

Delivering **power**
for a **sustainable** future

2021 ESG REPORT



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About Kinetikor

Kinetikor develops, owns and operates power generation facilities that reduce emissions and increase flexibility across Canada. Kinetikor focuses on projects that have an environmental and economic advantage versus the current marketplace. Headquartered in Calgary, Alberta, Kinetikor has numerous projects in various stages of development, construction and operations.

- \$1.6 Billion Assets Under Management
- 6 First Nations Investment Partners
- >2,400 MW power generation in operation, under construction and in development



Message from our CEO

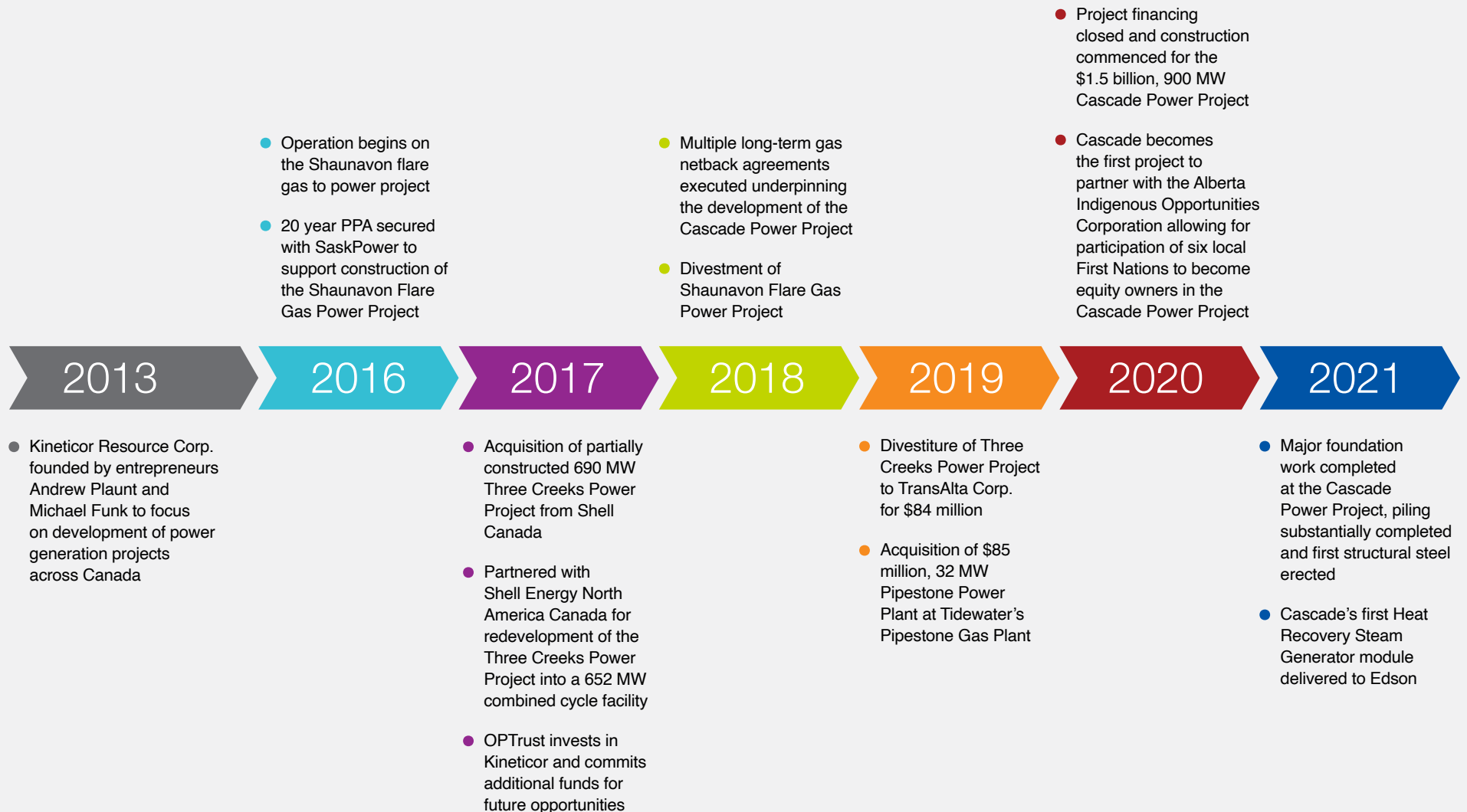
Kinetikor was founded on the concept that ingenuity is key to address the needs of changing power markets and create electricity systems that will **deliver power for a sustainable future**. Today we are guided by our principles and our dedication to develop, own and operate projects that reduce environmental impacts, empower our partners and set the standard for stakeholder engagement. We are focused on continuous improvement of our governance structure to promote collaboration and diversity.

Kinetikor is pleased to formalize our sustainability commitment, with the completion of our first sustainability report. This report is an important step in demonstrating our ongoing dedication to establishing sustainable business practices, benchmarks and achieving meaningful goals. We are committed to our sustainability journey and have dedicated 2022 to lay the foundation with our inaugural sustainability report. We will use this year to speak to our stakeholders, perform a materiality assessment and gather baseline data for future framework reporting.

We consider sustainability to be a key component of Kinetikor's overall corporate strategy and an important part of our efforts to bring long-term value to our customers.

Sincerely,
Andrew Plaunt

Our History



Current Projects



Cascade Power Project

Cascade is a 900 megawatt (MW) combined cycle natural gas fired generating facility in Yellowhead County. The project will have the capacity to supply over 8% of the province's average electricity demand. The facility will utilize modern, high-efficient industrial turbines, and will commence operations in 2023.

2023
COMMERCIAL
OPERATIONS

900MW
CAPACITY



Pipestone Power Project

Pipestone is a 32 MW cogeneration facility that provides power and heat to Tidewater Midstream's 100 MMcf/day Pipestone gas plant.

2020
COMMERCIAL
OPERATIONS

32MW
CAPACITY

Our Approach to Sustainability

At Kinetikor, sustainability is embedded into the way we do business, our decision-making processes, and everyday activities since our inception in 2013. We enlisted ESG-focused third-party input combined with guidance from both the Global Reporting Initiative (“GRI”) Standards and Sustainability Accounting Standards Board (“SASB”) Standards to complete and determine our sustainability priorities.

Our strategy has always been driven by a holistic, long-term perspective, one that prioritizes our sustainability objectives and ESG performance. Our ESG approach at Kinetikor is managed by our Sustainability Working Committee. This Committee is composed of individuals from across the business to provide a diverse perspective on Kinetikor’s efforts on ESG topics and to support the activation of our approach to ESG throughout our business.

SUSTAINABLE PRIORITIES THAT REFLECT OUR VALUES



ENVIRONMENT:

Emissions

Kineticor's environmental stewardship strategy is to minimize our environmental impacts through best practices and vigorous environmental management programs, thoughtful vendor selection and eco-friendly product procurement. We are committed to always meet or exceed environmental regulations and industry standards. We strive to be stewards of the environment, carefully managing our impacts on emissions and water management.

What it means to us

Kineticor will lead Alberta's electricity transition by generating high efficiency, low-emitting and reliable power generation, supporting the province's transition off coal-fired power and the integration of renewables.

Our approach

Once complete, the Cascade Power Project is expected to be the largest and most efficient combined cycle power plant in the province, producing approximately 62% less CO₂ equivalent per MWh than existing coal-fired generation, and at least 30% less CO₂ equivalent per MWh than a typical coal-to-gas conversion. With Alberta contributing over 50% of Canada's GHG emissions from electricity generation, the Project is expected to result in one of the largest emissions reduction opportunities in the country's electricity sector.

Kineticor is committed to continuous improvement and will maintain our focus on ways to further reduce our emissions. We recognize that we need to decarbonize our economy and the electricity sector is a very important part of this transition.

Advocacy and transparency

Kineticor will continue to be engaged in stakeholder processes as policies are reviewed and developed. Our team members have been active participants in electricity sector and carbon-focused policy engagements, from Alberta's review of its electricity market system to the creation and reviews of provincial and federal

carbon policies. We will continue to engage with government and regulators at all levels to better understand and support regulatory development and the evolving carbon market.

KEY PERFORMANCE HIGHLIGHTS

- **Establish measurement for emissions baseline** – Kineticor understands that the first step in emissions reduction is to determine the baseline impact. The Company has established continuous measurement of fuel and electricity consumption at project sites, reported monthly in construction/operations reports.
- **Energy efficiency** – Kineticor is committed to using its energy efficiently, implementing solutions for more efficient energy use to reduce emissions. Energy efficiency reduces our need for energy, which decreases energy costs and our environmental footprint. We look across our business to find energy efficiency opportunities, including reducing energy consumption at our corporate office and our project facilities.
- **Operational efficiencies to reduce emissions** at project sites include:
 - Use of low carbon concrete for piling and use in foundations laid
 - Transition from gas operated tools and generators to battery/electric
 - Installation of programmable timers to keep lighting to minimum required levels for security through off hours
 - Use of water from on-site water well to reduce emissions from the transportation of water to site

COMMITMENT

- Determine a carbon footprint assessment that will evaluate scope 3 emissions at projects under Kineticor site control.
- **Resilience – action plan for transition risks:** Cascade will introduce mitigation measures related to transition risks once an evaluation is completed.

ENVIRONMENT:



What it means to us

At Kinetikor, we recognize that water is a precious resource that must be used responsibly. We carefully manage our water withdrawals and monitor our wastewater disposal with a focus on conservation when available.

Our approach

We strive to minimize our water use and seek alternative options to avoid the use of freshwater. At our facilities, we seek to optimize water use from the beginning, starting at the design stage.

At Cascade, minimization of water demand was a key aspect in the plant configuration during development. Air-cooled condensers were selected in the design process instead of water-cooled condensers to conserve water in the region. Additional wastewater treatment was also added to the project to keep our water consumption low so that the plant would be able to run throughout the year using only the water sourced from on-site water wells, reducing the need to truck water to site. Cascade considered multiple options for its water source and focused on on-site water wells to avoid additional impacts associated with the transportation of water to site.

As required by the Alberta Energy Regulator, water withdrawals from the well will be continuously monitored. This also provides us with daily water consumption data for the project.

Water at the Cascade Power Project will be required predominantly for the boiler feedwater to produce steam in the steam cycle. Water will also be required for the firewater system and potable water system.



KEY PERFORMANCE HIGHLIGHTS

- In 2021, Kinetikor has implemented a **water monitoring and evaluation procedure** which is continually tracked and reported monthly.

COMMITMENT

- Focus on continuous improvement related to water consumption and water source.



SOCIAL:

Health & Safety

What it means to us

The health and safety of our people and community is of the utmost importance and underpins our corporate culture. We are committed to conserve leading health and safety practices and performance. The success of our company is dependent upon the strength of our workforce. We work to be an employer of choice, with dedicated and healthy employees.

Our approach

Kineticor is committed to its leading health and safety procedures, including proper training programs for all staff. The Board of directors of Kineticor meets on a quarterly basis to ensure that all necessary policies, procedures and industry practices that are designed to protect our employees and contractors, as well the members of the public and environment are being adhered to. To identify opportunities to improve health, safety and environment performance, operations at the field level are regularly assessed.

At Kineticor, we believe that if you see questionable safety behavior, you now own that safety behavior and have the obligation to correct that behavior immediately, whether it is refusing work or stopping work immediately, until safety standards are corrected.

0.48

2021 TRIR¹
(total recordable incident rate)

0

2021 LTIF¹
(lost-time incident frequency)

KEY PERFORMANCE HIGHLIGHTS¹

- We track safety performance with two key metrics – total recordable incident rate (TRIR) and lost-time incident frequency (LTIF). In 2021, our employee and contractor TRIR was 0.48 and our LTIF was 0 at Cascade.

¹ Cascade Power Project

COMMITMENT

- Always strive toward zero safety-related incidents.

SOCIAL:

Community & Partnerships

What it means to us

Kineticor is committed to create considerate and mutually beneficial relationships with its communities and partnerships. We are active in engaging with our stakeholders to build trust and confidence in how Kineticor contributes to sustainable economic development.

Our approach

Our projects are developed with a focus on communication with the communities that are impacted by our operations. We regularly and openly engage with our community and partners, collaborating in an open forum.

At Kineticor, we believe partnerships and collaboration are key to success and we are committed to developing close, long-term relationships with Indigenous communities on whose traditional territories we live and work. We believe that our Indigenous partners should be provided with opportunities to share in the economic benefits of developments that happen in their communities. That is why we always try to partner and employ our Indigenous colleagues.

Kineticor is proud to have partnered with the Indigenous Communities Syndicate LP ("ICS"), a consortium of six Alberta First Nations, owned by Alexis Nakota Sioux Nation, Enoch Cree Nation, Kehewin Cree Nation, O'Chiese First Nation, Paul First Nation and Whitefish Lake First Nation as investors in Cascade. Kineticor also continues to encourage vendors to proactively evaluate and communicate their company's ESG impacts. It is only together through effective stakeholder engagement that we can truly make an impact on our community.

KEY PERFORMANCE HIGHLIGHTS

- Kineticor has supported various local causes such as Edson's ShelterPod project, and the Red Brick Arts Centre and Museum.
- Kineticor continued to hold stakeholder meetings throughout 2021 to provide project updates for Cascade Power Project.

COMMITMENT

- We are committed to providing direct support to every community we operate in.



SOCIAL:

Diversity

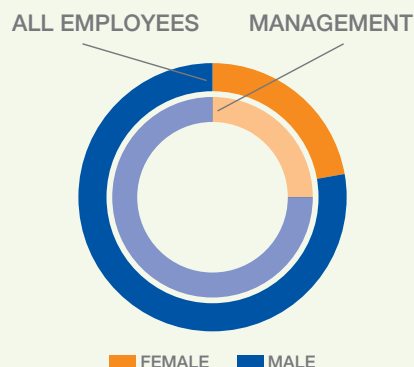
What it means to us

Kineticor is committed to the principles and practices of Diversity, Equity and Inclusion (“DE&I”). We have outlined our commitment with the following DE&I statement:

Kineticor believes that people are our greatest asset, and the differences among us create strength. We prize diversity both in our background and our values, with an inclusive culture that will embrace the challenges required to transform the energy landscape.

Our approach

Kineticor understands that when we embrace the different perspectives of our people, we will be more successful. Our ability to catalyze a range of backgrounds and knowledge enables us to make more enlightened decisions. Kineticor fosters a work environment free from all forms of discrimination and harassment and promotes an inclusive environment where employees have equal opportunity to contribute to our success.



\$23M

spent on services provided
by Indigenous companies¹
in 2021

9

Indigenous companies
provided services at
Cascade in 2021

KEY PERFORMANCE HIGHLIGHTS

- A number of construction contracts for Cascade were awarded to Indigenous companies, including site clearing, security, surveying, geotechnical, geostructural, transportation, fuel supply and environmental contracts.
- Cascade's EPC provider, BPC, is required to ensure Indigenous companies have the opportunity for work. BPC member PCL has a close relationship with Women Building Futures which includes attending interview days for soon-to-be graduates as well as hiring previous graduates of the program.

¹ Indigenous companies includes both Indigenous-owned and Indigenous-partnered companies.

COMMITMENT

- Incorporate training focused on DE&I for all employees.

GOVERNANCE:

Good Governance

Acting with integrity has been embedded in every aspect of our business since the beginning stages of our corporate history, and through sound governance and committed leadership we have created a firm foundation on which to build our ESG performance and transparency.

What it means to us

Kineticor understands the **importance of good corporate governance** and is committed to provide autonomy in how we operate, while meeting the needs of our regulated industry. Effective corporate governance considers the interests of our stakeholders, while providing review and oversight of corporate strategies.

Our approach

Kineticor's corporate governance practices are overseen by our Board of Directors and committees, including Corporate Governance and Nominating Committee, Human Resources and Compensation Committee, and Audit and Finance Committee. The Board provides oversight on strategy, risk management, and succession planning, and each of the committees has specialized duties.

How we operate is defined in our governance policies and procedures, as it sets out the behaviours and standards of conduct, we expect of ourselves and each other. It provides an overview of the policies and practices that must be followed by anyone who works for or represents our Company. Kineticor ensures regular communication to staff of any policy updates and has an annual review and signing procedure for the Code of Ethics, along with annual confirmation from officers and directors with respect to our Anti-Corruption Policy.

KINETICOR'S KEY GOVERNANCE POLICIES

- Code of Ethics (Intellectual Property/Confidentiality)
- Audit and Finance Committee Charter
- Corporate Governance and Nominating Committee Charter
- Human Resources and Compensation Committee Charter
- Board of Directors' Terms of Reference
- Corporate Governance Guidelines
- Legal Authorities and Spending Limits
- Position Description – Chairman of the Board
- Position Description – Chief Executive Officer
- Position Description – Board Committee Chair
- Health, Safety & Environment Policy
- Whistleblower Policy
- Corporate Approval Policy
- Respectful Workplace Policy
- Maternity, Parental and Adoption Leave Policy and Procedures
- Anti-Corruption Policy
- Drug, Alcohol and Substance Use Policy
- Cybersecurity Policy
- Diversity & Inclusion Policy
- ESG Incident Reporting & Investigation Policy
- Verification of Formal Labour Agreements for Subcontractors Procedure

KEY PERFORMANCE HIGHLIGHTS

- Kineticor has robust cybersecurity policies and procedures which includes annual audits and tests which are managed by one of the largest global IT companies.
- Kineticor has an established risk and compliance management system, including a confidential Whistleblower Hotline and online reporting option, managed by NAVEX, a leading third-party provider.

COMMITMENT

- Develop procedure to ensure quarterly reporting on sustainability issues and metrics.



KINETICOR

kineticor.ca