

**KINETICOR**

DELIVERING POWER FOR A SUSTAINABLE FUTURE

2022

ESG Report





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## 2022 Highlights

- Substantial progress on construction of Cascade Power Project
- Investment in the evaluation of decarbonization strategies for facilities
- Participation in Energy Transition policy development
- Continued focus on strategic partnerships with six Alberta First Nation Communities

# Message from our CEO

Since our inception in 2013, Kinetikor has been driven by the vision of improving the way we create power. Our mission goes beyond simply generating electricity, it encompasses the imperative of sustainable operations that minimize the impact on the surrounding environment, supports our communities and partners, and prioritizes the wellness of our employees.

As we progress, we acknowledge the increasing significance of our ESG strategy. Our strategy serves as guiding principles, directing our decision-making, promoting responsible practices, and cultivating a culture of transparency and accountability. The release of our 2021 ESG Report was a significant milestone representing our dedication to sustainability. We take pride in the advancements made in our 2022 ESG Report, which involved engaging stakeholders in a comprehensive materiality assessment to ensure alignment of our ESG strategy with all relevant factors.

In the year ahead, we remain resolute in our dedication to our ESG strategy. We understand that our journey is ongoing, and we embrace the challenges and opportunities it presents. We are committed to driving positive change in the areas of environmental stewardship, social responsibility, and exemplary governance practices. By seeking out innovative solutions, collaborating with our stakeholders, and continuously improving our operations, we aim to achieve new milestones for our operations and the Energy Transition.

I am grateful for the unwavering support of our employees, partners, and shareholders who have played a pivotal role in our ESG journey. Together, we will continue to drive positive change, shape a sustainable future through the Energy Transition, and create shared value for all.

Thank you for your trust and collaboration as we embark on this important path.

Sincerely,  
Andrew Plaunt



## About Kinetikor

Kinetikor develops, owns, and operates power generation facilities to support the Energy Transition. Headquartered in Calgary, Alberta, Kinetikor has projects in various stages of development, construction, and operations that aim to reduce emissions, prioritize partnerships, and respond to the needs of changing power markets.



## Cascade Power Project



The Cascade Power Project is a 900 megawatt (MW) combined cycle power generation facility situated in Yellowhead County, Alberta. This project is poised to make a significant contribution by providing low emissions power to meet approximately 8% of the province's electricity demand.

In line with our commitment to sustainable practices, the Cascade Power Project incorporates modern and highly efficient industrial turbines, fueled by natural gas. With its operations set to commence in 2023, this state-of-the-art facility will help Alberta fully transition off coal-fired generation.

We are excited about the opportunities and positive impacts that the Cascade Power Project will bring to the region, as it aligns with our broader ESG strategy and our efforts to facilitate the Energy Transition in Alberta, utilizing natural gas to decarbonize our grid.

*Cascade was initially conceived by a group of individuals looking to make a difference as Alberta begins to transition away from coal-fired power generation in the province.*

– Andrew Plaunt, CEO



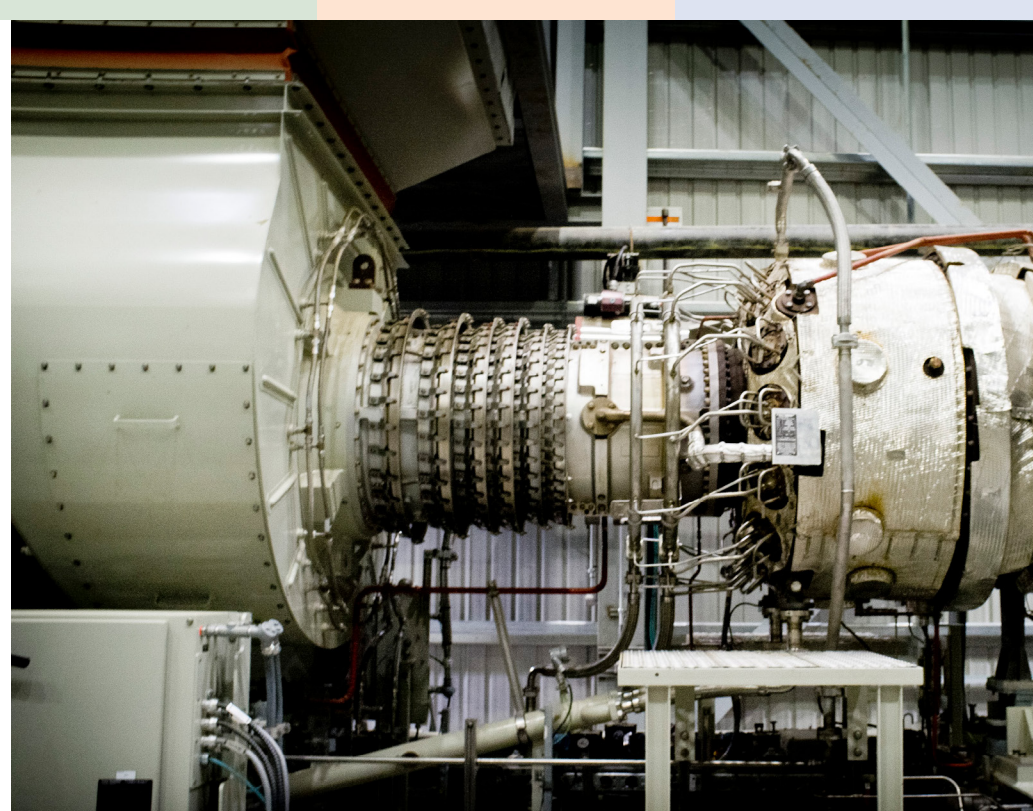
## Pipestone Power Project

The Pipestone Power Project is a combined heat and power facility with a capacity of 32 MW. It serves as the primary supplier of power and heat to Tidewater Midstream's Pipestone gas plant in the Montney region of northwestern Alberta.

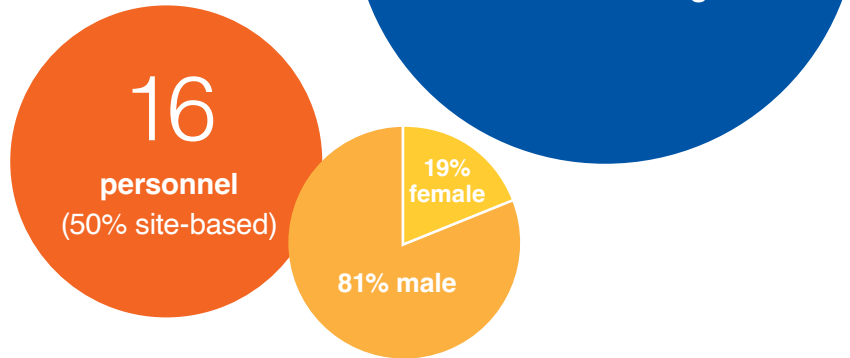
By leveraging the synergistic advantages of cogeneration, this project optimizes utilization of resources by generating both electricity and thermal energy in an integrated system, utilizing waste heat from the generation of electricity as useful process heat for the host gas plant.

*As the Alberta power market continues to undergo significant change, this opportunity further confirms that onsite cogeneration provides an attractive alternative that is reliable, sustainable, and cost-effective.*

– Andrew Plaunt, CEO



## Our Company



## The Energy Transition

As the world focuses on decarbonization, Alberta's electricity system is changing rapidly. Kinetikor is at the forefront of Alberta's electricity transition, committed to supporting the province's Energy Transition journey towards low emission and reliable power. As Alberta transitions away from coal-fired power and actively integrates renewable and net-zero energy sources, we look forward to continuing to play a pivotal role in shaping a more sustainable energy landscape for Alberta.

Kinetikor remains committed to diligently examining prospective regulatory frameworks and accompanying carbon compliance risks and opportunities. Kinetikor recognizes the importance of having a strong action plan to decarbonize our assets, and we have commenced an evaluation of decarbonization options for the Cascade Power Project.

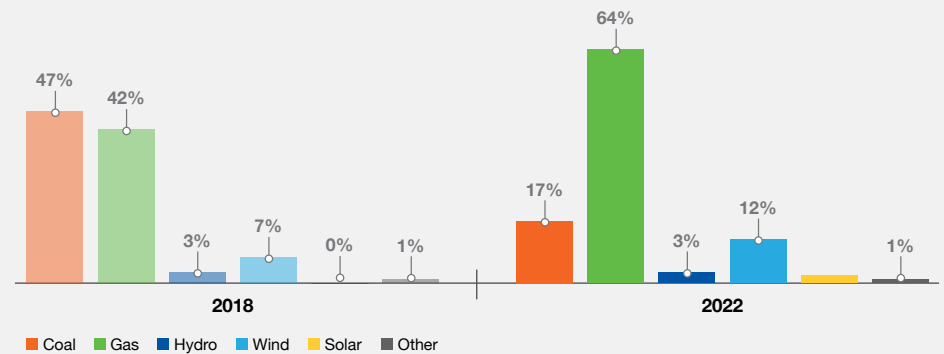
***Throughout 2022, Kinetikor was an active participant in several external focus groups related to the Energy Transition, participating in stakeholder engagement processes, and providing independent input on the following:***

- Canada's Clean Electricity Regulation
- Canada's Output Based Pricing System Regulation
- Alberta's Technology Innovation and Emissions Reduction Regulation
- AESO's Net-Zero Emissions Pathways Analysis

## AESO's View of the Power System in Transition

As the Alberta Electricity System Operator ("AESO") states, Alberta's power system is rapidly undergoing the biggest transformation in its 100-plus year history. The gradual elimination of coal-fired electricity generation, which has been the primary source of power for decades, is well underway and is expected to be completed by the end of 2023. The market is experiencing significant increases in natural gas-fired generation along with renewable energy such as wind and solar to offset this phase-out of coal-fired generation. These shifts in the energy mix aim to ensure a sustainable and diversified power supply of the province of Alberta.

### ALBERTA'S FAST-EVOLVING SUPPLY MIX



**Source: AESO Annual Market Statistics Datafile**

This data does not include electricity that is generated behind the fence. Numbers don't add to 100% due to rounding.

# Our Approach to Sustainability

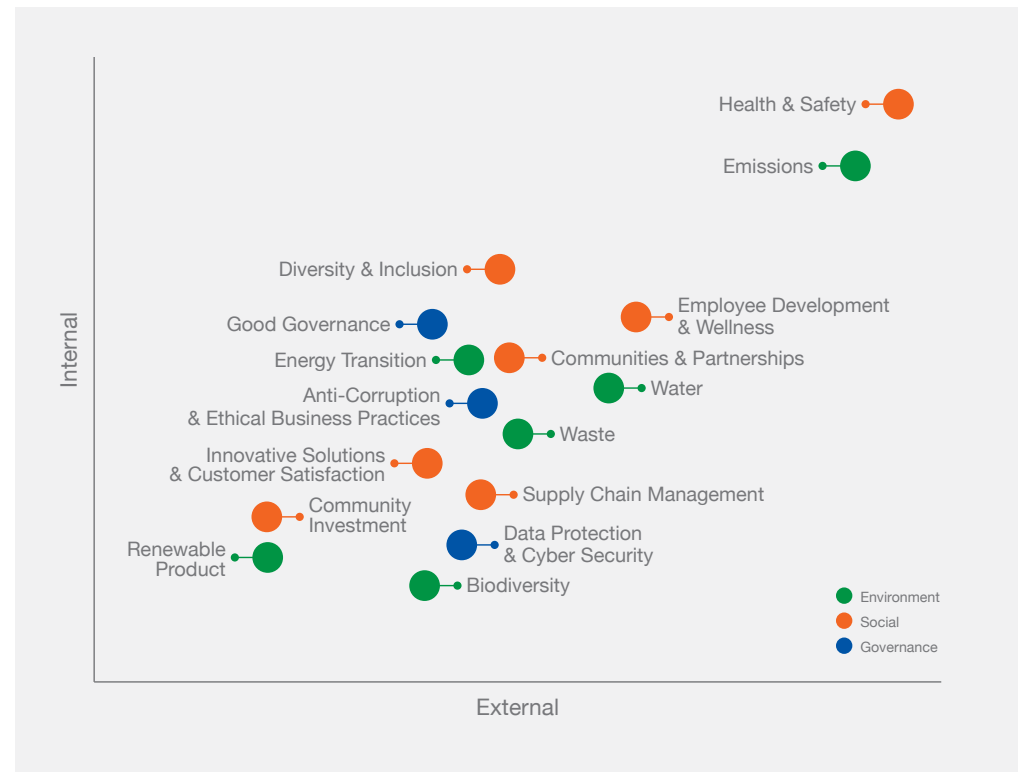
Our passion for sustainability ensures that the world is energized today in respect of future generations to come. We are committed to developing and operating efficient and responsible power generation facilities, while encouraging a working environment that fosters inclusion and innovation.

Kineticor is committed to continuously improving our ESG performance and reporting on our progress. We believe that by prioritizing ESG, we can create long-term value for our stakeholders, build a stronger and more resilient business, and make a positive impact on the world around us. We are encouraged to continue embedding sustainability principles into the way we do business, our decision-making processes, and our everyday activities.

Kineticor's ESG strategy is managed by our Sustainability Working Committee. The Sustainability Working Committee is composed of individuals from across our business to provide a diverse perspective on Kineticor's efforts on ESG topics, and to support the activation of our approach to ESG throughout our operations. The Sustainability Working Committee provides updates to Kineticor's leadership with specific details of our efforts to ensure effective management of our ESG priorities.

## Materiality Assessment

Kineticor took an essential step in this journey with the completion of our first formal materiality assessment. The results of the assessment are critical to inform our future sustainability work and shape the content of this report. We enlisted ESG-focused third-party guidance and referenced both the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards to complete our assessment in three stages: topic identification, prioritization, and validation.

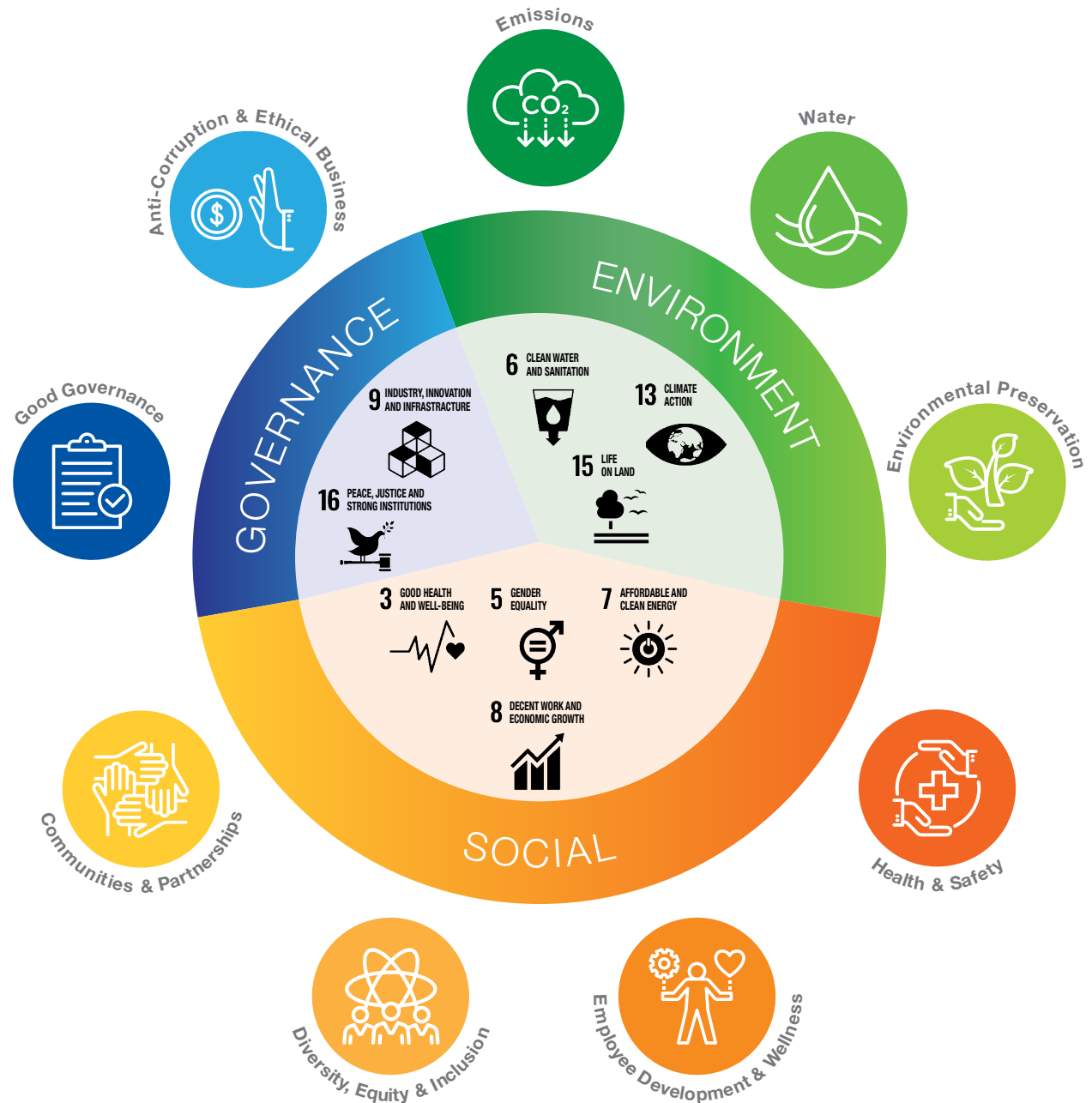




# Our Priorities

Kineticor has undertaken a comprehensive evaluation of its operations and has determined the nine ESG priorities that are critical to its business, while balancing the perspectives of internal and external stakeholders.

***Kineticor's mission and strategy to support Alberta's Energy Transition aligns with the United Nations Sustainable Development Goals as shown in the following illustration:***



- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 6 CLEAN WATER AND SANITATION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 3 GOOD HEALTH AND WELL-BEING
- 5 GENDER EQUALITY
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH

## ENVIRONMENT:

Kineticor’s environmental stewardship strategy is to minimize our environmental impacts through best practices and vigorous management programs. We are committed to meeting or exceeding industry standards and environmental regulations. We strive to be stewards of the environment, carefully managing our impacts on emissions, water use, waste management and biodiversity.

## Emissions

### COMMITMENT

- Build Resilience Action Plan: Cascade will introduce mitigation measures related to Energy Transition risks once an evaluation is completed.

Kineticor recognizes the importance of establishing a baseline for emissions reduction and has successfully completed this assessment. We have implemented a system for continuous measurement of fuel and electricity consumption at our project sites, providing monthly reports in our construction and operations updates.

In our commitment to energy efficiency, we actively pursue solutions to optimize energy use and reduce emissions. By enhancing energy efficiency, we not only decrease energy costs but also minimize our environmental footprint.

To further reduce emissions at our project sites, we employ operational efficiencies such as the use of low-carbon concrete for piling and foundations, transitioning from gas-operated tools and generators to battery/electric alternatives, and implementing programmable timers to minimize lighting during off-hours while maintaining adequate security levels. Additionally, we leverage on-site water wells to reduce emissions associated with water transportation to the site.

Over the next three years, Kineticor plans to determine a carbon footprint assessment that will evaluate scope 3 emissions for projects under Kineticor site control to enable better management of emissions.

Through these measures, Kineticor strives to drive emissions reduction and enhance operational sustainability.

CASCADE POWER PROJECT – 2022 Construction Phase –	
Energy Consumption	Emissions
2,896 MWh of electricity	6,146 tCO <sub>2</sub> e (Scope 1)
590,529 litres of propane	348 tCO <sub>2</sub> e (Scope 2)
1,618,855 litres of diesel	6,494 tCO <sub>2</sub> e Total Scope 1 & 2

## ENVIRONMENT:



## Water

### COMMITMENT

- Focus on continuous improvement related to water consumption and water source through Cascade's construction phase and into the operations phase.

Kinetikor recognizes the importance of our water resources and is committed to minimizing water usage and exploring alternative options to reduce our reliance on freshwater sources. From the initial design stage, we prioritize water optimization at our facilities. During the development of the Cascade project, careful consideration was given to reducing water demand. Read more about the Cascade Power Project water conservation in our 2021 Report.

To ensure compliance with regulatory standards, water withdrawals from the well are continuously monitored as mandated by the Alberta Energy Regulator. This monitoring process not only enables compliance but also provides us with valuable daily water consumption data for the project. The primary usage of water at the Cascade Power Project is for boiler feedwater in the steam cycle. Water is also required for the firewater system and potable water system.

In 2021, Kinetikor introduced a water monitoring process to evaluate our annual consumption. This procedure enables us to assess and manage our water usage effectively in line with our commitment to sustainable water management practices. In 2022, 12,495 cubic meters of water was withdrawn from the on-site wells.



## ENVIRONMENT:

# Environmental Preservation

As Kinetikor continues to evolve with regards to our environmental stewardship practices, we recognize the need for further metrics surrounding our waste generation and impacts on local biodiversity. Our goal is to create robust processes for data tracking and reporting in order to enable a greater understanding of our impacts and enhance our disclosure efforts.

### Waste Management

#### COMMITMENT

- Refine data tracking process for waste disposal to improve disclosure and inform us in developing a reduction target.

At Kinetikor, we understand the significance of proper waste management in preserving natural resources and reducing pollution. To minimize waste generation, we have implemented various strategies throughout our operations. One key aspect of our approach is promoting recycling practices among our employees. We actively encourage the separation and responsible handling of paper, plastics, glass, and other recyclable materials to divert them from landfills and contribute to the development of a more sustainable circular economy.

Moreover, Kinetikor is committed to conducting comprehensive assessments of waste generation at our facilities. Through these assessments, we aim to identify areas where waste reduction measures can be implemented effectively. By thoroughly analyzing our processes, we can develop tailored strategies and processes to further reduce the waste we generate.

By prioritizing proper waste management, Kinetikor strives to minimize our environmental impact, conserve valuable natural resources, and contribute to a cleaner and healthier planet. We firmly believe that responsible waste management

practices are essential for building a sustainable future. Thus, we remain dedicated to continuously improving our waste management processes and implementing innovative solutions to reduce waste generation throughout our operations.

### Biodiversity

#### COMMITMENT

- Assess how Kinetikor impacts the surrounding environment and understand how to contribute to protecting wildlife in the areas where Kinetikor operates.

Kinetikor acknowledges the substantial overlap between our operational activities and the natural environment, recognizing the serious decline of global biodiversity. Kinetikor is dedicated to learning more about our ecological interaction by conducting a thorough assessment of our influence on natural systems and exploring avenues to actively support local wildlife populations.



## SOCIAL:

Empowering our people is at the heart of our organization. We are committed to maintaining a culture that starts with health and safety, embraces diversity, encourages innovation, and supports our community and partnerships.

# Health & Safety

### COMMITMENT

- Always strive toward zero safety-related incidents.
- Ensuring the well-being and safety of our people and community lies at the core of our corporate values. We maintain an unwavering commitment to upholding industry-leading health and safety practices and continuously strive for excellence in performance.

At Kinetikor, we strive to be an employer of choice, attracting and retaining exceptional talent while cultivating a culture of inclusivity and well-being. To achieve this, we prioritize comprehensive training programs that equip our staff with the necessary skills and knowledge to operate safely and responsibly. Our management team remains steadfast in prioritizing health, safety, and creating an inclusive work environment. Through regular meetings, we ensure adherence to robust policies, procedures, and industry best practices. This unwavering commitment extends to the protection of our employees, contractors, and the wider public.

Regular field-level assessments are conducted to identify opportunities for enhancing our health, safety, and environmental performance. These assessments serve as a proactive measure to drive continuous improvement and reinforce our commitment to operational excellence.

## CASCADE POWER PROJECT

### Safety Stats (end of 2022)

0.31 TRIR  
(Total Recordable Injury Rate)

0 LTIFR  
(Lost Time Injury Frequency Rate)

### 2022 Employee Safety Highlights

100% of site employees  
trained on safety

100% mandatory safety  
training for all site visitors

183 hours  
of employee safety training

### 2022 Contractor Safety

19,786 hours  
of contractor safety training

965 contractors  
trained on safety

At Kinetikor, we firmly believe in the principle of individual responsibility for safety. If any questionable safety behaviour is observed, we empower our workforce to take ownership of the situation and promptly correct the behavior. This may involve refusing or halting work until safety standards are appropriately addressed. We embrace a culture of accountability where everyone has a vital role to play in maintaining a safe working environment.

We will continue to prioritize the well-being of our people, the communities we serve, and the environment we operate in, ensuring a sustainable future for all.



## SOCIAL:



# Employee Development & Wellness

## COMMITMENT

- Continual evaluation of employee benefit programs and training opportunities for career development.

At Kinetikor, we recognize that our employees are our most valuable asset, and their development and well-being are essential to our long-term success. Our team is comprised of qualified and highly technical professionals who not only comply with Kinetikor's internal code of conduct and policies but are also held to a high standard of ethics and self-regulation.

We are committed to fostering a supportive work environment that encourages growth and provides a range of initiatives to enhance the overall employee experience. Our efforts include:

- **Flexible Remote Working Options:** Understanding the evolving nature of work, we have implemented flexible remote working options to empower our employees to achieve a better work-life balance while maintaining productivity and collaboration.
- **Flexible Working Hours:** We believe in accommodating the diverse needs of our employees. Our flexible working hours policy enables individuals to tailor their schedules to optimize their productivity and personal commitments, further enhancing work-life integration.

- **Progressive Parental Leave Policy:** Recognizing the importance of supporting growing families, we have implemented a progressive parental leave policy that goes beyond legal requirements. This policy ensures that employees have the necessary time and resources to bond with their newborns or adopted children, facilitating a smooth transition into parenthood.
- **Volunteering Hours:** We encourage and support our employees in giving back to their communities. Employees have the opportunity to dedicate paid time towards charitable activities and make a positive impact in society.
- **Team Social Events:** We believe in fostering a sense of camaraderie and teamwork. Our team social events provide opportunities for employees to connect outside of work, fostering stronger relationships and a supportive work culture.
- **Progressive Holiday Policy:** We recognize the importance of rest and rejuvenation. Our progressive holiday policy offers employees additional vacation days, ensuring they have ample time to recharge, pursue personal interests, and maintain a healthy work-life balance.



## SOCIAL:

# Diversity, Equity & Inclusion (DE&I)

### COMMITMENT

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

At Kinetikor, we firmly believe that diversity is not just a goal to strive for, but a source of strength and innovation within our organization. We are wholeheartedly dedicated to creating a workplace that is not only equitable but also inclusive, where every individual is valued and respected.

In pursuit of this commitment, we actively prioritize inclusive practices in our hiring and promotion processes, ensuring that diverse perspectives and experiences are represented and celebrated at all levels of our organization. We recognize that fostering an inclusive environment requires ongoing effort and engagement. By fostering a culture that embraces diversity, we cultivate an environment where collaboration, creativity, and innovation can flourish, leading to improved outcomes and sustainable growth for our organization.



## SOCIAL:

# Communities & Partnerships

### COMMITMENT

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

At Kinetikor, we firmly believe that collaboration and partnerships are fundamental to achieving success. We take great pride in our ability to forge enduring partnerships and actively engage with all stakeholders throughout the project development process, including local communities, Indigenous Peoples, and government entities.

We are committed to establishing strong, long-term relationships with Indigenous Peoples based on mutual respect and trust. Recognizing the importance of the traditional territories on which we operate, we prioritize early and meaningful engagement with Indigenous communities. We are honored to continue our partnerships with local First Nations of the Cascade Power Project, working together to create a sustainable and prosperous project.

Furthermore, Kinetikor is focused on fostering enduring partnerships with our natural gas producer partners. These partnerships play a crucial role in facilitating the Energy Transition and leveraging the potential of natural gas for power generation as we progress towards achieving a decarbonized grid.

Through our collaborative efforts and steadfast commitment to partnerships, Kinetikor is dedicated to driving positive change and creating a sustainable energy





## 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.

## Good Governance

Kinetikor upholds strong governance practices to ensure transparency, accountability, and ethical conduct throughout our operations. We have developed a comprehensive set of governance documents that serve as guiding principles for our organization. These include:

- **Code of Ethics:** Our Code of Ethics outlines the fundamental principles and values that govern our conduct as employees and stakeholders of Kinetikor. It sets the standard for ethical behavior, integrity, and compliance with applicable laws and regulations.
- **Committee Charters:** Kinetikor has established clear charters for various committees, such as the Audit and Finance Committee, the Corporate Governance and Nominating Committee, and the Human Resources and Compensation Committee. These charters outline the roles, responsibilities, and objectives of each committee, ensuring effective oversight and decision-making processes.
- **Board of Directors Terms of Reference:** The Board of Directors operates under Terms of Reference that define its composition, responsibilities, and operating procedures. These terms provide a framework for the Board's governance role and the expectations placed on its members.
- **Corporate Governance Guidelines:** Our Corporate Governance Guidelines establish the principles and practices that govern our corporate governance structure. These guidelines ensure alignment with best practices and promote transparency, accountability, and effective risk management.
- **Legal Authorities and Spending Limits:** Kinetikor has clearly defined legal authorities and spending limits in place to guide decision-making and financial management. These limits ensure responsible and prudent use of resources while safeguarding the interests of stakeholders.
- **Position Descriptions:** Position descriptions are provided for each role within the organization, outlining responsibilities, qualifications, and reporting relationships. These descriptions promote clarity and accountability, ensuring that roles and responsibilities are clearly defined and understood.
- **Health, Safety & Environment Policy:** Our Health, Safety & Environment Policy sets out our commitment to maintaining a safe and healthy work environment for all employees, contractors, and stakeholders. It outlines our obligations to environmental stewardship and the health and safety of our workforce.
- **Whistleblower Policy:** Kinetikor has implemented a Whistleblower Policy to encourage the reporting of any illegal, unethical, or improper conduct. This policy ensures that individuals can report concerns without fear of retaliation and that appropriate investigations and actions are taken.
- **Corporate Approval Policy:** Our Corporate Approval Policy establishes guidelines and procedures for obtaining necessary approvals for various corporate actions. This policy ensures consistent decision-making and compliance with legal and regulatory requirements.
- **Respectful Workplace Policy:** Kinetikor maintains a Respectful Workplace Policy that promotes a culture of respect, inclusion, and fairness. This policy prohibits discrimination, harassment, and any form of inappropriate behavior, fostering a positive work environment.
- **Diversity & Inclusion Policy:** Kinetikor maintains a Diversity & Inclusion Policy that promotes a diverse and inclusive workplace, fostering equal opportunities and embracing the unique perspectives and talents of individuals from different backgrounds. This policy guides our recruitment, retention, and professional development practices to build a diverse and inclusive workforce.

## GOVERNANCE:

# Anti-corruption & Ethical Business Practices

### COMMITMENT

- Implement management-level training on anti-fraud, bribery, and corruption.

Kinetikor has a strong commitment to combatting corruption and unethical business practices. We have implemented robust policies and measures to ensure compliance with applicable anti-corruption laws and to conduct business with integrity and fairness. These include:

- **Anti-Corruption Policy:** Kinetikor has an Anti-Corruption Policy that strictly prohibits bribery, corruption, and other unethical business practices. This policy sets clear guidelines for employees and stakeholders, ensuring adherence to legal and ethical standards.
- **Regular Communication and Training:** Kinetikor ensures regular communication to staff regarding our Anti-Corruption Policy and conducts training programs to enhance awareness and understanding of anti-corruption measures.
- **Annual Review and Confirmation:** Kinetikor conducts an annual review and signing procedure for the Code of Ethics and other relevant policies, including an annual confirmation from officers and directors regarding compliance with our Anti-Corruption Policy.



**KINETICOR**

[kineticor.ca](http://kineticor.ca)