CAPSTONE INFRASTRUCTURE CORPORATION

ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2021

March 22, 2022

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EXPLANATORY NOTES

Except where otherwise indicated, all references to dollar amounts and "**$**" are to Canadian dollars. In this Annual Information Form, unless the context otherwise requires, "**Capstone**" or the "**Corporation**" refers to Capstone Infrastructure Corporation and its subsidiary entities on a consolidated basis. **Please refer to the "Glossary" in this Annual Information Form for the definitions of certain defined terms.**

Certain of the statements contained within this document are forward-looking and reflect management's expectations regarding the future growth, results of operations, performance and business of the Corporation based on information currently available to the Corporation. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements use forward-looking words, such as "anticipate", "continue", "could", "expect", "may", "will", "intend", "estimate", "plan", "believe" or other similar words, and include, among other things, statements concerning: the Corporation's mission; the supply and transportation of natural gas to the Cardinal Facility; the conversion by Concord of the Concord Debenture into a 50% equity interest in the Ganaraska, Grey Highlands ZEP, Snowy Ridge and Settlers Landing wind facilities; that the agreement entered into with the shíshálh Nation with respect to the Sechelt Creek Hydro Facility will result in minority equity ownership by the shíshálh Nation and profit sharing for the project; the expected completion and resulting production capacity of the wind and solar development projects; the income expected to be earned from the sale of electricity produced by the Whitecourt Biomass Facility; any scheduled major maintenance projects; any refinancing of indebtedness; changes to Environmental, Health and Safety Laws, regulations, and guidelines; the regulatory environment affecting the power facilities; the Corporation's dividends and dividend policy; and the application to and effect on the Corporation's business of federal and provincial climate change initiatives and legislation. These statements are subject to known and unknown risks and uncertainties that may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results. The forward-looking statements within this document are based on information currently available and what the Corporation currently believes are reasonable assumptions, including the material assumptions set out in the management's discussion and analysis of the results of operations and the financial condition of the Corporation ("**MD&A**") for the year ended December 31, 2021 as updated in subsequently filed MD&A of the Corporation (such documents are available under the Corporation's SEDAR profile at www.sedar.com).

Other potential material factors or assumptions that were applied in formulating the forward-looking statements contained herein include or relate to the following: that the business and economic conditions affecting the Corporation's operations will continue substantially in their current state, including, with respect to industry conditions, general levels of economic activity, regulations, weather, taxes and interest rates; that the preferred shares will remain outstanding and that dividends will continue to be paid on the preferred shares; that there will be no material delays in the Corporation's wind or solar development projects achieving commercial operation; that the Corporation's power facilities will experience normal wind, hydrological and solar irradiation conditions, and ambient temperature and humidity levels; that there will be no further material changes to the Corporation's facilities, equipment or contractual arrangements; that there will be no material changes in the legislative, regulatory and operating framework for the Corporation's businesses; that there will be no material delays in obtaining required approvals for the Corporation's power facilities; that there will be no material changes in environmental regulations for the power facilities; that there will be no significant event occurring outside the ordinary course of the Corporation's businesses; the refinancing on similar terms of the Corporation's and its subsidiaries' various outstanding credit facilities and debt instruments which mature during the period in which the forward-looking statements relate; that the conversion rights pursuant to the convertible debenture issued in connection with the Ganaraska, Grey Highlands ZEP, Snowy Ridge and Settlers Landing wind facilities are exercised; market prices for electricity in Ontario and the amount of hours that the Cardinal Facility is dispatched; the price that the Claresholm Solar Facility will receive for its electricity production considering the market price for electricity in Alberta; and the price that the Whitecourt Biomass Facility will receive for its electricity production considering the market price for electricity in Alberta, and the Whitecourt Biomass Facility's agreement with Millar Western, which includes sharing mechanisms regarding the price received for electricity sold by the facility.

Although the Corporation believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ from those suggested by the forward-looking statements for various reasons, including: risks related to the Corporation's securities (controlling shareholder; dividends on common shares and preferred shares are not guaranteed; volatile market price for the Corporation's securities); risks related to the Corporation and its businesses (availability of debt and equity financing; default under credit agreements and debt instruments; geographic concentration; acquisitions, development and integration; environmental, health and safety; changes in legislation and administrative policy; foreign exchange fluctuations; reliance on key personnel); and risks related to the Corporation's power facilities (power purchase agreements; operational performance; market price for electricity; contract performance and reliance on suppliers; completion of the Corporation's wind and solar development projects; land tenure and related rights; the COVID-19 pandemic; environmental; insurance coverage; climate change; cybersecurity and reliance on information technology; regulatory environment; environmental attributes; US jurisdiction; US tax incentives and availability of tax equity financing). For more details regarding these risk factors, see "*Risk Factors*".

The assumptions, risks and uncertainties described above are not exhaustive and other events and risk factors could cause actual results to differ materially from the results and events discussed in the forward-looking statements. The forward-looking statements within this document reflect current expectations of the Corporation as at the date of this document and speak only as at the date of this document. Except as may be required by applicable law, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements.

This document contains statistical data, market research and industry forecasts that were obtained from government and industry publications and reports or which are based on estimates derived from same and management's knowledge of, and experience in, the markets in which the Corporation operates. Market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs and other limitations and uncertainties inherent in any statistical survey. While management believes this data to be reliable, the Corporation has not independently verified the accuracy or completeness of any of the data from third party sources or ascertained the underlying assumptions relied upon by such sources. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. Actual outcomes may vary materially from those forecast in such publications or reports, and the prospect for material variation can be expected to increase as the length of the forecast period increases.

This Annual Information Form is not an offer or invitation for the subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of any investors. Before making an investment in the Corporation, an investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser, if necessary.

THE CORPORATION

The principal office of the Corporation is located at 155 Wellington Street West, Suite 2930, Toronto, Ontario, M5V 3H1. The registered office of the Corporation is located at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, V7X 1L3.

Mission

The Corporation's mission is to drive the energy transition forward through creative thinking, strong partnerships, and a commitment to quality and integrity in how it does business. As of March 22, 2022, Capstone owns and operates an approximate gross installed capacity of 776 MW across 30 facilities in Canada, including wind, solar, hydro, natural gas, and biomass power plants.

Structure

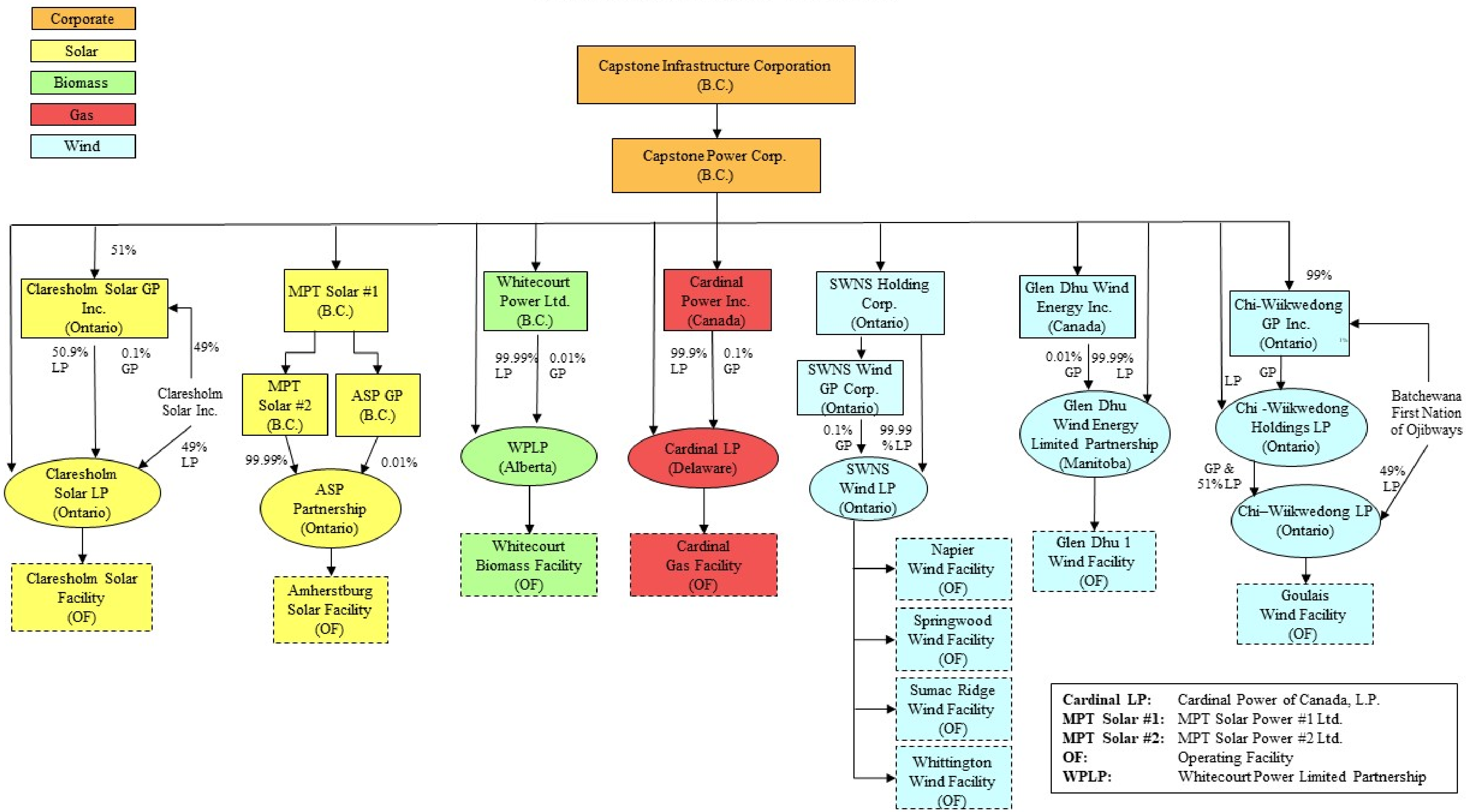
The Corporation was incorporated on May 20, 2010 as 0881592 B. C. Ltd. pursuant to the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). The Corporation's articles were amended on October 12, 2010 to change its name to "Macquarie Power and Infrastructure Corporation". The Corporation's articles were further amended on December 31, 2010 to create a class of preferred shares, issuable in series. The Corporation is the successor to Macquarie Power & Infrastructure Income Fund pursuant to a plan of Arrangement completed on January 1, 2011 under the BCBCA whereby, (i) all of the issued and outstanding trust units of the Fund were automatically exchanged for common shares in the capital of the Corporation ("**Common Shares**") and (ii) the Corporation became the indirect owner of all of the businesses owned by the Fund.

The Corporation's articles were further amended on April 15, 2011 to change the Corporation's name to "Capstone Infrastructure Corporation". In connection with another plan of Arrangement completed on April 29, 2016, pursuant to an Arrangement Agreement with Irving Infrastructure Corp ("**Irving"**), a subsidiary of iCON Infrastructure Partners III, L.P. ("**iCON III**"), a fund advised by London, UK-based iCON Infrastructure LLP ("**iCON**"), Irving acquired all of the issued and outstanding Common Shares. As a step in the plan of Arrangement, the Corporation amalgamated with its wholly-owned subsidiary MPT Utilities Corp. and the Corporation's articles were amended to create a class of Class A common shares (the "**Class A Shares**"). Pursuant to another step in the plan of Arrangement, Irving exchanged all of the Corporation's Common Shares for Class A Shares.

As at December 31, 2021, the Corporation and its subsidiaries had an aggregate of 130 employees.

The chart on the following page presents a summary of the Corporation's significant subsidiaries, showing the jurisdiction where they were incorporated or otherwise established, and excludes certain other subsidiaries. The assets and revenues of the excluded subsidiaries did not individually exceed 10%, or in the aggregate exceed 20% of the total consolidated assets or total consolidated revenues of the Corporation as at December 31, 2021. The voting securities of each subsidiary are held in the form of common shares, partnership interests in the case of partnerships, or their foreign equivalents.

CAPSTONE INFRASTRUCTURE CORPORATION



Cardinal LP:	Cardinal Power of Canada, L.P.
MPT Solar #1:	MPT Solar Power #1 Ltd.
MPT Solar #2:	MPT Solar Power #2 Ltd.
OF:	Operating Facility
WPLP:	Whitecourt Power Limited Partnership

GENERAL DEVELOPMENT OF THE BUSINESS

Fiscal Year 2019

On February 1, 2019, Capstone acquired the 10 MW Watford Wind Facility from Zephyr Farms Limited. The 10 MW facility is located near the municipality of Brooke-Alvinston in Ontario and operates under a power purchase agreement that expires in 2032.

On March 7, 2019, Gary Eade resigned from the Board of Directors.

On September 30, 2019, MPT Hydro LP entered into new 20-year PPAs with the IESO for all of the power produced from the Dryden Hydro Facility, effective as of November 1, 2020.

On November 8, 2019, the British Columbia Utilities Commission ("**BCUC**") issued an interim order in connection with their required regulatory approval of the 40-year EPA for the 16MW Sechelt Creek Hydro Facility executed in 2018 with BC Hydro. The BCUC order adjourned the regulatory proceeding to allow BC Hydro and their relevant EPA counterparties to restructure resubmit the EPA renewals for a term not to exceed three years from the date of the order.

On November 19, 2019, Capstone acquired a 51% interest in the 132 MWac Claresholm solar development project from Perimeter Solar Inc. The remaining 49% interest is indirectly held by Denmark-based Obton A/S. The Claresholm solar development project is located in the Municipal District of Willow Creek, Alberta, and has received regulatory approvals from the Alberta Utilities Commission. The project has executed a 74.25 MWac power purchase agreement with TC Energy Corporation ("**TC Energy**").

Fiscal Year 2020

In 2020, an outbreak of a novel strain of coronavirus, responsible for a communicable disease called "COVID-19", was declared a pandemic by the World Health Organization and resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally, resulting in an economic slowdown. The duration and impacts of COVID-19 remain unknown, as it continues to be a rapidly evolving global concern. The Corporation's businesses have been deemed essential services and as such continue to operate. To this end, the Corporation's priority is to protect the health and safety of its employees, as well as the communities that it operates in. The Corporation has implemented a range of precautionary measures to help prevent a spread of COVID-19 at its sites and in its nearby communities, including significantly restricting non-essential business travel, additional cleaning and sanitization protocols, requiring the use of personal protective equipment, and regular communications across the Corporation to share provincial updates and health and safety practices. While it is not currently possible to estimate the length and severity of these developments, the Corporation's existing operations have not been materially impacted as the majority of its facilities are operating under long-term revenue contracts and have experienced continued demand. The Corporation continues to maintain sufficient liquidity and will continue to monitor and respond to disruptions to global credit markets and supply chains, which may impact its businesses.

Until February 2020, the operations and maintenance services for the Ganaraska Wind Facility, Grey Highlands Clean Wind Facility, Grey Highlands ZEP Wind Facility, Settlers Landing Wind Facility, and Snowy Ridge Wind Facility were provided by Senvion GmbH. Throughout 2020, the Corporation transitioned the operations and maintenance services for these facilities to its in-house operations and maintenance team without interruption. See "*Narrative Description of the Business - Wind - Wind Power Facilities' O&M Arrangements*".

In February 2020, MPT Hydro LP entered into an amendment to the EPA with BC Hydro for the Sechelt Hydro Creek Facility, amending the expiry date of the EPA to October 31, 2022.

On June 26, 2020, Michael Smerdon resigned from the Board of Directors.

On October 30, 2020, Glace Bay Lingan Wind Power Ltd. entered into an amendment of the PPA with NSPI for 1.6MW of the Glace Bay I Wind Facility. The PPA now has an expiry date of October 31. 2035. See

"*Narrative Description of the Business - Wind - Nova Scotia - Glace Bay I Wind Facility and Glace Bay II Wind Facility*."

Effective as of November 1, 2020, MPT Hydro LP entered into a 20-year EPA with BC Hydro for the Hluey Lake Hydro Facility. Under the EPA, BC Hydro has an option to extend the term of the EPA for an additional 10 years. See "*Narrative Description of the Business - Hydro - Hluey Lakes Hydro Facility*".

Until December 16, 2020, the operations and maintenance services for the Amherst Wind Facility were provided by Suzlon Wind Energy Corporation. On December 17, 2020, the Corporation transitioned the operations and maintenance services for the Amherst Wind Facility to its in-house operations and maintenance team without interruption. See "*Narrative Description of the Business - Wind - Wind Power Facilities' O&M Arrangements.*"

Fiscal Year 2021

On January 7, 2021, Capstone acquired the 4.10 MW Napier Wind Facility, the 8.20 MW Springwood Wind Facility, the 10.25 MW Sumac Ridge Wind Facility and the 6.15 MW Whittington Wind Facility from wpd europe GmbH. The Napier Wind Facility is located in the municipality of Adelaide Metcalfe in Ontario and operates under a power purchase agreement that expires in 2034. The Springwood Wind Facility is located in the Township of Centre Wellington in Ontario and operates under a power purchase agreement that expires in 2034. The Sumac Ridge Wind Facility is located in the City of Kawartha Lakes in Ontario and operates under a power purchase agreement that expires in 2036. The Whittington Facility is located in the Township of Amaranth in Ontario and operates under a power purchase agreement that expires in 2034.

On April 19, 2021, the Claresholm Solar Facility achieved commercial operation. For more details see "*Narrative Description of the Business - Solar - Alberta - Claresholm Solar Facility.*"

On July 5, 2021, the Corporation announced the dividend rates on its Series A Preferred Shares and its Series B Preferred Shares for the five-year period from and including July 31, 2021, each such rate having been determined in accordance with the terms of the applicable class of shares. The dividend rate for the Series A Preferred Shares for the five-year period from and including July 31, 2021 is 3.702% per annum. No Series B Preferred Shares were issued.

On September 29, 2021, and effective as of December 31, 2021, Glace Bay Lingan Wind Power Ltd. entered into an amendment of the PPA with NSPI for 15.9 MW of the Glace Bay I Wind Facility. The PPA now has an expiry date of December 31, 2041. See "*Narrative Description of the Business - Wind - Nova Scotia - Glace Bay I Wind Facility and Glace Bay II Wind Facility*."

On December 10, 2021, the Riverhurst Wind Facility achieved commercial operation. For more details see "*Narrative Description of the Business - Wind - Saskatchewan - Riverhurst Wind Facility.*"

NARRATIVE DESCRIPTION OF THE BUSINESS

Operating Segments

As at March 22, 2022, the only operating segment of the Corporation is power. Revenue from power was $222.6 million for the year ended December 31, 2021, $181.5 million for the year ended December 31, 2020 and $185.3 million for the year ended December 31, 2019.

Overview

The Corporation, through its wholly-owned subsidiary CPC, currently holds investments, directly or indirectly, in the following operating power facilities**:**

Facility	Gross Capacity of Facility (MW)	Capstone's Ownership Interest %	Capstone's Ownership Interest Net Capacity Ownership Interest (MW)	Location	Power Purchaser or Counterparty	Expiry of PPA[1]
Wind						
Erie Shores	99.0	100%[2]	97.5	Ontario	IESO	2026
Ferndale	5.1	100%	5.1	Ontario	IESO	2026
Ganaraska	17.6	50%[3]	9.0	Ontario	IESO	2036
Goulais	25.0	51%	12.8	Ontario	IESO	2035
Grey Highlands Clean	18.5	100%	18.5	Ontario	IESO	2036
Grey Highlands ZEP	10.0	50%[3]	5.0	Ontario	IESO	2036
Napier	4.1	100%	4.1	Ontario	IESO	2034
Proof Line I	6.6	100%	6.6	Ontario	IESO	2029
Ravenswood	9.9	100%	9.9	Ontario	IESO	2027
Settlers Landing	8.0	50%[3]	4.0	Ontario	IESO	2037
Skyway 8	9.5	100%	9.5	Ontario	IESO	2034
Snowy Ridge	10.0	50%[3]	5.0	Ontario	IESO	2036
Springwood	8.2	100%	8.2	Ontario	IESO	2034
Sumac Ridge	10.3	100%	10.3	Ontario	IESO	2036
Watford	10.0	100%	10.0	Ontario	IESO	2032
Whittington	6.2	100%	6.2	Ontario	IESO	2034
Amherst	31.5	51%	16.1	Nova Scotia	NSPI	2037
Fitzpatrick Mountain	1.6	100%	1.6	Nova Scotia	NSPI	2022
Glace Bay I and II	17.5 and 2.3	100%	19.8	Nova Scotia	NSPI	2035/2041 and 2032
Glen Dhu I	62.1	100%	62.1	Nova Scotia	NSPI	2031
Saint-Philémon	24.0	51%	12.2	Québec	Hydro-Québec	2035
Riverhurst	10.0	100%	10.0	Saskatchewan	SaskPower	2041
Solar						
Claresholm	132.0	51%	67.3	Alberta	AESO	2029
Amherstburg	20.0	100%	20.0	Ontario	IESO	2031
Hydro Power						
Hluey Lakes	3.0	100%	3.0	BC	BC Hydro	2040
Sechelt	16.0	100%[4]	16.0	BC	BC Hydro	2022
Dryden	3.2	100%	3.2	Ontario	IESO	2040
Wawatay	13.5	100%	13.5	Ontario	OEFC	2042
Gas						
Cardinal	156.0	100%	156.0	Ontario	IESO	2034
Biomass						
Whitecourt	25.0	100%	25.0	Alberta	Millar Western[5]	2029
Total MW	**775.6**		**647.5**			

Notes:

(1) See "*Risk Factors - Risks Related to the Power Facilities - Power Purchase Agreements*".
(2) One of the 1.5 MW wind turbines located at the Erie Shores Wind Farm is owned by an individual landowner.
(3) Subject to the fulfillment of certain conditions under a debenture held by a subsidiary of Concord, Concord has a right to convert its debt into a 50% equity interest. The Corporation expects that such right will be exercised, so the Corporation's ownership interest assumes such conversion has occurred (see "*Narrative Description - Wind - Ganaraska Wind Facility*").

(4) The Corporation has entered into an agreement with the shíshálh Nation with respect to the Sechelt Creek Hydro Facility that will result in minority equity ownership by the shíshálh Nation and profit sharing for the project.
(5) Refers to price support and revenue sharing mechanisms pursuant to fuel supply arrangements with Millar Western.

The Corporation's power assets, being the Wind Power Facilities, the Solar Power Facilities, the Hydro Power Facilities, the Cardinal Facility, and the Whitecourt Biomass Facility (collectively, the "**Power Facilities**"), hold all material permits and approvals required for their respective operations.

The following table sets out the outstanding amounts of project finance debt by generation type for the operating power facilities as at December 31, 2021. Additional details about the individual credit facilities are included in the MD&A and Annual Financial Statements of the Corporation (such documents are available under the Corporation's SEDAR profile at www.sedar.com). All project debt is secured by the individual operating power facilities' assets and the ownership interests in the facilities, and except for certain limited recourse guarantees, is non-recourse to the Corporation's other assets.

December 31, 2021	Interest Rates	Maturity Dates	Drawn (in millions)	
Wind	2.77% - 6.20%	June 2022 - Sep 2034	$	518.9
Solar	3.49% - 4.73%	Mar 2026 - Jun 2031	$	196.4
Gas	2.69%	Apr 1, 2026	$	69.9
Hydro	4.56% - 7.00%	Jun 2040 - Jun 2041	$	68.3

Wind

Ontario

Erie Shores Wind Farm

The 99 MW Erie Shores Wind Farm located near Port Burwell, Ontario commenced commercial operation in May 2006 and consists of 66 General Electric Company SLE 1.5 MW wind turbines. One of the wind turbines is owned by a local landowner.

ESWFLP, a wholly-owned subsidiary of CPC and the owner of the Erie Shores Wind Farm, is a party to the Erie Shores PPA with the Ontario Power Authority (the "**OPA**") (now the Independent Electricity System Operator (the "**IESO**")) which provides for the sale of all of the electricity generated by the Erie Shores Wind Farm until 2026. As a result of certain changes to the IESO's market rules regarding the Dispatch of certain renewable generators, the Erie Shores PPA was amended effective as of March 1, 2013 to provide compensation to ESWFLP for any foregone production due to economic curtailment above both an annual cap and a total cap over the remaining term of the Erie Shores PPA. These caps are based on MWh per MW of capacity of the facility.

Ferndale Wind Facility

The 5.1 MW Ferndale Wind Facility is located near Lion's Head, Ontario. The facility consists of one Vestas V80 1.8 MW wind turbine which commenced commercial operation in November 2002 and two Vestas V82 1.65 MW wind turbines which began commercial operation in 2006. The electrical output from the facility is contracted to the IESO under a RESOP Contract that was made under the Province of Ontario's Renewable Energy Standard Offer Program ("**RESOP**") and expires in 2026. Sky Generation LP, a wholly-owned subsidiary of CPC, owns the Ferndale Wind Facility.

Ganaraska Wind Facility

The 17.6 MW Ganaraska Wind Facility located in Orono, Ontario commenced commercial operation in May 2016. The facility consists of nine Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the Province of Ontario's Feed-In Tariff Program ("**FIT Program**") with a 20-year term expiring in 2036.

CPC indirectly owns a 100% interest in a joint venture that beneficially owns the Ganaraska Wind Facility. On November 16, 2015, a subsidiary of Concord Green Energy Inc. ("Concord") provided financing for the

Ganaraska Wind Facility, the Grey Highlands ZEP Wind Facility, the Snowy Ridge Wind Facility and the Settlers Landing Wind Facility via the Concord Debenture in the amount of approximately $31 million maturing on the last maturity date under the projects' individual credit facilities. Subject to the fulfillment of certain conditions, Concord has a right to convert all of the debt outstanding under the Concord Debenture into a 50% equity interest in these wind projects. As of March 22, 2022, the amount outstanding under the Concord Debenture was $13.7 million.

Goulais Wind Facility

The 25 MW Goulais Wind Facility located near Sault Ste. Marie, Ontario commenced commercial operation in May 2015. The facility consists of 11 Siemens SWT-2.3-113 Direct Drive 2.3 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program with a 20-year term expiring in 2035.

CPC indirectly owns a 51% interest in Chi-Wiikwedong LP, the owner of the Goulais Wind Facility, and the remaining 49% ownership interest in Chi-Wiikwedong LP is held by a subsidiary of the Batchewana First Nation of Ojibways.

Grey Highlands Clean Wind Facility

The 18.5 MW Grey Highlands Clean Wind Facility located near the communities of McIntyre, Maxwell and Hatherton, Ontario commenced commercial operation in September 2016. The facility consists of nine Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program with a 20-year term expiring in 2036.

CPC indirectly owns 100% of Grey Highlands Clean Energy Development LP, which owns the Grey Highlands Clean Wind Facility.

Grey Highlands ZEP Wind Facility

The 10 MW Grey Highlands ZEP Wind Facility located in the community of McIntyre, Ontario commenced commercial operation in February 2016. The facility consists of five Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program with a 20-year term expiring in 2036.

CPC indirectly owns a 100% interest in a joint venture that beneficially owns the Grey Highlands ZEP Wind Facility. Subject to the fulfillment of certain conditions under the Concord Debenture held by a subsidiary of Concord, Concord has a right to convert its debt into a 50% equity interest in the Grey Highlands ZEP Wind Facility. The Concord Debenture is described under "*Narrative Description - Wind - Ganaraska Wind Facility*".

Napier Wind Facility

The 4.1 MW Napier Wind Facility located in the municipality of Adelaide Metcalfe, Ontario commenced commercial operation in 2015**.** The facility consists of 2 Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program expiring in 2034. SWNS LP, a wholly-owned subsidiary of CPC, owns the Napier Wind Facility.

Proof Line I Wind Facility

The 6.6 MW Proof Line I Wind Facility located near Forest, Ontario commenced commercial operation in December 2009. The facility consists of four Vestas V82 1.65 MW wind turbines and the electrical output from the facility is contracted to the IESO under a RESOP Contract which expires in 2029. Sky Generation LP, a wholly-owned subsidiary of CPC, owns the Proof Line I Wind Facility.

Ravenswood Wind Facility

The 9.9 MW Ravenswood Wind Facility located near Forest, Ontario commenced commercial operation in January 2008. The facility consists of six Vestas V82 1.65 MW wind turbines and the electrical output from the facility is sold to the IESO under a RESOP Contract that expires in 2027. Sky Generation LP, a wholly-owned subsidiary of CPC, owns the Ravenswood Wind Facility.

Settlers Landing Wind Facility

The 8 MW Settlers Landing Wind Facility located in Pontypool, Ontario commenced commercial operation in April 2017. The facility consists of four Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program with a 20-year term expiring in 2037.

CPC indirectly owns a 100% interest in a joint venture which beneficially owns the Settlers Landing Wind Facility. Subject to the fulfillment of certain conditions under the Concord Debenture held by a subsidiary of Concord, Concord has a right to convert its debt into a 50% equity interest in the Settlers Landing Wind Facility. The Concord Debenture is described under "*Narrative Description - Wind - Ganaraska Wind Facility*".

Skyway 8 Wind Facility

The 9.5 MW Skyway 8 Wind Facility located near Dundalk, Ontario commenced commercial operation in August 2014. The facility consists of two Vestas V100 1.8 MW wind turbines and three Vestas V100 1.95 MW wind turbines and the electrical output from the facility is sold to the IESO under a RESOP Contract that expires in 2034. Sky Generation LP, a wholly-owned subsidiary of CPC, owns the Skyway 8 Wind Facility.

Snowy Ridge Wind Facility

The 10 MW Snowy Ridge Wind Facility located near Bethany, Ontario commenced commercial operation in October 2016. The facility consists of five Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program with a 20-year term expiring in 2036.

CPC indirectly owns a 100% interest in a joint venture that beneficially owns the Snowy Ridge Wind Facility. Subject to the fulfillment of certain conditions under the Concord Debenture held by a subsidiary of Concord, Concord has a right to convert its debt into a 50% equity interest in the Snowy Ridge Wind Facility. The Concord Debenture is described under "*Narrative Description - Wind - Ganaraska Wind Facility*".

Springwood Wind Facility

The 8.2 MW Springwood Wind Facility located in the Township of Centre Wellington, Ontario commenced commercial operation in 2014**.** The facility consists of 4 Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program expiring in 2034. SWNS LP, a wholly-owned subsidiary of CPC, owns the Springwood Wind Facility.

Sumac Ridge Wind Facility

The 10.25 MW Sumac Ridge Wind Facility located in the City of Kawartha Lakes, Ontario commenced commercial operation in 2017**.** The facility consists of 5 Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program expiring in 2036. SWNS LP, a wholly-owned subsidiary of CPC, owns the Sumac Ridge Wind Facility.

Watford Wind Facility

On February 1, 2019, Watford Wind LP, a wholly-owned subsidiary of CPC, completed its acquisition of the Watford Wind Facility from Zephyr Farms Limited. The 10 MW Watford Wind Facility, located near the village of Watford in the municipality of Brooke-Alvinston, Ontario commenced commercial operation in May

2012. The facility consists of four Samsung 25xc 2.5 MW wind turbines and the electrical output from the facility is sold to the IESO under a RESOP Contract that expires in 2032.

Whittington Wind Facility

The 6.15 MW Whittington Wind Facility located in the Township of Amaranth, Ontario commenced commercial operation in 2014**.** The facility consists of 3 Senvion MM92 2.0 MW wind turbines and the electrical output from the facility is sold to the IESO under a FIT Contract made under the FIT Program expiring in 2034. SWNS LP, a wholly-owned subsidiary of CPC, owns the Whittington Wind Facility.

Nova Scotia

Amherst Wind Facility

The 31.5 MW Amherst Wind Facility located near Amherst, Nova Scotia commenced commercial operation in April 2012. The facility consists of 15 Suzlon S97 2.1 MW wind turbines and the electrical output from the facility is contracted to Nova Scotia Power Inc. ("**NSPI**") under a 25-year PPA which expires in 2037.

CPC indirectly owns a 51% interest in SP Amherst Wind Power LP, the owner of the Amherst Wind Facility and the remaining 49% ownership interest in SP Amherst Wind Power LP is held by Firelight Infrastructure Partners L.P. and its affiliates, which are not affiliated with the Corporation.

Fitzpatrick Mountain Wind Facility

The 1.6 MW Fitzpatrick Mountain Wind Facility located near Pictou, Nova Scotia commenced commercial operation in August 2007. The facility consists of two Enercon E48 0.8 MW wind turbines and the electrical output from the facility is contracted to NSPI under a PPA expiring in 2022.

CPC owns a 100% interest in Fitzpatrick Mountain Wind Energy Inc., the owner of the Fitzpatrick Mountain Wind Facility.

Glace Bay I Wind Facility and Glace Bay II Wind Facility

The 17.5MW Glace Bay I Wind Facility and the 2.3MW Glace Bay II Wind Facility are both located near Glace Bay, Nova Scotia. Glace Bay I Wind Facility commenced commercial operation in January 2005 and July 2007 and Glace Bay II Wind Facility commenced commercial operation in November 2012. The facilities consist of a total of six Enercon E70 2.31 MW wind turbines, two Enercon E48 0.8 MW wind turbines, one Enercon E82 2.3 MW wind turbine and one Enercon E70 2.05 MW wind turbine. The electrical output from the Glace Bay I Wind Facility is contracted to NSPI under two PPAs which expire in 2035 and 2041 and the electrical output from the Glace Bay II Wind Facility is contracted to NSPI under a 20-year PPA which expires in 2032.

CPC indirectly owns a 100% interest in Glace Bay Lingan Wind Power Ltd. which owns the Glace Bay I Wind Facility and the Glace Bay II Wind Facility.

Glen Dhu I Wind Facility

The 62.1 MW Glen Dhu I Wind Facility located near Merigomish, Nova Scotia commenced commercial operation in July 2011. The facility consists of 27 Enercon E82 2.3 MW wind turbines and the electrical output from the facility is contracted to NSPI under a 20-year PPA which expires in 2031.

CPC indirectly owns a 100% interest in Glen Dhu Wind Energy Limited Partnership, the owner of the Glen Dhu I Wind Facility.

Québec

Saint-Philémon Wind Facility

The 24 MW Saint-Philémon Wind Facility located near Saint-Philémon, Québec commenced commercial operation in January 2015. The facility consists of eight Enercon E82 3 MW wind turbines and the electrical output from the facility is contracted to Hydro-Québec under a 20-year PPA which expires in 2035.

CPC indirectly owns a 51% interest in Parc Eolien Saint-Philémon S.E.C., the owner of the Saint-Philémon Wind Facility. The remaining 49% ownership interest in Parc Eolien Saint-Philémon S.E.C. is held by the Municipalité de Saint-Philémon and the Municipalité Régionale de Comté de Bellechasse, which are not affiliated with the Corporation.

Saskatchewan

Riverhurst Wind Facility

The 10 MW Riverhurst Wind Facility located near Riverhurst, Saskatchewan commenced commercial operation in December 2021. The facility consists of three Enercon E138 3.5 MW wind turbines and the electrical output from the facility is contracted to SaskPower under a 20-year PPA which expires in 2041.

CPC indirectly owns a 100% interest in Riverhurst Wind Farm LP, the owner of the Riverhurst Wind Facility.

Wind Power Facilities' O&M Arrangements

The following operations and maintenance ("**O&M**") arrangements are in place at the Wind Power Facilities[(1)]:

Wind Power Facility	O&M Provider	Expiry of O&M Agreement
Ferndale	Vestas	2026
Fitzpatrick Mountain	Enercon	2027
Glace Bay I and II	Enercon	2025 and 2032
Glen Dhu I	Enercon	2030
Goulais	Siemens	2022
Proof Line I	Vestas	2026
Ravenswood	Vestas	2026
Riverhurst	Enercon	2041
Saint-Philémon	Enercon	2034
Skyway 8	Vestas	2026

Notes:

(1) O&M activities at each of the Amherst, Erie Shores, Ganaraska, Grey Highlands Clean, Grey Highlands ZEP, Napier, Settlers Landing, Snowy Ridge, Springwood, Sumac Ridge, Watford and Whittington Wind Power Facilities are provided by employees of Capstone Power Management Services Inc., an indirect, wholly-owned subsidiary of the Corporation.

Solar

Alberta

Claresholm Solar Facility

Overview

The 132 MW Claresholm Solar Facility located in the Municipal District of Willow Creek, Alberta commenced commercial operation in 2021. The facility consists of Astronergy bifacial solar photovoltaic panels on fixed tilt racking. The electrical output from 74.25MW of the facility is sold under an 8-year PPA with TC Energy Corporation which expires in 2029, and the remainder is sold into the Alberta Power Pool.

CPC indirectly owns a 51% interest in Claresholm Solar LP, the owner of the Claresholm solar development project, and the remaining 49% ownership interest in Claresholm Solar LP is indirectly held by Obton A/S.

Emission Offset Program

Claresholm Solar Facility's application to the Alberta Emission Offset Registry was accepted in April 2021, and the facility is eligible to earn an estimated 61,000 tonnes of CO2e emissions offset credits per year for a total of eight years.

Ontario

Amherstburg Solar Facility

The 20 MW Amherstburg Solar Facility located in Amherstburg, Ontario commenced commercial operation in 2011. The facility consists of SunPower monofacial solar photovoltaic panels and single-axis T20 Trackers and the electrical output from the facility is sold under two 20-year RESOP Contracts with the IESO at contracted prices, both of which expire in 2031. CPC indirectly owns 100% of ASP Partnership, the owner of the Amherstburg Solar Facility.

Hydro

The Hluey Lakes Hydro Facility, the Sechelt Creek Hydro Facility, the Dryden Hydro Facility and the Wawatay Hydro Facility (collectively, the "**Hydro Power Facilities**") are owned by MPT Hydro LP, a wholly-owned subsidiary of CPC.

British Columbia

Hluey Lakes Hydro Facility

The 3.0 MW Hluey Lakes Hydro Facility located near Dease Lake, British Columbia ("**BC**") commenced commercial operation in 2000. The electrical power generated by the facility is sold to BC Hydro for distribution in the community of Dease Lake through a non-integrated distribution system. Effective as of November 1, 2020, the sale of the electrical output from the facility is contracted to BC Hydro under a 20-year Electricity Purchase Agreement ("**EPA**"). Under the EPA, BC Hydro has an option to extend the term of the EPA for an additional ten years.

Regional Power Opco Inc., a subsidiary of Regional Power Inc. ("Regional Power"), operates the Hluey Lakes Hydro Facility pursuant to the Hydro Power O&M Agreement (see "*Narrative Description of the Business - Hydro - Hydro Power O&M Agreement*").

Sechelt Creek Hydro Facility

The 16 MW Sechelt Creek Hydro Facility located near Sechelt, BC commenced commercial operation in 1997. The electrical power generated by the facility is sold to BC Hydro under an EPA which expires on October 31, 2022.

Regional Power operates the Sechelt Creek Hydro Facility pursuant to the Hydro Power O&M Agreement (see "*Narrative Description of the Business - Hydro - Hydro Power O&M Agreement*").

On March 1, 2017, the Corporation entered into an agreement with the shíshálh Nation with respect to the Sechelt Creek Hydro Facility which recognizes and gives effect to the shíshálh Nation's indigenous rights and title in view of the Sechelt Creek Hydro Facility's ongoing operation in the shíshálh Nation's territory, and will result in minority equity ownership by the shíshálh Nation and profit sharing for the project.

Ontario

Dryden Hydro Facility

The 3.25 MW Dryden Hydro Facility consists of three hydro generating stations. The Wainwright hydro generating station was built in 1922 on the Wabigoon River in Dryden, Ontario. The Eagle River hydro generating station was built in 1928 at the outlet of Eagle Lake about 30 kilometres west of Dryden. The McKenzie Falls hydro generating station was built in 1938 on the Eagle River two kilometres downstream of the Eagle River generating station. The electrical power generated by the facilities is sold to IESO under two HCI Contracts with 20-year terms expiring in 2040.

The Dryden Hydro Facility is operated by Regional Power pursuant to the Hydro Power O&M Agreement (see "*Narrative Description of the Business - Hydro - Hydro Power O&M Agreement*").

Wawatay Hydro Facility

The 13.5 MW Wawatay Hydro Facility located near Marathon, Ontario commenced commercial operation in 1992. The power produced by the facility is sold to the OEFC under a 50-year PPA dated April 1, 1992 pursuant to which the OEFC has committed to purchase all electricity produced by the facility at contracted rates (subject to certain escalation provisions).

The Wawatay Hydro Facility is operated by Regional Power pursuant to the Hydro Power O&M Agreement (see "*Narrative Description of the Business - Hydro - Hydro Power O&M Agreement*").

The Ojibways of the Pic River First Nation (the "**Pic River FN**") are entitled to receive a net profit interest in the revenue earned by the Wawatay Hydro Facility equal to 10% of any positive amount obtained by subtracting the sum of the facility's cumulative costs, the cumulative deemed interest charges and certain project financing charges from the cumulative revenues of the Wawatay Hydro Facility. The Pic River FN is also entitled to 90 days' notice of any proposed sale of the Wawatay Hydro Facility and has the right to purchase all of the assets proposed to be sold at the price and upon the terms specified in the notice within such 90-day period.

Hydro Power O&M Agreement

The Hydro Power Facilities are operated by Regional Power. Regional Power and its predecessors have operated the Sechelt Creek Hydro Facility since its completion in 1997, the Hluey Lakes Hydro Facility since its completion in 2000, the Wawatay Hydro Facility since its completion in 1992 and the Dryden Hydro Facility since 1986. Under the Hydro Power O&M Agreement, Regional Power operates, maintains and manages the Hydro Power Facilities in accordance with prudent industry practice and an annual operating plan developed by Regional Power and approved by MPT Hydro LP. The Hydro Power O&M Agreement is set to expire on April 30, 2022.

<u>Gas</u>

Cardinal Facility

Overview

The Cardinal Facility located in Cardinal, Ontario is a combined-cycle facility fueled by natural gas with a net rated capacity of 156 MW of electrical power (the "**Cardinal Facility**"). The facility commenced commercial operation in November 1994 and consists of a 110 MW (gross) Siemens combustion turbine generator and a 50 MW (gross) Siemens steam turbine.

Cardinal NUG Contract

Pursuant to the 20-year non-utility generator contract dated March 26, 2014 between Cardinal LP and the OPA (now the IESO) (the "**Cardinal NUG Contract**"), the Cardinal Facility operates as a dispatchable facility and capacity from the Cardinal Facility is sold to the IESO. Under the Cardinal NUG Contract, Cardinal LP is entitled to receive a monthly fixed facility participation payment (the "**FFPP**") (subject to certain escalation provisions) from the IESO, which is intended to cover the fixed operating costs and return on capital for the Cardinal Facility. During the term of the Cardinal NUG Contract, Cardinal LP supplies electricity to the Ontario grid generally when the market revenue from doing so exceeds the costs of production. When it does so, Cardinal LP receives market-based revenue. See "*Risk Factors - Risks Related to the Power Facilities - Power Purchase Agreements*".

Arrangements with Ingredion and Gas Purchase Arrangements

Cardinal LP provides certain services to Ingredion Canada Corporation ("**Ingredion**") for its corn wet milling plant located adjacent to the Cardinal Facility under the terms of an energy savings agreement (the "**Energy Savings Agreement**") between Cardinal LP and Ingredion dated as of December 15, 2014. Cardinal LP receives a fixed payment (subject to escalation) to provide operational and maintenance services to Ingredion's plant. The cogeneration plant supplies Ingredion with steam and electricity required for its corn wet milling plant. The Cardinal Facility provides all of Ingredion's compressed air requirements, with related electricity costs being at Ingredion's expense. The Energy Savings Agreement also provides for Ingredion to receive a royalty payment based upon a portion of the market revenue earned by the Cardinal Facility from any electricity sales.

The land underlying the Cardinal Facility is leased from Ingredion under a premises lease and facilities agreement. The term of the lease runs concurrently with the Energy Savings Agreement. Under the lease, Cardinal LP is required to make fixed monthly lease payments to Ingredion.

Since 2014, Cardinal LP has purchased the natural gas to operate the Cardinal Facility on the spot market.

Cardinal O&M Arrangements

On November 20, 2016, Cardinal LP entered into a services agreement with Siemens Canada Limited (now Siemens Energy Canada Limited), pursuant to which Siemens Energy Canada Limited provides maintenance services in respect of the gas turbine at Ingredion's 15 MW cogeneration plant for a term of 6 years.

Biomass

Whitecourt Biomass Facility

Overview

The Whitecourt Biomass Facility located in Whitecourt, Alberta is a wood waste-fired electricity generating facility with a net installed capacity of 25 MW. The facility commenced commercial operation in 1994 and consists of one General Electric Company steam turbine generator.

Whitecourt Power Sale Arrangements

During 2021, the electricity produced at the Whitecourt Biomass Facility was sold at the hourly average Alberta Power Pool spot price**,** with the revenue received by the Whitecourt Biomass Facility subject to a sharing mechanism with Millar Western when the spot price for electricity differs from a contractually-agreed upon amount (see "*Narrative Description of the Business - Biomass - Whitecourt Biomass Facility - Wood Waste Supply Arrangements*").

Emission Offset Program

Whitecourt Biomass Facility's application to the Alberta Emission Offset Registry was accepted in January 2020, and the facility is eligible to earn an estimated 109,000 tonnes of CO_2e emissions offset credits per year for a total of eight years.

Wood Waste Supply Arrangements

Pursuant to a fuel supply agreement between Millar Western and WPLP dated as of March 2, 2015, Millar Western supplies wood waste to the Whitecourt Biomass Facility. The fuel supply agreement has a term of 15 years (extendable to 20 years upon mutual agreement between Millar Western and WPLP), and includes sharing mechanisms with Millar Western when the spot price for electricity differs from a contractually-agreed upon amount. Wood waste fuel is delivered by a third party transport company at Whitecourt Biomass Facility's cost.

Development Projects

The Corporation's development pipeline consists of projects at various stages of development and construction. The projects identified in the following table have advanced to a stage where resolutions to major project uncertainties are probable but not certain. Corporation is developing wind and solar projects representing a nameplate capacity of 108.4 MW, or net capacity (in respect of its ownership interests) of 81.3 MW (together, the "**Development Projects**"), as summarized below:

Development Project	Expected Gross Capacity (MW)	Capstone's Expected Ownership Interest	Location	Power Purchaser or Counterparty	PPA or RESA Term
Buffalo Atlee 1	17.3	75%	Alberta	AESO[(1)]	20 years
Buffalo Atlee 2	13.8	75%	Alberta	AESO[(1)]	20 years
Buffalo Atlee 3	17.3	75%	Alberta	AESO[(1)]	20 years
Buffalo Atlee 4	10	75%	Alberta	Alberta Power Pool	—
Michichi	25	75%	Alberta	Keyera	15 years
Kneehill	25	75%	Alberta	Alberta Power Pool	—

Notes:

(1) Refers to price support and settlement mechanisms pursuant to contractual arrangements with AESO in connection with the sale of renewable electricity into the Alberta Power Pool.

The Corporation is also developing a pipeline of prospective greenfield projects that remain at an early stage of development, both in Canada and the United States. There is no certainty that any such project will be realized.

Power Industry and Renewables - Principal Markets and Regulatory Frameworks

The Corporation's principal markets for its operating facilities in Canada are Ontario, Alberta, Nova Scotia, Québec, British Columbia, and Saskatchewan.

Canada

Provincial governments have authority over the generation, transmission, and distribution of electricity within the provinces of Canada, and consequently, the power industry in Canada is largely made up of provincially distinct markets. From time to time, the various federal and provincial governments have introduced programs designed to incentivize various activities in respect to the electricity generation industry, particularly renewable energy, and have also put forth specific renewable energy generation targets. What follows is a brief discussion of some of the renewable energy initiatives that have been undertaken across Canada. Although it is difficult to predict the financial impact of these initiatives on the Corporation, they are indicative of renewable energy installed capacity requirements and trends throughout Canada.

Ontario

The Ontario energy market incorporates a hybrid system with a wholesale spot electricity market, regulated prices for certain electricity consumers, as well as long-term contracts for the purchase of power. The competitive wholesale energy market is operated by IESO. Energy trades in the wholesale market are settled at market price, determined for five-minute dispatch intervals on the basis of offers by the generators and bids from dispatchable load facilities. The IESO is also responsible for electricity system planning and reliability, and is the counterparty to the portfolio of long-term power purchase agreements with independent power producers. The Ontario Energy Board is the administrative tribunal responsible for the regulation and supervision of the electricity and natural gas industries in Ontario, including the development and enforcement of market rules and standards, and rate regulation of the Crown utility Ontario Power Generation.

IESO is undergoing a review of its market rules. IESO's Market Renewal Program is aimed at, among other things, developing an incremental capacity market, a day ahead market, and introducing locational marginal pricing. The IESO is continuing to consult on changes to the energy market that are expected to be implemented in early 2023. In 2021, IESO released a draft request for proposal for the procurement of up to 750MW of capacity from existing generating or storage resources for three-year commitments, to address a capacity gap set to emerge in the mid-2020s.

Alberta

Alberta has the most deregulated energy market in Canada, which is structured to enable market competition and features predominantly privately owned power producers and rate-regulated transmission facility owners, as well as a competitive wholesale and retail electricity market. New generating capacity initiatives in Alberta are subject to market forces, rather than rate regulation, and power from commercial generation is cleared through the wholesale electricity market, the Alberta Power Pool. The Alberta Electric System Operator ("**AESO**") is, among other things, responsible for planning the transmission system and granting system access, subject to certain statutory requirements. The Market Surveillance Administrator for the Province of Alberta is an independent entity responsible for monitoring and investigating the market behaviour of market participants, including AESO. The Alberta Utilities Commission ("**AUC**") oversees electricity industry matters, including the regulatory approval process for new power plant and transmission facilities and the distribution and sale of electricity. The AUC is also responsible for approving the AESO's rules and for determining penalties and sanctions on any participant found to have contravened market rules.

In 2016, the Alberta government announced that it would transition Alberta's energy market from a single "energy only" market to an "energy only" market and a "capacity" market, the latter in which generators would compete to enter long-term contracts to provide committed generation capacity or produce electricity when needed on demand. In 2019, after the election of a new government, the plans for a capacity market were abandoned.

Nova Scotia

Electricity in Nova Scotia is provided by Nova Scotia Power Incorporated ("**NSPI**"), as well as power utilities in six municipalities. NSPI is a vertically-integrated utility that supplies most of the electricity in Nova Scotia and owns over 95% of the province's electricity generation, transmission, and distribution systems. Nova Scotia currently has a limited wholesale electricity market (open only to accredited market participants, including NSPI and several small municipal utilities that own and operate their own electricity grids) and an open access transmission regime to support it. Both the NSPI and municipal utilities contract with independent power producers for renewable energy, and are subject to regulation under the *Public Utilities Act* by the Nova Scotia Utility and Review Board ("**UARB**"). Electricity rates for NSPI and other public utilities' customers are subject to UARB approval.

In 2021, the Province of Nova Scotia passed the *Environmental Goals and Climate Change Reduction Act*. The Act lays out a number of climate-related objectives to be achieved by 2030, including the objective of having

80% of Nova Scotia's electricity supplied by renewable resources by 2030. In 2021, the Province of Nova Scotia announced its intention to procure 350MW of wind or solar energy generation sources through a competitive rate base procurement process in connection with this goal, and a request for proposals was issued in February 2022.

Québec

Hydro-Québec is one of the largest electricity utilities in North America, and its sole shareholder is the Québec government. Hydro-Québec is mandated to purchase all the electric power produced by independent power producers in Québec, and except for territories served by municipal or private electric power systems or by a local cooperative, Hydro-Québec is the holder of exclusive electric power distribution rights throughout the Québec and is the main transmission system operator. The Régie de l'Énergie of Québec has provided a regulatory framework for energy distribution, and electricity rates in Québec are subject to its approval. Hydro-Québec's transmission and distribution activities are subject to regulation based on the cost of service of those activities.

In 2020, the Québec government released the 2030 Plan for a Green Economy ("the **2030 Plan")**, an electrification and climate change policy framework. The 2030 Plan adopts targets to be met by 2030, including increasing the share of renewable energy in total energy production by 25%. In 2021, Hydro-Québec issued a call for tenders for 480MW of renewable energy and 300 MW of wind energy.

British Columbia

The principal supplier of power in British Columbia is the provincial Crown corporation, BC Hydro. BC Hydro acquires power from independent power producers in order to satisfy British Columbia's electricity needs, primarily by competitive calls, standards or open offers, or bilateral arrangements. British Columbia does not appear to have any plans to introduce full retail competition (although British Columbia transmission systems do provide open access to allow independent power producers to move electricity to the export market or to distribution utilities and large industrial customers within the province). BCUC, an independent regulatory agency which operates under the *Utilities Commission Act* (British Columbia), regulates the province's natural gas and electricity utilities.

BC Hydro recently imposed a moratorium on new independent power projects pending the outcome of the government's comprehensive review of its Integrated Resource Plan. The Integrated Resource Plan is a flexible long-term strategic plan to meet provincial electricity demand over the next 20 years. BC Hydro submitted its 2021 Integrated Resource Plan application to the BCUC in December 2021 and the regulatory review process is now underway.

Saskatchewan

The electricity market in Saskatchewan is managed by the Saskatchewan Power Corporation ("**SaskPower**"), a vertically-integrated Crown corporation. SaskPower is the principal supplier of electricity in Saskatchewan, generating, purchasing, transmitting, distributing, and selling electricity and related products and services almost exclusively to Saskatchewan's residential, farm, industrial and commercial customers.

SaskPower has commited to reduce its GHG emissions by at least 50% below 2005 levels by 2030, which includes a target of increasing its generation capacity from renewable sources to approximately 40% of its generation capacity by 2030. As of the date of SaskPower's 2020-2021 Annual Report, renewables accounted for 1,297 MW or approximately 26% of its generation capacity. SaskPower issued a request for proposals in 2020 to procure up to an additional 300 megawatts of wind power for commissioning prior to the end of 2023.

<u>Competitive Conditions in the Power Industry</u>

The nature and extent of competition in the power industry varies from jurisdiction to jurisdiction. In the near term, as a result of PPAs already entered into between the Power Facilities and their respective power purchasers, the Corporation believes that it does not face any material competition with respect to its Power Facilities. Procuring new long term PPAs is generally the result of a competitive request for proposals process established by relevant agencies, utilities or private companies located in different jurisdictions. To the extent that electricity produced by a facility is sold in the market (as is currently the case for the Cardinal Facility, the

Whitecourt Biomass Facility, and the Claresholm Solar Facility), the particular facility may face competition resulting from bidding electricity into the open market and receiving the market price, or may face competition in when seeking to enter into a bilateral power purchase contract with another counterparty to sell electricity and/or renewable energy credits at a negotiated price.

Seasonality

A PPA for a Power Facility may provide for higher prices to be paid for electricity delivered from October to March and lower prices from April to September. In addition, the Power Facilities' operating results may fluctuate due to spot pricing and seasonal factors which affect seasonal production at a particular facility. Seasonal factors include scheduled major maintenance, seasonal electricity demands, and environmental factors such as water flows, wind speeds and density, temperature, solar insolation, and humidity.

Electricity generated by each of the Wind Power Facilities fluctuates with the natural wind speed and density in the area of the facility. During the autumn and winter periods, wind speed and density are generally greater than during the spring and summer periods.

A significant portion of electricity generated by the Hydro Power Facilities fluctuates with the natural water flows of the respective watersheds. Typically, the second quarter, during the spring run-off, is the most productive period for the Wawatay Hydro Facility and the Sechelt Creek Hydro Facility. The Dryden Hydro Facility, which has lower variability, has historically produced the most electricity during the third quarter.

Production at the Whitecourt Biomass Facility will fluctuate as a result of its semi-annual maintenance activities generally scheduled for April and October of each year.

Solar PV cells convert sunlight directly into electrical energy in proportion to the sunshine intensity and the angle at which solar photovoltaic cells are radiated. As a result, solar PV cells are capable of producing electricity even in the winter and during cloudy weather, although at a reduced rate. Electricity production at the Solar Power Facilities typically varies over the course of a day, with peak production occurring at midday, and by season, with peak production occurring in the summer. Typically, approximately two-thirds of the Solar Power Facilities' annual production occurs during the second and third quarters.

Spot prices for electricity vary at different times of the year as a result of increased or decreased energy consumption or supply constraints or surpluses, often as a result of weather conditions. During 2021, each of the Cardinal Facility, the Whitecourt Biomass Facility, and a portion of the Claresholm Solar Facility bid electricity that such facility produced into the Ontario and Alberta electricity markets, respectively, and received revenue related to the applicable market price. Accordingly, the financial results of the Cardinal Facility, the Whitecourt Biomass Facility, and the Claresholm Solar Facility could fluctuate in accordance with such seasonal variations (see also "*Narrative Description of the Business - Biomass - Whitecourt Biomass Facility - Whitecourt Power Sale Arrangements*").

Environmental Matters

The Power Facilities and their respective operations hold all material permits and approvals required for their construction and operation, depending on project phase and operational status, and are subject to complex and stringent environmental, health and safety regulatory regimes, including Environmental, Health and Safety Laws. The Power Facilities are designed and managed to comply with such Environmental, Health and Safety Laws in addition to Capstone's corporate and facility-specific health, safety and environment policies. See also "*Risk Factors - Risks Related to the Corporation and its Businesses - Environmental, Health and Safety*", "*Risk Factors - Risks Related to the Power Facilities - Environmental*" and "*Risk Factors - Risks Related to the Power Facilities - Regulatory Environment*". Environmental protection requirements did not have a significant financial or operational effect on the Corporation's capital expenditures, earnings and competitive position for the twelve months ended December 31, 2021.

Climate Change Related Initiatives

In addition to government-supported PPAs, public policy supported by government has been used to stimulate investment in renewable energy generation. The following outlines climate change related public policy in Canada, and related federal and provincial legislation and programs, which are intended to incentivize investments in renewable energy. Such climate-related incentives may present both short term and long term opportunities for the Corporation, as an independent power producer who owns, develops and operates a portfolio of clean energy generation. In general, public policy which supports incentives for renewable energy generation and credits for carbon offsets benefit the competitive position of the Corporation.

Federal

In December of 2015, Canada along with 194 other countries reached an historic agreement to accelerate actions and investments needed to limit global average temperature increases to below 2 degrees Celsius above pre-industrial levels and to pursue efforts to further limit the increase to 1.5 degrees Celsius ("**Paris Accord**"). As part of its commitment Canada agreed to reduce its greenhouse gas ("**GHG**") emissions by 30% below 2005 levels by 2030.

In late 2016, Canada and the majority of its provinces agreed to the Pan-Canadian Framework on Clean Growth and Climate Change ("**Framework**"). Pursuant to the Framework, provincial jurisdictions have the flexibility to implement a variety of carbon regimes ranging from price-based regimes involving a carbon tax, to performance-based emissions regimes involving emissions intensity and cap and trade. Because of this flexibility, provincial legislation is expected to play a significant role with respect to the Corporation's facilities.

The *Greenhouse Gas Pollution Pricing Act* ("**GGPPA**") implements the Framework. The provisions of the GGPPA are intended to serve as a regulatory backstop in the event a province does not otherwise implement an adequate provincial GHG regime. It is comprised of two primary elements: (i) a charge on fossil fuels; and (ii) an output-based pricing system for large industrial emitters which involves payment for the portions of their emissions above an annual emissions limit. Pursuant to the Framework and the GGPPA, in the event a province does not implement an adequate GHG regime, the federal requirements involving the imposition of a charge on fossil fuels will apply, which requirements imposed a charge of $40/tonne in 2021 and impose a charge of $50/tonne in 2022. In addition, the federal government has announced, although not yet enacted, a strengthened climate plan entitled "A Healthy Environment and a Healthy Economy" under which the charge on fossil fuels is proposed to increase by an additional $15/tonne each year from 2023 to 2030, resulting in a final proposed charge of $170/tonne in 2030.

Each of Saskatchewan, Ontario, and Alberta launched constitutional legal challenges to the validity of the GGPPA. On March 25, 2021, the Supreme Court of Canada ("SCC") rendered its decision on the constitutional challenges. The SCC upheld Canada's ability to implement minimum pricing standards for greenhouse gas emissions as a national backstop under the GGPPA in the event that a provincial carbon pricing program does not meet the GGPPA's stringency requirements. The Corporation continues to monitor the federal government's assessment of alternative carbon pricing systems for compliance with the GGPPA, while anticipating more carbon pricing consistency in provinces which do not have programs that meet the GGPPA's equivalency test.

Pursuant to the provisions of the GGPPA, Canada has proposed draft emission offset regulations. The proposed regulations enable federal emission offset credits to be used as compliance options for federal-regulated facilities. The proposed regulations also reference the possible use of provincial offset credits as 'recognized units' for compliance by federally regulated facilities, although the manner in which provincial offsets can be used under the federal system has not yet been clarified.

Provincial

The Corporation's facilities are situate in various provinces throughout Canada. As noted, each of the provinces have addressed the regulation of GHG emissions differently.

British Columbia primarily regulates GHG emissions through a broad carbon tax on fuel, introduced in 2008. The carbon tax is currently $45/tonne of CO2e, and will increase to $50/tonne of CO2e on April 1, 2022. In its *CleanBC Roadmap to 2030*, British Columbia announced further increases of $15/tonne of CO2e for each year beginning in 2023. All British Columbia-based industrial operations emitting 10,000 tonnes or more of GHGs per year are required to report their emissions under the *Greenhouse Gas Industrial Reporting and Control Act* ("**GGIRCA**"). The GGIRCA also allows for the establishment of emissions limits for specified industrial facilities. Facilities which exceed these limits can offset their emissions by purchasing compliance units from market on the B.C. Carbon Registry. Compliance units include emission offsets although the types of acceptable emission offsets is currently quite limited.

In Alberta, facilities that emit equal to or greater than 100,000 tonnes of GHGs per year are subject to emissions intensity reduction requirements under the *Technology Innovation and Emissions Reduction Regulation (*"**TIER**"*)*. If a regulated facility under TIER is unable to meet its emissions intensity reduction requirements, it can otherwise do so by purchasing Alberta-based emissions offsets, emission performance credits, or pay into a TIER compliance fund at the applicable rate. In December of 2019, TIER was deemed equivalent under the output-based pricing system of the GGPPA. In December of 2021 Alberta issued a Ministerial Order confirming the 2022 TIER compliance fund price is $50/tonne of CO2e, thus ensuring facilities under TIER continue to remain exempt from the GGPPA output-based pricing system during 2022.

Saskatchewan has enacted its *Prairie Resilience: Made in Saskatchewan Climate Change Strategy* ("**Prairie Resilience**"), which applies to large emitters that emit more than 25,000 tonnes of CO2e, other than electrical generation and natural gas pipelines. Those latter facilities are governed by the output-based pricing system provisions of the GGPPA. Proposed compliance options under the Prairie Resilience include the use of emission offsets, although the specifics regarding their use have not yet been finalized.

In 2019, Ontario introduced an Emission Performance Standards ("**EPS**") program which applies to GHG emissions from large industrial emitters. On September 20, 2020, the federal government accepted Ontario's EPS program as an alternative to the federal backstop. In October, 2021 the Ontario government made regulatory amendments to support the transition from the federal system to the Ontario EPS, effective as of January 1. 2022. Ontario has announced it intends on developing an offset trading system as part of its EPS, although specifics have yet to be provided.

Quebec has a cap and trade program that allows large emitters to use emissions offsets to offset their greenhouse gas emissions above a cap. Quebec's emission offset program is linked to California through the Western Climate Initiative ("**WCI**").

Nova Scotia implemented a cap and trade system as of January 1, 2019, which applies to all facilities that generate 50,000 tonnes or more of GHG emissions per year from specified activities. Nova Scotia's cap and trade system is also linked to California through the WCI. Nova Scotia has announced it intends on developing an offset trading regime as part of its cap and trade system, although specifics have yet to be provided.

Greenhouse Gas Emissions and Other Air Pollutants from Capstone Facilities

The Corporation mitigates the potential impact of future federal and provincial environmental legislation and guidelines by remaining diligent in the operation of its facilities, including the implementation of stringent policies and procedures to prevent the improper discharge of emissions or other pollutants from its facilities. Each of the Cardinal Facility and the Whitecourt Biomass Facility emit GHGs above reporting thresholds and each facility complies, in all material respects, with current federal and provincial environmental legislation and guidelines on GHG and other emissions. The Corporation's Wind Power Facilities, Solar Power Facilities, and Hydro Power Facilities do not emit any material amounts of GHGs or other pollutants. They not only meet all of their emissions compliance requirements, but are also capable of generating emission offsets.

Federal

The Cardinal Facility and the Whitecourt Biomass Facility are subject to various regulations promulgated under the *Canadian Environmental Protection Act*, 1999 (Canada) ("**CEPA**"). Pursuant to CEPA, facilities with GHG emissions of 10,000 tonnes CO_2-equivalent or more per year are required to report their annual emissions of CO_2 and certain other GHGs to Environment Canada. Both the Cardinal Facility and the Whitecourt Biomass Facility are subject to, and in compliance with, these reporting requirements.

The Canadian federal government, along with the provincial and territorial governments, has developed a national framework for managing and regulating air pollutant emissions such as NOx, sulphur oxides, volatile organic compounds and particulate matter, including specific caps on pollutants for each sector, including electricity generation. The framework, known as the Air Quality Management System, involves the establishment of specific air quality standards. These standards are used by the provinces and territories to implement air quality improvements. To date, standards have been adopted for ozone, particulate matter, $NO_{2,}$ $SO_{2,}$ and small solid biomass combustors (wood combustors between 50kW and 5 MW of thermal output). Until the Air Quality Management System is finalized, it is difficult to predict what impact and effect it may have on the business, operating results and financial condition of the Corporation.

Cardinal Facility

The Cardinal Facility is subject to various provincial regulations promulgated by the Ontario Ministry of the Environment, Conservation and Parks ("**MECP**"). Facilities with GHG emissions of 10,000 tonnes CO_2-equivalent or more per year are required to report their GHG emissions to the MECP. The Cardinal Facility emitted approximately 33,415 tonnes CO_2-equivalent in 2021 and was in compliance with its various CO_2 reporting requirements. Ontario also regulates the reporting, allocation and retirement of NOx and SO_2 emissions. The Cardinal Facility has no reportable SO_2 emissions and NOx emissions fall below the levels mandated by legislation.

Whitecourt Biomass Facility

The Alberta government also regulates other air emissions such as carbon monoxide, NOx and particulates as well as GHG emissions. The Whitecourt Biomass Facility is in compliance with all of its air emissions compliance and reporting requirements.

Under Alberta's climate legislation, the Whitecourt Biomass Facility is also eligible to generate emission performance credits.

<u>Social and Environmental Policies</u>

Capstone's Corporate Social Responsibility Policy (the "**CSR Policy**") requires the Corporation to recognize and manage its impact on society and to see that its business activities and, where practical, those of supplier organizations, are conducted in a socially responsible manner. The CSR Policy identifies five corporate social responsibility ("**CSR**") principles, which are rooted in Capstone's business objectives, guides management and employee decision-making, and ensures the Corporation respects the needs and rights of its employees, the public, and neighbours and protects them from harm. These five CSR principles are: i) act with integrity in meeting corporate governance, legal and other standards of behavior; ii) respect human rights and dignity; iii) be accountable for actions and transparent in reporting; iv) engage with stakeholders to strive for mutually beneficial outcomes; and v) invest in the Corporation's employees.

The Code of Ethics affirms the Corporation's commitment to uphold high moral and ethical standards, and sets out general principles that govern acceptable conduct as a representative of the Corporation, toward one another, with stakeholders, and in the communities where the Corporation does business. The Corporation's Code of Ethics is described in further detail under "*Schedule "B" - Corporate Governance - Code of Business Conduct and Ethics*". The Corporation's employees are required to acknowledge on an annual basis that they have reviewed and complied with the Code of Ethics.

Capstone has a robust health, safety and environmental ("**HSE**") policy and HSE governance framework. Pursuant to the HSE Policy and governance framework, a program has been implemented to perform risk evaluation and mitigation throughout Capstone's operating sites.

CAPITAL STRUCTURE OF THE CORPORATION

Overview

The authorized capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of Class A Shares, and a limited number of preferred shares issuable in series. The aggregate number of preferred shares that may be issued is limited to 50% of the number of common shares outstanding at the relevant time. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of the Corporation and securities exchangeable for securities of the Corporation.

As at March 22, 2022, there were no Common Shares, 304,609,155 Class A Shares and 3,000,000 Series A Preferred Shares issued and outstanding. There are no cumulative floating rate preferred shares, Series B Preferred Shares issued and outstanding. All of the Class A Shares are owned by Irving, an indirect subsidiary of iCON III.

As at March 22, 2022, under the CPC Credit Facility, an aggregate principal amount of $61.0 million is outstanding and Capstone has utilized $45.7 million of letters of credit under the revolving loan facility.

Common Shares

Holders of Common Shares are entitled to one vote per share at meetings of shareholders of the Corporation (except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series), to receive (subject to the rights of the holders of any other class of shares) dividends if, as and when declared by the Board of Directors, on an equal basis with the holders of Class A Shares and to receive *pro rata* the remaining property and assets of the Corporation upon its dissolution or winding-up on an equal basis with the holders of Class A Shares (subject to the rights of any other class of shares).

Class A Shares

Holders of Class A Shares are entitled to 1.01 vote per share at meetings of shareholders of the Corporation (except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series), to receive (subject to the rights of the holders of any other class of shares) dividends if, as and when declared by the Board of Directors, on an equal basis with the holders of Common Shares and to receive *pro rata* the remaining property and assets of the Corporation upon its dissolution or winding-up on an equal basis with the holders of Common Shares (subject to the rights of any other class of shares).

Preferred Shares

Each series of preferred shares will consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board of Directors prior to the issuance thereof. The aggregate number of preferred shares that may be issued is limited to 50% of the number of common shares outstanding at the relevant time.

With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or wind up of the Corporation, whether voluntary or involuntary, each series of preferred shares ranks *pari passu* with every other series of preferred shares of the Corporation and the preferred shares will be entitled to a preference over the Common Shares and any other securities ranking junior to the preferred shares.

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to any series of preferred shares, the holders of preferred shares will be entitled to receive an amount equal to $25.00 per share, together with an amount equal to all accrued and unpaid dividends up to but excluding the date of payment or distribution.

The Corporation may issue other series of preferred shares ranking on parity with any series of preferred shares without the authorization of the holders of preferred shares.

The holders of any series of preferred shares will not (except as otherwise provided by law and, except as noted below, in respect of meetings of the holders of preferred shares as a class and meetings of holders of preferred shares as a series) be entitled to receive notice of, attend or vote at any meeting of shareholders of the Corporation, unless and until the Corporation shall have failed to pay eight quarterly dividends on the specific series of preferred shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the specific series of preferred shares as at the applicable record date will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and will be entitled to vote together with all of the voting shares of the Corporation on the basis of one vote in respect of each preferred share of the specified class held by such holder, until all such arrears of such dividends have been paid, whereupon such rights shall cease.

Subject to applicable law, holders of any series of preferred shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the applicable series of preferred shares or (b) create a new class or series of shares equal or superior to applicable series of preferred shares.

Series A Preferred Shares

The Series A Preferred Shares have an issue price of $25.00 per share. For the period from and including July 31, 2016 to, but excluding, July 31, 2021, holders of Series A Preferred Shares were entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly each year, at an annual rate equal to approximately $0.8177 (or 3.271%) per share. During the current Subsequent Fixed Rate Period, which began on July 31, 2021 and will end on July 30, 2026, holders of Series A Preferred Shares are entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, at an annual rate equal to approximately $0.9256 (or 3.702%) per share, payable quarterly each year. Thereafter, during Subsequent Fixed Rate Periods, the holders of Series A Preferred Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly in each year during the Subsequent Fixed Rate Period, in an annual amount per share determined by multiplying the annual fixed dividend rate (that is, the rate equal to the sum of the yield to maturity determined on the 30th day prior to the first day of the applicable Subsequent Fixed Rate Period (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years plus 2.71%) applicable to such Subsequent Fixed Rate Period by $25.00.

On July 31, 2026 and on July 31 every five years thereafter, and subject to certain other restrictions, the Corporation may, at its option, redeem all or any number of the outstanding Series A Preferred Shares by payment in cash of a per share sum equal to $25.00, together with all accrued and unpaid dividends thereon.

Subject to the right of the Corporation to redeem the Series A Preferred Shares and provided that there will be a minimum of 1,000,000 Series B Preferred Shares outstanding after conversion, each holder of Series A Preferred Shares will have the right, at its option, on July 31, 2026 and on July 31 every five years thereafter. to convert all or any of the Series A Preferred Shares into Series B Preferred Shares on the basis of one Series B Preferred Share for each Series A Preferred Share converted. If the Corporation determines that after conversion there would remain outstanding fewer than 1,000,000 Series A Preferred Shares, then all, but not part, of the remaining outstanding Series A Preferred Shares will be automatically converted into Series B Preferred Shares, on the basis of one Series B Preferred Share for each Series A Preferred Share.

Series B Preferred Shares

The holders of the Series B Preferred Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by $25.00. The "**Floating Quarterly Dividend Rate**" means, for any Quarterly Floating Rate Period (that is, for the initial Quarterly Floating Rate Period, the period from and including July 31, 2016 up to, but excluding, October 31, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Period Commencement Date (that is, the last day of each of January, April, July and October in each year)), the rate equal to the sum of the T-Bill Rate plus 2.71%.

The Corporation may, at its option, redeem all or any number of the outstanding Series B Preferred Shares by payment in cash of a per share sum equal to (i) $25.00 in the case of redemptions on July 31, 2021 and on July 31 every five years thereafter (each a "**Series B Conversion Date**"), or (ii) $25.50 in the case of redemptions on any date which is not a Series B Conversion Date after July 31, 2016.

Subject to the right of the Corporation to redeem the Series B Preferred Shares as described above and provided that there will be a minimum of 1,000,000 Series A Preferred Shares outstanding after conversion, each holder of Series B Preferred Shares will have the right, at its option, on any Series B Conversion Date, to convert all or any of the Series B Preferred Shares into Series A Preferred Shares on the basis of one Series A Preferred Share for each Series B Preferred Share converted. If the Corporation determines that after conversion there would remain fewer than 1,000,000 Series B Preferred Shares, then all, but not part, of the remaining outstanding Series B Preferred Shares will be automatically converted into Series A Preferred Shares, on the basis of one Series A Preferred Share for each Series B Preferred Share, on the applicable Series B Conversion Date.

CPC Credit Facility

CPC, as borrower, certain of its subsidiaries as full recourse guarantors, the Corporation, as a limited recourse guarantor, the lenders that are parties thereto from time to time, and the administrative agent entered into a credit agreement dated December 15, 2017 (as amended and supplemented from time to time, the "**CPC Credit Facility**") providing for a $120.5 million CPC revolving loan facility which bears interest at a variable rate. The revolving loan facility also includes a sub-limit of a $5 million swing line facility and an accordion feature, which allows for an increase of the revolving credit facility of up to $40 million, subject to lenders' approval.

As at March 22, 2022, under the CPC Credit Facility, an aggregate principal amount of $61.0 million is outstanding and Capstone has utilized $45.7 million of letters of credit under the revolving loan facility. The debt matures on December 15, 2023 and includes rolling one-year term extension options, subject to lenders' approval.

The collateral for the CPC Credit Facility is provided by the Capstone, CPC, and its material subsidiaries (with exception of certain subsidiaries, including previously encumbered project financed subsidiaries). Capstone provided a limited recourse guarantee, a securities pledge agreement and an assignment of indebtedness owed to Capstone by CPC. The CPC Credit Agreement contains terms, representations and warranties, covenants, indemnities, and events of default (including, without limitation, the change of control of CPC) that are customary for credit agreements of this nature. Financial covenants include a maximum total leverage ratio and a minimum debt service coverage ratio each calculated in accordance with the terms of the CPC Credit Agreement.

MANAGEMENT OF THE CORPORATION

Directors

The Board of Directors of the Corporation currently consists of seven Directors. The Corporation must have a minimum of three Directors. The Corporation currently has an Audit Committee (the "**Audit Committee**") and a Corporate Governance & Compensation Committee (the "**CG&C Committee**"), each of which has a minimum of three Directors as members. The members of such committees are indicated below.

The term of office of any Director continues until: (a) the next annual meeting of Shareholders following his or her election or appointment; (b) the date on which his or her successor is elected or appointed or earlier if he or she dies, resigns or is removed or disqualified; or (c) his or her term of office is lawfully terminated for any other reason.

The Directors of the Corporation are:

David Eva

Ontario, Canada

Director since: January 1, 2017
Not Independent

Mr. Eva joined the Corporation in 2013 as Vice President, Development, and progressed to Senior Vice President and later to Chief Executive Officer of CPC, the power subsidiary of the Corporation. On January 1, 2017, Mr. Eva was appointed to the position of Chief Executive Officer of the Corporation and became a member of the Board. Prior to joining the Corporation, Mr. Eva was the Vice President, Development at Renewable Energy Developers Inc. ("**ReD**"), and Project Management Director at Sprott Power Corp. (the predecessor to ReD) from February 2011 until it was acquired by the Corporation in 2013. Mr. Eva is a registered professional engineer in the province of Ontario, holds the Chartered Financial Analyst designation, received a Masters of Engineering (M.Eng) in Mechanical Engineering from the University of Waterloo, and a Bachelor of Science (BSc.Hons) in Mechanical Engineering from Queen's University.

Capstone Committee Memberships	Other Current Public Entity Directorships
• None	• None

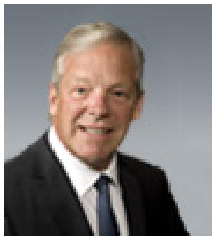
Andrew Kennedy

Ontario, Canada

Director since: April 1, 2017
Not Independent

Mr. Kennedy has been with the Corporation since 2010 as Vice President, Finance from 2010 to 2016 and as Chief Financial Officer of CPC since April 2016. On April 1, 2017, Mr. Kennedy was appointed to the position of Chief Financial Officer of the Corporation and became a member of the Board. Prior to joining Capstone's predecessor in 2010, Mr. Kennedy held progressively senior roles at Ernst & Young, where he specialized in public company financial reporting. In addition, Mr. Kennedy is a Chartered Professional Accountant (CPA) and is a member of both CPA Ontario and the American Institute of CPAs in Illinois.

Capstone Committee Memberships	Other Current Public Entity Directorships
• None	• None



Richard Knowles

Ontario, Canada

Director since: June 18, 2013
Independent

Mr. Knowles is currently Chair of the Investment Advisory Committee of the Canada Post Pension Fund and is a member of the Davis Rea Wealth Management Investment Review Committee. From 2000 to 2008, Mr. Knowles served as President and Chief Executive Officer and as a board director of Sceptre Investment Counsel Ltd. Mr. Knowles was previously President and Chief Executive Officer of Jones Heward Investment Management and Executive Vice President of Nesbitt Burns Inc. He is also past Chairman of the Portfolio Management Association of Canada and former Treasurer of North York General Hospital. Mr. Knowles is a Chartered Financial Analyst and holds an Honours Bachelor of Business degree from the Richard Ivey School of Business and an Honorary Doctorate of Laws from Assumption University (Windsor).

Capstone Committee Memberships	Other Current Public Entity Directorships
• CG&C Committee • Audit Committee	• None

Paul Malan

London, United Kingdom

Director since: April 29, 2016
Not Independent

Mr. Malan is Senior Partner of iCON, an independent infrastructure investment firm that he founded in 2011. Mr. Malan has over 25 years of experience in infrastructure advisory and investment, including at iCON, Deutsche Bank and Macquarie Bank. Mr. Malan holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Melbourne (Australia).

Capstone Committee Memberships	Other Current Public Entity Directorships
• CG&C Committee	• Bristol Water plc

Adèle Malo

Ontario, Canada

Director since: April 29, 2016
Independent

Ms. Malo holds a B.A., LL.B. and LL.M. as well as the ICD.D designation and has extensive corporate and governance experience in the energy, food service, services and utility sectors. She currently serves on the Board of Directors of Ontario's Electrical Safety Authority (ESA), is its Chair of the Regulatory Affairs Committee and is a member of the People and Culture Committee. From 2014 to 2020 she was on the Board of Plugn'Drive. She was previously Executive Vice President of Government & Regulatory Affairs, Real Estate and External Communications and General Counsel for Direct Energy until her retirement in December 2012. Prior to that she held senior positions with Ontario Power Generation, Union Gas, Oshawa Group Ltd., and Tim Hortons. Ms. Malo began her career as an associate lawyer in the tax department of Osler, Hoskin & Harcourt.

Capstone Committee Memberships	Other Current Public Entity Directorships
• CG&C Committee (Chair) • Audit Committee	• None

Paul Smith

Edinburgh, United Kingdom

Director since: May 10, 2017
Not Independent

Mr. Smith is the Chair of the Board of Directors of the Corporation. Mr. Smith currently has a portfolio of non-executive and advisor roles across the energy, infrastructure and utility sectors. In addition to chairing Capstone, he is a non-executive director and chair of Diversified Energy From Waste Management Ltd., a waste to energy and district heating business, a non-executive director of Cadent Gas Ltd., and also a non-executive director of Orbital Marine Tidal Ltd., a tidal energy development company. He is also Senior Advisor to Icon Infrastructure LLP, an investor in infrastructure businesses in the UK, Europe and North America. Prior to this Mr. Smith was Managing Director of Generation at SSE Plc ("**SSE**") from 2005 to 2016 where he was responsible for leading SSE's Power Generation and Gas Storage business in the UK and Ireland. He was a member of SSE's management board from 2010 to 2015 and chaired the SSE health and safety committee. He was also a non-executive director of Scottish Water between 2016 and 2021. Mr. Smith is a Chartered Chemical Engineer from Edinburgh University with an MBA from Henley Management College. He is a Fellow of both the Institute of Chemical Engineers and the Energy Institute.

Capstone Committee Memberships	Other Current Public Entity Directorships
• None	• None

Janet Woodruff

British Columbia, Canada

Director Since: June 18, 2013
Independent

Ms. Woodruff is a corporate director and former executive with over 30 years of experience in the energy, transportation, and health sectors. Ms. Woodruff currently serves on the boards of Ballard Power, Altus Group and Keyera Corporation. Her previous experience includes executive roles with Transportation Investment Corporation, BC Hydro, Westcoast Energy, and Vancouver Coastal Health and serving on the board of FortisBC. Ms. Woodruff is a Fellow Chartered Accountant of British Columbia (FCPA, FCA), and a member of the Institute of Corporate Directors, holding the ICD.D designation. She earned her Master of Business Administration degree from York University and an Honours Bachelor of Science degree from the University of Western Ontario.

Capstone Committee Memberships	Other Current Public Entity Directorships
• Audit Committee (Chair)	• Ballard Power Systems, Director and member of the Audit Committee and Chair of the People, Corporate Governance and Compensation Committee • Altus Group Limited, Director and Chair of the Audit Committee and member of the Human Resource and Compensation Committee • Keyera Corp., Director and member of the Audit Committee

Each of Richard Knowles, Adèle Malo and Janet Woodruff is "independent" in accordance with the provisions of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). Mr. Malan is not independent because of his positions with iCON, Irving and their affiliates. Mr. Smith is not independent because he received compensatory fees from iCON for consulting services over a twelve month period within the last three years. Mr. Eva and Mr. Kennedy are not independent because they are executive officers of the Corporation.

Attendance at Board and Committee Meetings

The Board, the Audit Committee and the CG&C Committee each meet at least once each quarter to review the Corporation's business operations, financial results and other matters, as applicable, with additional Board and committee meetings scheduled as necessary. These meetings include the participation of senior management of the Corporation to review and discuss specific aspects of the Corporation's operations. Directors are expected to attend a minimum of 75% of all regularly scheduled meetings of the Board and the committees on which they serve.

The following table summarizes the attendance of each Director at the Board and committee meetings held between January 1, 2021 and December 31, 2021:

Director	Board		Audit Committee		CG&C Committee		Attendance
	Attended	Held	Attended	Held	Attended	Held	
David Eva	10	10	—	—	—	—	100%
Andrew Kennedy	10	10	—	—	—	—	100%
Richard Knowles	10	10	5	5	6	6	100%
Paul Malan	10	10	—	—	6	6	100%
Adèle Malo	10	10	5	5	6	6	100%
Paul Smith	10	10	—	—	—	—	100%
Janet Woodruff	10	10	5	5	—	—	100%

Executive Officers

The name, province and country of residence, and principal occupation for at least the last five years for each person serving as the executive officers of the Corporation as at March 22, 2022 are as follows:

Name and Jurisdiction of Residence	Office with the Corporation
David Eva(1) Ontario, Canada	Chief Executive Officer
Andrew Kennedy(1) Ontario, Canada	Chief Financial Officer
Patrick Leitch(2) Ontario, Canada	Senior Vice President, Operations
Aileen Gien(3) Ontario, Canada	General Counsel & Corporate Secretary

Notes:

(1) Biographical information for each of Messrs. Eva, and Kennedy is contained under "*Management of the Corporation - Directors*".
(2) Mr. Leitch was appointed Senior Vice President, Operations of the Corporation effective on January 1, 2020. Prior to his appointment as Senior Vice President, Operations, Mr. Leitch was Vice President, Operations of CPC since January 1, 2017.
(3) Ms. Gien was appointed General Counsel & Corporate Secretary of the Corporation on April 1, 2016.

As at March 22, 2022, the Directors and the executive officers of the Corporation as a group do not own or exercise control or direction over, directly or indirectly, any Class A Shares or the Corporation's preferred shares.

Cease Trade Order, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, no Director or executive officer of the Corporation (or a personal holding company of such person) or, in the case of (C), (D) or (E) only, iCON III or any of its subsidiaries: (A) is, as at the date of this Annual Information Form or was within the last 10 years, a director, trustee, chief executive officer or chief financial officer of any issuer (including the Corporation) that was subject to a cease trade order or similar order, or an order that denied the issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued: (i) while the person was acting in the capacity as director, trustee, chief executive officer or chief financial officer; or (ii) was issued after the person ceased to be a director, trustee, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, trustee, chief executive officer or chief financial officer; (B) is, as at the date of this Annual Information Form or has been within the last 10 years, a director, trustee or executive officer of any issuer (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (C) has in the last 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets; (D) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (E) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Audit Committee Information

Charter of the Audit Committee

The text of the Charter of the Audit Committee is set out in Schedule "C" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of three Directors, namely Janet Woodruff (chair), Richard Knowles and Adèle Malo. Each member of the Audit Committee is "independent" and "financially literate", in accordance with the applicable provisions of NI 52-110.

Relevant Education and Experience of the Audit Committee Members

The education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as a member of the Audit Committee are set forth in their respective biographies above under "*Management of the Corporation - Directors*".

External Audit Fees

The following table outlines the fees billed to the Corporation by PricewaterhouseCoopers LLP ("**PwC**"), the Corporation's external auditors, for each of the Corporation's last two fiscal years, categorized by audit fees, audit-related fees, tax fees, and all other fees and includes a description of the nature of services comprising such non-audit fees:

In dollars	**2020**	**2021**
Audit Fees	$ 204,230	$ 143,375
Audit-Related Fees(1)	$ 185,013	$ 202,059
Tax Fees	$ —	$ —
All Other Fees	$ —	$ —
Total	$ 389,243	$ 345,434

Note:

(1) The Corporation's audit-related fees include fees paid to the Corporation's auditors for statutory audits, attestation services and quarterly reviews.

The Corporation's Audit Committee has implemented a policy restricting the services that may be provided by the Corporation's external auditors. Any service to be provided by the Corporation's external auditors must be permitted by law and by the policy, and must be pre-approved by the Audit Committee pursuant to the policy. The policy provides for the annual pre-approval of specific types of services, and gives detailed guidance to management as to the specific services that are eligible for such annual pre-approval. All other services must be specifically pre-approved by the Chair of the Audit Committee as they arise throughout the year. In making its determination regarding services to be provided by the Corporation's external auditors, the Audit Committee considers the compliance with the policy and the provision of services in the context of avoiding any impact on auditor independence. This includes considering applicable regulatory requirements and guidance and whether the provision of the services would place the auditors in a position to audit their own work, result in the auditors acting in the role of the Corporation's management or place the auditors in an advocacy role on behalf of the Corporation. On an annual basis, the Corporation's Chief Financial Officer makes a presentation to the Audit Committee detailing the services performed by the Corporation's external auditors and regularly provides details of any proposed assignments for consideration by the Audit Committee and pre-approval, if appropriate.

The Audit Committee reviewed PwC's provision of non-audit services during the financial year ending December 31, 2021 in the context of maintaining PwC's independence.

RISK FACTORS

The following information is a summary of certain risks applicable to an investment in the Corporation's securities and risks applicable to the Corporation, its subsidiaries and its investees and the facilities which they operate and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form and in the Corporation's filings with the Canadian securities regulators from time to time.

An investment in securities of the Corporation involves significant risk. Investors should carefully consider the risks described below, the other information described elsewhere in this Annual Information Form and those risks set out in subsequent filings by the Corporation with the Canadian securities regulators before making a decision to buy securities of the Corporation. If any of the matters set out in the following or other risks were to occur, the Corporation's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted and the ability of the Corporation to make payments of interest or dividends or upon redemption or maturity, as applicable, to its security holders could be adversely affected, the trading price of securities of the Corporation could decline and investors could lose all or part of their investment in such securities.

The Corporation recognizes the importance and benefits of timely identification, assessment and management of risks that may impact the Corporation's ability to achieve its objectives. In this respect, the Corporation is committed to prudent risk management practices within the context of an enterprise risk management ("**ERM**") framework. Further information regarding the Corporation's risk management practices and its ERM framework is contained under "*Risks and Uncertainties*" in the MD&A for the year ended December 31, 2021, which is available under the Corporation's SEDAR profile at www.sedar.com and on the Corporation's website at www.capstoneinfrastructure.com. There is, however, no assurance that the risk management practices employed by the Corporation will avoid future loss due to the occurrence of the matters set out in risks described below or other unforeseen risks.

Risks Related to the Corporation's Securities

Controlling Shareholder Risk

The Corporation's business and affairs are controlled by iCON III, which indirectly owns 100% of the Class A Shares, which are the only outstanding voting shares in the capital of the Corporation. As a result, iCON III is entitled to exercise control over all matters requiring shareholder approval, including the election of directors of the Corporation and the approval of significant corporate transactions. It is possible that situations may arise where the respective interests of iCON III and other securityholders or stakeholders of the Corporation could differ and iCON III makes decisions regarding the Corporation and its business that are opposed to other securityholders' or stakeholders' interests or with which other securityholders or stakeholders may disagree.

Dividends on Class A Shares and Preferred Shares are not Guaranteed

Although the holders of Series A Preferred Shares are entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Directors, payable quarterly each year, at an annual rate equal to approximately $0.9256 per share, the declaration of Class A Share and preferred share dividends is at the discretion of the Directors. Further, the Corporation's dividend policies may vary in the future depending upon, among other things, the Corporation's cash flows, earnings, financial requirements, the satisfaction of solvency tests imposed by the BCBCA for the declaration of dividends and other relevant factors.

Volatile Market Price for the Corporation's Preferred Shares

A publicly-traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Corporation's securities will trade cannot be predicted. The market price for the Corporation's securities may be subject to significant fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including, without limitation, the following: changes to interest rates or foreign currency; actual or anticipated fluctuations in the Corporation's quarterly results of operations; recommendations by securities research analysts; investor expectations on future dividends and financial performance (including the economics of various Power Facilities following the expiry of the applicable PPAs); changes in the economic performance or market valuations of other issuers that investors deem comparable to the Corporation; the expected return on the Corporation's securities as compared to other financial instruments; additions or departures of the Corporation's executive officers and other key personnel; sales or anticipated sales of additional securities; significant acquisitions, divestitures or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; global health emergencies such as the COVID-19 coronavirus pandemic; and news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

In recent years, financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have, in many cases, been unrelated or disproportionate to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the Corporation's securities may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that such fluctuations in price and volume will not occur.

Risks Related to the Corporation and Its Businesses

Availability of Debt and Equity Financing

There can be no assurance that debt or equity financing will be available or, together with internally-generated funds, will be sufficient to meet or satisfy the Corporation's objectives or requirements or, if the foregoing are available to the Corporation, that they will be available on acceptable terms. In particular, certain of the Corporation's subsidiaries may require access to the private debt markets to finance the construction of the Development Projects, so the inability to raise debt or equity financing could have a material adverse effect on their respective businesses. In addition, the inability of the Corporation to access sufficient capital on acceptable terms could have a material adverse effect on the Corporation's ability to meet its objectives or requirements, including, without limitation, repayment obligations under its various debt instruments or credit facilities.

Default under Credit Agreements and Debt Instruments

The Corporation and several of its subsidiaries and investees, as applicable, are parties to a number of credit agreements and debt instruments, including: the CPC Credit Facilities, the various loans and credit facilities at the Wind Power Facilities and Solar Power Facilities, the Hydro Bonds, and the Cardinal Facility secured debt. These credit agreements and debt instruments each contain a number of customary financial and other covenants. A failure to comply with the obligations under the applicable credit agreement or debt instrument could result in a default, which, if not cured or waived, could result in the termination of distributions generated by the applicable entity and permit acceleration of the relevant indebtedness. Further, if the indebtedness under any of the credit agreements or debt instruments were to be accelerated, there could be no assurance that the assets of the applicable borrower, or the applicable guarantors, would be sufficient to repay that indebtedness in full.

A portion of the cash flow of each applicable subsidiary or investee is devoted to servicing its debt and there can be no assurance that such entity will continue to generate sufficient cash flows from operations to meet the required interest and principal payments on its credit facility or debt instruments. If such an entity were unable to meet such interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing.

Although many of the credit facilities related to the Power Facilities are fully-amortizing over the term of the applicable PPAs, there can also be no assurance that the Corporation, its subsidiaries or its investees could refinance any of their credit facilities or debt instruments or obtain additional financing on commercially reasonable terms, if at all. Borrowings under the various credit facilities and debt instruments may be at variable rates of interest, which, in the absence of effective hedges, expose the Corporation to the risk of increased interest rates. This factor may increase the sensitivity of the Corporation's cash flows to interest rate variations.

Geographic Concentration

Approximately 57.8%, 22.4%, 12.9%, 3.5%, 3.0 and 0.4% of the Corporation's 2021 revenue is derived from Power Facilities that are located in Ontario, Alberta, Nova Scotia, Québec, BC, and Saskatchewan, respectively. Accordingly, the Corporation, its subsidiaries and investees, as applicable, are subject to risks associated with adverse changes in local or regional economic conditions or adverse changes to the regulatory environment in Ontario, Alberta, Nova Scotia, Québec, BC or Saskatchewan, as applicable.

Acquisitions, Development and Integration

The Corporation's strategy includes growth through identifying suitable acquisition and development opportunities, pursuing such opportunities, consummating acquisitions, constructing development projects and effectively integrating and operating (or contracting for the operation of) such businesses. The Corporation competes for acquisitions and development opportunities with individuals, corporations and institutions (both Canadian and foreign) which are seeking or may seek investments similar to those desired by the Corporation. Many of these investors have greater financial resources than those of the Corporation and/or operate according to more flexible conditions, and so there is a risk that the Corporation may not be successful in acquiring or developing such opportunities. Further, if the Corporation is unable to identify, pursue, integrate or manage acquisition or development projects, this could have an adverse impact upon its strategy and future financial performance. As well, in pursuing development opportunities, the Corporation may be required to make material capital expenditures with no guarantee that the development project will achieve commercial operation. Acquisition and development projects are subject to the normal commercial risks and satisfaction of closing conditions that may include, among other things, lender and various regulatory approvals. Such acquisition or development projects may not be completed or, if completed, may not be on terms that are the same as initially negotiated. Acquisitions and development activities present risks and challenges relating to the integration of the business into the Corporation and the potential assumption of unknown liabilities (which may not be subject to indemnification from vendors or other parties).

Environmental, Health and Safety

The Power Facilities are each subject to a complex and stringent environmental, health and safety regulatory regime, which includes Environmental, Health and Safety Laws. As such, the operation of these businesses carries an inherent risk of environmental, health and safety liabilities (including potential civil actions, compliance or remediation orders, fines and other penalties) and may result in the applicable business being involved from time to time in administrative and judicial proceedings related to such matters. The Corporation has not been notified of any such civil or regulatory action in regards to its operations. However, it is not possible to predict with certainty what position a regulatory authority may take regarding matters of non-compliance with Environmental, Health and Safety Laws. Changes in such laws, or more aggressive enforcement of existing laws, could lead to material increases in unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, capital expenditures, restrictions or delays in the business' activities, the extent of which cannot be predicted.

The Corporation has internal processes and procedures to monitor environmental conditions, changes in regulations, and to ensure each facility remains in compliance with applicable laws, codes, standards and industry practices. To mitigate the risk of administrative sanctions and to minimize safety risks to employees and contractors, the Corporation works continuously with all employees and contractors to ensure the development and implementation of a progressive, proactive safety culture within all operations. The Corporation has safety committees operating within each operating unit to ensure existing safety programs are continuously improved.

Changes in Legislation and Administrative Policy

There can be no assurance that certain laws applicable to the Corporation, its subsidiaries and its investees, including tax laws, will not be changed in a manner which could adversely affect the Corporation. In addition, there can be no assurance that the administrative policies and assessing practices of tax authorities will not be changed in a manner which adversely affects the holders of the Corporation's securities.

Foreign Exchange Fluctuations

The Corporation's development work and operations in both Canada and the United States subjects it to foreign currency fluctuations. The Corporation may be exposed to changes in the Canadian dollar in relation to foreign currency denominated equipment purchases or other foreign currency denominated expenditures or investments, This could negatively impact the Corporation's cash flows or the value of its investments.

The Corporation's function and reporting currency is the Canadian dollar. As such, volatility in exchange rates could have an adverse effect on the Corporation's business, financial condition, and operating results as they are reported in Canadian dollars. While the Corporation attempts to manage this risk by using hedging instruments when economically feasible, there can be no assurance that these risk management efforts can be done on a cost effective basis or will be effective, and fluctuations in these exchange rates may still have an adverse effect on the Corporation.

Reliance on Key Personnel

The Corporation's success depends on its ability to attract, retain, and motivate key employees, including its senior management and individuals with operational experience in industries related to the Power Facilities. If the Corporation loses the services of any of these key personnel and cannot replace them in a timely manner, its business and prospects may be adversely affected. Since the Corporation and its businesses are managed by a small group of executive officers, the loss of the technical knowledge, management expertise and knowledge of operations of one or more of these key executives could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any executive officer who leaves and would need to spend time usually reserved for managing the business to search for, hire and train new members of management. The loss of some or all of the Corporation's executives could negatively affect the Corporation's ability to develop and pursue its business strategy. The Corporation does not currently carry "key person" life insurance on any of its executives.

Risks Related to the Power Facilities

Power Purchase Agreements

Most of the electricity that is generated or capacity that is provided by the Power Facilities is sold to large utilities or creditworthy customers under PPAs that provide a specified rate but carry expiration dates and termination provisions. As PPAs expire or are terminated, there can be no assurance that the applicable Power Facility will be able to renegotiate or enter into a power supply contract on terms that are commercially reasonable, if at all, and it is possible that the price received by a Power Facility for power under subsequent arrangements may be reduced significantly. It is also possible that subsequent PPAs may not be available at prices that permit the operation of a facility on a profitable basis and the affected facility may temporarily or permanently cease operations.

The Corporation may increasingly choose to enter into PPAs with commercial and industrial customers, accept greater revenue volatility, enter into short-term contracts, enter into new geographical markets, or a combination thereof. Further, if a Power Facility chooses to sell the power it produces on the open market upon expiry or termination of its PPA, the prices received will depend on market conditions at the time and there can be no assurance that the market price received for the electricity so offered will exceed the facility's marginal cost of operation.

Operational Performance

The Corporation's operating results, financial condition and cash flows are highly dependent upon the amount of electrical energy generated by the Power Facilities. The operational performance of the Wind Power Facilities, the Solar Power Facilities, and the Hydro Power Facilities are dependent upon wind speed and density, the availability and constancy of solar insolation, and water flows, respectively. The weather-related risk at the Hydro Power Facilities is partially offset by their geographic diversification in the three different watersheds. Ambient temperatures, humidity and air pressure can also affect the performance of the Cardinal Facility.

The performance of the Power Facilities are also subject to risks related to the failure of a component to perform as expected, premature wear or failure, defects in design, material or workmanship, the failure to maintain the facility, longer than anticipated down times for maintenance and repair, and grid outages and curtailment. These risks are partially mitigated by the proven nature of the technologies employed at each facility, regular maintenance and the design of each facility. The Corporation has attempted to mitigate some of these risks at some of the Power Facilities by obtaining manufacturers' warranties for principal components and having manufacturers or other reputable third parties provide O&M services. Notwithstanding the foregoing, it is possible that a Power Facility may not operate as planned and that design or manufacturing flaws may occur, which could conceivably not be covered by warranty, or mechanical breakdown could occur in equipment after the warranty period has expired, resulting in loss of production as well as the cost of repair.

Market Price for Electricity

A portion of the revenues generated by the Cardinal Facility, the Whitecourt Biomass Facility and Claresholm Solar Facility are tied, either directly or indirectly, to the wholesale market price for electricity in Ontario and Alberta, respectively. Wholesale market electricity prices are impacted by a number of factors including: the price of fuel; the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution; the structure of the market; weather and economic conditions that impact electrical load; electricity demand growth; weather conditions that affect the amount of energy production by intermittent generation facilities such as wind, hydro and solar; conservation and demand-side management; and government regulations or policies (including environmental regulations or policies). The volatility and uncertainty in the energy market and market prices for electricity could have a material adverse effect on the Corporation's financial performance.

Contract Performance and Reliance on Suppliers

To a large extent, the Corporation's cash flows are dependent upon the parties to the various agreements relating to the Power Facilities fulfilling their contractual obligations, such as the third parties under various long-term PPAs, Millar Western under its wood waste supply agreement for the Whitecourt Biomass Facility and the various parties providing O&M services to various Power Facilities. As such, there is the risk of the inability or failure by any such party to meet its contractual commitments.

The Corporation has entered into, and expects to enter into additional, purchase orders with third party suppliers for components and agreements with third party providers for services for the Development Projects and various Power Facilities. Failure of any supplier or service provider to meet its commitments could result in delays in construction or issues with operations, an increase in costs for the respective Development Project or various Power Facilities, and a failure by the Corporation to comply with its obligations under certain PPAs leading to potential defaults under such PPAs.

Completion of Development Projects

The Corporation may not complete construction and may not obtain or may face delays in obtaining all approvals, licenses and permits required for the construction and operation of the Development Projects. The Corporation believes that it has the necessary permits based on the stage of each project's development but it does not currently hold all of the approvals, licenses and permits required for the later stages of construction and operation of its Development Projects, including environmental approvals and permits necessary to construct and operate certain of the projects. Federal and provincial environmental permits to be issued in connection with the Development Projects may contain conditions that need to be satisfied prior to construction, during construction and during and after the commercial operation date. It is not possible to forecast all of the conditions that may be imposed by such permits or the cost of any mitigating measures required by such permits. The failure to obtain or delays in obtaining all necessary licenses, approvals or permits, including renewals thereof or modifications thereto could result in construction of the Development Projects being delayed or not being completed.

Delays and cost over-runs may also occur in completing the construction of the Development Projects. A number of factors which could cause such delays or cost over-runs include, but are not limited to, permitting delays, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions, commodity price or other market inflationary factors, the availability of financing and global health emergencies such as the the COVID-19 pandemic. If the Development Projects are not brought into commercial operation within the period stipulated in their respective PPA, the Corporation may be subject to penalty payments or the counterparty may be entitled to terminate the applicable PPA. Following the commencement of commercial operation, the Development Project may not operate as planned and design or manufacturing flaws may occur, which could conceivably not be covered by warranty. In addition, the Corporation may in some cases be required to advance funds and post-performance bonds during the course of constructing the Development Project and, in the event that the Development Project is not completed or does not operate to the expected specifications, such funds advanced and or performance securities may not be recouped by the Corporation.

Land Tenure and Related Rights

The Power Facilities have various land tenure and resource access rights upon which they depend for their operations. There can be no assurance that these rights will not be challenged and, if challenged, whether such challenge will be successful. Furthermore, there can be no assurance that such rights will be able to be renegotiated or extended on commercially reasonable terms, if at all. At such time as any of these rights are successfully challenged or expire and cannot be renewed or renegotiated upon acceptable terms, the affected Power Facility will likely be unable to continue to operate. In addition, in these circumstances, there can be no assurance that the Corporation or its subsidiaries will have the necessary financial resources or will be able to obtain the necessary financial resources to fund or cause to be funded any required restoration and remediation works.

COVID-19 Pandemic

The duration of the COVID-19 pandemic and the full impact on the Corporation's business remains unknown, as it continues to be a rapidly evolving global concern. The overall severity of the pandemic may present risks including, but not limited to, more restrictive directives of government and public health authorities, disruptions to the Corporation's supply chain, commodity and other inflationary pressures, reduced labour availability, impact on the Corporation's ability to realize its growth plans and delayed in-service dates, delay-related nonperformance or defaults by or with contractual counterparties, decreases in short-term and/or long-term electricity demands, increased costs resulting from the Corporation's efforts to mitigate the impact of COVID-19, reduced ability of the Corporation to effectively mitigate the effects of the impact of COVID-19, adverse impacts on the Corporation's information technology systems and internal control systems as a result of the need for increased remote work arrangements, deterioration of worldwide credit and financial markets that could limit the Corporation's ability to obtain external financing to fund its operations and growth expenditures, and impairments and/or writedowns of assets. The COVID-19 pandemic may also have the effect of heightening the other risks described in this Annual Information Form.

While it is not currently possible to estimate the length and severity of these developments, the Corporation's existing operations have not been materially impacted as the majority of its facilities are operating under long-term revenue contracts and have experienced continued demand. The Corporation continues to maintain sufficient liquidity and will continue to monitor and respond to disruptions to global credit markets and supply chains.

Environmental

The primary environmental risks associated with the operation of the Cardinal Facility and the Whitecourt Biomass Facility include potential air quality and emissions issues, soil and water contamination resulting from oil spills, issues around the storage and handling of chemicals used in normal operations and, in the case of the Whitecourt Biomass Facility, storage of wood waste fuel on site. The Corporation has procedures in place to prevent and minimize any impact of the foregoing, which meet generally acceptable industry practices.

The primary environmental risks associated with the operation of the Hydro Power Facilities include possible dam failure which could result in downstream flooding and equipment failure which could result in oil or other lubricants being spilled into the waterway. In addition, the operation of a Hydro Power Facility may cause the water in the associated waterway to flow faster, or slower, which could result in water flow issues which could impact fish population, water quality and potential increases in soil erosion upstream or downstream or around a dam or facility.

The primary environmental risks associated with the operation of the Wind Power Facilities include potential harm to the local migratory bird population, harm to the local bat population as well as concerns over sound levels and visual “harm” to the scenic environment around a particular facility.

In order to monitor and mitigate these risks, the Corporation completes facility inspections and ensures its facilities are in compliance with the appropriate regulatory requirements. However, in the event of environmental complaints or impacts, the Corporation could be subject to claims, costs and/or enforcement actions.

Insurance Coverage

The Corporation maintains insurance to address certain insurable risks relating to property damage, business interruption and liability, taking into account relevant factors including coverage typical for owners of similar assets in the same industry. Specifically, the Corporation's insurance is subject to deductibles, limits and exclusions that it considers to be reasonable given the cost of buying insurance under current operating and insurance market conditions, and the insurance policies are reviewed annually. Such insurance may not continue to be renewed, be available on similar terms, or be economically feasible to the Corporation. In addition, a significant uninsured loss or losses significantly exceeding the limits of the Corporation's insurance policies could have a material adverse effect on its business, financial condition and results of operations.

Climate Change

The Corporation’s Power Facilities may experience the impacts of significant events due to climate change, affecting its businesses that rely on wind, solar and hydrological resources. This could lead to higher variability of electricity production and financial results. Such significant events, such as severe weather, fire, and other catastrophic and force majeure events, may also adversely affect these businesses, by reducing the ability to generate electricity. The effect of such events may damage the Power Facilities or negatively affect the ability to capture the resource, for example, reducing the availability of its Wind Power Facilities because of a higher frequency of icing events. Higher variability of electricity production, instances of interruption or damage could lead to added costs to maintain and avoid catastrophic failures, potentially adversely affect the ability of a Power Facility to meet its debt service obligations, and may adversely affect the Corporation's businesses, financial position and operating results.

Cybersecurity and Reliance on Information Technology

The Corporation's businesses rely on its information and operational technology systems to operate safely and efficiently. A system failure, loss of data, cybersecurity incident or breach could result in disruption to its business or the respective Power Facilities, including lost revenue, added costs or penalties for non-compliance with privacy and security laws. Any such event could adversely affect the Corporation's business, financial condition, and operating results, and may not be an insurable event.

The Corporation must also comply with data privacy laws in all jurisdictions in which it operates, and the expanded breadth of data privacy legislation has lead to higher penalties for non-compliance, along with additional costs to maintain the systems to comply. The Corporation actively monitors the growing sophistication, complexity and evolving nature of cybersecurity threats and maintains a cybersecurity plan, however, it cannot guarantee that the protective measures it takes will be ultimately sufficient against all cybersecurity threats.

Regulatory Environment

The Corporation's Power Facilities are highly regulated and must abide by the relevant market rules or operating procedures as administered by the electricity system operators or utility, as applicable, in each local jurisdiction. The performance of these facilities also depends in part on a favourable regulatory climate and on the ability to obtain, maintain, comply with or renew all material licences, permits or government approvals. While these facilities are currently compliant with all material regulatory requirements, the Corporation could incur significant expense to achieve or maintain compliance with any new laws, rules or regulations that are introduced or with any modifications to their necessary licences, permits or government approvals. If the Corporation is unable to comply with applicable regulations and standards, or material licences, permits or government approvals, it could become subject to claims, costs or enforcement actions.

Environmental Attributes

The Corporation may sell all or a portion of the environmental attributes it generates. Future prices for these attributes are subject to the risk that regulatory changes will adversely affect prices. Certain market conditions may also limit the Corporation's ability to hedge any environmental attributes, leaving the Corporation exposed to the risk of falling prices for environmental attributes.

US Jurisdiction

The Corporation may pursue growth opportunities in the United States that are subject to laws and regulation by United States federal, state and local governments which may be more onerous than Canadian laws and regulations. Such laws or regulations may not provide for the same type of legal certainty and rights in connection with the Corporation's contractual relationships in the United States as are afforded to the Corporation in Canada, which may adversely affect its ability to enforce its rights in connection with any development projects or operating facilities in the United States. Any operations or project interests of the Corporation in the United States may be subject to significant business, political, economic, currency, and financial risks, which may include: (i) changes in general economic conditions; (ii) restrictions on currency transfer or convertibility; (iii) changes in labor relations; (iv) political instability and civil unrest; (v) breach or repudiation of important contractual undertakings and expropriation and confiscation of assets and facilities without compensation or compensation that is less than fair market value; (vi) the absence of uniform accounting and financial reporting standards and disclosure requirements; (vii) political hostility to investments by foreign investors, including laws affecting foreign ownership; (viii) adversely higher or lower rates of inflation; (ix) foreign exchange rate fluctuations; (x) changes in international and local taxation; and (xi) regulatory or other changes in the local electricity market.

US Tax Incentives and Availability of Tax Equity Financing

The financial viability of the Corporation's projects in the United States may be dependent on the continued availability of: (i) tax incentives promoting renewable energy investment in the United States, most notably the

Production Tax Credit and Investment Tax Credits; and (ii) a market of equity investors willing to transact with the Corporation's affiliates in order to benefit from such tax incentives ("**Tax Equity Investors**"). There is no assurance that such tax incentives and/or a Tax Equity Investor market will be available generally and/or will be available to the Corporation's US projects specifically. If such tax incentives and/or the Tax Equity Investor market are not available, it may have a material and adverse impact on the financial viability of the Corporation's US projects.

DIVIDENDS

Dividend Policies

The Corporation's current dividend policy for the Class A Shares is to pay dividends if, as and when declared by the Board of Directors.

During the current Subsequent Fixed Rate period, holders of Series A Preferred Shares are entitled to receive fixed, cumulative, preferential cash dividends if, as and when declared by the Board of Directors at an annual rate of approximately $0.9256 (or 3.702%) per share (see "*Capital Structure of the Corporation - Preferred Shares - Series A Preferred Shares*"). The holders of the Series B Preferred Shares will be entitled to receive floating rate cumulative, preferential cash dividends, if, as and when declared by the Directors, payable quarterly each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by $25.00 (see "*Capital Structure of the Corporation - Preferred Shares - Series B Preferred Shares*"). The Corporation's current policy is to pay a quarterly dividend of $0.2314 on its Series A Preferred Shares.

The Corporation's dividend policies are subject to the discretion of the Directors and may vary depending on, among other things, the Corporation's cash flows, earnings, financial requirements, the satisfaction of solvency tests imposed by the BCBCA for the declaration of dividends and other relevant factors. In particular, the Corporation is dependent on the operations of the Power Facilities to generate cash flows to fund the payment of dividends. In turn, the earnings and cash flows of the Power Facilities are affected by certain risks described elsewhere in this Annual Information Form (see "*Risk Factors*").

Payment of Dividends

No dividends or distributions have been declared or paid on the Class A Shares for the years ended December 31, 2019, December 31, 2020 and December 31, 2021.

For each of the quarters ended January 31, 2019 through July 31, 2021, the Corporation declared and distributed, as applicable, quarterly dividends of $0.2044 per Series A Preferred Share. For each of the quarters ended October 31, 2021 through January 31, 2022, the Corporation declared and distributed, as applicable, quarterly dividends of $0.2314 per Series A Preferred Share.

MARKET FOR SECURITIES

Class A Shares

The Class A Shares are not currently listed or quoted on any stock exchange or other marketplace. There were no issuances of Class A Shares by the Corporation in 2021.

Series A Preferred Shares

The Series A Preferred Shares are listed on the TSX under the symbol “CSE.PR.A”. The following table sets forth the high and low sales prices per outstanding Series A Preferred Share and trading volumes for the outstanding Series A Preferred Shares on the TSX for the periods indicated:

	Price Per Series A Preferred Share		Trading Volume
	High ($)	Low ($)	
2021			
January	12.98	11.75	56,327
February	13.54	12.95	47,431
March	14.80	12.99	49,283
April	14.88	14.24	58,294
May	15.28	14.52	25,173
June	16.31	15.33	65,503
July	16.08	15.67	28,384
August	16.06	15.77	46,564
September	15.99	15.63	41,696
October	16.27	15.70	49,283
November	16.31	15.96	43,028
December	16.15	15.76	26,682
2022			
January	16.50	16.00	24,530
February	16.36	16.00	12,984
March (to March 22, 2022)	16.40	16.00	11,490

TRANSFER AGENT AND REGISTRAR

The registries for the Common Shares and Class A Shares are maintained in the Corporation’s minute book, which is located at the Corporation’s registered office in Vancouver, BC.

The transfer agent and registrar for the Series A Preferred Shares and Series B Preferred Shares is Computershare Investor Services Inc. at its principal office in Montréal, Québec.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, except as set forth below or otherwise disclosed elsewhere in this Annual Information Form, no director or executive officer of the Corporation, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, directly or indirectly, more than 10% of the outstanding Common Shares or the Class A Shares, and no associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Corporation, or during 2021 (up to March 22, 2022) that has materially affected or is reasonably expected to materially affect the Corporation.

CONFLICTS OF INTEREST

Since a number of the Corporation’s directors have a relationship with the Corporation’s parent, iCON III, the potential for a conflict of interest, or the appearance of a conflict of interest, exists in connection with any transaction between the Corporation and iCON III or any affiliate of iCON III (other than subsidiaries of the Corporation).

The Corporation’s Code of Conduct specifies that directors must seek to avoid situations in which their personal interests conflict or might conflict with their duties to the Corporation, and in the event a conflict of interest arises, disclose such conflict of interest and abide by his or her conflict of law obligations in accordance with applicable law. If a declaration of a disclosable interest in a matter is made by a director, the declaring director will not be permitted to vote on the matter if put to a vote of the Board. In addition, the declaring director may be requested to recuse himself or herself from any meeting when such matter is being discussed. If circumstances warrant, the Board may appoint a special committee of independent directors to assess transactions between the Corporation and iCON III or any affiliate of iCON III (other than subsidiaries of the Corporation).

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former Directors, executive officers or employees of the Corporation or any of its subsidiaries, or their associates, had any indebtedness to the Corporation or any of its subsidiaries or had any indebtedness which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries at any time in 2021.

INTEREST OF EXPERTS

The following persons have prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made by the Corporation under National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") during 2021.

The Corporation's auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, and it has prepared an independent auditor's report dated March 2, 2022, in respect of the Corporation's consolidated financial statements with accompanying notes as at December 31, 2021 and December 31, 2020 and for the years ended December 31, 2021, and 2020. PricewaterhouseCoopers LLP has advised the Corporation that it is independent of the Corporation within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

LEGAL PROCEEDINGS

To the knowledge of the Corporation, except as may be described elsewhere in this Annual Information Form, there are no material legal proceedings to which the Corporation is a party or to which its property is subject, nor were there any such proceedings during 2021, and, to the Corporation's knowledge, no such proceedings are contemplated.

MATERIAL CONTRACTS

Except for certain contracts entered into in the ordinary course business of the Corporation and its subsidiaries, there are no contracts entered into by the Corporation or its subsidiaries on or after January 1, 2021 (or prior to January 1, 2021 if still in effect) that are material to the Corporation.

ADDITIONAL INFORMATION

Additional financial information is provided in the Corporation's audited annual consolidated financial statements as at and for the years ended December 31, 2020 and 2021 and the management's discussion and analysis thereon. Such documentation**,** as well as additional information relating to the Corporation, may be found under the Corporation's SEDAR profile at www.sedar.com.

GLOSSARY

In this Annual Information Form, unless the context otherwise requires:

"**$**" means Canadian dollars.

"**Adjusted EBITDA"** means adjusted earnings before interest expense, taxes, depreciation and amortization for the purposes of the compensation plan.

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 *Prospectus Exemptions*.

"**AESO**" means the Alberta Electricity System Operator.

"**AFFO**" means adjusted funds from operations as calculated for the purposes of the compensation plan. AFFO measures cash generated by Capstone's infrastructure business investments that is available for future growth capital investments, acquisitions and dividends.

"**Alberta EU Act**" means the *Electric Utilities Act* (Alberta).

"**Alberta Power Pool**" means the power pool created by the Alberta EU Act, through which all electrical power must be traded in Alberta, subject to certain exceptions.

"**Amherst Wind Facility**" means the 31.5 MW wind power facility located near Amherst, Nova Scotia.

"**Amherstburg Solar Facility**" means the 20 MW solar photovoltaic power facility located in Amherstburg, Ontario.

"**Annual Financial Statements**" means the annual audit financial statements of the Corporation.

"**Arrangement**" means the arrangement under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or made at the direction of the Supreme Court of British Columbia in the Final Order with the consent of the Corporation and Irving, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated January 20, 2016 between the Corporation and Irving.

"**Arrangement Circular**" means the management information circular of the Corporation dated February 9, 2016.

"**ASP Partnership**" means Helios Solar Star A-1 Partnership.

"**associate**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Audit Committee**" means the Audit Committee of the Board of Directors of the Corporation.

"**BC**" means the Province of British Columbia.

"**BC Hydro**" means British Columbia Hydro and Power Authority.

"**BCUC**" means British Columbia Utilities Commission.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Board**" or "**Board of Directors**" means the board of directors of the Corporation, as constituted from time to time.

"**Cardinal Facility**" means the 156 MW combined-cycle facility fuelled by natural gas located in Cardinal, Ontario.

"**Cardinal GP**" means Cardinal Power Inc., the general partner of Cardinal LP.

"**Cardinal LP**" means Cardinal Power of Canada, L. P.

"**Cardinal NUG Contract**" means the 20-year non-utility generator contract dated March 26, 2014 between Cardinal LP and the OPA (now the IESO) under which the Cardinal Facility operates as a dispatchable facility and capacity from the Cardinal Facility is sold to the IESO.

"**Cardinal PPA**" means the PPA made on May 29, 1992 between Ontario Hydro (continued as OEFC) and Cardinal LP, as amended.

"**CDOR**" means the Canadian Dollar Offered Rate.

"**CEPA**" means the *Canadian Environmental Protection Act,* 1999.

"**CG&C Committee**" means the Corporate Governance & Compensation Committee of the Board of Directors of the Corporation.

"**Claresholm Solar Facility**" means the 132 MW solar photovoltaic power facility located in the Municipal District of Willow Creek, Alberta.

"**Class A Shares**" means Class A common shares in the capital of the Corporation.

"**CO_2**" means carbon dioxide.

"**Common Shares**" means common shares in the capital of the Corporation.

"**Concord**" means Concord Green Energy Inc.

"**Concord Debenture**" means the convertible debenture issued by SP Ontario Development LP dated November 16, 2015 pursuant to which a subsidiary of Concord provided financing for the Grey Highlands ZEP Wind Facility, the Ganaraska Wind Facility, the Snowy Ridge Wind Facility and the Settlers Landing Wind Facility.

"**Corporation**" refers to Capstone Infrastructure Corporation (which prior to April 15, 2011 was named "Macquarie Power and Infrastructure Corporation") and its subsidiary entities on a consolidated basis and, in the case of references to matters prior to January 1, 2011, refers to the Corporation's predecessor, Macquarie Power & Infrastructure Income Fund, and its subsidiary entities on a consolidated basis.

"**CPC**" means Capstone Power Corp., a wholly-owned subsidiary of the Corporation.

"**CPC Credit Facility**" means the credit agreement dated as of December 15, 2017, as amended and supplemented from time to time, between CPC as borrower, certain subsidiaries of CPC as full recourse guarantors, the Corporation as a limited recourse guarantor, the lenders that are parties thereto from time to time and the administrative agent.

"**Development Project**" means the projects under development, as described under "*Narrative Description of the Business - Development Projects*".

"**Director**" or "**Directors**" mean the directors of the Corporation or any one of them.

"**Dispatch**" means the process by which the IESO directs the real-time operation of registered facilities to cause a specified amount of electric energy or ancillary service to be provided to or taken off the electricity system.

"**Dryden Hydro Facility**" means, collectively, the 1.25 MW Eagle River hydro power generating station, the 0.95 MW McKenzie Falls hydro power generating station and the 1.05 MW Wainwright generating station, each of which is located near Dryden, Ontario.

"**Enercon**" means Enercon Canada Inc.

"**Energy Savings Agreement**" means the second energy savings agreement between Cardinal LP and Ingredion dated December 15, 2014 and effective January 1, 2015, as amended from time to time.

"**Environmental, Health and Safety Laws**" means, as applicable: (a) EU, federal, national, provincial, municipal, aboriginal and local laws; (b) regulations, by-laws, common law, licences, permits and other approvals; (c) government directions and orders; and (d) government guidelines and policies and other requirements governing or relating to, among other things: (i) air emissions; (ii) taking of water, management of water and discharges into water, including seasonality issues; (iii) the storage, handling, use, transportation and distribution of dangerous goods and hazardous and residual material (such as chemicals); (iv) the prevention of releases of hazardous materials into the environment; (v) the presence and remediation of hazardous materials in soil and ground water, both on and off site; (vi) workers' health and safety issues; (vii) sound regulation; and (viii) preservation of wildlife.

"**EPA**" means Electricity Purchase Agreement.

"**Erie Shores PPA**" means the renewable energy supply contract dated as of November 24, 2004 between ESWFLP and OEFC, as assigned by OEFC to the OPA (now the IESO) on November 10, 2005.

“**Erie Shores Wind Farm**” means the 99 MW wind power facility, located near Port Burwell, Ontario.

“**ERT**” means the Ontario Environmental Review Tribunal.

“**ESWFLP**” means Erie Shores Wind Farm Limited Partnership.

“**Ferndale Wind Facility**” means the 5.1 MW wind power facility located near Lion’s Head, Ontario.

“**FFPP**” means the fixed facility participation payment from the IESO which Cardinal LP is entitled to receive under the Cardinal NUG Contract.

“**FIT**” means feed-in tariff.

“**FIT Contract**” means a contract with the IESO under the Province of Ontario’s renewable energy FIT Program.

“**FIT Program**” means the Province of Ontario’s Feed-In Tariff Program.

“**Fitzpatrick Mountain Wind Facility**” means the 1.6 MW wind power facility located near Pictou, Nova Scotia.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate equal to the sum of the T-Bill Rate plus 2.71%.

“**Framework**” means the Pan-Canadian Framework on Clean Growth and Climate Change.

“**Fund**” means Macquarie Power & Infrastructure Income Fund, an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario, which was wound-up and terminated on January 1, 2011.

“**Ganaraska Wind Facility**” means the 17.6 MW wind power facility located in Orono, Ontario.

“**GHG**” means greenhouse gas.

“**Glace Bay I Wind Facility**” means the 17.5 MW wind power facility located near Glace Bay, Nova Scotia.

“**Glace Bay II Wind Facility**” means the 2.3 MW expansion wind power facility located near Glace Bay, Nova Scotia.

“**Glen Dhu I Wind Facility**” means the 62.1 MW wind power facility located near Merigomish, Nova Scotia.

“**Goulais Wind Facility**” means the 25 MW wind power facility located near Sault Ste. Marie, Ontario.

“**GP**” means general partnership.

“**Grey Highlands Clean Wind Facility**” means the 18.5 MW wind power facility located near McIntyre, Maxwell and Hatherton, Ontario.

“**Grey Highlands ZEP Wind Facility**” means the 10 MW wind power facility located near McIntyre, Ontario.

“**HCI Contract**” means a contract entered into with the IESO under its Hydroelectric Contract Initiative Program.

“**Hluey Lakes Hydro Facility**” means the 3.0 MW hydro power generating station located near Dease Lake, BC.

“**Hydro Bonds**” means the bonds issued under the Hydro Bond Indenture.

“**Hydro Bond Indenture**” means the trust indenture dated June 6, 2012 between MPT Hydro LP and Computershare Trust Company of Canada, as trustee and any supplements thereof.

“**Hydro Power Facilities**” means the Hluey Lakes Hydro Facility, the Sechelt Creek Hydro Facility, the Dryden Hydro Facility and the Wawatay Hydro Facility.

“**Hydro Power O&M Agreement**” means the O&M agreement between Regional Power and MPT Hydro LP dated November 14, 2001.

“**iCON**” means iCON Infrastructure LLP.

“**iCON III**” means iCON Infrastructure Partners III, L.P.

“**IESO**” means the Independent Electricity System Operator in Ontario.

“**Ingredion**” means Ingredion Canada Corporation.

“**Irving**” means Irving Infrastructure Corp.

“**LP**” means limited partnership.

“**LRP**” means the Ontario Large Renewable Procurement Program.

“**LTIP**” means the Corporation’s long-term incentive plan.

“**MD&A**” means Management's Discussion and Analysis.

“**Millar Western**” means Millar Western Forest Products Ltd.

“**MW**” means megawatts and is 1,000 kilowatts.

“**MWh**” means megawatt hour and is an hour during which one MW of electrical power has been continuously produced.

“**Named executive officer**” or “**NEO**” has the meaning given to such terms in Form 51-102F6 *Statement of Executive Compensation*.

“**Napier Wind Facility**” means the 4.10 MW wind power facility located in the municipality of Adelaide Metcalfe in Ontario.

“**NI 51-102**” means National Instrument 51-102 *Continuous Disclosure Obligations*.

“**NI 52-110**” means National Instrument 52-110 *Audit Committees*.

“**NOx**” means nitrogen oxide.

“**NSPI**” means Nova Scotia Power Inc.

“**O&M**” means operations and maintenance.

“**OEFC**” means the Ontario Electricity Financial Corporation.

“**OPA**” means the Ontario Power Authority, now amalgamated with and known as the IESO.

“**Options**” means the Common Share purchase options issued by the Corporation.

“**Pic River FN**” means the Ojibways of the Pic River First Nation.

“**Power Facilities**” means collectively, the Wind Power Facilities, the Solar Power Facilities, the Hydro Power Facilities, the Cardinal Facility, and the Whitecourt Biomass Facility.

“**Power Purchaser**” means with respect to any PPA, the offtake counterparty.

“**PPA**” means power purchase agreement.

“**Proof Line I Wind Facility**” means the 6.6 MW wind power facility located near Forest, Ontario.

“**PV**” means photovoltaic.

“**PwC**” means PricewaterhouseCoopers LLP, the Corporation’s external auditors.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period from and including July 31, 2016 up to, but excluding, October 31, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Period Commencement Date.

“**Quarterly Period Commencement Date**” means the last calendar day of each of January, April, July and October in each year.

“**Ravenswood Wind Facility**” means the 9.9 MW wind power facility located near Forest, Ontario.

“**Regional Power**” means Regional Power Inc. and, unless the context otherwise requires, includes its predecessor corporations and certain of the predecessors in title to the Hydro Power Facilities and Regional Power Opco Inc.

“**RESA**” means Renewable Electricity Support Agreement.

"**RESOP**" means the Province of Ontario's Renewable Energy Standard Offer Program.

"**RESOP Contract**" means a 20-year contract pursuant to which electricity generated by the applicable facility is sold to the IESO under the RESOP.

"**Riverhurst Wind Facility**" means the 10 MW wind power facility located near Riverhurst, Saskatchewan.

"**Saint-Philémon Wind Facility**" means the 24 MW wind power facility located near Saint-Philémon, Québec.

"**SaskPower**" means Saskatchewan Power Corporation.

"**Sawridge**" means the Sawridge First Nation.

"**Sechelt Creek Hydro Facility**" means the 16 MW hydro power generating facility located near Sechelt, BC.

"**SEDAR**" means the Canadian Securities Administrators' System for Electronic Document Analysis and Review.

"**Series A Preferred Shares**" means the cumulative five-year rate reset preferred shares, series A, of the Corporation.

"**Series B Preferred Shares**" means floating rate preferred shares, series B, of the Corporation.

"**Settlers Landing Wind Facility**" means the 8 MW wind power facility located in Pontypool, Ontario.

"**Shareholder**" means, on or prior to April 29, 2016, a holder of Common Shares and, following April 29, 2016, a holder of Class A Shares.

"**Siemens**" means Siemens Canada Limited.

"**Skyway 8 Wind Facility**" means the 9.5 MW wind power facility located near Dundalk, Ontario.

"**Snowy Ridge Wind Facility**" means the 10 MW wind power facility located near Bethany, Ontario.

"**Solar Power Facilities**" means the Amherstburg Solar Facility and the Claresholm Solar Facility.

"**Springwood Wind Facility**" means the 8.20 MW wind power facility located in the Township of Centre Wellington in Ontario.

"**subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 *Prospectus Exemptions*.

"**Subsequent Fixed Rate Period**" means for the initial Subsequent Fixed Rate Period, the period from and including July 31, 2016 up to, but excluding, July 31, 2021 and for each Subsequent Fixed Rate Period, the period from and including the date immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, July 31 in the fifth year thereafter.

"**Sumac Ridge Wind Facility**" means the 10.25 MW wind power facility located in the City of Kawartha Lakes in Ontario.

"**Suzlon**" means Suzlon Wind Energy Corporation.

"**T-Bill Rate**" means for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the 30th day prior to the first day of the applicable Quarterly Floating Rate Period.

"**TC Energy**" means TC Energy Corporation.

"**TSX**" means the Toronto Stock Exchange.

"**UARB**" means the Nova Scotia Utility and Review Board, an independent regulator of NSPI and other public utilities in Nova Scotia.

"**US**" means the United States of America.

"**Vestas**" means Vestas-American Wind Technology, Inc.

"**Watford Wind Facility**" means the 10 MW wind power facility located near Brooke-Alvinston, Ontario.

"**Wawatay Hydro Facility**" means the 13.5 MW hydro power generating facility located near Marathon, Ontario.

"**WCI**" means the Western Climate Initiative.

"**Whitecourt Biomass Facility**" means the 25 MW wood waste fired electricity generating facility located near Whitecourt, Alberta.

"**Whittington Wind Facility**" means the 6.15 MW wind power facility located in the Township of Amaranth in Ontario.

"**Wind Power Facilities**" means the Erie Shores Wind Farm, the Ferndale Wind Facility, the Ganaraska Wind Facility, the Goulais Wind Facility, the Grey Highlands Clean Wind Facility, the Grey Highlands ZEP Wind Facility, the Napier Wind Facility, the Proof Line I Wind Facility, the Ravenswood Wind Facility, the Riverhurst Wind Facility, the Skyway 8 Wind Facility, the Snowy Ridge Wind Facility, the Settlers Landing Wind Facility, the Springwood Wind Facility, the Sumac Ridge Wind Facility, the Whittington Wind Facility, the Amherst Wind Facility, the Fitzpatrick Mountain Wind Facility, the Glace Bay I Wind Facility, the Glace Bay II Wind Facility, the Glen Dhu I Wind Facility, the Saint-Philémon Wind Facility and the Watford Wind Facility.

"**WPLP**" means Whitecourt Power Limited Partnership.

SCHEDULE "A"

COMPENSATION DISCLOSURE

Any capitalized term used but not defined herein has the meaning ascribed thereto in the Corporation's annual information form.

DIRECTOR COMPENSATION

COMPONENTS OF DIRECTOR COMPENSATION

The Board has determined that the Directors should be compensated commensurate with comparable organizations, having regard for such matters as time commitment, responsibility and trends in director compensation. Accordingly, on an annual basis, the CG&C Committee reviews, and if applicable, recommends to the Board changes to the terms for the compensation of Directors. The CG&C Committee may retain the services of a compensation consultant to evaluate and make recommendations with respect to Director compensation.

The standard compensation arrangement for independent Directors has been in the form of a flat-fee structure since the completion of the Arrangement. Each of the Chairs of the Board, Audit Committee and CG&C Committee receive additional compensation for their additional responsibilities, as described below. The Board believes that the Directors' compensation adequately reflects a Director's duty to be available to assist and represent the Corporation, including attendance at meetings, providing advice outside of meetings, identifying opportunities for the Corporation and generally being attentive to the best interests of the Corporation at all times.

Any member of management who serves as a Director (the "**Management Directors**") or any Director who is employed by an affiliate of iCON III is not entitled to receive compensation from the Corporation (the "**Shareholder Directors**"). Compensation for each Director who is not a Management Director or a Shareholder Director is comprised of the following components:

- ***Cash Retainers*****:**
  - An annual cash retainer equal to $50,000 per year.
  - The Chair of the Board is entitled to receive an additional cash retainer equal to $30,000 per year, and should his responsibilities require a commitment of more than 25 days per annum, he is entitled to an additional fee of $3,000 per day for days he is engaged in excess of 12.5 days within a six month period as well as a $2,500 per day living allowance per additional day ("**Additional Retainer Fees**").
  - The Chair of the Audit Committee and the Chair of the CG&C Committee are each entitled to receive additional annual cash retainers equal to $10,000 and $5,000 per year, respectively. Directors that are members of the Audit Committee and/or the CG&C Committee are entitled to receive an additional annual cash retainer equal to $5,000 and $2,500 per year, respectively.
  - No amounts are payable for attendance by any Director at any Board or committee meetings except as provided above.

- ***Expense Reimbursement***: Directors are entitled to be reimbursed for expenses incurred in attending Board and committee meetings.

2021 DIRECTOR COMPENSATION

The Corporation paid the Directors a total of $257,500 on account of retainer fees earned for 2021 and approximately $3,279.00 on account of expenses incurred in connection with their position on the Board.

The following table outlines all compensation earned by the Directors during the Corporation's fiscal year ended December 31, 2021. Since Mr. Eva, and Mr. Kennedy were Management Directors, they were not entitled to receive any compensation from the Corporation for serving as a Director while in such a position. Since Mr. Malan is a Shareholder Director, he was not entitled to receive any compensation from the Corporation for serving as a Director while in such a position.

Name		Annual Retainer		Board/Committee Chair Retainer		Committee Membership Retainer		Additional Retainer Fees		Total[(1)]
David Eva	$	—	$	—	$	—	$	—	$	—
Andrew Kennedy	$	—	$	—	$	—	$	—	$	—
Richard Knowles	$	50,000	$	—	$	7,500	$	—	$	57,500
Paul Malan	$	—	$	—	$	—	$	—	$	—
Adèle Malo	$	50,000	$	5,000	$	5,000	$	—	$	60,000
Paul Smith	$	50,000	$	30,000	$	—	$	—	$	80,000
Janet Woodruff	$	50,000	$	10,000	$	—	$	—	$	60,000

Notes:

(1) Table does not include any amounts received by Directors as reimbursement for expenses.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Governance

Overview

The Board has delegated to the CG&C Committee the responsibility to oversee corporate governance and compensation governance matters. The current members of the CG&C Committee are Adèle Malo (chair), Richard Knowles and Paul Malan. Ms. Malo and Mr. Knowles are independent directors (as defined in NI 52-110). Mr. Malan is not independent of the Corporation because of his positions with iCON, Irving and their affiliates, but the Board is comfortable that he does not have any direct or indirect relationship with the issuer or management which could, in the view of the Board, be reasonably expected to interfere with the exercise of his independent judgment. A description of the expertise of each member of the CG&C Committee can be found under the heading "*Management of the Corporation - Directors*" in the annual information form.

Under the CG&C Committee's Charter, the CG&C Committee is required to, among other things:

- Review corporate goals and objectives relevant to the Chief Executive Officer's (the "**CEO**") compensation;
- Evaluate the CEO's performance against those goals and objectives;
- Make recommendations to the Board with respect to the CEO's compensation;
- Approve the compensation of the Corporation's senior management team (other than the CEO);
- Periodically review the terms of and experience with the Corporation's compensation programs to evaluate and determine if they are properly coordinated and achieving the purpose for which they were designed; and
- Make recommendations to the Board with respect to Director compensation.

Further information regarding the duties and responsibilities of the CG&C Committee, including those related to corporate governance matters, is set out under "*CG&C Committee*" in Schedule "B" to the annual information form.

Risk Management

As part of its annual review of the Corporation's compensation policies and practices, the CG&C Committee considers the risks associated with these compensation policies and practices. The CG&C Committee is satisfied that the Corporation's current compensation policies and practices, combined with the Corporation's enterprise risk management practices and protocols, offer a balanced combination that promotes adequate risk-taking with appropriate and reasonable compensation incentives.

Named Executive Officers

The following executive and senior officers are the "Named Executive Officers" or "NEOs" of the Corporation, as such terms are defined in applicable securities regulations, for the purposes of the discussion set out below.

Name	Title
David Eva	Chief Executive Officer
Andrew Kennedy	Chief Financial Officer
Patrick Leitch	Senior Vice President, Operations
Aileen Gien	General Counsel and Corporate Secretary

Executive Compensation Objectives

The Corporation's executive compensation program for the NEOs focuses on pay for performance and seeks to accomplish the following objectives:

- attract and retain highly qualified employees with a history of proven success;
- align the interests of the employees with shareholder interests and with the execution of the Corporation's business strategy;
- establish performance goals that, if met by the senior management team, are expected to improve long-term shareholder value; and
- tie compensation to those performance goals and provide meaningful rewards for achieving them.

The executive compensation program strives to reflect a blend of short- and long-term incentive awards to support the pay-for-performance approach. Financial performance targets are set each year to provide an incentive to improve yearly budgeted financial results and are therefore aligned with shareholder interests.

Specifically, the Corporation's approach to executive compensation includes the following:

- establishing and maintaining an appropriate balance between short- and long-term (i.e., deferred) incentives with significant weight given to long-term incentives;
- ensuring that a significant proportion of variable compensation is "at risk" by aligning the value of such compensation based on performance and achievement of target metrics aligned with the Corporation's interests which is, accordingly, not guaranteed;
- ensuring that the performance measures under our short-term incentive plan ("**STIP**") emphasize cash flow generation (such as Adjusted EBITDA and AFFO), as well as meeting operational objectives (such as meeting availability and safety measures);
- imposing limits on the maximum payouts available under the STIP (maximum 174% for the CEO, Chief Financial Officer ("**CFO**") and Senior Vice President Operations ("**SVP, Operations**") and 181% for the General Counsel and Corporate Secretary ("**General Counsel**")); and

- an LTIP that rewards NEOs for long-term performance, aligns the interests of NEOs with Shareholder interests and encourages long-term service and loyalty.

Categories and Components of Executive Compensation

The Corporation's executive compensation program for NEOs in 2021 comprised the following:

Category	Component	Key Features	Purpose
Guaranteed Compensation	Salary, Benefits and Perquisites	● Initial amount or item specified in employment agreements ● Assessed annually, with consideration to the scope and responsibilities of the position and the competitive market	● Attract and retain NEOs ● Provide guaranteed minimum level of compensation to NEOs for meeting the responsibilities of their positions
At Risk Compensation	STIP	● Annual cash award based on assessment of performance against a set of pre-determined business and individual performance measures ● Business performance measures and threshold, target and maximum values are established, having regard to the Corporation's expected performance for the fiscal year ● Individual performance measures and targets are agreed to with each NEO	● Motivate, attract and retain NEOs ● Encourage and reward achievement of annual business objectives and individual targets
	LTIP Share Appreciation Rights Units	● Awards of share appreciation right units that vest upon the closing of a Sale Transaction (as defined below) ● Upon vesting, value of award is the positive difference between the per share fair market value of the Sale Transaction and the grant price	● Reward long-term appreciation in value of the business ● Align interests of NEOs with shareholders by participation ● Encourage long-term service and loyalty

Salary, Benefits and Perquisites

The base salary of each of the NEOs offers fixed compensation for the performance of the officer's day-to-day responsibilities. Salaries for the NEOs are reviewed annually by the CG&C Committee to ensure that each salary reflects each officer's expertise and performance, as well as to ensure that the salary is competitive with market practices.

The Corporation offers standard benefit programs to all of its employees, including the NEOs. These programs include medical, dental, life, short- and long-term disability insurance coverage. The Corporation does not offer a pension plan or any other post-employment benefit program for employees. The Corporation does not provide the NEOs with any additional benefits or perquisites that are not provided to all employees and the benefits provided to all employees reflect competitive practices.

Short-Term Incentive Plan

The STIP is an annual bonus plan that is paid in cash. The STIP is designed to motivate the NEOs to achieve planned corporate performance and defined individual objectives that are tied to the execution of the Corporation's strategy and that increase Shareholder value. The STIP is intended to reward NEOs according to the achievement of their annual corporate objectives and individual performance goals for the year.

The target STIP award (the "**Target STIP Award**") for a NEO in a given year is expressed as a percentage of annual salary and is adjusted by the STIP payout ratio (the "**STIP Payout Ratio**"), which can range from 0% up to a maximum of 174% of the Target STIP Award for the CEO, CFO and SVP, Operations and 181% for the General Counsel, based upon actual performance compared to target business performance measures ("**BPMs**") and individual performance measures ("**IPMs**").

The Board and the CG&C Committee have the right to adjust the targets for the BPMs and IPMs to address major corporate transactions or other extraordinary events.

Business Performance Measures

The STIP BPMs presently comprise of financial and operational metrics. The financial metrics include Adjusted EBITDA and AFFO and are useful measures for short-term compensation as these metrics capture the financial performance of the Corporation for the period. The operational metrics consist of availability and safety metrics.

For the CEO, the CFO and SVP, Operations, 70% is weighted to the BPMs and for the General Counsel, 50% is weighted to the BPMs. The BPMs are weighted 30% to Adjusted EBITDA, 20% to AFFO and 50% to the operational metrics. For each of the BPMs, a target value is set for the relevant year by the Board (upon recommendation by the CG&C Committee). Actual business performance relative to the target values for each of these BPMs has a corresponding payout multiplier as described in the table below:

Business Performance Measure	Weighting			
		Performance measures have a threshold, target and maximum value for each metric. No payouts are made for measures where performance is below threshold.		
			Actual Performance as a % of Target BPM	**BPM Payout Multiplier**
Adjusted EBITDA	30%	Threshold Target Max	90% 100% 110%	50% 100% 150%
AFFO	20%	Threshold Target Max	80% 100% 120%	50% 100% 150%
Availability	25%	Threshold Target Max	93% 95% 97%	50% 100% 175%
Safety - Proactive Indicator Ratio	25%	Threshold Target Max	93% 95% 97.5%	50% 100% 175%

If the measure of actual business performance falls between the target value and either the threshold value or the maximum value, the payout multiplier value is determined by linear interpolation.

Individual Performance Measures

For the CEO, the CFO and SVP, Operations, 30% is weighted to the IPMs and the General Counsel, 50% is weighted to the IPMs. IPMs account for a specified portion of each NEO's STIP Payout Ratio. IPMs for NEOs other than the CEO are agreed to between each NEO and the CEO and reviewed by the CG&C Committee, with the IPMs of the CEO being agreed upon by the CEO and the CG&C Committee, subject to approval of the Board.

Actual performance relative to these measures is subject to a payout multiplier ranging from 0% to 200%, based on the assessment of the achievement of the IPMs as determined by the CG&C Committee and the Board, as applicable.

Long-Term Incentive Plans

Share Appreciation Rights Plan Awards

Under the Corporation's share appreciation rights plan (“**SAR Plan**”), participants are granted share appreciation rights (“**SAR Units**”), which will entitle participants to receive cash payments reflecting the increase in value of the Corporation’s Class A Shares between the grant date and vesting date of the SAR Units.

The SAR Units vest upon a sale of the Corporation, an initial public offering of more than 50% of the equity securities of the Corporation or related entity, resulting in the listing of such securities on the TSX or other recognized stock exchange, or any other transaction deemed by the Board to be a sale transaction (each a “**Sale Transaction**”). Upon vesting, each SAR Unit holder is entitled to receive the positive difference between the fair market value of the consideration received pursuant to the Sale Transaction and the SAR Unit grant price.

The Board, or a delegated committee thereof, has the sole discretion to determine the participants in the SAR Plan, the date of such grants, amount of SAR Units granted, and the grant price on the date of grant. The grant price per SAR Unit cannot be less than the fair market value per Class A Share on the date of grant. The maximum number of SAR Units which may be issued is 5% of the number of Class A Shares in issue on April 1, 2017 (15,230,457 SAR Units), and each SAR Unit has a maximum term of 13 years.

The Board, or delegated committee, also has the sole discretion to accelerate the exercise or waive termination of any SAR Unit in good faith, cancel, amend, adjust or otherwise change any SAR Unit under such circumstances as the Board may consider appropriate in accordance with the SAR Plan, acting in good faith, to interpret the SAR Plan, adopt and amend administrative guidelines relating to the SAR Plan, and take all other actions necessary or advisable for the implementation of the SAR Plan, including, correcting any defect or supplying any omission or reconciling any inconsistency in the SAR Plan.

A SAR Plan participant forfeits his or her SAR Units if the participant is terminated for cause or voluntarily resigns. If the SAR Plan participants is terminated for any other reason (including death or disability) or resigns for good reason, the SAR Plan participant forfeits a percentage of SAR Units held based on years of service, and the remainder of SAR Units held remain subject to vesting and payment to the SAR Plan participant upon a Sale Transaction. The Company may, at its option, accelerate vesting of the SAR Units and make payment based on a fair market value per Class A Share on the date of termination or resignation.

2021 EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table presents the compensation earned by each NEO during the fiscal years ended December 31, 2021, 2020 and 2019:

					Non-equity incentive plan compensation (annual incentive plan)			
Name and Principal Position	**Year**	**Salary**	**Share-based awards**	**Option-based awards[1]**	**Annual Incentive Plan[2]**	**Long-term Incentive Plan**	**All Other Compensation**	**Total Compensation**
David Eva *Chief Executive Officer*	2021	$373,750	-	-	$389,300	-	-	$763,050
	2020	$275,000	-	-	$236,600	-	-	$511,600
	2019	$260,100	-	-	$221,300	-	-	$481,400
Andrew Kennedy *Chief Financial Officer*	2021	$322,500		-	$275,600	-	-	$598,100
	2020	$230,000	-	-	$164,900	-	-	$394,900
	2019	$213,282	-	-	$151,900	-	-	$365,182
Patrick Leitch *Senior Vice President, Operations*	2021	$276,875	-	-	$205,200	-	-	$482,075
	2020	$200,000	-	-	$131,800	-	-	$331,800
	2019	$185,000	-	-	$121,000	-	-	$306,000
Aileen Gien *General Counsel & Corporate Secretary*	2021	$254,375	-	-	$117,600	-	-	$371,975
	2020	$215,000	-	-	$87,700	-	-	$302,700
	2019	$208,080	-	-	$81,300	-	-	$289,380

Notes:

(1) On April 1, 2019, each of Mr. Eva, Mr. Kennedy, Mr. Leitch and Ms. Gien were granted 609,218, 380,761, 456,913 and 228,456 SAR Units, respectively. On the grant date, there was no difference between the fair market value of the Class A Shares (determined by reference to a valuation of the Corporation completed by an independent valuator dated December 31, 2018 (the "2018 Independent Valuation")) and the SAR Unit grant price. As a result, the fair value of the SAR Plan awards on the grant date was nil. See Compensation Discussion and Analysis – Share Appreciation Rights Awards and Incentive Plan Awards – Outstanding Option-Based Awards.
(2) Includes all STIP awards paid in cash.

Components of Compensation as a Percentage of 2021 Target Total Compensation

The CG&C Committee determination of the relative proportion of each component of compensation to 2021 target total compensation for each NEO, based upon the NEO's role and responsibilities and the compensation objectives discussed above, is as follows:

Name	Salary (%)	Target STIP (%)	LTIP (%)
David Eva	49	51	-
Andrew Kennedy	54	46	-
Patrick Leitch	57	43	-
Aileen Gien	68	32	-

Non-Equity Incentive Plan Compensation - Annual Incentive Plan

2021 Short-Term Incentive Plan Awards

STIP awards are based on performance against a combination of BPMs and IPMs for 2021 that were established and approved by the CG&C Committee and the Board prior to the commencement of the 2021 fiscal year. For 2021, the Target STIP Awards for Mr. Eva, Mr. Kennedy, Mr. Leitch and Ms. Gien were 60%, 50%, 45% and 30% of their salaries, respectively. To determine the actual 2021 STIP awards for the NEOs who remained employed by the Corporation as of the date of the STIP payout these target amounts were adjusted by the STIP Payout Ratio particular to each individual.

The calculations of the payout multiplier for each of the BPMs, which are applicable to each NEO, are as follows:

BPM(1)	Threshold	Target	Maximum	Actual 2021 Performance
Financial BPM				
Adjusted EBITDA	$ 105.9	$ 117.6	$ 129.4	$ 121.8
AFFO	$ 20.2	$ 25.3	$ 30.3	$ 31.8
Operational BPM				
Availability	93 %	95 %	97 %	95.05 %
Safety - Proactive Indicator Ratio	93 %	95 %	97.5 %	98.1 %

Notes:
(1) The maximum Financial BPM payout multipliers were 150% and Operational BPM payout multipliers were 175%.

In addition to personal and career development objectives, three primary categories are assessed as part of the annual individual performance objectives of each NEO: financial, strategy and operations. The CEO's annual individual performance objectives also include leadership, reputation, and community and industry involvement.

Each performance objective category for the NEOs has several specific objectives that are reviewed and agreed with the CEO (in the case of all non-CEO NEOs) and the Board (in the case of the CEO) and then evaluated at year-end to determine whether the NEO has achieved those objectives. The following table provides an overview of the key individual performance measures for the year for each NEO who remained an employee of the Corporation as of the STIP payout date in respect of 2021 and the overall assessment of performance and the individual performance measure payout multiplier for such NEOs:

David Eva		
Organizational	• Succession and development; build greater resiliency within the organization • Ensure resourcing, structure and processes in place to deliver on major capital projects	• Progressing • Progressing
Strategic	• Refine and update value proposition, strategic plan and long-term goals • Advance and expand power development project pipeline	• Complete • Progressing
Operational	• Deliver major construction projects on time and on budget • Secure power contract extensions at at wind and hydro facilities	• Complete • Complete

Andrew Kennedy		
Organizational	• Enhance capabilities of finance team to support growth and risk-management efforts	• Progressing
Strategic	• Provide leadership on acquisitions and strategic partnerships • Source flexible low cost capital for construction projects and refinancing	• Complete • Complete
Operational	• Build capabilities for managing increased merchant power and renewable energy credit sales	• Progressing

Patrick Leitch		
Organizational	• Build resiliency through creation of project execution team and enhancement of asset management capabilities	• Progressing
Strategic	• Enhance operational reliability and capital project delivery through Capstone operational excellence management system. • Oversee construction, engineering and major procurement activities	• Progressing • Progressing
Operational	• Complete transition to self-performance at wind facilities • Deliver on 2021 maintenance capital expenditure plan	• Progressing • Complete

Aileen Gien		
Organizational	• Enhance corporate legal capabilities through hiring, onboarding and training	• Complete
Strategic	• Support operations, business development, and finance teams on major legal agreements	• Complete
Operational	• Develop improved processes for managing workflow of legal agreements	• Progressing

The following table presents the STIP awards for each NEO earned in respect of 2021:

									Actual 2021 STIP Award	
Name	**Weighted BPM Payout Multipliers[(1)]**	+	**Weighted IPM Payout Multiplier**	=	**STIP Payout Ratio (% of Target)**	x	**Target STIP Award (% of Salary)**	=	**% of Salary**	**$**
David Eva	94.5%		56.4%		150.9 %		60 %		91 %	389,300
Andrew Kennedy	94.5%		52.5%		147.0 %		50 %		74 %	275,600
Patrick Leitch	94.5%		48.0%		142.5 %		45 %		64 %	205,200
Aileen Gien	67.5%		75.0%		142.5 %		30 %		43 %	117,600

Notes:
(1) The actual Financial BPM payout multiplier was 131% and Operational BPM payout multiplier was 138%.

INCENTIVE PLAN AWARDS

Outstanding Option-based Awards

The following table sets forth all option-based awards outstanding for each NEO as of December 31, 2021.

Name	Grant Date	Number of securities underlying unexercised SAR Units (#)	SAR Units base price ($)(1)	SAR Units expiration date	Value of unexercised SAR Units(2) ($)
David Eva	April 1, 2017	3,807,614	0.68	April 1, 2030	4,257,808
	April 1, 2019	609,218	1.04	April 1, 2030	508,200
Andrew Kennedy	April 1, 2017	1,903,807	0.68	April 1, 2030	2,128,904
	April 1, 2019	380,761	1.04	April 1, 2030	317,625
Patrick Leitch	April 1, 2017	1,066,131	0.68	April 1, 2030	1,192,185
	April 1, 2019	456,913	1.04	April 1, 2030	381,149
Aileen Gien	April 1, 2017	1,218,436	0.68	April 1, 2030	1,362,498
	April 1, 2019	228,456	1.04	April 1, 2030	190,574

Notes:

(1) The Board, as plan administrator, determined the grant base price by reference to a valuation of the Corporation completed by an independent valuator dated December 31, 2016 (the "2016 Independent Valuation") for the April 1, 2017 grants and the 2018 Independent Valuation for the April 1, 2019 grants, respectively. The grant base price was calculated by dividing the fair market value of the Corporation as per the respective 2016 Independent Valuation or 2018 Independent Valuation by the number of Class A Shares outstanding.

(2) The value of the unexercised SAR Units, as of December 31, 2021**,** is determined by calculating the difference between the grant base price and the fair value of the issued SAR Units, determined by reference to an independent valuation dated March 8, 2022.

Incentive Plan Awards - Value Vested or Earned During the Year

The following is a summary of all option-based awards that vested during 2021 and all non-equity incentive plan compensation earned during the year for each NEO:

Name	Option-Based Awards Value Vested During 2021(1)	Non-Equity Incentive Plan Compensation Value Earned During 2021(2)
David Eva	nil	389,300
Andrew Kennedy	nil	275,600
Patrick Leitch	nil	205,200
Aileen Gien	nil	117,600

Note:

(1) As of the date of this disclosure no grants have vested.

(2) Includes 2021 STIP awards paid in March 2022.

EXECUTIVE EMPLOYMENT AGREEMENTS

Each of the NEOs employed by the Corporation as of the date hereof, being David Eva, Andrew Kennedy, Aileen Gien and Patrick Leitch, has entered into an employment agreement with the Corporation that includes provisions relating to the NEO's salary, benefits and incentive compensation. In addition, each NEO's employment agreement contains provisions relating to the termination of the NEO's employment: (a) for cause and (b) without cause. Mr. Eva's and Mr. Kennedy's employment agreements contain provisions relating to the termination of the NEO's employment in relation to a change of control. These provisions are summarized below.

Termination of Employment for Cause

NEO employment agreements provide that the Corporation may terminate the employment of the NEOs at any time for just cause by written notice to the NEO, which termination will be effective on the date such notice is delivered. In the event of a termination for cause, the Corporation shall not be obligated to make any further payments under the employment agreement except certain amounts due and owing to the NEO at the time of the termination for salary, STIP compensation, long-term incentive compensation, benefits, certain perquisites, vacation, and expenses incidental to employment. All unvested long-term incentive grants will be cancelled.

Termination of Employment without Cause

Mr. Eva

Mr. Eva's employment agreement provides that the Corporation may terminate the NEO's employment without cause at any time by providing him with the greater of: (a) $187,000; or (b) notice of termination calculated as follows (the "**Notice Formula**"): six months' notice or pay in lieu of notice for the first year of continuous employment; plus three weeks' notice or pay in lieu of notice of each continuous year of employment (completed or partial) beyond the first year of employment, to a total maximum of 52 weeks' notice or pay in lieu of notice. Pay in lieu of notice will be calculated with reference to base salary and STIP amounts. Any long-term incentive awards will be addressed in accordance with the terms of the applicable plan and award agreements. Participation in all benefit plans will cease immediately upon termination of employment unless the Corporation is required by the applicable employment standards legislation to continue benefits for the statutory notice period. The treatment of any equity awards will be governed by the applicable equity plan. Any payments in lieu of notice in excess of the statutory minimums are conditional on the NEO's ongoing compliance with his post-employment obligations.

Mr. Kennedy, Mr. Leitch and Ms. Gien

The Corporation may terminate his or her employment without cause by providing notice of termination calculated as follows: four weeks' notice for the first year of continuous employment; plus three weeks' notice for each additional continuous year of employment (completed or partial) beyond the first year, provided that the total notice does not exceed 52 weeks, which entitlement is subject to a 50% mitigation clawback. Participation in all benefit plans will cease immediately on termination of employment unless the Corporation is required by applicable employment standards legislation to continue benefits for the statutory notice period. The treatment of any equity awards will be governed by the applicable equity plan. Any payments in lieu of notice in excess of the statutory minimums are conditional on his or her ongoing compliance with post-employment obligations.

Termination of Employment Following/in Connection with a Change of Control

Mr. Eva

Pursuant to Mr. Eva's employment agreement, if his employment is terminated by the Corporation without cause in the three-month period prior to a Change of Control (as defined below) or in the 12 month period following a Change of Control, he will be entitled to the greater of: (a) $187,000 multiplied by one and a half (1.5x); or (b) the notice period calculated pursuant to the Notice Formula (as defined above in relation to a termination of Mr. Eva's employment without cause) multiplied by one and a half (1.5x). Participation in all benefit plans will cease immediately upon termination of employment unless the Corporation is required by applicable employment standards legislation to continue benefits for the statutory notice period. Any payments in lieu of notice in excess of the statutory minimums are conditional on his ongoing compliance with his post-employment obligations.

Mr. Kennedy

Pursuant to Mr. Kennedy's employment agreement, if his employment is terminated without cause in the three-month period prior to the public announcement of a Change of Control (as defined below) (applicable only if the Corporation had knowledge of the potential Change of Control) or in the 12-month period following a Change of Control, Mr. Kennedy is entitled to receive an amount equal to 1.5 times the amount of total compensation (subject to a maximum of 18 months Total Compensation). Participation in all benefit plans will cease immediately upon termination of employment unless the Corporation is required by applicable employment standards legislation to continue benefits for the statutory notice period. Any payments in lieu of notice in excess of the statutory minimums are conditional on his ongoing compliance with his post-employment obligations.

In both agreements "**Change of Control**" means (a) the acquisition of control in law (whether by sale, transfer, merger, consolidation or otherwise) of the Corporation by a third party (that is, the acquisition of control over 50.1% of the issued and outstanding voting shares of the Corporation), or (b) the sale, transfer or other disposition of all or substantially all of the assets of the Corporation to a third party.

Payments Upon Termination and Change of Control Benefits

Assuming that each of the events listed below occurred on December 31, 2021, it is estimated that each NEO would have been entitled to receive the following incremental payments from the Corporation in each specified scenario (not including amounts due and owing at the time of termination)(1)(2):

Name	Termination for Cause ($)	Termination without Cause ($)	Change of Control ($)	Payments upon Termination due to Change of Control ($)
David Eva	0	2,402,763	4,766,008	5,663,008
Andrew Kennedy	0	1,259,294	2,446,529	2,962,839
Patrick Leitch	0	769,279	1,573,335	1,789,510
Aileen Gien	0	742,098	1,553,072	1,712,056

Notes:

(1) Does not include any common law benefits payable pursuant to Canadian law.

(2) Amounts include the 2021 annual base salary and target STIP award based upon the STIP percentage entitlement and the value of SAR Units vesting in accordance with the SAR Plan.

Confidentiality and Non-Solicitation Obligations

Under each of their employment agreements with the Corporation, the NEOs have certain confidentiality obligations not to use or disclose the Corporation's confidential information, either during or after their employment. In addition, each of the NEOs has certain non-solicitation obligations for a 6-month period following termination of employment relating to the Corporation's clients, employees, and consultants.

CLAWBACK POLICY

The Board has adopted a clawback policy (the "**Clawback Policy**") in respect of compensation paid or payable to the CEO and the Chief Financial Officer (the "**CFO**"). Under the Clawback Policy, the Corporation, at its discretion, may claw back the after-tax portion of cash and equity compensation awarded to the CEO and CFO, as applicable, if there is of a restatement of the Corporation's financial results and it is determined that the cash or equity awards paid or payable would have been lower had the restatement occurred prior to the payment or grant of such awards.

SCHEDULE "B"

CORPORATE GOVERNANCE

Any capitalized term used but not defined herein has the meaning ascribed thereto in the Corporation's annual information form.

Overview

The Corporation believes in the importance of good corporate governance and the central role played by directors in the governance process.

All of the Class A Shares of the Corporation, the only voting securities of the Corporation, are indirectly owned by iCON III. The only other securities of the Corporation that are outstanding are the non-voting Series A Preferred Shares, which are widely held. See "*Capital Structure of the Corporation*" in the annual information form. The foregoing is an important consideration when assessing the governance philosophy and practices of the Corporation.

National Policy 58-201 *Corporate Governance Guidelines* (the "**Policy**") of the Canadian Securities Administrators sets forth a number of suggested guidelines on corporate governance practices. Under the Policy, issuers are encouraged to consider the guidelines set out therein in developing their own corporate governance practices.

In the Board's view, no single corporate governance model is a "one size fits all" solution. The Board believes that the Corporation's governance system is effective and is appropriate to its circumstances, and that there are in place appropriate structures and procedures to ensure the Board's independence from management and to ensure that actual or potential conflicts of interest between the Corporation and its controlling shareholder are dealt with appropriately.

Corporate Governance Guidelines

A key component of the Corporation's corporate governance is its corporate governance guidelines (the "**Guidelines**"). The Guidelines are annually reviewed by the Board, with advice received from the CG&C Committee, and relate to various corporate governance matters, including:

- *Board Organization and Membership* - including the requirement that at least three of the Directors be independent (as defined in NI 52-110), subject to the exception that only two Directors may be independent if a third is exempt from the independence requirement and otherwise fulfills the requirements of NI 52-110;

- *Board Committees* - including the requirement that the Audit Committee be composed of three members, all of whom are independent unless a Director is exempt from the independence requirement and otherwise fulfills the requirements of NI 52-110, and the requirement that the CG&C Committee be composed of three members, at least two of whom are independent and none of whom are a member of senior management of the Corporation (other than any director who has been appointed to senior management of the Corporation on an interim basis);

- *Board's Relationship with Management* - including the requirement for the Board to support and encourage the members of the senior management team in the performance of their duties and the requirement for the CG&C Committee to monitor and assess the Board's relationship with senior management; and

- *Director Responsibilities and Performance* - including the requirement for the CG&C Committee to assess the overall performance and effectiveness of the Board and each of its committees, the Chair of the Board, the Chair of each committee of the Board and each Director on a biennial basis.

The Guidelines are available on the Corporation's website at www.capstoneinfrastructure.com.

Code of Business Conduct and Ethics

To encourage and promote a culture of ethical business conduct, the Board has adopted a written Code of Business Conduct and Ethics (the "**Code of Ethics**"). The Code of Ethics is applicable to all Directors, officers, employees and agents (collectively referred to in the Code of Ethics as "**Representatives**") of the Corporation. The Code of Ethics generally outlines standards of conduct that must be met in the carrying out of a Representative's duties, including: (i) guidelines on the acceptance or offering of gifts, entertainment or other benefits in the conduct of business; (ii) guidelines relating to dealings with public officials; and (iii) prohibitions on the inappropriate gathering of competitive information. The Code of Ethics also provides detailed guidelines with respect to the identification and declaration of conflicts of interest, the protection of confidential information and the appropriate use of computer and communications systems.

The Code of Ethics requires all Representatives to avoid all situations in which their personal interests conflict or might conflict with their duties to the Corporation by avoiding acquiring any interests or participating in any activities that could:

- deprive the Corporation of the time or attention required to perform their duties properly; or
- create an obligation or distraction which would affect their judgment or ability to act solely in the best interests of the Corporation.

In addition, Directors and officers of the Corporation are required to strictly follow the procedures prescribed under corporate legislation, the Code of Ethics and the Guidelines in respect of material contracts or transactions to which they are a party or in which they have a material interest, including the requirement to disclose in writing all business, commercial or financial interests or activities that might reasonably be regarded as creating an actual or potential conflict of interest. In the event such a situation arises, the Board will determine whether a special committee of the Board comprised of non-conflicted Directors should be established to consider the material contract or transaction in question.

The Board has delegated its responsibility for monitoring compliance with the Code of Ethics to the CG&C Committee, which, among other things, reviews the Code of Ethics periodically, is responsible for granting any waivers from the Code of Ethics and oversees management's implementation and monitoring of the Code of Ethics. Each year, each Representative is required to provide a written acknowledgement of his or her compliance with the Code of Ethics. To date, no waivers of the Code of Ethics have been granted.

A copy of the Code of Ethics is available under the Corporation's profile on SEDAR at www.sedar.com and on the Corporation's website at www.capstoneinfrastructure.com.

Board of Directors

The Board consists of the number of Directors set by the shareholder from time to time, with the number of Directors currently fixed at seven. The following individuals currently serve as Directors:

Director	Status
David Eva	Not Independent
Andrew Kennedy	Not Independent
Richard Knowles	Independent
Paul Malan	Not Independent
Adèle Malo	Independent
Paul Smith	Not Independent
Janet Woodruff	Independent

See "*Management of the Corporation - Directors*" in the annual information form for more information about the Directors, including more information on their status as independent or non-independent within the meaning of NI 52-110, other public directorships held and attendance at Board and committee meetings.

While the majority of the Board is not independent pursuant to the standards set out in NI 52-110, the Board is of the view that Messrs. Malan and Smith, who are not independent because of their relationship with the holder of all of the Corporation's voting shares, do not have any direct or indirect relationship with the issuer which could, in the view of the Board, be reasonably expected to interfere with the exercise of their independent judgment. Any concerns which may exist in a controlled company situation about conflicts of interest or self-dealing should, in the view of the Board, be resolved directly through a committee of directors who are independent of the controlling shareholder.

Mr. Smith is currently the Chair of the Board and is not independent. The Guidelines provide that if the Chair is not an independent director, the independent directors shall be entitled (but not required) to appoint one of the independent directors as the Lead Independent Director if, in the sole discretion of the independent directors, such appointment is warranted to provide leadership to the independent directors. The Lead Independent Director would chair regular meetings of the independent directors and assume other responsibilities which the independent directors as a whole have designated. To date, the independent directors have not determined that there is a need for a Lead Independent Director.

The Board Mandate (see "*Schedule "B" Corporate Governance - Board Mandate*") provides that independent directors will hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent Directors and members of management are not present. During 2021, there were eight such in-camera sessions held at various Board, Audit Committee and CG&C Committee meetings.

Term Limits

The term of office of any Director continues until: (a) the next annual meeting of Shareholders following his or her election or appointment; (b) the date on which his or her successor is elected or appointed or earlier if he or she dies, resigns or is removed or disqualified; or (c) his or her term of office is lawfully terminated for any other reason. The Board has fixed a term limit of 12 years for independent directors. The Board is of the view that such a policy ensures that independent directors do not lose their ability to exercise independent judgment. The Board recognizes the value of some turnover in Board membership to provide on-going input of fresh ideas and views. Therefore, the CG&C Committee annually considers recommending changes to the composition of the Board and monitors directors' independence.

Board Mandate

The Board has a written mandate (the "**Board Mandate**") that specifies the Board's ongoing responsibility for stewardship of the Corporation. The Board periodically assesses the Board Mandate. A copy of the Board Mandate is attached to the annual information form as Schedule "D". The Board is ultimately responsible for supervising the activities and managing the business and affairs of the Corporation and, in so doing, is required to act in the best interests of the Corporation. The Board generally discharges its responsibilities either directly or through the Audit Committee or the CG&C Committee. Responsibilities of the Board set out in the Board Mandate include:

- Oversight of the Corporation's governance;
- Monitoring of the Corporation's financial performance and other financial reporting matters;
- Approving the Corporation's policies and procedures; and
- Oversight of the Corporation's communications and reporting.

CG&C Committee

The CG&C Committee is responsible for oversight respecting Board composition and director nominations, corporate governance, business and ethical conduct, director orientation and continuing education, Board evaluations, Board operations and committee composition of the Board. In addition, the CG&C Committee is responsible for making recommendations for approval by the Board with respect to all forms of compensation to be granted to the CEO and for reviewing and approving the CEO's proposals respecting the compensation of the other senior executives of the Corporation.

Subject to any requirements of applicable law, the CG&C Committee is to be composed of three members, at least two of whom are independent directors and none of whom are a member of the Corporation's management (other than any director who has been appointed to management on an interim basis).

The current members of the CG&C Committee are Adèle Malo (chair), Richard Knowles and Paul Malan. Other than Mr. Malan, each member of the CG&C Committee is independent (as defined in NI 52-110). The Board is comfortable that Mr. Malan does not have any direct or indirect relationship with the issuer or management which could, in the view of the Board, be reasonably expected to interfere with the exercise of his independent judgment.

The mandate for the CG&C Committee is contained in the CG&C Committee's Charter, which is available on the Corporation's website at www.capstoneinfrastructure.com.

For a discussion of how compensation is set for the Corporation's directors and officers, see Schedule "A" *Compensation Disclosure*, to the Corporation's annual information form.

Director Nomination Process

The CG&C Committee is responsible for, in consultation with management and the sole voting shareholder, identifying and recommending to the Board qualified nominees to fill any vacancies on the Board. The Board strives to achieve the best mix of skills and experience to provide for the overall stewardship of the Corporation. The Board also endeavours to take into account the desirability of maintaining a reasonable diversity of personal characteristics such as age, gender, geographic residence and origin. See "*Diversity - Diversity Policy*". Ultimately, the sole voting shareholder determines who is elected to the Board.

The CG&C Committee's Charter provides that the CG&C Committee will maintain an "ever-green" list of independent director candidates to ensure outstanding candidates with needed talents can be identified to fill planned and unplanned vacancies and to ensure plans are in place for the orderly succession of directors to keep the Board appropriately balanced in terms of skills and experience. When a vacancy on the Board arises for an independent director, the CG&C Committee reviews the list of potential candidates against the skill set of incumbent Directors and the range of experience and expertise necessary for the Board and makes its recommendation to the Board.

Diversity

Diversity Policy

The Corporation has adopted a written diversity policy (the "**Diversity Policy**") formalizing the Corporation's commitment to diversity at all levels of the Corporation, including on the Board and in senior management positions. The Diversity Policy does not establish any fixed targets regarding the representation of diverse candidates on the Board or in senior management, including executive officer positions, because (i) the Board does not believe that quotas or strict rules necessarily result in the identification or selection of the best candidates for the Corporation's highly specialized business and small management team; and (ii) the Board believes that nominations or appointments of directors and appointments of senior management personnel should be made, and should be perceived as being made, on the merits of each individual and having a fixed target could impede the application of this principle. Instead, the Diversity Policy articulates Capstone's desire to promote better corporate governance and performance and effective decision-making by having a diverse range of views and considerations represented at the

Board and senior management levels. In considering potential nominees for election to the Board or appointment as CEO, the Diversity Policy requires the CG&C Committee to: (i) consider only highly qualified candidates; (ii) take into consideration criteria that promote diversity (such as gender, age, ethnicity and geographic background); and (iii) to include at least one woman on any short-list of potential candidates for appointment or nomination to the Board. The Diversity Policy also requires that similar considerations be taken into account by the CEO in making senior management appointments. For Board nominations and appointments, the Diversity Policy provides that, as required, the Board will engage qualified independent external advisors to assist in searching for candidates who meet the Board's criteria regarding skills, experience and diversity. In addition, the Diversity Policy requires the CG&C Committee to consider and recommend, where appropriate, the implementation of initiatives to promote diversity at the Board and senior management levels.

As part of the Board's performance assessment process, the CG&C Committee will review the effectiveness of the Board appointment and nomination process, including its success in achieving an appropriate balance of talents, experience, functional expertise and diversity among Board members. The CEO will perform a similar review of appointment process for senior management positions. These reviews will enable the Board, on an ongoing basis, to assess the effectiveness of the Diversity Policy.

Representation of Women on the Board and in Senior Management

As part of its overall approach to diversity under the Diversity Policy, the Corporation recognizes that the involvement of highly qualified women on the Board and in senior management roles can provide valuable perspectives that can assist in achieving the goal of enhancing value for the Corporation's shareholder. As of March 22, 2022, two of seven members of the Board (29% of the Board, but 66% of the members of the Board who are not members of management or representatives of the Corporation's sole voting shareholder) are women, while one of four (25%) of the executive officers of the Corporation, including all major subsidiaries, is a woman. The chairs of the Audit Committee and the CG&C Committee are both women.

Board and Committee Assessment and Director Performance Evaluation

The CG&C Committee biennially assesses the size and effectiveness of the Board as a whole and each committee of the Board, including evaluating the performance of the Chair of the Board and the Chair of each committee, as well as the performance and contribution of individual Directors. The evaluation process includes conducting a biennial survey of the Directors to elicit their views on the effectiveness of the Board, the Chair of the Board, the Board's committees, the Chair of each committee and the individual Directors, and performing a self-assessment of skills and experience. The results of the biennial survey and self-assessments are reported to the Board.

Position Descriptions

The Board has approved position descriptions for the Chair of the Board, the Chair of each of the Board's committees and the CEO. In accordance with the CG&C Committee's Charter, the CG&C Committee is responsible reviewing and making recommendations to the Board regarding the foregoing position descriptions.

The Chair of the Board is responsible for, among other things, overseeing the Board's discharge of its duties, governing the conduct of the Board, assisting the Board's committees and acting as a liaison between the Board and management. The Chair of each of the Board's committees is responsible for, among other things, providing leadership to the respective committee to enhance its effectiveness. The CEO is responsible for managing the underlying business within the structure of the Corporation. The CEO's specific responsibilities include developing a long-term strategy for the Corporation, reporting to the Board on succession planning and consulting with the Chair of the Board.

Director Orientation and Continuing Education

To assist in familiarizing new Directors with the role of the Board and its committees, new Directors are provided with a package of materials that includes the Guidelines, the Code of Ethics, the Mandate of the Board, the Audit

Committee's Charter, the CG&C Committee's Charter, as well as the various position descriptions and other information relevant to the functioning of the Board. New Directors also receive materials to educate them on the Corporation and its businesses. New Directors have the opportunity to meet with management of the Corporation and other members of the Board to discuss the role of the Board, its committees and the Directors, as well as the nature and operation of the Corporation's business, should they wish to do so.

To ensure that the Directors maintain the knowledge and skill necessary to meet their obligations as Directors, the CG&C Committee from time to time arranges for presentations by key personnel or qualified outside advisors concerning topics related to the Corporation's business, changes to the Corporation's legal and regulatory framework and corporate and board governance matters. Directors are encouraged to attend external continuing education programs at the expense of the Corporation.

SCHEDULE "C"

AUDIT COMMITTEE CHARTER

The term "Corporation" herein shall refer to Capstone Infrastructure Corporation and the term "Board" shall refer to the Board of Directors of the Corporation. "Capstone Infrastructure Group" means, collectively, the Corporation and each controlled subsidiary entity of the Corporation (a "Subsidiary").

PURPOSE

The Audit Committee (the "Committee") is a standing committee appointed by the Board to assist with the following responsibilities:

(i) oversee the work of the Corporation's external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation, including overseeing assessments of their qualifications and independence;

(ii) oversee the integrity of the Corporation's financial statements and financial reporting process, including the audit process and the Corporation's internal accounting controls and procedures and compliance with related legal and regulatory requirements;

(iii) oversee the work of the Corporation's financial management and external auditors in these areas;

(iv) oversee the Enterprise Risk Management ("ERM") process and the work of the internal auditor; and

(v) provide an open avenue of communication between the external auditors, the Board and management of the Corporation.

The Committee will also review and/or approve any other matter specifically delegated to the Committee by the Board.

Management is responsible for the preparation and integrity of the Corporation's financial statements, the effectiveness of its internal controls over financial reporting and the effectiveness of the design and operation of its disclosure controls and procedures. Management is also responsible for maintaining appropriate accounting, financial reporting and internal control principles and policies to assure the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations.

The external auditors are responsible for auditing the Corporation's annual financial statements.

GENERAL

(a) *Composition* - The Committee shall be composed of a minimum of three members. Each member of the Committee shall be an "independent" director (as that term is defined under National Instrument 52-110 – *Audit Committees*) or unless a director is exempt from such independence requirement and otherwise fulfills the requirements set out under National Instrument 52-110 – *Audit Committees*).

All members of the Committee must be "financially literate" (as that term is defined under National Instrument 52-110 – *Audit Committees*) or must become financially literate within a reasonable period of time after their appointment to the Committee.

(b) *Appointment and Replacement* - Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by appointing another director to the Committee. Whenever there is a vacancy on a Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after their appointment or until their successor shall be duly appointed and qualified.

(c) *Committee Chair* - The Chair of the Committee (the "Chair") shall be designated by the Board annually at the first meeting of the Board after a meeting of shareholders at which Directors are elected, (or the execution of a written shareholder resolution in lieu of such a meeting), provided that if the designation of the Chair is not so made, the Director who is then serving as the Chair shall continue as the Chair until their successor is appointed. The Chair shall be responsible for leadership of the Committee, including overseeing agenda preparation, presiding over the meetings, making committee assignments and reporting to the Board.

(d) *Conflicts of Interest* – If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, that member shall be responsible for alerting the Chair. If the Chair faces a potential or actual conflict of interest, the Chair shall advise the Chair of the Board. If the Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in consideration of the matter and shall not vote on the matter.

(e) *Separate Executive Meetings* - The Committee shall meet periodically with the Chief Financial Officer, the head of the internal audit function and the external auditors in separate executive sessions to discuss any matters that should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. The Committee shall also meet periodically without management present.

(f) *Meetings of the Committee*

Procedures for Meetings - Subject to any applicable statutory or regulatory requirements and the Articles of the Corporation, the time and place of the meetings shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.

Calling of Meetings - The Committee shall meet as often as it deems appropriate to discharge its responsibilities. Notice of the time and place of every meeting shall be given in writing to each member of the Committee at least 48 hours prior to the time fixed for such meeting. A member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Quorum - No business may be transacted by the Committee unless a quorum of the Committee is present. A majority of members constitute quorum for the transaction of Committee business.

Chair of Meetings - If the Chair is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.

Secretary of Meeting - The Chair shall designate a person, who need not be a member of the Committee, to act as secretary or, if the Chair fails to designate such a person, the Corporate Secretary of the Corporation shall act as secretary. The agenda of each Committee meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each member prior to each meeting.

Minutes - The secretary of the Committee shall prepare and maintain minutes of the proceedings of the Committee.

(g) *Professional Assistance* - The Committee may retain such independent legal, accounting, financial or other consultants as the Committee may reasonably determine to be necessary to carry out the Committee's duties at the Corporation's expense in accordance with the procedures for retaining professional advisors as set out in the Corporation's Corporate Governance Guidelines.

(h) *Reliance* - Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee and (iii) representations made by management and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Corporation and Capstone Infrastructure Group.

(i) *Reporting to the Board* - The Committee will report to the Board through the Chair following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

(j) *Powers of the Committee*

Access - The Committee is entitled to full access to all books, records, facilities, and personnel of the Corporation and Capstone Infrastructure Group, as related to the investment activities and affairs of the Corporation.

Delegation - The Committee may delegate to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

Adoption of Policies and Procedures - The Committee may adopt policies and procedures for carrying out its responsibilities.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

1. Selection and Oversight of the External Auditors and Independence Requirements

The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Corporation and shall report directly to the Committee. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Corporation to be proposed for shareholder approval and shall have authority to terminate the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board. The Board is responsible for selecting the external auditor to be proposed for shareholder approval and appointment.

The Committee shall approve in advance the terms of engagement and the compensation to be paid by the Corporation to the external auditors with respect to the conduct of the annual audit.

The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:

(a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;

(b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Corporation and Capstone Infrastructure Group, on the one hand, and the external auditors and their affiliates on the other hand, and that it has remained independent for the full-year;

(c) require external auditor compliance with the applicable regulation in the Business Corporations Act Section 206 and NI 52-110 definition of independence. Amongst other things, these include: (i) partner rotation and cooling off periods; (ii) certain prohibitions of employment or directorship; (iii) certain prohibitions of business relationships and financial interests in the Corporation;

(d) consider whether there should be a regular rotation of the external audit firm itself; and

(e) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies, including the Canadian Public Accountability Board ("CPAB"), Chartered Professional Accountants Canada ("CPA Canada") and Institute of Corporate Directors ("ICD").

In addition, in accordance with the recommendations of the CPAB, CPA Canada and ICD, the Committee shall:

(a) perform an annual assessment of the auditor's performance which focuses on the independence, objectivity and quality of audit work performed by the audit team and the engagement partner and quality of interactions between the external auditor and the Committee; and

(b) perform a comprehensive review of the auditor's performance no less than every five years which is deeper and broader than the annual assessment and focuses on the audit firm, its independence, objectivity and professional skepticism and identify significant trends and the impact of tenure on the audit firm's performance.

The Committee shall prohibit the external auditor and its subsidiaries from providing certain non-audit services to the Corporation. This is to ensure the auditor does not assume the role of management, become an advocate for their own client, or audit their own professional expertise. All non-audit services to be provided to the Corporation or any of its affiliates by the external auditors or any of their affiliates shall be subject to pre-approval by the Chair (including, among others, provision of taxation planning and consulting services). The Committee may approve policies and procedures for the pre-approval of non-audit services to be rendered by the external auditors, which policies and procedures (i) shall include reasonable detail with respect to the services covered, (ii) shall require that the Committee be informed of each non-audit service and (iii) shall not include delegation of the Committee's responsibilities to management.

The auditor will not normally provide the following services: (i) bookkeeping or other services relating to the accounting records or financial statements of the Capstone Infrastructure Group; (ii) appraisal or valuation and fairness opinions; (iii) financial information or information technology systems design and implementation; (iv) internal audit outsourcing services; (v) management functions, including temporary staff assignments or human resource services, including recruitment of senior management; (vi) legal or litigation support services; (vii) broker or dealer, investment adviser or investment banking; (viii) actuarial services; or (ix) accounting and tax work on behalf of members of the senior management team of Capstone or the senior executives of Capstone's subsidiaries.

Under this policy, any fee arrangement between the Capstone Infrastructure Group and the auditor must not contain any contingent or success fees element.

Committee approval is required prior to the hiring by Capstone Infrastructure Group of partners, employees and former partners and employees of the external auditors.

The Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require.

The Committee is responsible for resolving disagreements between management and the external auditors regarding financial reporting.

2. Oversight of Internal Audit Function

The Committee shall determine the appropriate internal audit function for the Corporation and oversee its processes, reports and the terms of compensation for any individuals engaged in such function, if any. Management will provide the results of internal audit reviews and a rolling annual internal audit plan to the Committee for its review and approval.

3. Oversight and Monitoring of Audits

The Committee shall review with the external auditors and management the audit function generally, any internal audit and general audit approach and scope of proposed audits of the financial statements of the Corporation, including the responsibilities of management and the external auditors, and the timing and estimated budgets of the audits.

The Committee shall meet periodically with the internal audit staff to discuss the progress of their activities and any significant findings stemming from any internal audits.

The Committee shall discuss with the external auditors any difficulties or disputes that arise with management or any internal auditors during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.

The Committee shall review with management the results and scope of any internal and all external audits.

The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

4. Oversight and Review of Accounting Principles and Practices

The Committee shall, as it deems necessary, oversee, review and discuss with management, the external auditors and any internal auditors:

(a) the quality, appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting, and any proposed changes thereto;

(b) all significant financial reporting issues, treatment of significant transactions, and judgments made in connection with the preparation of the Corporation's financial statements, including the effects of alternative treatment within generally accepted accounting principles ("GAAP");

(c) disagreements between management and the external auditors or any internal auditors regarding the application of any accounting principles or practices;

(d) any material change to the Corporation's accounting principles and practices as recommended by management, the external auditors or any internal auditors or which may result from proposed changes to applicable GAAP;

(e) the effect of regulatory changes on the Corporation's financial statements and other financial disclosures;

(f) any reserves, accruals, provisions, estimates or Corporation programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Corporation;

(g) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Corporation's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Corporation's financial statements;

(h) the use of any "pro forma" or "adjusted" information not in accordance with GAAP; and

(i) management's determination of goodwill impairment, if any, as required by applicable GAAP.

5. Oversight and Monitoring of Internal Controls and Disclosure Controls

The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management, the external auditors and internal auditors:

(a) the adequacy and effectiveness of the Corporation's internal accounting and financial controls based on recommendations of management and the external auditors for the improvement of accounting practices and internal controls;

(b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security;

(c) any material weaknesses in the disclosure control environment; and

(d) management's compliance with the Corporation's processes, procedures and internal controls.

6. Communications with Others

The Committee shall establish and monitor procedures and policies, including the Whistleblower Policy, for the receipt and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management of the Corporation and those responsible for the internal audit function, these procedures and any significant complaints received. The Whistleblower Policy's reporting and investigation procedures shall include the requirement that accounting allegations be directly reported to the Chair of the Audit Committee.

7. Oversight and Monitoring of the Corporation's Financial Disclosures

Prior to the release of any summary of the financial results or filing of any such reports with applicable regulators, the Committee shall:

(a) review with the external auditors and management and recommend to the Board for approval the audited annual or reviewed interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements; and

(b) the financial information of the Corporation contained in any prospectus, information circular or other disclosure document or regulatory filing of the Corporation.

Prior to their distribution and filing, the Committee shall review and discuss earnings press releases.

The Committee shall meet with management to review and assess the process and systems in place for the review of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

The Committee will oversee and monitor the activities of a disclosure committee, consisting of management of the Corporation, responsible for overseeing the Corporation's adherence to the procedures and practices of confidentiality and timely disclosure, as set out in the Corporation's External Communications Policy.

The Committee shall require each of the Chief Executive Officer and the Chief Financial Officer of the Corporation (or those holding similar positions) to provide a certificate addressed to the Committee certifying in respect of each annual and quarterly report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws.

As required by applicable laws or regulations or stock exchange requirements, the Committee shall review and approve the information required to be reported to shareholders and others in the Corporation's Annual Information Form, and for such purposes, each member of the Committee shall provide information respecting that member's education and experience that relate to their responsibilities as a Committee member.

The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors.

8. Oversight of Finance Matters

The Committee shall receive and review:

(a) quarterly reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefore and management's plan and timetable to correct any deficiencies;

(b) material policies and practices of Capstone Infrastructure Group respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives (documented in the Corporation's Treasury Policy); and

(c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.

9. Enterprise Risk Management Oversight

To assist the Committee in monitoring and reviewing the effectiveness of the operational risk management framework and compliance with key risk management policies, management will provide the following items to the Committee for its review:

(a) Results of the annual ERM and any significant changes;

(b) A summary of policies and procedures established during the period;

(c) Results of due diligence carried out on external service providers, if any; and

(d) Upon request of the Committee, the current Business Continuity Plan for the operations.

10. Additional Responsibilities

The Committee shall review on an annual basis, insurance programs and policies relating to the Corporation and its businesses.

The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter periodically and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter biennially.

The Committee shall ensure that this Charter is disclosed in accordance with all applicable securities laws or regulatory requirements.

SCHEDULE "D"

BOARD MANDATE

MANDATE OF THE BOARD OF DIRECTORS

The term "Corporation" herein shall refer to Capstone Infrastructure Corporation and the term "Board" shall refer to the Board of Directors of the Corporation. "Capstone Infrastructure Group" means, collectively, the Corporation and each subsidiary entity of the Corporation (a "Subsidiary"). The term "Management" herein shall refer to senior management of the Corporation and all Subsidiaries.

The Board is elected by the shareholders and is responsible for the stewardship of the affairs of the Corporation. The directors shall act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board seeks to discharge such responsibility by supervising and reviewing the Corporation's investments, conducting the affairs of the Corporation and monitoring the stewardship of any Subsidiaries.

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the Corporation's affairs. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of Management and by overseeing Management to ensure a culture of integrity is maintained.

Although directors may be elected by the shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation must be paramount at all times.

The Corporation is a publicly listed vehicle which must comply with the applicable securities laws and the Board is responsible for overseeing such compliance by the Corporation.

INDEPENDENCE OF DIRECTORS

At least three of the directors must be independent of the Corporation and the business of Capstone Infrastructure Group and there may be only two independent directors if a third director is exempt from the independence requirement and otherwise fulfills the requirements set out under National Instrument 52-110 – *Audit Committees*. In order to be "independent", the director must qualify as independent as defined in National Instrument 52-110 – *Audit Committees*, and as set out in the Corporation's Corporate Governance Guidelines. However, the fact that a director is also a director of a Subsidiary shall not disqualify the director from being considered to be an "independent director" of the Corporation if the director would otherwise meet the foregoing tests.

MEETINGS

The Board will meet at least once in each quarter, with additional meetings held as deemed advisable. The chair of the Board (the "Chair") is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by, any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The independent directors will hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of Management are not present.

Each director is expected to attend all meetings of the Board and any committee of which they are a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

DUTIES OF DIRECTORS

The Board discharges its responsibilities both directly and through its committees, the Audit Committee and the Corporate Governance & Compensation Committee. In addition to these standing Committees, the Board may appoint *ad hoc* committees periodically to address certain issues of a more short-term nature. In addition to the Board's primary roles of supervising the activities and managing the investments and affairs of the Corporation, principal duties include, but are not limited to the following categories:

Oversight of the Corporation's Governance

1. The Board is responsible for acting for, voting on behalf of and representing the Corporation as a holder of shares, notes and other securities of Subsidiaries.

2. The Board is responsible for reviewing the performance of the directors of the Corporation and, at least biennially, conducting an effective evaluation of the directors of the Corporation.

3. Periodically, the directors of the Corporation will collectively review and, if appropriate, update this mandate.

4. The Board is responsible for ensuring the directors of Subsidiaries provide reports on operational matters pertaining to the Corporation's investments to the Board and reports on performance matters pertaining to the management of the Corporation's investments.

5. The Board is responsible for conducting a review of the performance of the Corporation against the goals and objectives as set out in the strategic plan and budget of the Corporation.

6. The Board may delegate to Board committees matters it is responsible for, but the Board retains its oversight function and ultimate responsibility for all delegated responsibilities.

7. The Board is responsible for reviewing, at least annually, the succession plans of the Corporation for the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

8. The Board is responsible for ensuring that the composition and organization of the Board, including: the number, qualifications and remuneration of directors, the number of Board meetings; Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings comply with the requirements of the *Business Corporations Act* (British Columbia), the *Securities Act* (Ontario) and the Articles of the Corporation, subject to any exemptions or relief that may be granted from such requirements.

9. The Board is responsible for ensuring that each director has an understanding of the Corporation's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership.

Monitoring of Financial Performance and Other Financial Reporting Matters

10. The Board will review, provide input and approve the Corporation's strategic plan and budget.

11. The Board is responsible for considering appropriate measures it may take on behalf of the Corporation if the performance of Capstone Infrastructure Group and the assets under Management's authority to manage, supervise and/or operate do not meet the Corporation's goals or other special circumstances warrant.

12. The Board shall be responsible for approving the Corporation's annual and interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, as well as the Corporation's annual information form.

13. The Board is responsible for reviewing and approving material transactions involving the Corporation and the Board is required to approve the payment of dividends, the purchase and issuance of securities, acquisitions and dispositions of material assets by the Corporation and material expenditures by the Corporation.

Policies and Procedures

14. The Board is responsible for:

    (a) maintaining records on the Corporation's affairs and investments;

    (b) approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;

    (c) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and

    (d) enforcing obligations of the directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations.

15. The Board is responsible for approving an External Communications Policy respecting communications to the public and an Insider Trading Policy respecting insider trading and reporting matters.

Communications and Reporting

16. The Board is responsible for:

    (a) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;

    (b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting or other applicable standards and related legal disclosure requirements;

    (c) taking steps to ensure the timely disclosure of any other developments that have a significant and material impact on the Corporation;

    (d) overseeing annual reporting to shareholders for the preceding year;

    (e) overseeing the provision to shareholders of all such information as is required by applicable law;

    (f) overseeing the investor relations and communications strategy of the Corporation; and

    (g) overseeing the Corporation's ability to accommodate feedback from shareholders.

Professional Advisors for Directors

17. Each director and the Board as a whole shall have the ability to take independent professional advice where that director or the Board considers it necessary to carry out their duties and responsibilities. Any costs incurred as a result of the director or the Board consulting an independent expert will be borne by the Corporation, subject to the estimated costs being approved by the Chair in advance as being reasonable and the procedures as set out in the Corporation's Corporate Governance Guidelines being followed.