 2023, with an expected value of \$159,201.

Based on a review of the STI targets against market competitive data for our peers, the Board approved the PCG Committee recommendation that the STI target for 2023 be increased for four (4) named executive officers, as follows:

- Sandra Haskins, Senior Vice President, Finance & CFO, will have their STIP target increased from 60% to 70%
- Bryan DeNeve, Senior Vice President, Operations, increased from 60% to 70%
- Chris Kopecky, Senior Vice President and Chief Legal, Development and Commercial Officer increased from 60% to 70%
- Kathryn Chisholm, Senior Vice President, Chief Strategy & Sustainability Officer, increased from 60% to 70%

Individual performance

Named executive	Business objectives rating	Comments
Brian Vaasjo President & CEO	Frequently Exceeds Expectations	Mr. Vaasjo achieved Frequently Exceeds Expectations on his 2022 Individual Measures. Funds From Operations exceeded stretch and measures relating to committed capital, safety and environment were all exceeded. General and administrative costs, plant availability and EDI objectives generally met expectations. Advancing the Genesee CCS project development exceed expectations.
Sandra Haskins Senior Vice President, Finance & CFO	Frequently Exceeds Expectations	Ms. Haskins achieved Frequently Exceeds Expectations on her 2022 Individual Measures. Measures associated with her areas of responsibility, tax, and timing of quarter end closings, generally met expectations. The Green Financing Framework, the issue of the first green hybrid subordinated notes and managing shareholder relations exceeded expectations.
Bryan DeNeve Senior Vice President, Operations	Frequently Exceeds Expectations	Mr. DeNeve achieved Frequently Exceeds Expectations on his 2022 Individual Measures. Safety and environment exceeded expectations. Managing planned and unplanned outages in an environment of supply chain, inflation and labor availability issues was excellent. Availability targets were met while operating many more hours.
Chris Kopecky SVP and Chief Legal, Development & Commercial Officer	Frequently Exceeds Expectations	Mr. Kopecky achieved Frequently Exceeds Expectations on his 2022 Individual Measures. Management of the commodity position significantly exceeded the stretch target. Cost management in the commercial, business development and law areas met expectations. Commercial activities in Canada and the United States exceeded expectations. Committed capital with the Midland Cogeneration Venture acquisition exceeded target.
Kathryn Chisholm Senior Vice President, Chief Strategy and Sustainability Officer	Outstanding	Ms. Chisholm achieved Outstanding on her 2022 Individual Measures. Regulatory and government relations advocacy efforts were excellent in 2022, while the gain in public profile for ESG related matters continued to exceed expectations. Further development, execution, and external communication of sustainability strategy, targets and corporate purpose exceeded expectations.

Payment of 2020 PSU awards

PSU awards are at-risk compensation. The named executives achieved performance of 200% for the 2020 PSU awards when they vested on January 1, 2023. The table below is based on \$47.17, 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
	2020 grant plus reinvested dividends (#)		based on relative TSR (%)		30-day VWAP (\$)		realized value (\$)
Brian Vaasjo	35,627	x	200%	x	47.17	=	3,361,071
Sandra Haskins	1,032	x	200%	x	47.17	=	97,393
Bryan DeNeve	12,605	x	200%	x	47.17	=	1,189,158
Kathryn Chisholm	10,172	x	200%	x	47.17	=	959,636
Chris Kopecky	1,665	x	200%	x	47.17	=	157,035

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, 2022 for the 2020 PSU grant over a three-year measurement period, 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	Share Price
Start: January 1, 2020	November 18, 2019 to December 31, 2019
End: December 31, 2022	November 17, 2022 to December 30, 2022

- reinvested dividends – dividends are notionally reinvested in additional shares on the dividend payment date;
- performance peer group – the following 11 companies were used to measure our TSR performance for the 2020 PSU grant:

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

The following table details the results of Capital Power's relative TSR for the 2020 PSU award. For more detail on our Performance Share Units, see page 58.

	TSR result
25 th Percentile	8.8%
50 th Percentile	27.1%
75 th Percentile	51.2%
Capital Power Corporation	63.8%
Payout Factor	200%

Payment of 2020 RSU awards

RSU awards are at-risk compensation. The 2020 RSU grant vested on January 1, 2023. The table below is based on \$47.17, the 30-day volume-weighted average closing price of our common shares on the TSX immediately preceding the vesting date.

	Accumulated RSUs		Release Price		Payout
	2020 grant plus reinvested dividends (#)		30-day VWAP (\$)		realized value (\$)
Brian Vaasjo	11,876	x	47.17	=	560,179
Sandra Haskins	1,720	x	47.17	=	81,142
Bryan DeNeve	4,202	x	47.17	=	198,193
Kathryn Chisholm	3,391	x	47.17	=	159,939
Chris Kopecky	2,774	x	47.17	=	130,844

2023 LTI award

The Board approved a grant of PSUs (weighted at 60%), RSUs (20%) and stock options (20%), no earlier than March 17, 2023, 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 recommendation that LTI targets for 2023 be increased for three named executive officers, as follows:

- Brian Vaasjo, President & CEO will have their LTIP target increased from 250% to 275%
- Chris Kopecky, Senior Vice President and Chief Legal, Development and Commercial Officer will have their LTIP target increased from 115% to 135%
- Kathryn Chisholm, Senior Vice President, Chief Strategy & Sustainability Officer, increased from 115% to 125%

PSUs and RSUs will vest on January 1, 2026 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 better our shares perform over time.

The charts below give a pay for performance analysis for Brian Vaasjo, our President & CEO, over the period 2020 to 2022, 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 35th percentile while Capital Power's TSR performance is at the 71st percentile, meaning lower compensation for higher performance.	Mr. Vaasjo is positioned within the zone of alignment at the 65th percentile while Capital Power's TSR performance is at the 71st 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 2015 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 that time.

On a weighted average basis over the cumulative period of 2015 to 2022, Mr. Vaasjo has realized 110% more than the expected value of the compensation that the Committee awarded him (awarded compensation) while the shareholder's investment has increased by 122% demonstrating a positive relationship on behalf of the shareholder.

	Targeted compensation ⁽¹⁾	Awarded compensation ⁽²⁾	Actual compensation value as of December 31, 2022 ⁽³⁾	Value of \$100		
				Period	Brian Vaasjo ⁽⁴⁾	Shareholder ⁽⁵⁾
2015	\$2,449,511	\$2,558,959	\$3,664,378	2015JAN01 to 2022DEC31	\$143	\$292
2016	\$2,480,957	\$2,654,631	\$11,285,642	2016JAN01 to 2022DEC31	\$425	\$402
2017	\$2,521,693	\$2,598,416	\$6,401,718	2017JAN01 to 2022DEC31	\$246	\$285
2018	\$2,676,254	\$3,036,978	\$7,176,027	2018JAN01 to 2022DEC31	\$236	\$254
2019	\$2,692,107	\$3,040,325	\$5,133,028	2019JAN01 to 2022DEC31	\$169	\$219
2020	\$3,032,329	\$3,339,988	\$6,552,154	2020JAN01 to 2022DEC31	\$196	\$159
2021	\$3,579,719	\$3,984,199	\$6,379,596	2021JAN01 to 2022DEC31	\$160	\$147
2022	\$3,611,090	\$4,105,410	\$5,653,355	2022JAN01 to 2022DEC31	\$138	\$123
Weighted average⁽⁶⁾					\$210	\$222

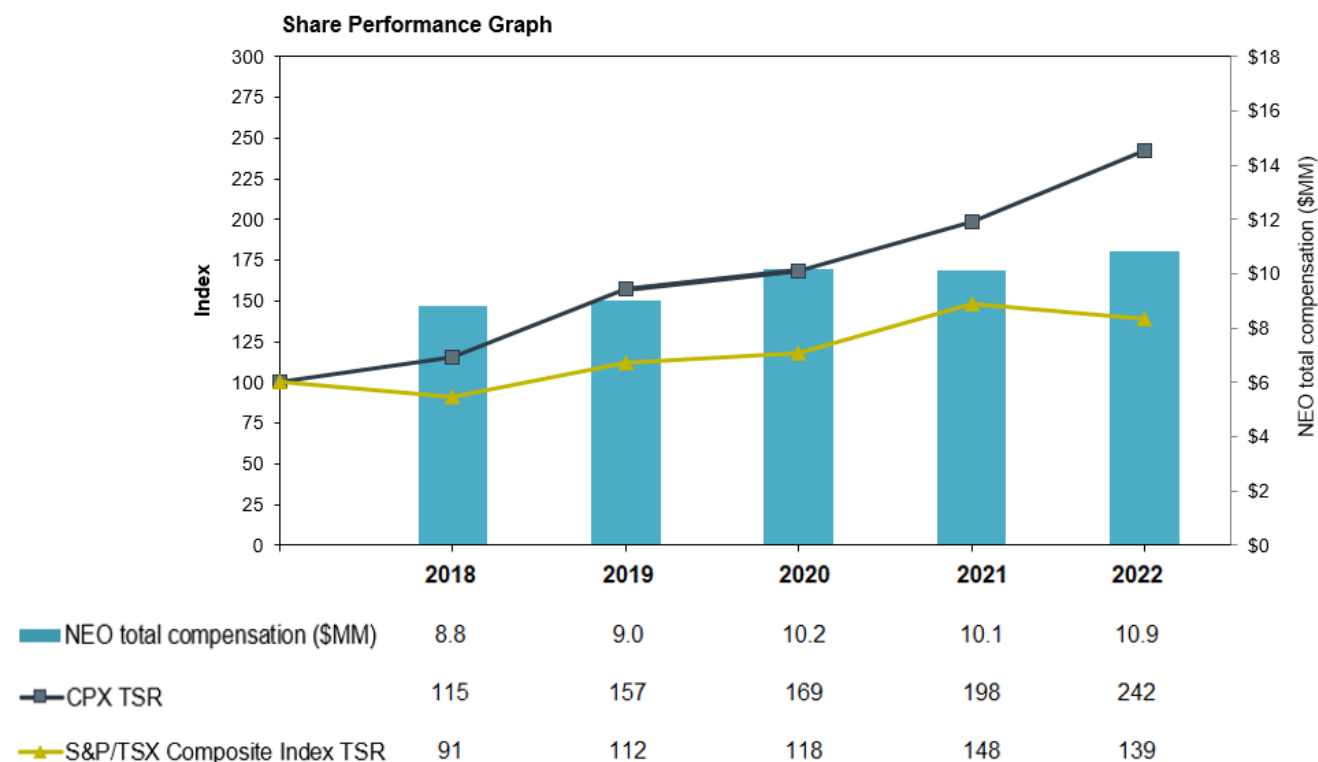
Notes

- (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 30, 2022 of \$46.33 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 the time period 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, 2018 and the reinvestment of dividends.



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; and
- all other compensation.

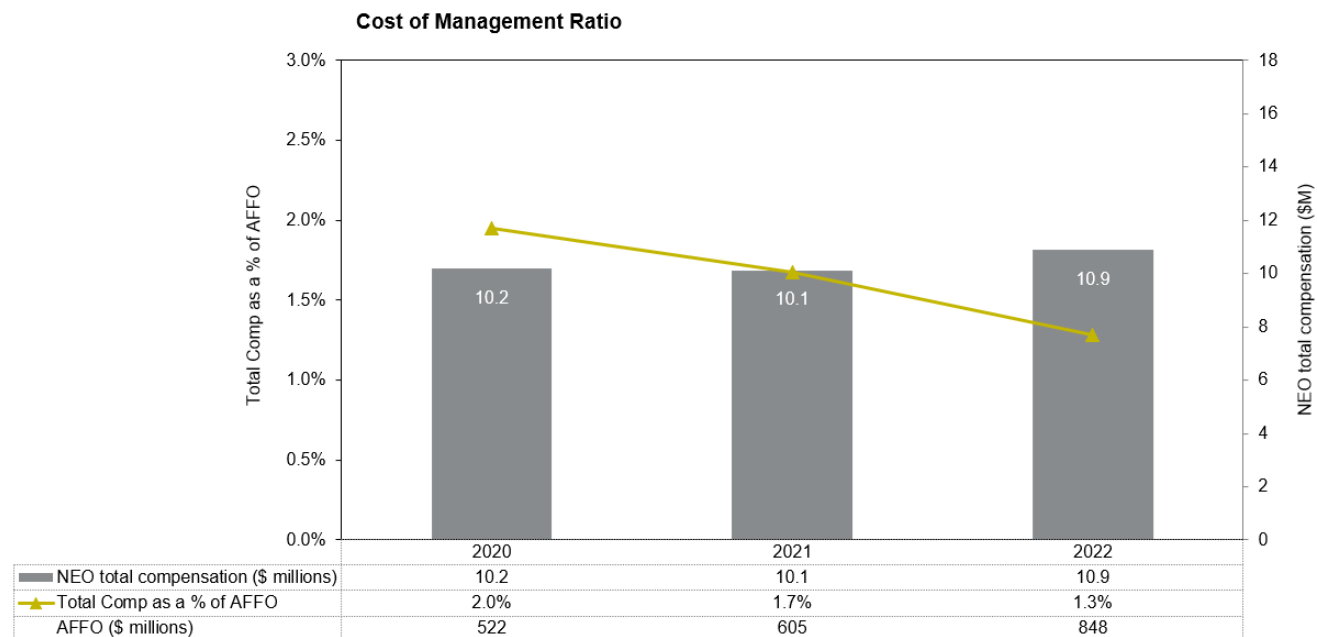
Executive compensation will be affected by our share performance over the long term because a significant portion is equity based, aligning the interests of executives and shareholders. While the grant date fair value of our stock option and share unit grants do not vary with corporate or share performance,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

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 2020. This measure shows that Capital Power's NEO compensation as a percentage of AFFO has been on a downward trajectory and now sits at 1.3% of AFFO.



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, 2022.

2022 details

SUMMARY COMPENSATION TABLE

The table below shows the compensation each named executive received for the fiscal years ended December 31, 2022, 2021, and 2020. Brian Vaasjo does not receive compensation as a director of Capital Power.

Name and principal position	Year	Salary (\$)	Option-based awards (\$)	Share-based awards (\$) ⁽⁴⁾	Non-Equity incentive plans (Annual) (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Brian Vaasjo President & CEO	2022	800,000	411,068	1,600,022	1,294,320	440,194	96,860	4,642,464
	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
Sandra Haskins⁽¹⁾ Senior Vice President, Finance & CFO	2022	431,923	113,765	442,783	427,126	298,179	63,217	1,776,993
	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
Bryan DeNeve⁽²⁾ Senior Vice President, Operations	2022	410,000	113,765	442,783	398,003	127,410	64,407	1,556,368
	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
Chris Kopecky⁽³⁾ Senior Vice President & Chief Legal, Development and Commercial Officer	2022	412,718	96,909	377,199	398,003	35,135	125,981	1,445,945
	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
Kathryn Chisholm Senior Vice President, Planning, Chief Strategy and Sustainability Officer	2022	390,000	92,185	358,804	407,839	130,167	53,052	1,432,047
	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

Notes

- (1) Sandra Haskins' 2020 Pension Value incorporates an above-average adjustment to her compensation experience due to her promotion to an Executive position.
- (2) 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.
- (3) Chris Kopecky was appointed to the role of Senior Vice President & Chief Legal, Development & Commercial Officer on June 1, 2021.
- (4) Share based awards values represent accounting fair value.

Salary

Based on management's executive compensation review, base salaries for the following executive have been increased in 2023:

- Brian Vaasjo, President & CEO will have their base salary increased from \$800,000 to \$860,000
- Sandra Haskins, Senior Vice President, Finance & CFO, increased from \$440,000 to \$460,000
- Bryan DeNeve, Senior Vice President, Operations, increased from \$410,000 to \$440,000
- Chris Kopecky, Senior Vice President and Chief Legal, Development and Commercial Officer, increased from \$410,000 to \$425,000
- B. Kathryn Chisholm, K.C., Senior Vice President, Chief Strategy and Sustainability Officer, increased from \$390,000 to \$405,000

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.

	2022	2021	2020
PSUs and RSUs	\$39.39	\$36.06	\$28.91

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.

	2022	2021	2020
	Accounting	Accounting	Accounting
Volatility	17.6%	17.4%	17.9%
Dividend yield	5.41%	5.99%	7.07%
Expected life	4.5 years	4.5 years	4.5 years
Risk-free rate	1.22%	0.36%	1.68%
Vesting discount	0%	0%	0%
Fair value	\$3.42	\$2.47	\$4.07

Non-equity incentive plans*Annual*

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

Pension value

- 2022 pension value represents compensatory changes from January 1, 2022 to December 31, 2022. The 2022 pension value reflects changes in the obligation due to actual salary experience during 2022 and includes service cost based on a 2.5% increase in pensionable earnings for 2022 and thereafter.
- 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.

All other compensation

Relates to parking allowance (\$3,392 for executives) and perquisites. The 2022 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 \$50,147 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 \$22,196 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 \$25,858 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, 2022:

Name	Grant date	Option-based awards				Share-based awards		
		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 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	—	—	—
	April 01/20	66,874	\$27.15	April 01/27	823,219	83,130	3,851,420	—
	March 09/21	73,951	\$34.23	March 09/28	386,764	86,059	3,987,097	—
	March 11/22	67,699	\$40.48	March 11/29	819,158	68,272	3,163,054	—
Sandra Haskins	March 01/16	—	\$17.33	March 01/23	—	—	—	—
	March 09/17	5,394	\$25.53	March 09/24	—	—	—	—
	March 07/18	5,710	\$24.47	March 07/25	124,821	—	—	—
	March 07/19	4,885	\$30.78	March 07/26	75,962	—	—	—
	April 01/20	3,874	\$27.15	April 01/27	74,303	3,785	175,356	—
	March 09/21	18,719	\$34.23	March 09/28	226,500	21,783	1,009,187	—
	March 03/22	—	—	—	—	—	—	200,660
Bryan DeNeve	March 11/22	18,736	\$40.48	March 11/29	—	18,894	875,339	—
	March 01/16	—	\$17.33	March 01/23	—	—	—	—
	February 28/17	—	—	—	—	—	—	51,899
	March 09/17	—	—	—	—	—	—	—
	March 07/18	—	\$25.53	March 09/24	—	—	—	—
	March 07/19	—	\$24.47	March 07/25	—	—	—	—
	April 01/20	—	\$30.78	March 07/26	—	29,412	1,362,645	—
Chris Kopecky	March 09/21	7,887	\$27.00	April 01/27	151,273	23,817	1,103,462	—
	March 11/22	20,466	\$34.23	March 09/28	247,639	18,894	875,339	—
	March 01/16	18,736	\$40.48	March 11/29	226,706	—	—	—
	March 01/16	—	\$17.33	March 01/23	—	—	—	—
	March 09/17	3,512	\$25.53	March 09/24	73,050	—	—	—
	March 07/18	8,020	\$24.47	March 07/25	175,317	—	—	—
	March 07/19	7,069	\$30.78	March 07/26	109,923	6,103	282,753	—
Kathryn Chisholm	April 01/20	6,247	\$27.15	April 01/27	119,817	11,356	526,108	—
	March 09/21	9,758	\$34.23	March 09/28	118,072	—	—	250,788
	March 03/22	—	—	—	—	16,095	745,677	—
	March 11/22	15,960	\$40.48	March 11/29	193,116	—	—	—
	March 01/16	9,984	\$17.33	March 01/23	—	—	—	—
	March 09/17	—	\$25.53	March 09/24	—	—	—	—
	March 07/18	41,131	\$24.47	March 07/25	899,124	—	—	—
Kathryn Chisholm	March 07/19	45,476	\$30.78	March 07/26	707,152	23,735	1,099,638	—
	April 01/20	6,365	\$27.15	April 01/27	122,081	19,300	894,169	—
	March 09/21	16,583	\$34.23	March 09/28	200,654	15,310	709,322	—
	March 11/22	15,182	\$40.48	March 11/29	183,702	—	—	—

Notes

- Share-based awards number and market payout value includes PSUs and RSUs.
- 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 30, 2022 of \$46.33 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 30, 2022 of \$46.33 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, 2022 no PSUs or RSUs had vested. The named executives realized 386% of the grant value of the 2020 share unit awards when they vested on January 1, 2023. See Compensation Decisions for 2022 – Payment of 2020 PSU Awards starting on page 65. In addition, the value denoted for Bryan DeNeve, Sandra Haskins, and Chris Kopecky represents the closing price of our common shares on the TSX of \$46.33 as of December 30, 2022 multiplied by the number of DSUs they held as of December 31, 2022.

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	892,387	1,273,890	1,294,320
Sandra Haskins	70,678	103,838	427,126
Bryan DeNeve	325,472	419,933	398,003
Chris Kopecky	258,550	328,698	398,003
Kathryn Chisholm	69,853	118,555	407,839

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 2019 PSU and RSU (where applicable) awards that vested on January 1, 2022 and were paid to the named executives on February 18, 2022. Only Sandra Haskins and Chris Kopecky held 2019 RSUs, granted to them while still in non-Executive positions and beginning with the 2020 grant, RSUs were added to the LTIP mix for all 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, 2022:

Name	Grant date	Number exercised (#)	Exercise Price (\$)	Market Price (\$)	Value Realized (\$)
Brian Vaasjo	March 01, 2016	60,000	\$17.33	\$50.53	\$1,512,102
	March 01, 2016	90,000	\$17.33	\$49.94	\$2,227,800
	March 01, 2016	20,000	\$17.33	\$50.34	\$501,052
	March 01, 2016	21,000	\$17.33	\$50.81	\$533,652
	March 01, 2016	21,000	\$17.33	\$50.54	\$529,329
	March 01, 2016	21,163	\$17.33	\$50.55	\$533,670
					\$5,837,605
Sandra Haskins	March 04, 2015	2,000	\$24.88	\$39.50	\$22,112
	March 04, 2015	1,019	\$24.88	\$39.65	\$11,358
	March 04, 2015	2,000	\$24.88	\$40.00	\$22,872
					\$56,343
Bryan DeNeve	March 07, 2018	20,081	\$24.47	\$41.70	\$262,365
	March 07, 2019	20,000	\$30.78	\$43.90	\$198,842
	March 07, 2019	38,095	\$30.78	\$48.98	\$525,868
	April 1, 2020	15,773	\$27.15	\$49.74	\$270,231
					\$1,257,306
Kathryn Chisholm	March 01, 2016	6,000	\$17.33	\$44.72	\$124,692
	March 01, 2016	12,500	\$17.33	\$49.39	\$304,150
	March 01, 2016	6,000	\$17.33	\$50.84	\$152,586
	April 1, 2020	12,729	\$27.15	\$40.94	\$132,970
					\$714,399
Chris Kopecky	March 04, 2015	5,000	\$24.88	\$39.43	\$47,081
	March 09, 2017	4,125	\$25.53	\$50.63	\$66,502
					\$113,584

EQUITY COMPENSATION PLANS

We adopted our two equity compensation plans for executives and employees — the 2009 plan and the LTIP — 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, 2022.

Of the total number of common shares that can be issued under the LTIP, 311,581 options were issued under the LTIP in 2022.

The table below gives details about the equity compensation plans as at December 31, 2022:

Plan category	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)		Total stock options outstanding and available for grant (a) + (c)	
	% of common shares outstanding	#		% of common shares outstanding	#	% of common shares outstanding	#
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	1.5%	1,710,709	\$30.56	0.9%	1,022,734	2.3%	2,733,443
Total	1.5%	1,710,709	\$30.56	0.9%	1,022,734	2.3%	2,733,443

Note

- Stock options were granted for 2,183,100 common shares under the 2009 plan, and 10,356,404 common shares under the current LTIP for a total of 12,539,504 options. Of the total granted under the two plans, stock options for 4,367,732 common shares have been cancelled or expired, and stock options for 6,461,063 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	2022	2021	2020
Overhang	<ul style="list-style-type: none"> 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 	2.35%	3.08%	4.08%
Dilution	<ul style="list-style-type: none"> the current dilution from stock options the total number of stock options outstanding divided by the number of common shares outstanding 	1.47%	1.92%	2.55%
Run rate	<ul style="list-style-type: none"> shows the number 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 	0.27%	0.31%	0.37%

The Company regularly monitors dilution levels and, where warranted, will consider changes to the LTIP 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)
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%
2022	311,581	0.27%

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 9, 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 2022, members were required to contribute 7.45% up to the YMPE plus 11.80% of pensionable earnings above the YMPE, and employers contributed 8.45% up to the YMPE and 12.80% 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; and
- 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 (\$)		Opening present value of defined benefit obligation (\$) (d)	2022 Compensatory changes (\$) (e)	2022 Non- compensatory changes (\$) (f)	Closing present value of defined benefit obligation (\$) (g)
		At year end (c1)	At age 65 (c2)				
Brian Vaasjo	24.6	651,222	651,222	9,680,115	440,194	(1,883,186)	8,215,566
Sandra Haskins	20.9	180,548	197,826	2,798,797	298,179	(573,475)	2,501,944
Bryan DeNeve	20.3	246,296	338,339	3,373,299	127,410	(893,270)	2,585,882
Kathryn Chisholm	18.3	207,964	269,472	2,883,166	130,167	(743,164)	2,248,612

Notes

(b) Number of years of credited service:

- Brian Vaasjo — the amount reflects credited service under the LAPP and 23 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; and
- 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, 2022 and payable at normal retirement age of 65 based on highest average earnings, average YMPE and pensionable service as at December 31, 2022. 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, 2022.

(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) 2022 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 \$21,557 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 2022, 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 compensation. Capital Power matches employee deferrals to a maximum of 7% of eligible compensation, 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, 2021 ⁽¹⁾ (\$)	2022 Compensatory changes ⁽²⁾ (\$)	Accumulated value at Dec 31, 2022 ⁽³⁾ (\$)
Chris Kopecky	1,568,340	35,135	1,509,093

Notes

(1) Based on Bank of Canada exchange rate of 1.2678 as at December 31, 2021.

(2) Based on average Bank of Canada exchange rate of 1.3013 between January 4, 2022 and December 30, 2022.

(3) Based on Bank of Canada exchange rate of 1.3544 as at December 31, 2022.

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, with the exception of Chris Kopecky (due to his US residency), 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.

In April 2022, the Board approved amendments to the SRP to reflect current administrative processes.

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 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 allowance; the other named executives receive \$15,000 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. The other named executives are eligible to receive an annual financial planning allowance of up to \$3,500.

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, 2022 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.

Name	Length of service for calculating the severance payment	Estimated severance (\$)	For Termination without Cause			For Double Trigger Change of Control		
			Estimated value of stock options (\$)	Estimated value of Share Units (\$)	Total including Estimated Severance (\$)	Estimated value of stock options (\$)	Estimated value of Share Units (\$)	Total including Estimated Severance (\$)
Brian Vaasjo	5 months	695,332	857,830	7,662,681	9,215,843	2,573,490	11,298,107	14,566,929
Sandra Haskins	18 months	1,139,323	136,803	1,167,283	2,443,409	410,409	2,141,948	3,691,680
Bryan DeNeve	24 months	1,421,298	169,506	2,417,421	4,008,225	508,517	3,423,511	5,353,326
Chris Kopecky	18 months	1,095,667	0	905,353	2,001,021	331,255	1,624,446	3,051,368
Kathryn Chisholm	24 months	1,390,057	137,183	1,954,358	3,481,598	411,550	2,769,629	4,571,235

Notes

- The information in the table is provided for example purposes only using the executives' current contracts.
- Double Trigger Change of Control also requires termination for "good reason", which may include as examples: a materially adverse change in the executive's position/responsibilities, reporting relationship, or material reduction in compensation/aggregate level of benefits.

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, 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).

Estimated value of vested stock options

- The difference between \$46.33 the closing price of our common shares on the TSX on December 30, 2022, 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 Share Units

- The estimated payout value of share units is based on the closing price of our common shares on the TSX on December 30, 2022 of \$46.33 per share. The PSUs component is also multiplied by the current weighted average performance multiplier. DSUs are fully vested at grant and are not included in the above table.

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, 2022) 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

Investor inquiries

T. 780.392.5305

1.866.896.4636 (toll-free)

F. 780.392.5124

E. investor@capitalpower.com

General inquiries

Capital Power Corporation

12th Floor, 10423 – 101 Street

Edmonton, Alberta T5H 0E9

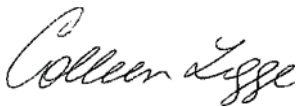
T. 780.392.5100

F. 780.392.5124

W. www.capitalpower.com

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 13, 2023

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 & 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, equity, 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 Bylaws:

- 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; and
- 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 LTIP are forfeited. Vested options granted under the LTIP expire on the original expiry date or 30 days after termination of employment, whichever is earlier.	<p>Prior to the 2023 LTIP grant: Except as noted below for Brian Vaasjo in the case of retirement, unvested options under the LTIP continue to vest and can be exercised for 12 months following termination of employment, retirement or death, before they expire. Vested options expire on the original expiry date or 12 months after the date of termination, whichever is earlier.</p> <p>For Brian Vaasjo, 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.</p> <p>Beginning with the 2023 LTIP grant: Options under the LTIP will continue to vest and can be exercised for 36 months following termination of employment, retirement or disability, before they expire. Vested options expire on the original expiry date or 36 months after the date of termination, whichever is earlier. In the case of death, unvested options under the LTIP vest immediately. Options expire the earlier of the end of the option term or one year from the termination date.</p>			All unvested and vested options under the LTIP are forfeited.	All unvested options under the LTIP 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.	<p>Prior to the 2023 LTIP grant: 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 is based on actual performance to the end of the 3-year vesting period). Payouts occur within 90 days of the date of retirement, or in the case of Brian Vaasjo, within 90 days of full vesting of the award.</p>	<p>Prior to the 2023 LTIP grant: Vesting of PSUs and RSUs is pro-rated to the date of death.</p> <p>Beginning with the 2023 LTIP grant: Unvested PSUs and RSUs will vest immediately.</p> <p>PSU performance pro-ration is based on target performance. Payouts occur within 90 days of the date of death.</p> <p>DSUs are fully vested upon grant. Payout occurs within 90 days of the date of death.</p>	<p>Vesting of PSUs and RSUs is pro-rated to the date of termination.</p> <p>Prior to the 2023 LTIP grant: 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.</p> <p>Beginning with the 2023 LTIP grant: Performance pro-ration of PSUs is based on actual performance to the end of the quarter preceding the date of termination (where available otherwise, target performance will be used).</p> <p>Payouts occur within 90 days of the date of termination.</p> <p>DSUs are fully vested upon grant. Payout occurs within 90 days of the date of termination.</p>	All PSUs and RSUs are forfeited. DSUs are fully vested upon grant. Payout occurs within 90 days of the date of termination.	<p>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.</p> <p>DSUs are fully vested upon grant. Payout occurs within 90 days of the date of termination.</p>

•	Resignation	Retirement/ Disability	Death	Termination without cause	Termination for cause	Double trigger change of control
		<p>DSUs are fully vested upon grant. Payout occurs within 90 days of the date of retirement.</p> <p>Beginning with the 2023 LTIP grant: Vesting of PSUs and RSUs continues to the end of the 3-year term. Performance pro-ration of PSUs is based on actual performance.</p>				
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).
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	Not applicable.	Severance is provided representing the Severance Payment for 12

•	Resignation	Retirement/ Disability	Death	Termination without cause	Termination for cause	Double trigger change of control
				Capital Power to a maximum of 18 months.		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.
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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Capital Power Corporation
12th Floor
10423 – 101 Street
Edmonton, Alberta T5H 0E9

www.capitalpower.com