



**WHISTLEBLOWER POLICY**  
CAPSTONE INFRASTRUCTURE  
CORPORATION  
LAST UPDATED AUGUST 2020

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# **CAPSTONE INFRASTRUCTURE CORPORATION**

## **Whistleblower Policy**

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.

Capstone Infrastructure Group’s Code of Business Conduct and Ethics (the “Code”) requires every officer, director and employee (collectively, for the purposes herein, “employees” and each an “employee”) to observe high standards of business and personal ethics as they carry out their duties and responsibilities. Capstone Infrastructure Group expects all of its representatives to adhere to the Code, all of Capstone Infrastructure Group’s statements and policies and to report any suspected violations.

Capstone Infrastructure Group is committed to ensuring the following in relation to concerns raised under this Policy:

- Your identity will not be disclosed (to the extent possible)
- You will not be victimized for raising a concern
- All concerns raised will be thoroughly investigated

Capstone Infrastructure Group is committed to achieving compliance with all applicable laws and regulations, including accounting standards, accounting controls and audit practices. Capstone Infrastructure Group’s internal controls and operating procedures are intended to detect and prevent or deter improper activities. However, even the best system of internal controls cannot provide absolute protection against irregularities. Intentional and unintentional violations of applicable laws, policies and procedures may occur. In those instances, Capstone Infrastructure Group has a responsibility to investigate and report to appropriate parties any allegations of suspected improper activities and any actions taken to deal with these issues within Capstone Infrastructure Group.

This Whistleblower Policy (the “Policy”) sets out responsibilities, policies and procedures in conjunction with any reports that are made pursuant to the Code or other incidents, as specified below. The Policy governs the reporting and investigation of allegations of suspected improper activities in respect of accounting, internal controls or auditing matters, violations of law and general violations of the Code. It is the responsibility of all directors, officers and employees to report violations or suspected violations in accordance with the Policy.

### **FILING A REPORT**

Any person acting in good faith and with reasonable grounds for believing an allegation in issue relates to suspected improper activities may report such allegations. Knowledge or suspicion of improper activities may originate from employees in carrying out their assigned duties or in dealings with internal or external auditors, law enforcement, regulatory agencies, customers or other third parties. An employee who reports an allegation in bad faith or for frivolous reasons may be subject to disciplinary action up to and including dismissal.

Employees in a supervisory or Management position should ensure that employees under their supervision are aware of the Policy and are familiar with the mechanisms available to report a suspected Improper Activity.

Reports of complaints and/or concerns of employees (“Reports”) may be made on matters including the following:

- (a) questionable accounting, internal accounting controls and auditing matters, including the circumvention or attempted circumvention of internal accounting controls or with respect to matters that would otherwise constitute a violation of Capstone Infrastructure Group’s accounting policies (an “Accounting Allegation”) which may include, but are not limited to, the following:
  - fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of Capstone Infrastructure Group;
  - fraud or deliberate error in the recording and maintaining of financial records of Capstone Infrastructure Group;
  - deficiencies in or non-compliance with Capstone Infrastructure Group’s internal accounting controls;
  - misrepresentation or a false statement to or by an officer, accountant or other person regarding a matter contained in the financial records, financial reports or audit reports of Capstone Infrastructure Group; or
  - deviation from full and fair reporting of Capstone Infrastructure Group’s financial condition and/or results of operation;
- (b) compliance with applicable legal and regulatory requirements (a “Legal Allegation”);
- (c) retaliation against employees who make Accounting Allegations or Legal Allegations (a “Retaliatory Act”);
- (d) a matter likely to receive media or other public attention;
- (e) a matter that involves a significant threat to the health and safety of employees of Capstone Infrastructure Group and/or the public;
- (f) a matter that is judged to be significant or sensitive for other reasons; or
- (g) any other violation of the Code.

(Each of (a) – (g) above an “Improper Activity”).

Any employee of Capstone Infrastructure Group who believes that he or she is being asked to commit a wrongdoing or who believes that a wrongdoing has been committed may, in good faith, submit a Report at any time.

Reports are encouraged to be made in writing so as to assure a clear understanding of the issues raised. Reports should be factual in nature and contain as much specific information as possible to allow for proper assessment and investigation of the allegations reported.

Employees should express their questions, concerns, suggestions or complaints with someone who can address them properly. Often, an individual's supervisor is in the best position to address a particular concern. However, an employee may also report matters directly to the Chief Executive Officer or his or her designate (the "CEO"). A report that is set forth in writing shall be forwarded in a sealed envelope to the CEO or reports can be made orally or in writing directly to the CEO openly, confidentially or anonymously by contacting the following person in writing or in person:

Name: David Eva, Chief Executive Officer  
Address: 155 Wellington Street West, Suite 2930, Toronto ON M5V 3H1  
Phone: business: (416) 649-1330  
mobile: (647) 998-0295  
Fax: (416) 649-1335  
Email: deva@capstoneinfra.com

Where the Report addresses Accounting Allegations (or any Improper Activity by a director or officer of the Corporation), the submission should be made orally or in writing directly to the Chair of the Audit Committee openly, confidentially or anonymously by contacting the following person in writing or in person:

Name: Chair of Audit Committee – Janet Woodruff  
Address: 1135 Sinclair Street  
West Vancouver, BC V7V 3W3  
Phone: (604) 862-1853  
Email: jwoodruff@capstoneinfra.com

In the specific case of misrepresentations or failures to disclose material information in both written documents and public oral statements, it is recommended that the employee report promptly to the Corporation's Board (either directly or indirectly through, for example, the employee's supervisor and the CEO), and, if no action is taken within two business days, to then directly notify the Ontario Securities Commission. This action is recommended to protect the potential whistleblower, not from internal retaliation, but from civil liability from investors suing due to the misrepresentation or failure to disclose. Please refer to the External Communications Policy for the complete recommended procedure, which may involve a corrective press release and notification to the Corporation's insurers.

## **RESPONSIBILITIES OF THE AUDIT COMMITTEE WITH RESPECT TO SPECIFIED REPORTS**

The Audit Committee has established the accompanying procedures for

- (i) the receipt, retention and investigation of complaints and concerns regarding Accounting Allegations or Legal Allegations; and
- (ii) the open, confidential or anonymous submission by employees of complaints and concerns relating thereto.

In the discretion of the Audit Committee, the responsibilities of the Audit Committee under these procedures may be delegated to the Chair of the Audit Committee or to a Special Committee of the Board of Directors, if the Board of Directors, in conjunction with the Audit Committee, determines this to be appropriate.

## **PROCEDURES FOR RECEIVING REPORTS**

All reported concerns will be investigated by either Management or the Audit Committee in accordance with the procedures specified below. In order to conduct an investigation the information provided may need to be disclosed to appropriate people including the members of the Audit Committee or the Board. This and the general investigation process will be discussed with the employee. All concerns will be thoroughly documented and another person may be called upon to act as a witness to any discussions when deemed appropriate.

Capstone Infrastructure Group will treat all disclosures and concerns in a confidential and sensitive manner. In making a disclosure the employee should exercise due care to ensure the accuracy of the information.

1. Any Report that is made to a supervisor, whether openly, confidentially or anonymously, shall be promptly reported to the appropriate party, as described above.
2. In the case of Reports made to the Audit Committee, the CEO shall forward any written Reports received, unopened, to the Chair of the Audit Committee.
3. Each Report forwarded to the Audit Committee by a supervisor or the CEO and each Report that is made directly to the Audit Committee, whether openly, confidentially or anonymously, shall be reviewed by the Audit Committee, which may, in its discretion, consult with any member of Management who is not the subject of the allegation and who may have the appropriate expertise or knowledge to assist the Audit Committee. The Audit Committee shall determine whether the Audit Committee or Management should investigate the Report, taking into account the considerations set forth below.
  - (a) If the Audit Committee determines that Management should investigate the Report, the Audit Committee will notify the External Auditor and legal counsel, as appropriate, of that conclusion orally or in writing. Management, with the assistance of legal counsel, shall thereafter promptly investigate the Report and shall report the results of its investigation, in writing, to the Audit Committee. Management may, in its discretion, engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of the results of such investigation.
  - (b) If the Audit Committee determines that it should investigate the Report, the Audit Committee will notify the External Auditor and legal counsel, as appropriate, of that conclusion orally or in writing and shall promptly determine what professional assistance, if any, it needs in order to conduct the investigation. The Audit Committee may, in its discretion, engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of the results of such investigation.

### **CONSIDERATIONS RELATIVE TO WHETHER THE AUDIT COMMITTEE OR MANAGEMENT SHOULD INVESTIGATE A REPORT**

In determining whether Management or the Audit Committee should investigate a Report, the Audit Committee shall consider, among any other factors, the following:

1. Who is the alleged wrongdoer? If a member of Management is alleged to have engaged in wrongdoing, that factor alone may influence the decision in favour of the Audit Committee conducting the investigation.
2. How serious is the alleged wrongdoing? The more serious the alleged wrongdoing, the more appropriate it would be for the Audit Committee to undertake the investigation. If the

alleged wrongdoing would constitute a crime affecting the integrity of the financial statements of Capstone Infrastructure Group, that factor alone may influence the decision in favour of the Audit Committee conducting the investigation.

3. How credible is the allegation of wrongdoing? The more credible the allegation, the more appropriate it would be for the Audit Committee to undertake the investigation. In assessing credibility, the Audit Committee should consider all facts surrounding the allegation.

## **INVESTIGATION GUIDELINES**

The following guidelines are provided where an investigation is carried out in response to a Report.

The CEO and/or Chair of the Audit Committee will work with members of any investigation team that is struck, as necessary, in investigating Reports.

In certain circumstances, individuals within Capstone Infrastructure Group with responsibilities in human resources, finance and other departments, as determined by Management, may be involved in an investigation. Where Management is responsible for an investigation, the CEO will determine the appropriate individual to investigate each Report and will ensure that there is no conflict between the person doing the investigation and the person who is the subject of the Report. If there is no person in an independent position within Capstone Infrastructure Group, the CEO will engage an outside person to conduct the investigation.

All employees have a duty to cooperate with investigations initiated under the Policy. If an investigation indicates that illegal activity or a regulatory breach has occurred, a copy of communications sent to the CEO and the investigation report may be sent to the police or other law enforcement or regulatory agency, as applicable.

Consistent with applicable personnel policies, an employee may be placed on an administrative leave or an investigatory leave, as appropriate, when it is determined that such a leave would serve the interests of the employee, Capstone Infrastructure Group, or both. Such a leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any individual including the person on leave.

## **PROTECTION OF WHISTLEBLOWERS**

The Policy is intended to encourage and enable individuals within Capstone Infrastructure Group and others to raise concerns within the organization, rather than seeking a resolution outside Capstone Infrastructure Group.

Capstone Infrastructure Group will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in respect of the terms and conditions of his or her employment as the result of, or based on, any Report made by such employee in good faith.

The Audit Committee shall not retaliate, and shall not condone any retaliation by Management or any other person or group, directly or indirectly, against anyone who, in good faith:

1. makes an Accounting Allegation or Legal Allegation,
2. reports violations of the Code;

3. reports a Retaliatory Act;
4. lawfully provides information or assistance in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of applicable securities laws or applicable federal laws relating to fraud against shareholders;
5. files, causes to be filed, testifies, participates in or otherwise assists in a proceeding related to a violation of applicable securities laws or applicable federal laws relating to fraud against shareholders;
6. provides a law enforcement officer with truthful information regarding the commission or possible commission of a federal offence, unless the individual reporting is one of the violators; or
7. provides assistance to the Audit Committee, Management or any other person or group in the investigation of a Report.

The Audit Committee shall, to the best of its ability and to the extent possible and within the limitations of law, not reveal the identity of any person who makes an Accounting Allegation or Legal Allegation, reports a violation of the Code or reports a Retaliatory Act and who asks that his or her identity as the person who made such Report remains confidential and shall not make any effort, or condone any effort made by any other person or group, to ascertain the identity of any person who makes a Report anonymously.

Management has a responsibility to:

- ensure that all employees are aware of this policy and understand that they will not be subject to any reprisal or retaliation as a result of good faith reporting of any Improper Activity
- monitor the working environment so that acceptable standards of conduct are promoted
- model appropriate behaviour themselves
- treat complaints seriously and take action to investigate and resolve the matter

If an individual discloses information to Management it is recommended that the individual be thanked for coming forward, assured that these matters are taken seriously and assured that the allegation will be investigated. It is also recommended that it be indicated that in order to carry out the investigation, the information may be shared with the appropriate people.

## **RECORDS**

The CEO will maintain a log of all complaints, tracking their receipt, investigation and resolution. The CEO shall prepare a quarterly summary report thereof for the Audit Committee.

The Audit Committee and/or Management shall maintain records of all steps taken in connection with any investigation of a Report including investigation of Reports that are found to be unsubstantiated. Such records will be retained in accordance with applicable legal and regulatory practice.