



Capital Power Sustainable Sourcing Policy

Certified to be a true copy of the
Sustainable Sourcing Policy
approved by the Board of
Directors on November 22, 2022

A handwritten signature in black ink, reading "Colleen Legge", written over a horizontal line.

Colleen Legge,
Associate General Counsel and
Corporate Secretary

Sustainable Sourcing Policy

Working in Partnership with our Suppliers

Capital Power's corporate purpose is to *power a sustainable future for people and planet*. We therefore seek to protect the environment and contribute to the social and economic wellbeing of all of the communities in which we live and operate. Our Business requires us to purchase significant amounts of goods and services. We will strive to use this purchasing to manage our impacts and create opportunities for qualified Diverse Suppliers and Local Suppliers. Our overall objective is to strengthen our supply chain by creating mutually beneficial partnerships with our Suppliers based on trust, strong business ethics and a shared desire to manage our impacts on the environment and in the communities in which we operate.

Application

This Policy provides the framework through which Capital Power can extend greater opportunities to qualified Diverse Suppliers and Local Suppliers and other Suppliers taking steps to manage and mitigate their environmental impacts. It applies to all of our full-time and part-time employees, contract workers, contractors and consultants.

SCM is responsible for developing tools and processes for the application of this Policy to our capital projects. Construction Management, Engineering and Operations are responsible for using the tools and processes provided by SCM to identify and retain Suppliers for capital projects and for collaborating with Stakeholder Relations and Community Investment to implement this Policy.

Stakeholder Relations and Community Investment are responsible for incorporating the implementation of this Policy into their work with the communities in which we operate, including assisting with the communication of opportunities for qualified Diverse Suppliers and Local Suppliers therein.

Capital Power Commitments

Capital Power commits to use its purchasing power to manage our impacts in the following areas.

Environment

Where appropriate, Capital Power will factor potential Suppliers' environmental performance into its procurement decisions, including Suppliers':

- Scope 1, 2 and 3 Emissions and plans for mitigation thereof;
- biodiversity programs;
- use of natural resources, including scarce minerals, extraction methods and consumption and conservation programs; and
- circularity efforts.

Social

Where appropriate, Capital Power will factor potential Suppliers' social performance into its procurement decisions, including Suppliers':

- development and implementation of procurement policies, processes, practices, tools and systems that enable greater participation by Diverse Suppliers and Local Suppliers in our Business;
- support and implementation of education and training programs that help develop the skills, knowledge and capacity of Diverse Suppliers and Local Suppliers;
- support with targeted community investments that contribute to the development of Diverse Suppliers and Local Suppliers;
- efforts to create opportunities and remove barriers in their workforces and on our sites for qualified Diverse Suppliers and Local Suppliers so that our operations and the communities that surround them benefit;
- performance and progress with respect to increasing the proportion of Diverse Suppliers and Local Suppliers into their respective supply chains;
- health and safety performance; and
- human rights and labour policies and practices.

Governance

Where appropriate, Capital Power will factor potential Suppliers' procurement governance into its procurement decisions, including Suppliers' ability to:

- identify and mitigate sustainability risks associated with their procurement process;
- encourage the identification, qualification, employment and contracting of diverse and local sub-suppliers;
- apply Capital Power's ethical, environmental and health and safety standards to their employees and sub-contractors working on our sites; and
- pursue responsible sourcing certification, where practical and available, and provide necessary authenticating documentation.

When dealing with our Suppliers, we commit to:

- deal fairly with Suppliers, selecting our Suppliers based on objective criteria, including technical specifications, product and service quality, price, technological capabilities, environmental and social impact and performance record, treating them with honesty and respect and, where appropriate, providing them with feedback regarding their sustainability performance;
- utilize a risk-based approach to determine where to apply Certification, based on Supplier type, size, Business, complexity and risk environment;
- use confidential Supplier information legitimately and solely for the express purposes for which it is collected;
- monitor the implementation of the principles contained in this Policy by our Suppliers;
- investigate all allegations of breach of this Policy thoroughly and fairly and protect against retaliation for any good faith allegation made;

- establish, and report annually on our progress toward our, sustainable sourcing targets and with integrity and transparency; and
- review this policy and related procedures periodically to ensure its continued relevance and rigour.

Supplier Commitments

Capital Power expects its suppliers to collaborate with it to create positive impact in the following areas.

Environment

At minimum, we require our Suppliers to comply with all applicable environmental laws and regulations and to possess any and all required environmental permits and licenses. We also require contractors working on our sites to comply with our [HSE Requirements](#) and/or Project Environmental Management Plans, as applicable, to minimize their impact on the environment (including the climate).

We further encourage our Suppliers to take all reasonable steps to track and reduce our, and their, greenhouse gas emissions, including, but not limited to, tracking and reducing emissions, sourcing from local suppliers and considering environmental factors in their procurement decisions.

Social

We believe that the best business decisions and the healthiest communities and economies, result from the equitable inclusion of diverse people and the application of diverse perspectives and experience. Capital Power's EDI Strategy articulates our specific plans and EDI targets. Wherever practical, we therefore encourage our Suppliers to:

- develop and implement their own EDI strategies and targets;
- develop a diverse supply chain for themselves and to utilize diverse suppliers when doing work on our behalf;
- to seek from nationally or regionally recognized third-party agencies because certification authenticates diversity attributes, driving credibility; and
- factor the social factors which Capital Power includes in its procurement decisions into their purchasing.

We respect the United Nation's Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and are embedding them throughout our Business. As such, we require our Suppliers to safeguard human rights, so that: all workers are treated equally and with respect and dignity; all workers are provided with safe working conditions; work is only conducted on a voluntary basis; all workers are of an appropriate age; all workers are compensated fairly; working hours for all workers are reasonable; all workers have access to fair procedures and remedies; and work is conducted on the basis of freely agreed and documented terms of employment.

More specifically, Capital Power is dedicated to improving our practices to combat slavery and human trafficking in accordance with the International Labour Organization Conventions. Accordingly, Capital Power stands firmly against the use of forced or compulsory labor and any form of slavery and human trafficking, as well as child labor, in our upstream supply chains or any part of our operations. Capital Power expects its employees, agents, and contractors to know and uphold the human rights of all workers, including the right to freely chosen employment for all workers, and to provide all workers with safe working conditions.

We also evaluate our Suppliers' health and safety management systems to ensure they are equivalent to our safety policies and procedures and close gaps or deficiencies before the job begins.

Governance

We expect our Suppliers to know their suppliers, to apply principles of sustainable sourcing to their own procurement in their respective supply chains wherever practical.

We also require our Suppliers to refrain, and prohibit their respective suppliers, from participating in any form of bribery, corruption, extortion or embezzlement and to perform and accurately record all Business within their books and records.

We expect our Suppliers to partner with us in the implementation of this Policy, to be transparent with us in respect of the sustainability of their procurement practices and to provide us with certification and supporting data where required.

We also expect our Suppliers to [report to us](#)] any failure by any Capital Power employee or Supplier of which any Supplier is aware as soon as possible.

Definitions

“BIPOC” refers to black, Indigenous and other people of colour.

“Business” means Capital Power's construction, operation, commercial and other business activities.

“Certification” means a form of attestation of one or more sustainability characteristics that is appropriate, given the size and nature of the relevant Supplier, such as: third-party responsible sourcing certification, where available; and on-line assessments of Suppliers or Supplier self-declaration, where certification is not practical, so that the framework created by this Policy is suitable for Suppliers that are sole proprietors as well as large Suppliers with well-established procurement and compliance programs.

“Community Investment” means our Community Investment Department.

“Disability” means any impairment, including a physical, mental, intellectual, cognitive, learning, communication or sensory impairment — or a functional limitation — whether permanent, temporary or episodic in nature, or evident or not, that, in interaction with a barrier, hinders a person's full and equal participation in society.

“Diverse Suppliers” means Suppliers that are wholly or partially owned and controlled by individuals or groups that either identify as BIPOC or LGBTQ2SA or have a Disability.

“EDI” means equity, diversity and inclusion.

“LGBTQ2SA” means lesbian, gay, bisexual, transgender, queer or questioning, two-spirit or asexual.

“Local Suppliers” means Suppliers that are headquartered in, and/or wholly or partially owned and controlled by one or more individuals that have a substantial connection to, communities in which we operate.

“Policy” means this Sustainable Sourcing Policy.

“SCM” means our Supply Chain Management Department.

“Stakeholder Relations” means our Stakeholder Relations Department.

“Supplier” means any entity or person(s) that sell goods or services to Capital Power.

Version	Date	issue
1.0	2022/11/22	Approved by the Board of Directors