



CORPORATE GOVERNANCE GUIDELINES
CAPSTONE INFRASTRUCTURE CORPORATION
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The term “Corporation” herein refers to Capstone Infrastructure Corporation and the term “Board” refers 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 refers to senior management of the Corporation.

BOARD RESPONSIBILITIES

1. Board Mandate

The Board has responsibility for the stewardship of the Corporation and has adopted a formal mandate setting out the Board’s stewardship responsibilities. The Corporation is a publicly listed corporation which must comply with all applicable securities regulations and the applicable rules of any stock exchange on which its securities are listed. The Board is responsible for overseeing such compliance by the Corporation.

2. Corporate Mission, Vision and Strategy

The Board supervises the management of the Corporation’s business and affairs. The vision of the Corporation is to generate North America’s low-carbon future by fulfilling its mission to drive the energy transition forward, through creative thinking, strong partnerships, and a commitment to quality and integrity in how it does business. The Board reviews, provides input and approves the Corporation’s long term strategic plan, which has been developed by Management, and the performance of the Corporation against the goals and objectives set out in its strategic plan, on a biennial basis.

3. Succession Planning

Management will report at least once per year to the Corporate Governance & Compensation Committee (the “CG&C Committee”) of the Board on succession planning regarding anticipated or forthcoming changes to Management, as well as broad employee development initiatives developed by Management. In addition, the CG&C Committee, assisted by Management, is responsible for addressing planned and unplanned director vacancies to ensure the orderly succession of directors. To assist in the director succession planning process, the CG&C Committee maintains an “evergreen” list of potential candidates to serve as independent directors (as defined below).

4. Board Communication with Stakeholders

The Board reviews and approves the Corporation’s External Communications Policy. The Board, or an appropriate committee, also reviews the contents of the Corporation’s material communications to shareholders and the investing public, including quarterly and annual reports, Management’s discussion and analysis, the annual information form and any prospectuses or proxy circulars that may be issued.

The Board believes that it is a function of Management to speak for the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that the Chair of the

Board (the “Chair”) or other individual directors may from time to time be requested by Management to assist with such communications. In addition, individual directors may be directly approached by such persons. If communications or contact from stakeholders are made to the Chair or other individual directors, Management will be informed and, where appropriate, consulted to determine any appropriate response.

5. Reporting Voting Results

As there is only one holder of voting securities of the Corporation, the annual appointment of directors of the Corporation will be done by way of a resolution of the sole holder of voting securities and no annual meeting of shareholders will be held. The Corporation will disclose the results of the annual sole shareholder resolution by filing a Report of Voting Results.

BOARD ORGANIZATION AND MEMBERSHIP

6. Selection of Chair of the Board

The Chair is appointed by the Board. The Board approves and periodically reviews a position description for the Chair.

7. Lead Independent Director Concept

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.

8. Board Size

Although the minimum number of directors permitted by the Corporation’s Articles is three, the Board has the ability to increase or decrease its size. The CG&C Committee periodically reviews whether the current size of the Board is sufficient to provide a diversity of expertise and opinions and allow effective committee organization, while also enabling efficient meetings and decision-making and maximizing full Board attendance. The Board is required to review its current size if a change is recommended by the CG&C Committee.

9. Directors’ Skills

The CG&C Committee seeks to ensure that the collective skill set of the directors meets the needs of the Corporation. To this end, the CG&C Committee utilizes a skills and expertise matrix to assist with reviewing the skill set of the directors and the Board as a whole, and to identify skill gaps on the Board. It is the intention of the CG&C Committee to build a Board on a diversity of background, skills and experience.

10. Independence of Directors

At least three directors must be independent directors, 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* (“NI 52-110”).

The Board adheres to the definition of “independent director” as defined by NI 52-110. NI 52-110 defines an “independent director” as a director who has no direct or indirect material relationship with the Corporation or Capstone Infrastructure Group. A “material relationship” is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgment.

The Board may adopt other categorical standards for determining whether a director is independent if recommended by the CG&C Committee.

The CG&C Committee will review the relationships that each director has with the Corporation in order to satisfy itself that the independence criteria have been met, and report on each director’s independence in the annual information form.

The Corporation may not engage a director or a firm associated with a director to provide goods or services to the Corporation without the approval of the Board.

11. Prohibition on Board Interlocks and Overboarding

Directors are expected to devote sufficient time and attention to the Corporation’s business and affairs in order to discharge their duties as directors effectively. Consequently, the Board’s policy is that independent directors generally should not serve on more than four other boards of directors that take up a significant amount of time (or one other public company board, in the case of the CEO if he serves as a director of the Corporation) in addition to the Board. Moreover, for the independent directors, no more than one public company “interlock” is permitted (where “interlock” means having two or more directors of the Corporation also serving as directors of another company).

12. Term Limits for Directors

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 judgement. 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 assesses directors’ independence.

13. Criteria for Board Membership

The CG&C Committee is mandated to review the competencies, skills and personal qualities applicable to candidates to be considered for nomination to the Board. The objective of this review is to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of the Corporation. This review takes into account the desirability of maintaining a reasonable diversity of personal characteristics such as age, gender, geographic residence and origin. The Board is committed to promoting diversity, including gender diversity. However, all directors must possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the shareholders. They must also have an inquisitive and objective

perspective, practical wisdom and mature judgment, outstanding ability in their individual fields of expertise and a willingness to devote necessary time to Board matters.

14. Selection of New Director Candidates

The CG&C Committee (which may delegate this function to a nominating sub-committee of the CG&C Committee (the “Nominating Sub-Committee”)) is mandated to recruit and consider candidates for directors and to make recommendations to the Board. Directors are encouraged to identify potential candidates. The Chair and the CEO are consulted and have input in the process. An invitation to stand as a nominee for election to the Board will normally be made to a candidate by the Board through the Chair or the Chair’s delegate.

The CG&C Committee (or the Nominating Sub-Committee) maintains an “evergreen” list of potential candidates for future consideration comprised of individuals that the CG&C Committee (or the Nominating Sub-Committee) feels would be appropriate to join the Board. When a vacancy on the Board arises, the CG&C Committee (or the Nominating Sub-Committee) reviews the list of potential candidates against the skill set of incumbent Board members and the range of experience and expertise necessary for the Board.

15. Director Orientation and Education

The Board recognizes the importance of director orientation, ongoing director education and the need for each director to take personal responsibility for this process. The CG&C Committee is mandated to oversee an orientation and educational opportunities for new directors of the Corporation and ongoing educational opportunities for directors. The orientation program is designed to familiarize new directors with the Corporation, its management structure and operations, and key legal, financial and operational issues.

To facilitate ongoing education, the CG&C Committee:

- (a) oversees continuing educational opportunities for directors to:
 - (i) update their skills;
 - (ii) update their knowledge of the Corporation, its businesses and Management;
 - (iii) to address ongoing and emerging issues in the functional areas of the Board relating to, for example, corporate governance, audit, compensation practices and risk management; and
 - (iv) update their knowledge on ethics and integrity issues in governance.

The directors’ continuing education has internal and external elements. Internally, the program is focused on enhancing directors’ understanding of the Corporation’s business. Externally, the program encourages directors to attend presentations and seminars from industry experts and otherwise participate in educational activities that are relevant to the directors’ duties and responsibilities as members of the Board. Directors are encouraged to attend external educational programs, upon approval of the chair of the CG&C

Committee at the Corporation's expense (up to an aggregate of \$3,000 per director per year, which may be increased at the discretion of the chair of CG&C Committee).

The internal and external continuing education programs in which the directors participate will be disclosed to the shareholders annually in the Corporation's annual information form.

BOARD COMMITTEES AND TERMS OF REFERENCE

16. Board Committees

There are two standing Board Committees: (i) the CG&C Committee; and (ii) the Audit Committee. This structure may change as the Board considers, from time to time, which of its responsibilities can best be fulfilled through detailed review of matters in committees. Each committee operates according to a Board-approved written charter outlining its duties and responsibilities.

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.

The Audit Committee oversees the Corporation's responsibilities with respect to financial reporting, including oversight of the engagement and work of the Corporation's auditors, the Corporation's financial management and the integrity of the Corporation's financial statements and financial reporting process.

17. Membership of Committees

Subject to any requirements of applicable law, the Audit Committee is to be composed of three members, all of whom are independent directors unless a director is exempt from such independence requirement and otherwise fulfills the requirements set out under NI 52-110.

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 Management (other than any director who has been appointed to Management on an interim basis).

After the CG&C Committee makes its recommendations, the Board appoints the members of the committees annually, and as necessary to fill vacancies, and generally appoints the chair of each committee. Members of the committees hold office at the pleasure of the Board.

18. Oversight of Committee Functions

The purpose of Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to that committee for its determinations.

Except as may be explicitly provided in the charter of such committee or a resolution of the Board, the role of such Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

OTHER BOARD DELEGATIONS

19. Health, Safety and Environment

The Board has designated a lead director representative with portfolio responsibility for health, safety and environment (“HSE”) oversight (the “HSE Director Representative”). The HSE Director Representative is responsible for oversight of the HSE portfolio in accordance with the Board-approved Health, Safety and Environment Policy, and represents the Board at a management-level committee on HSE.

BOARD MEETINGS AND MATERIALS

20. Meeting Agendas

The Chair and the chair of each committee, in consultation with the CEO and the Corporate Secretary, are to develop the agenda for each Board and committee meeting, respectively.

21. Meeting Materials

Meeting materials are provided to directors before each Board meeting in sufficient time to ensure adequate opportunity exists for review. Notwithstanding the foregoing, in some circumstances, due to the confidential nature of matters to be discussed at a meeting, it may not be prudent or appropriate to distribute written materials in advance.

22. Management at Board Meetings

The Board believes there is value in having certain members of Management attend each Board meeting to provide information and opinions to assist the directors in their deliberations. Attendance by Management is determined by the CEO with the concurrence of the Chair. Management attendees are excused for any agenda items that are reserved for discussion among directors only.

23. Executive Sessions of Independent Directors

The independent directors are encouraged to meet regularly without Management or non-independent directors present.

DIRECTOR COMPENSATION

24. Director Compensation

The Board has determined that the independent directors of the Corporation should be compensated in a form and amount which is appropriate and which is customary for comparable organizations, having regard for such matters as time commitment, responsibility and trends in director compensation. The non-independent directors will not receive any compensation for acting as directors.

On an annual basis, the CG&C Committee reviews, and if applicable, recommends to the Board changes to the terms for the compensation of independent directors. The CG&C Committee may retain the services of a compensation consultant to evaluate and make recommendations with respect to director remuneration.

BOARD'S RELATIONSHIP WITH MANAGEMENT

25. Board Relationship with Management

The Board supports and encourages the members of Management in the performance of their duties. Management is to seek the appropriate guidance and, where required, approval from the Board or the Chair before decisions are made on key issues. The CG&C Committee monitors and assesses the Board's relationship with Management.

26. Limits to Management Authority

The Board may establish general authority guidelines that place limits on Management's approval authority depending on the nature and size of the proposed transaction. These limits anticipate that some flexibility exists within approved budgets but that certain transactions require approval by the Board, an appropriate committee, or designated representatives of the Board.

27. Management Conflicts of Interest

The Board oversees Management with a view to ensuring that officers of the Corporation carry out their respective responsibilities in accordance with their fiduciary duties and that any related party transactions are approved in accordance with the applicable corporate and securities laws.

28. Oversight of the Corporation

The Board oversees and evaluates the compliance of Management with respect to the goals, objectives and responsibilities set out in the strategic plan and budget of the Corporation on an annual basis.

29. Director Access to Management

All directors have full and free access to Management for relevant information. Written communications from directors to members of Management is copied to the CEO to the extent appropriate. Individual directors are encouraged to make themselves available for consultations with Management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

DIRECTOR RESPONSIBILITIES AND PERFORMANCE

30. Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in a manner they reasonably believe to be in the best interests of the Corporation.

Directors are encouraged to attend, in person, all regularly scheduled meetings of the Board and of the committees on which they serve and are expected to attend a minimum of 75% of these meetings. When meetings are scheduled in advance, directors should determine whether they have conflicts and bring these to the attention of the Chair or the chair of the particular committee and the Corporate Secretary. Moreover, directors are expected to use best efforts to attend all special meetings of the Board, which are usually called on shorter notice, in person or by telephone.

Directors will have to set aside the time necessary to prepare for meetings of the Board and of the committees on which they serve. Directors will be expected to participate fully and frankly in the deliberations and discussions of the Board and its committees.

31. Outside Professional Advisors for Individual Directors

The Board has determined that a director who wishes to engage a non-Management advisor to assist on matters involving their responsibilities as a director at the expense of the Corporation should review the request with, provide an estimate of costs to, and obtain the prior authorization of, the Chair.

The Board, a committee or an individual director may seek further information on any issue, including requesting that particular Management executives present to it on the performance, strategy or outlook for the Corporation or particular assets. Each director will also have direct access to the Corporate Secretary.

The procedures for taking independent professional advice are as follows:

- (a) Where a director considers that they may require independent advice, the director should approach the Corporate Secretary for a list of current Corporation advisors to ensure that the director is able to select an advisor who is independent of the Corporation.
- (b) The director should advise the Chair of the nature of and reasons for the advice that is sought, the name of the professional advisor selected by the director and the fee estimate for the advice.
- (c) The Chair will consider the proposal on a timely basis and authorize the request if reasonable. The Chair must not unreasonably withhold such authorization.
- (d) The Chair may delegate the authority to authorize the payment of the professional advisor's expenses to another director or the Corporate Secretary.

32. Performance Review Process

The Board continually seeks to enhance the capabilities of its members and to bolster shareholder confidence respecting performance.

The performance review process in place is based on the Corporation's strategic priorities and business and individual goals. Individual directors' skill sets will be reviewed against the Corporation's strategic plan, environment and business needs. Details regarding the performance review process will be disclosed annually in the Corporation's annual information form.

33. Assessment of Board and Individual Director Performance

The CG&C Committee will oversee the biennial assessment of the overall performance and effectiveness of the Board and each committee, the Chair, each committee chair and each director. The results of these assessments will be reported to the Board as follows: the chair of the CG&C Committee will report on the overall performance and effectiveness of the Board and each committee; the chair of the CG&C Committee will report on the performance of the Chair; and the Chair will report on the individual performance of each director (except the Chair). The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement.

DIRECTOR EXPECTATIONS

The roles, responsibilities, qualifications and procedures of the Board are set out in the Mandate for the Board of Directors of the Corporation and these Corporate Governance Guidelines.

34. Personal Attributes

The Board considers a diverse group of candidates in the evaluation incumbent directors and potential candidates for election to the Board. The Board believes that the best directors exhibit the following qualities:

- (a) they have demonstrated integrity and high ethical standards;
- (b) they have a proven track record of sound business judgment and good business decisions; and
- (c) they have loyalty to the Corporation and are dedicated to its success.

35. Professional Standards

In discharging their responsibilities, each director must act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In keeping with these standards, the directors should demonstrate the following key traits:

- (a) the director brings outstanding and relevant business or other valuable experience, such as:
 - (i) holds or has recently held a position of high-level responsibility;
 - (ii) has experience operating a major public company;
 - (iii) preferably has experience in the infrastructure sector or a related or similar industry;
 - (iv) has a broad exposure to or understanding of the funding environment in which customers of the Corporation operate; and/or

- (v) possesses a high level of expertise in areas that are important to the Corporation,
- (b) the director effectively contributes to the development of the Corporation's strategic plan and businesses; and
- (c) the director understands and effectively contributes to the broad range of issues that the Board and its committees must consider.

36. Compliance with Laws, Rules and Regulations

Directors must comply with laws, rules, regulations and Stock Exchange requirements applicable to the Corporation from time to time, including insider trading laws. "Stock Exchanges" means, at any time, those stock exchanges on which any securities of the Corporation are listed for trading. Directors must comply with the Corporation's Insider Trading Policy.

37. Conflicts of Interest

Directors are expected to identify in advance any conflict of interest regarding a matter coming before the Board or its committees and to refrain from voting on such matters. If a director is uncertain of the nature or extent of a potential conflict, they should seek a ruling on the matter in advance with the Chair or, at the time of the meeting with the chair of the meeting.

In addition to the statutory responsibilities of directors to disclose all actual or potential conflicts of interest and generally to abstain from voting on matters in which the director has a conflict of interest, the director must recuse themselves from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects their personal, business or professional interests.

38. Notification Events

A director is required to immediately notify the Board if any of the following events occur:

- (a) the director becomes involved in a legal dispute, regulatory or similar proceeding that could materially impact their ability to serve as a director and negatively impact the reputation of the Corporation;
- (b) the director takes on new responsibilities in business, politics or the community which may conflict with the goals of the Corporation and materially reduce their ability to serve as director;
- (c) the director makes a major change in principal occupation; or
- (d) there is any other change in the director's personal or professional circumstances that impact the Corporation or such director's ability to serve the Corporation.

CODE OF CONDUCT AND ETHICS

The Board has adopted a Code of Business Conduct and Ethics (“Code”) which applies to all directors, officers and employees of the Capstone Infrastructure Group, and requires them to act ethically at all times. The Board does not permit any waiver of any ethics policy with respect to any director or executive officer of the Corporation. Any waivers from the Code that are granted for the benefit of non-executive officers or employees of Capstone Infrastructure Group may only be granted by the CG&C Committee.

REVIEW OF GUIDELINES

The Board, with the assistance of the CG&C Committee, reviews these Corporate Governance Guidelines on an annual basis to determine whether any changes are appropriate.