



DRIVING ENERGY TRANSITION

OUR PROGRESS IN
SUSTAINABLE DEVELOPMENT

2023-2024 REPORT



MESSAGE FROM THE CHIEF OPERATING OFFICER



Jean Roy
Senior Vice President
and Chief Operating
Officer

Energy transition has risen to a global priority in recent years, and we at Kruger Energy have been contributing to that transition for 20 years already.

Kruger Energy was founded on the very principles of responsible and sustainable energy development for the long term. Since the earliest days of Kruger Energy, we have known that sustainable energy would have to be developed in partnership with communities. That is why we have always not only been responsive to the citizens affected by our projects, but have also developed strong relationships with partners who are as passionate as we are about securing our collective energy future.

We are especially proud to actively participate in reconciliation with Indigenous communities through large-scale projects, such as our Des Cultures Wind Farm, dedicated in 2022, and our Les Jardins Wind Farm Project that will be built and commissioned by late 2028.

Another source of pride for us at Kruger Energy is unquestionably our team of passionate and talented people. Every day, our employees represent the very best of Kruger and help us make headway against environmental, social and governance issues. With their support, we will develop a clear ESG strategy that will guide our future decisions and actions.

Today, I am pleased to present this report, which outlines our progress and reiterates our commitment to continue to grow our company, while taking into account our impact on the environment, on communities and on our employees, now and for future generations.



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KRUGER ENERGY AT A GLANCE

Kruger Energy is committed to sustainable development and local communities. The company manages hydroelectric power plants, builds wind and solar farms, and invests in clean energy production and the electrification of transport.

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ENERGY TRANSITION

Through our renewable energy projects, we are actively contributing to reducing greenhouse gas emissions and helping to build a greener future.

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COMMUNITY ENGAGEMENT

We are cultivating meaningful relationships with our stakeholders and implementing initiatives that help our host communities thrive sustainably.

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SUPPORTING THE WELL-BEING OF OUR EMPLOYEES

Our priority is to offer an inclusive, healthy and safe work environment within a framework that supports employee growth.

KRUGER ENERGY AT A GLANCE

Kruger Energy specializes in the development, construction and operation of renewable energy infrastructure and actively contributes to energy transition across North America.

We place a premium on respecting our host communities and adhering to the principles of sustainable development in all aspects of our activities, while taking into account the well-being and needs of future generations.

Our team has developed solid expertise in the management, maintenance and modernization of power plants, as well as in the construction of large-scale projects such as wind farms and solar energy installations. Kruger Energy is also involved in energy storage and road transportation electrification projects.



OUR SECTORS



Hydro



Wind



Solar



Biomass cogeneration



Energy storage



Electricity transmission

20 YEARS

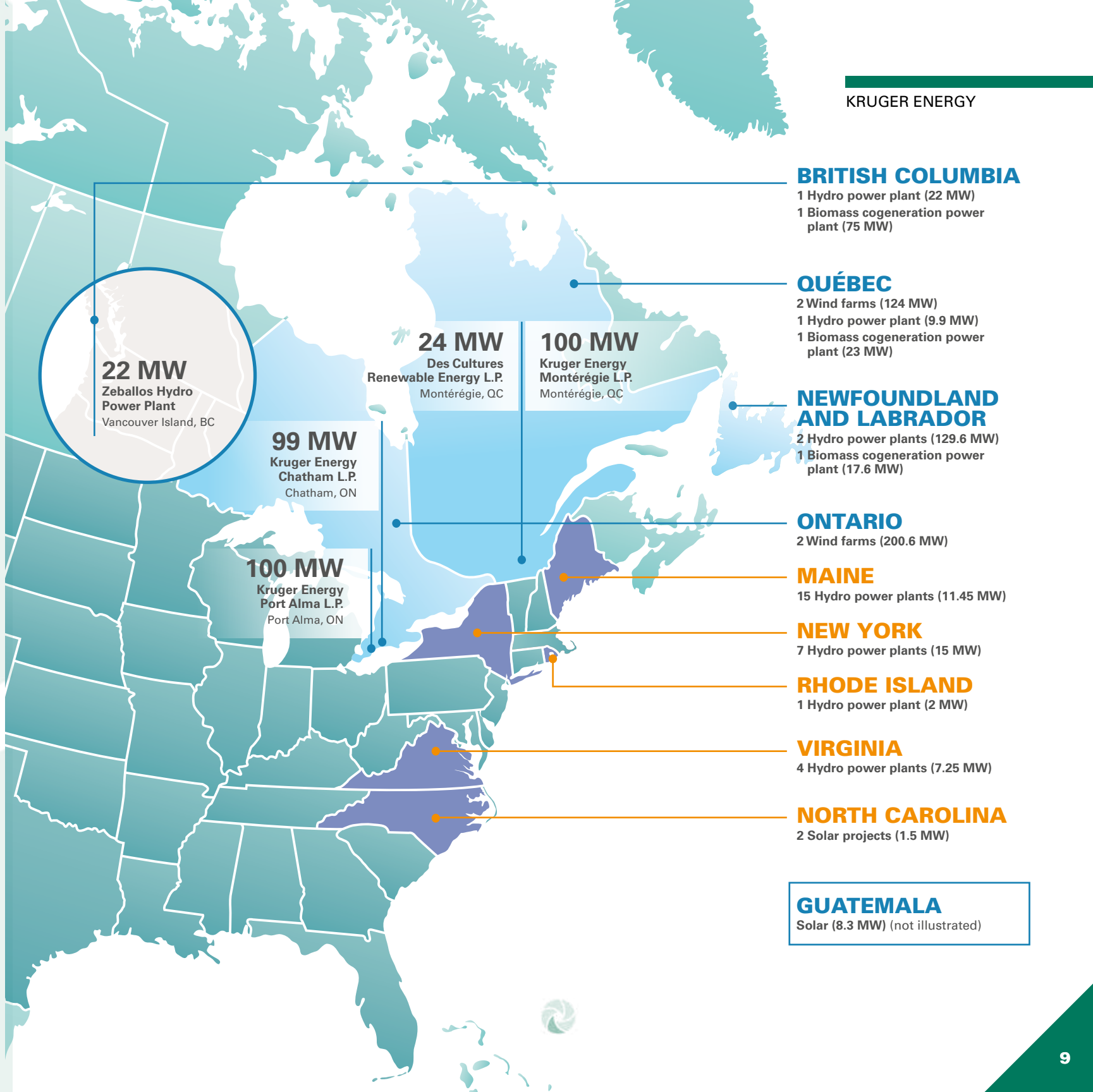
Established in 2004, Kruger Energy is a subsidiary of Kruger Inc., a family company founded in Québec 120 years ago.

47 POWER PLANTS

Kruger Energy has 47 renewable energy production sites in Canada, the United States and Guatemala.

650 MW

Our facilities' total installed capacity will increase to 993 MW, from 650 MW, by the end of 2028, with the commissioning of two new wind farms in Québec.



OUR VALUES



Entrepreneurship



Excellence



Employee focus



Respecting partners



Social responsibility

OUR VISION

Sustainable energy for a better world.

OUR MISSION

Provide renewable energy every day, in the greatest respect and interest of the host communities, for a sustainable and inclusive future.

OUR COMMITMENT

Develop our projects in harmony with the goals of local communities, with a comprehensive approach to sustainable development.

TAKING ACTION TODAY FOR A GREENER FUTURE

Kruger Energy was born of a desire to play a major role in the energy transition in Québec, in Canada and in North America. Over the years, we've invested in renewable energy projects that actively contribute to the reduction of greenhouse gas emissions. Kruger Energy now has 47 green energy power plants with a total installed capacity of 650 MW.

Most recently, we embarked on the path towards decarbonizing the heavy transportation sector with transportation electrification initiatives. Through our efforts, Kruger Inc. was one of the first companies in North America to acquire all-electric trucks to haul merchandise.

Outside of our main activities in the hydro, wind and solar energy sectors, our team is working on decarbonization projects that will enable Kruger Inc.'s manufacturing facilities to reduce their demand for energy and GHG emissions.



OUR PROGRESS TO DATE

Performance in 2023

2,750 GWh

of renewable energy generated.*

34,963 TM CO₂e

of emissions avoided by generating renewable energy.

\$5.2 million

invested in the electrification of heavy transportation.

170,000 TM CO₂e

of emissions avoided annually through decarbonization projects carried out at Kruger's manufacturing facilities since 2018.

* Total production includes 1,417 GWh generated by Kruger Energy's facilities, in addition to the production of power plants owned by other Kruger divisions.

Renewable Energy Generation

In 2023, Kruger Energy's facilities generated 1,417 GWh of renewable energy on power grids in Canada, the United States and Guatemala, enough to power 130,000 Canadian households. In addition, the energy supplied by power plants owned by other Kruger divisions brought total annual production up to 2,750 GWh.

Some 34,963 metric tonnes of CO₂ emissions were avoided as a result of the renewable energy generated by Kruger Energy's facilities.



The avoided emissions calculation methodology is based on emission factors that are specific to the different power grids where we operate, as provided by local government authorities. Our calculation takes into account the fact that the renewable energy generated by our facilities displaces energy from the grid's conventional energy mix.





Electrification of Transportation

Kruger Energy is a pioneer in the electrification of heavy transportation in Canada. In 2023, we put our first two heavy electric trucks on the road to haul merchandise between two sites of another Kruger Inc. subsidiary in Québec.

Both vehicles, which replace a diesel truck, could reduce transportation-related emissions by 380 tonnes of CO₂e annually.

In addition to helping to reduce Kruger Inc.'s emissions, the heavy electric trucks improve air quality and reduce noise pollution, thanks to their quiet engines.



Having our own charging stations means that we can gather crucial data for future electrification initiatives. Our goal is not just to be a leader, but to be a model for the industry when it comes to the electrification of heavy transportation.



Environmental Responsibility

Kruger Energy is committed to respecting the environment everywhere it operates. That is why we make a point of fully complying with all applicable standards and regulations in all phases of each project.

A robust risk assessment is conducted before, during and after the construction of each project through environmental studies on local biodiversity.

These studies enable us to enhance our plans and adjust our interventions in order to minimize our activities' impact on flora, fauna, watercourses and the community — all with the goal of exceeding the set standards wherever possible.



We continue to measure the impact of our projects long after they have been implemented. For example, for the Des Cultures Wind Farm in Québec, we plan to analyze the farmland surrounding our wind turbines over a period of seven years to ensure soil quality is not impacted.



STEPPING UP OUR GAME BY REDUCING OUR CARBON FOOTPRINT

In addition to our efforts on major projects, such as constructing two new wind farms in Québec by 2030 and participating in community solar energy projects south of the border, we will continue to move forward on heavy transportation electrification.

Projects include installing three fast-charging stations at Kruger Products' plants in Sherbrooke, where we will be deploying six new all-electric trucks over the coming months. This project has the potential to reduce transportation-related emissions from diesel engines by 845 tonnes of CO₂e annually.



COMMUNITY ENGAGEMENT

Transparency and Good Neighbourliness

In just 20 years, Kruger Energy has built up a portfolio of 47 green energy power plants and continues to grow at a steady pace. We attribute this success to, among other things, our approach built on respect for our communities and a commitment to the well-being of future generations.



OUR PROGRESS TO DATE

PROACTIVE COMMUNICATION

In all that we do, we make sure we always listen to our communities and partners, while keeping them informed of our projects' progress.

We have therefore implemented the following measures:

- Create monitoring and communication committees for projects under construction and sites that are already in operation. These committees include municipality representatives, members of First Nations, citizens and the owners of the land that hosts our facilities.
- Implement direct channels of communication with citizens, such as a dedicated telephone line and an email address to contact the team.
- Develop a dedicated website for each new project to ensure quick access to all documentation and the latest news on ongoing initiatives.
- Hold public meetings for each important project milestone to inform the community and answer questions.

SUSTAINABLE PROSPERITY

We are committed to generating sustainable benefits for our communities.

We are delivering on this commitment by taking the following measures:

- Establish partnerships with First Nations and municipalities in the areas where we operate in order to provide sustainable income sources for local communities.
- Ensure the long-term maintenance of our production sites shortly after they have been commissioned. This approach helps preserve the relationship that Kruger Energy has built in each community over the years.
- Provide employment opportunities to people in the region by creating temporary jobs during construction and permanent jobs thereafter.
- Support local businesses by establishing a registry of preferred suppliers and contractors in order to maximize a project's regional economic benefits.
- Support local organizations and events by funding and actively participating in community initiatives.





Partnership with the Mohawk Council of Kahnawà:ke

Kruger Energy's Des Cultures Wind Farm, commissioned in 2022, is a shining example of successful cooperation with First Nations to develop renewable energy.

The Mohawk Council of Kahnawà:ke, a funding partner in the project through its subsidiary Kahnawà:ke Sustainable Energies, worked with our team to develop and commission the 24-MW wind farm located in the municipalities of Saint-Rémi and Saint-Michel, Québec.

This project has significant economic benefits estimated at \$15 million over twenty years for those same municipalities, landowners and local businesses, which illustrates our commitment to create sustainable partnerships that are beneficial for all.

Cultivating Wind Energy and the Potential of Host Communities

In 2024, as part of its efforts to decarbonize Québec, Hydro-Québec selected two of our wind projects totalling 343 MW – projects that will also generate significant spillover benefits for the host communities.

Both projects are carried out in cooperation with the Eastern Energy Alliance, which comprises 16 regional county municipalities (RCMs) from Montmagny to Îles-de-la-Madeleine, as well as with the Wolastoqiyik Wampanoag First Nation, the Napierville RCM and the Mohawk Council of Kahnawà:ke.

Both projects will generate revenues totalling \$87 million for the communities over a 30-year period. Furthermore, they will create approximately 500 temporary jobs during the construction phase and eight permanent jobs after commissioning.

Support for an Educational Project in Kahnawà:ke

Kruger Energy had the honour to help deliver a new educational program for 12- and 13-year-olds organized by Tewatohnhi'saktha, the Kahnawà:ke Economic Development Commission.

The S.T.E.A.M. camp encourages youth in the Mohawk community to familiarize themselves with Science, Technology, Engineering, Arts and Mathematics. Kruger Energy sponsored the one-week camp that included a host of challenging activities and fun day trips. The initiative is expected to be held every year until at least 2026.

Commitment to *Vents d'espoir*

Over the past decade, Kruger Energy has supported *Vents d'espoir de la Vallée du Saint-Laurent*, whose mission is to build a residential complex in Montérégie-Ouest for individuals aged 18 to 55 living with a traumatic brain injury or a motor impairment. In addition to Kruger's \$250,000 financial commitment, our team is actively involved in this organization's activities each year, be it by volunteering or by taking part in fundraisers.

GETTING CLOSER TO COMMUNITIES

Maintaining good relationships with our communities has always been, and remains, a priority for Kruger Energy.

Whether managing our existing facilities or developing and building new projects, we will continue to listen to the people who welcome us. This will be the case for the RCMs of Napierville and Saint-Paul-de-Montminy, where we are currently developing large-scale wind projects.

We will adhere to the same principles that have guided us in all our previous projects, which means prioritizing the recruitment of local resources, communicating proactively with our stakeholders, maximizing economic benefits and supporting local organizations that contribute to the development of these communities.



SUPPORTING THE WELL-BEING OF OUR EMPLOYEES

Human-scale Sustainable Development

To successfully achieve our mission, our employees must respect our values and support our objectives, but what is most important is that they feel valued.

That is why Kruger Energy makes ongoing efforts on several fronts to create an inclusive, healthy and safe workplace where everyone can grow personally and professionally.

Investing in our employees is another way to have sustainable development because contributing to the well-being and prosperity of our people benefits their families and their community, too.

We provide our employees with a host of benefits that extend far beyond competitive pay.



Here are some examples of our benefits:

FLEXIBILITY

to balance work-life-family demands.

COMPREHENSIVE

benefits programs.

PLANNING

defined contribution pension plans.

ON-DEMAND ACCESS

to *Dialogue*, a virtual healthcare platform, and the TELUS Health Employee Assistance Program that provides immediate and confidential assistance for issues with work, health, or life.

GYMS

at some of our sites.

ELECTRIC VEHICLE (EV)

charging stations and bike parking at some of our sites.

OUR PROGRESS TO DATE

Occupational Health and Safety

As a member of the Kruger network, Kruger Energy has adopted the same OHS guidelines and policies as Kruger's subsidiaries. We adhere to the very strictest of industry standards in all aspects of our operations. In addition, we have the advantage of an entire network of experts who share with us their best OHS practices.

This all adds up to a safe work environment, where each employee feels empowered to ensure their own safety and the safety of their co-workers.

However, we do know that we must never let our guard down when it comes to safeguarding the life and health of our people. To continue to improve our OHS performance, we have established principles and procedures that our teams must comply with at all times. For example:

- Roles, responsibilities and expectations must be clearly defined for each team member.
- We undertake to provide our co-workers with the tools and resources they need to follow regulations and meet obligations.
- We ensure that hazards are identified, risks are assessed, and adequate protective measures are subsequently put in place.
- We encourage our employees to actively engage in risk identification and the implementation of preventive measures.
- We set relevant, attainable OHS targets.





Professional Development

We are dedicated to the well-being of our employees and encourage them to develop their skills so that they can better progress in their careers—be it by supporting their education pathway, providing targeted training or providing coaching such as mentoring.

Our employee development initiatives are organized across three principles: inspire engagement, nurture expertise and generate growth.

EMERALD LEADERSHIP PROGRAM

Kruger has launched the Emerald Plan, a leadership program to train current and future leaders in order to ensure management succession.

Kruger Energy managers participate in this program, which includes external coaching and in-house mentoring, in order to acquire the skills that will enable them to take on more and more responsibility.



Culture and DEI

A strong corporate culture requires two things: first, regular and transparent communication with employees; and second, recognizing employees who exemplify our values every day.

In addition to regularly meeting with teams to keep them apprised of our projects, Kruger Energy shares its achievements through a communication toolbox available on the Kruger network, including an employee newsletter that is sent out every three months to all Kruger employees in North America, as well as through an online employee recognition platform.

Our successes and co-workers' years of service are regularly celebrated. Teams are also encouraged to take part in charitable or social activities in order to strengthen their sense of belonging.

Lastly, Kruger Energy puts into practice the same diversity, equity and inclusion (DEI) principles as all of Kruger Inc.'s subsidiaries. The company has started to develop a DEI strategy that will officially incorporate these principles into our policies and work methods.



To further strengthen our culture focused on cooperation, openness and respect, Kruger Energy managers took DEI awareness and unconscious bias training in 2023.





SUPPORTING OUR EMPLOYEES' FAMILIES

We at Kruger Inc., a family company, are committed to the growth of employees, as well as to the well-being of their families.

This is notably reflected in initiatives such as the new Joseph Kruger II Scholarship Program, launched in 2024, to encourage employees' children to pursue a post-secondary education. In its first year, the Program awarded one hundred \$5,000 scholarships totalling \$500,000.

Another program much loved by employees provides a grant of up to \$500 towards summer camp fees to enable children to enjoy summer while helping parents maintain a work-life balance during the summer holidays.



RECOGNIZING AND SUPPORTING OUR KEY ASSET

Our employees are our greatest asset, and we are dedicated to seeing them grow professionally and personally.

We will continue to prioritize occupational health and safety and to enhance our compensation, benefits, development and recognition programs to ensure that Kruger Energy remains an attractive, innovative and competitive employer.

Lastly, we will continue our diversity, equity and inclusion efforts so that all individuals in our organization feel valued, supported and recognized.





POWERING YOUR WORLD WITH RENEWABLE RESOURCES®

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