NORTHLAND POWER INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2024

February 26, 2025

Table of Contents

INTRODUCTION AND USE OF DEFINED TERMS

All capitalized terms used in this Annual Information Form (**"Annual Information Form"** or **"AIF"**) for Northland Power Inc. (**"Northland"** or the **"Company"**) have the meanings assigned to them under the heading "Glossary of Terms", unless otherwise defined. All currency amounts in this AIF are in Canadian dollars unless otherwise indicated. Unless otherwise noted, the information contained in this AIF is given as at or for the year ended December 31, 2024.

FORWARD-LOOKING STATEMENTS

*This AIF contains statements that constitute "forward-looking information" within the meaning of applicable securities laws (**"forward-looking statements"**) that are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, the events anticipated by the forward-looking statements may or may not transpire or occur. Forward-looking statements include statements that are not historical facts and are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "predicts," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could". These statements may include, without limitation, statements regarding future Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, including respective per share amounts, dividend payments and dividend payout ratios, the timing for and attainment of the Hai Long and Baltic Power offshore wind, Oneida energy storage projects and other renewables growth activity and the anticipated contributions therefrom to Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, the expected generating capacity of certain projects, guidance, anticipated dates of full commercial operations, forecasts as to overall project costs, the completion of construction, acquisitions, dispositions, whether partial or full, investments or financings and the timing thereof, the timing for and attainment of financial close and commercial operations for each project, the potential for future production from project pipelines, cost and output of development projects, the implementation of the DRIP changes, the all-in interest cost for debt financing, the impact of currency and interest rate hedges, litigation claims, anticipated results from the optimization of the Thorold Co-Generation facility and the timing related thereto, future funding requirements, and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and the outlook of Northland, its subsidiaries and joint ventures.*

*These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, the ability to obtain necessary approvals, satisfy any closing conditions, satisfy any project finance lender conditions to closing sell-downs or obtain adequate financing regarding contemplated construction, acquisitions, dispositions, investments or financings, as well as other factors, estimates and assumptions that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, risks associated with further regulatory and policy changes in Spain which could impair current guidance and expected returns, risks associated with merchant pool pricing and revenues, risks associated with sales contracts, the emergence of widespread health emergencies or pandemics, Northland's reliance on the performance of its offshore wind facilities at Gemini, Nordsee One and Deutsche Bucht for over 50% of its Adjusted EBITDA, counterparty and joint venture risks, contractual operating performance, variability of sales from generating facilities powered by intermittent renewable resources, wind and solar resource risk, unplanned maintenance risk, offshore wind concentration, natural gas and power market risks, commodity price risks, operational risks, recovery of utility operating costs, Northland's ability to resolve issues/delays with the relevant regulatory and/or government authorities, permitting, construction risks, project development risks, integration and acquisition risks, procurement and supply chain risks, financing risks, disposition and joint-venture risks, competition risks, interest rate and refinancing risks, liquidity risk, inflation risks, commodity availability and cost risk, construction material cost risks, impacts of regional or global conflicts, credit rating risk, currency fluctuation risk, variability of cash flow and potential impact on dividends, taxation, natural events, environmental risks, climate change, health and worker safety risks, market compliance risk, government regulations and policy risks, utility rate regulation risks, international activities, cybersecurity, data protection and reliance on information technology, labour relations, labour shortage risk, management transition risk, geopolitical risk in and around the regions Northland operates in, large project risk, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, terrorism and security, litigation risk and legal contingencies, and other factors described in this AIF and in the Management's Discussion and Analysis (**"MD&A"**) included in Northland's 2024 Annual Report (**"Annual Report"**), which can be found on SEDAR+ at www.sedarplus.com under Northland's profile and on*

Northland's website at northlandpower.com. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur. The forward-looking statements contained in this AIF are based on assumptions that were considered reasonable as at February 26, 2025. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

NON-IFRS FINANCIAL MEASURES

This AIF includes references to the Company's adjusted earnings before interest, income taxes, depreciation and amortization (**"Adjusted EBITDA"**), Adjusted Free Cash Flow, Free Cash Flow and applicable payout ratios and per share amounts, which are measures not prescribed by International Financial Reporting Standards (**"IFRS"**), and therefore do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Non-IFRS financial measures are presented at Northland's share of underlying operations. These measures should not be considered alternatives to net income (loss), cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations from management's perspective. Management believes that Northland's non-IFRS financial measures and applicable payout ratio and per share amounts are widely accepted and understood financial indicators used by investors and securities analysts to assess the performance of a company, including its ability to generate cash through operations.

Readers should refer to the disclosure under "**Non-IFRS Financial Measures**" in *Sections 1, 5.5 and 5.6* of the MD&A included in the 2024 Annual Report, which sections are incorporated by reference herein, for an explanation of key non-IFRS measures, and for a reconciliation of consolidated net income (loss) under IFRS to reported Adjusted EBITDA and a reconciliation of cash provided by operating activities under IFRS to reported Adjusted Free Cash Flow and Free Cash Flow.

CORPORATE STRUCTURE

Northland is a corporation governed by the *Business Corporations Act* (Ontario). The head and registered office of Northland is located at 30 St. Clair Avenue West, 3rd floor, Toronto, Ontario, M4V 3A1.

The following is the list of Northland's material subsidiaries, showing the jurisdiction where they were incorporated or otherwise established and Northland's direct or indirect voting interest. Certain subsidiaries have been excluded if the assets and revenues of the excluded subsidiaries did not individually exceed 10%, or in the aggregate exceed 20%, of the total consolidated assets and total consolidated revenues of Northland as at December 31, 2024. Further information on key operating facilities is provided in "Description of Northland's Business".

	Place of incorporation	% voting ownership as at Dec. 31, 2024
Offshore Wind		
Buitengaats C.V. and ZeeEnergie C.V. ("**Gemini**")	The Netherlands	60.0 %
Nordsee One GmbH ("**Nordsee One**")	Germany	85.0 %
Northland Deutsche Bucht GmbH ("**Deutsche Bucht**")	Germany	100.0 %
Natural Gas		
North Battleford Power L.P. ("**North Battleford**")	Canada	100.0 %
Thorold CoGen L.P. ("**Thorold**")	Canada	100.0 %
Onshore Renewable		
Northland Power Spain Holdings, S.L.U. (**"Spanish portfolio"**) (1)	Spain	98.5 %
Nine solar facilities (**"Solar"**)	Canada	100.0 %
Utility		
Empresa de Energía de Boyacá S.A. E.S.P (**"EBSA"**)	Colombia	99.4 %

(1) Spanish portfolio includes 33 onshore renewable sites comprised of onshore wind, solar photovoltaic and a concentrated solar asset.

OVERVIEW

Northland Power is a Canadian-owned global power producer dedicated to accelerating the global energy transition. Founded in 1987, with almost four decades of experience, Northland has a long history of developing, owning and operating a diversified mix of energy infrastructure assets including offshore and onshore wind, solar, natural gas and battery energy storage. Northland also supplies energy through a regulated utility.

Headquartered in Toronto, Canada, with global offices in seven countries, Northland owns or has an economic interest in 3.2 GW of gross operating generating capacity*,* 2.4 GW under construction and a significant inventory of early to mid-stage development opportunities encompassing approximately 10 GW of potential capacity.

Publicly traded since 1997, Northland's Common Shares, Series 1 and Series 2 Preferred Shares trade on the Toronto Stock Exchange under the symbols NPI, NPI.PR.A and NPI.PR.B, respectively.

Business Objective

Northland's objective is to provide its shareholders with a total return comprising dividends and share value growth from the successful management of its assets. Northland aims to deliver this objective by (i) owning and operating high-quality contracted assets that deliver long-term cash flow and (ii) growing its asset base by efficiently deploying capital into accretive investments through prudent market selection and disciplined project development.

Business Strategy

Northland's business strategy is centered on delivering energy and capacity in key strategic markets in Canada and internationally, with a primary focus on offshore wind, onshore solar and wind, battery storage and natural gas power generation.

As a global developer with extensive expertise in developing renewable and natural gas power assets, Northland has a global outreach with an operating, construction and development footprint spanning across four continents: North America, South America, Europe and Asia.

- ***Offshore Wind***

  Northland currently operates 1.2 gigawatts (**"GW"**) of gross offshore wind capacity from three operating offshore wind facilities, Gemini, Nordsee One and Deutsche Bucht, located off the coasts of the Netherlands and Germany, respectively. Northland also has 2.2 GW of generating capacity under construction, comprised of its 30.6% equity stake in the 1,022 megawatts (**"MW"**) Hai Long project and its 49% stake in the 1,140 MW Baltic Power offshore wind project, in Taiwan and Poland, respectively. Baltic Power is expected to achieve commercial operations in the second half of 2026 and Hai Long in 2026/2027. Refer to "Offshore Wind Facilities" section for more information.

- ***Onshore Renewables***

  Northland owns and operates 1.3 GW of gross onshore wind and solar capacity in Canada, the United States of America ("**U.S.**") and Spain. Northland also has a 250 MW battery storage facility under construction, comprised of its 72% equity stake in the Oneida energy storage project (**"Oneida"**) located in Ontario, Canada. The project is expected to be completed in the first half of 2025. Refer to "Onshore Wind Facilities" and "Solar Facilities" sections for more information.

- ***Natural Gas & Utilities***

  Northland owns and operates 737 MW of gross natural gas assets located in the Canadian provinces of Ontario and Saskatchewan. Refer to "Natural Gas Facilities" section for more information.

Northland is strategically diversified both technologically and geographically, that separates it from some of its peers. It currently has a 10 GW development pipeline in Canada, the U.S., Europe and Asia.

With its capabilities to develop offshore wind, onshore renewables, battery storage, and natural gas power generation, Northland is well positioned to capitalize on emerging global energy trends in years to come. A large part of its success lies within its resources including human capital and their capability to successfully originate, develop, construct and operate power generation infrastructure.

To successfully execute on its strategy, Northland has developed a comprehensive set of strategic pillars to guide the organization towards successful delivery of its objectives:

- ***Resiliency -*** With almost 40 years of history, Northland has the experience to weather market cycles and deliver on our commitment to high standards of excellence. To uphold this stability and quality, Northland's objectives are to maintain an investment grade credit rating, continue to pay dividends to its shareholders, deliver on its financial guidance and ensure successful construction and development of natural gas and renewable energy projects to increase shareholder value. As Northland continues to progress its approximately $16 billion construction program ($7 billion net to Northland) for the Hai Long, Baltic Power and Oneida projects, maintaining financial strength remains its key priority. Northland will continue to maintain sufficient financial buffers to ensure delivery of its strategic priorities while maintaining its strong balance sheet. From time to time, this may include Northland's decision to reduce exposure to or exit certain markets and repurpose capital towards more accretive opportunities or use the funds to strengthen its financial position, especially during intensive construction periods where it may be prudent to maintain such financial flexibility.
- ***Execution -*** Following successful financial close and securing of funding for the Hai Long, Baltic Power and Oneida projects, Northland has advanced construction of each facility. One of Northland's strategic pillars over the next two years is the continued successful execution and delivery of these projects to their full completion between 2025-2027. Northland has a track record in successful project construction and its Project Management Office and Business Unit (**"BU"**) structure ensure strict focus on delivering on construction milestones aligning tools, reporting methods and processes in order to provide timely and accurate reporting. Northland will continue to manage and oversee construction of these projects against their targeted milestones to ensure successful delivery and execution.
- ***Prudent Growth -*** Northland aims to increase shareholder value by developing high-quality projects that earn recurring income from long-term sales contracts with creditworthy counterparties (i.e. government or investment grade corporate offtakers), focusing on growth opportunities in jurisdictions that meet its risk management criteria. Northland exercises judgment, discipline and acumen in its development activities to continually assess opportunities against its investment criteria and capital allocation framework. Northland seeks to manage its development processes prudently by regularly balancing the probability of success against associated costs and risks and ensuring that only those projects that meet its investment criteria are actively pursued. This may result in full or partial exits from certain existing or prospective opportunities or assets and directing focus, resources and capital towards more strategic markets.
- ***Optimization -*** Northland aims to maximize returns through a focus on efficient and effective facility operations, longer-term asset management, and structuring power supply and maintenance agreements to maximize profits, while carefully managing risk. In addition, Northland applies an active approach to overall portfolio management, which may result in optimizations from asset sales and financing/re-financing opportunities as part of its return objectives and funding strategy.

  With a commitment to continuous improvement, Northland's operations group shares its experiences with the development, engineering and construction groups on an ongoing basis to ensure all knowledge gained is factored into the development and construction of any new project Northland undertakes.

  As Northland continues to develop and grow its asset base and shareholder value, management will continue to develop plans to further optimize its operations. This may include asset optimization strategies such as operating and maintenance (**"O&M"**) contract consolidations, opportunities to add incremental growth or investments to existing assets or grow in other markets through synergies, opportunities to re-contract asset bases near the end of power purchase agreement (**"PPA"**) arrangements and the improvement of internal processes to gain efficiencies.

Northland continues to position itself for future growth and expects its strategy will continue to generate growing Shareholder value over the coming years. The current growth phase for Northland offers the opportunity to deploy $16 billion of capital investment ($7 billion at Northland's share) that has been fully funded into renewable projects through 2027, anchored by offshore wind and battery energy storage projects that are under active construction. These projects will increase Northland's gross capacity by 75% once commercially operational.

GENERAL DEVELOPMENT OF THE BUSINESS

Sustainability at Northland

The focuses of Northland's Sustainability strategy are on continued energy transition and decarbonization efforts through increasing our renewable energy portfolio, protecting and supporting biodiversity, continuously improving as an equitable employer where a talented, diverse and committed group of people want to build their careers, creating meaningful and collaborative relationships and partnerships with local and Indigenous communities, ensuring human rights are respected in our supply chain and upholding the highest standards of good and responsible governance.

Northland continues to identify climate-related opportunities for access to capital, growth opportunities in new technologies (such as energy storage) and human capital growth. Northland is committed to achieving a 65% reduction of its greenhouse gas (**"GHG"**) emissions intensity by 2030 (from 2019 baseline) and to achieve net zero emissions across its scope 1, 2 and 3 by 2040. For further information on Northland's climate-related goals and objectives, please refer to the Company's most recent sustainability report, which can be found at https://www.northlandpower.com/en/about-northland/sustainability.aspx, and the *Climate-Related Target Risk* in the "Risk Factors" section below.

Summary of Business Activities

Northland remains disciplined in prioritizing projects within its development pipeline that are strategically and financially consistent with its investment approach. The successful achievement of commercial operations of selected projects within the Company's pipeline is expected to deliver long-term, sustainable growth in the Company's Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow. The following provides updates on the development of Northland's business over the last three years.

Offshore Wind

Taiwan Offshore Wind Projects

- In July 2022, Northland announced the signing of a Corporate Power Purchase Agreement (**"CPPA"**) that covers 100% of the power generated from Hai Long 2B and 3, which have a combined capacity of up to 744 MW. The agreement is with an investment grade counterparty (S&P: AA-) and was for an initial 20-year period at a fixed-price, commencing once Hai Long reaches full commercial operations. During the first quarter of 2023, the project signed an amendment to the CPPA that resulted in the extension of the CPPA tenor by two years from 20 to 22 years. During the third quarter of 2023, the project signed another amendment to the CPPA that extended its tenor by a further eight years from 22 to 30 years.

  During the third quarter of 2023, Northland successfully closed its NTD117 billion (equivalent to $5 billion) long term, 20-year non-recourse green financing, provided by both international and local lenders with the help of multiple Export Credit Agencies (**"ECAs"**).

  On December 28, 2023, Northland closed the sale of 49% of Northland's 60% ownership in the Hai Long offshore wind project to Gentari International Renewables Pte. Ltd., a subsidiary of clean energy solutions company Gentari Sdn Bhd (**"Gentari"**). Northland now holds a 30.6% ownership interest in the overall project and will continue to take the lead role in Hai Long's construction and operation. During the third quarter of 2023, Northland executed an investment partnership agreement with Gentari, completing a 49% stake sell-down in early-stage offshore wind development projects in Taiwan: NorthWind and CanWind. The partnership with Gentari is an extension of the agreement formed in December 2022, as related to Hai Long. The transaction resulted in Gentari holding a 49% indirect equity interest in these projects, and Northland holding a 51% interest.

  On August 20, 2024, an incident occurred at the onshore substation due to a leak of carbon dioxide from the fire suppression system, which resulted in three fatalities. The onshore substation construction work was suspended during the investigation of the incident by the local authorities. Upon completion of the investigation, the work on the onshore substation resumed safely according to recovery plans. First power is expected in the second half of 2025. The project is on track to achieve full commercial operations expected in 2027 with overall project cost aligned with original expectations.

Baltic Power

- In March 2021, Northland completed its acquisition of a 49% interest in the Baltic Power offshore wind project in the Polish Baltic Sea with a total capacity of 1,140 MW of offshore wind generation.

In June 2021, Baltic Power secured a 25-year Contract for Difference (**"CfD"**) from Poland's Energy Regulatory Office under the Polish Offshore Wind Act at a guaranteed price of PLN 319.60 per MWh, which is adjusted to annual indexation by Poland's annual average consumer price index. The project's 25-year CfD offtake agreement is denominated in Euros and includes an inflation indexation feature commencing with a base year of 2021.

During the third quarter of 2023, Northland closed an equivalent of $5.2 billion, 20-year non-recourse green financing, supported by a consortium of international and local commercial banks, multiple ECAs and multi-lateral agencies.

Northland continues to hold a 49% ownership interest in Baltic Power, with its partner Orlen S.A. holding the remaining 51%. The project is on track to achieve full commercial operations expected in the latter half of 2026 with overall project cost aligned with original expectations.

Nordsee Cluster

- On May 25, 2023, Northland announced the sale of its 49% ownership stake in the Nordsee Cluster offshore wind portfolio (**"NSC"**) to its partner on the portfolio, RWE Offshore Wind GmbH (**"RWE"**). The sale provided RWE with 100% ownership of the projects for a cash consideration of approximately €35 million (equivalent to $51 million), which included a premium to Northland's costs incurred to date. The transaction transferred all assets, liabilities and committed contractual obligations relating to NSC, to RWE. The sale of NSC is consistent with Northland's strategy to prioritize projects within its development pipeline that are strategically and financially consistent with its disciplined investment approach.

ScotWind

- Northland was awarded two offshore wind leases in the Crown Estate Scotland auction with a total combined capacity of 2,340 MW in 2022. The two leases, one fixed foundation (840 MW) and one floating foundation (1,500 MW), will extend Northland's development runway into the next decade. In 2023, Northland signed a partnership agreement with ESB, a leading Irish energy company, for a 24.5% interest in the two offshore wind projects.

Onshore Renewables

La Lucha

- On June 28, 2024, Northland completed the sale of its 100% stake in the La Lucha solar facility to Cometa Energía, S.A. de C.V., wholly owned by Saavi Energía (**"Saavi"**) for approximately $215 million in cash after taxes, transaction fees and other customary adjustments.

  During the fourth quarter of 2024, Northland received the entire amount relating to a value added tax claim of $42 million (equivalent to MXN 604 million).

NY Wind

- In October 2023, the 112 MW Bluestone and 108 MW Ball Hill onshore wind projects commenced commercial operations under the 20-year PPA with the New York State Energy Research and Development Authority (**"NYSERDA"**).

  On December 19, 2023, Northland successfully secured final tax equity funding and received a total funding of US$219 million with a conversion of term loan on both onshore wind projects.

Oneida

- In December 2022, Northland entered into an agreement to acquire a majority interest in the Oneida project, a 250 MW/1 GWh late-stage, grid-connected energy storage project in southern Ontario, Canada. On December 21, 2022, the project successfully executed a 20-year Energy Storage Facility Agreement with the Independent Electricity System Operator (**"IESO"**) that offers monthly capacity payments. On March 30, 2023, Northland and its partners signed a credit agreement with an external lender, that will allow the project to access approximately $700 million in senior and subordinated debt financing.

  On May 15, 2023, the Oneida project reached financial close, as the project successfully completed all necessary financing conditions. Northland currently owns 72% of the project, which is being developed in partnership with NRStor Inc., Six Nations of the Grand River Development Corporation and Aecon Group Inc. The Oneida project is being commissioned with all major construction activities completed. The project is on track to achieve full commercial operations expected in the first half of 2025 with overall project cost aligned with original expectations.

Alberta Portfolio

- In December 2022, Northland acquired a development platform and a portfolio of solar and energy storage development projects in Alberta, Canada, with a combined pipeline encompassing approximately 1.4 GW. In 2024, Northland signed a 15-year offtake agreement for 100% of the battery energy storage capacity from the Jurassic BESS project in Alberta with members of the Alberta Schools Commodities Purchasing Consortium. This is the first offtake agreement of its kind in Canada for a battery storage project.

Natural Gas & Utilities

- In November 2024, Northland completed a 23 MW capacity upgrade on time and on budget; demonstrating Northland's continued technical expertise and ability to deliver on natural gas assets. In the second quarter of 2023, Northland secured an amended PPA for the Thorold Co-Generation facility located in Ontario, Canada. This agreement allows for an increase in generating capacity and a five-year extension of the contract. The extension of the PPA remains conditional upon the successful completion of an upgrade test scheduled for 2025.
- On April 7, 2022, Northland completed the sale of its Iroquois Falls and Kingston natural gas facilities in Canada. The two facilities had a combined operating capacity of 230 MW. Both facilities had operated under long-term PPAs with the provincial system operator, which expired at the end of 2021 and 2017, respectively.

Summary of Corporate Activities

- On December 2, 2024, Northland announced that Christine Healy would be appointed as President and Chief Executive Officer. In addition to serving as President and CEO, Ms. Healy was also appointed as a director of the Company. Ms. Healy's start date was January 20, 2025.
- On October 1, 2024, the Company announced that John Brace, who had been serving as Northland's Executive Chair since March 25, 2024, assumed the role of Interim President and CEO effective immediately, following former President and CEO Mike Crawley's planned departure from the Company on September 30th.
- On March 25, 2024, the Company announced that Mike Crawley, who had been with Northland for nine years and served as President and CEO for the previous six, would be stepping down from his role at the end of September 2024. Effective March 25, 2024, the Chair of the Board, John Brace, assumed the role of Executive Chair to act as a bridge between Mr. Crawley and the next President and CEO. Concurrently, Ian Pearce was named Lead Independent Director.
- On January 15, 2024, Northland announced changes to its executive team.
    - CFO Pauline Alimchandani departed the Company effective February 22, 2024. In the interim, Adam Beaumont, Vice President Finance & Head of Capital Markets, has served as Interim CFO.
    - David Povall, Executive Vice President of Offshore Wind departed the Company. Toby Edmonds joined Northland as Executive Vice President of Offshore Wind in May 2024, bringing essential offshore project execution and operational experience.
    - Yonni Fushman, who joined Northland in January 2023 as Chief Legal Officer and Executive Vice President of Sustainability, was promoted to Chief Administrative and Legal Officer and Corporate Secretary.

Summary of Financing Activities

- In February 2025, Northland approved a change in the discount on Dividend Reinvestment Plan ("**DRIP**") issuances from 3% to 0% and confirmed the intention to source shares through secondary market purchases rather than treasury issuances. Such changes will be effective from and as of April 15, 2025 and for the dividend payable thereon to shareholders of record on March 31, 2025. Pursuant to the terms of the DRIP, Northland has the discretion, from time to time, to change the applicable discount and source of shares.
- In November 2024, Northland extended the maturity of the non-recourse credit facility associated with EBSA (the **"EBSA Facility"**) to November 2027 and upsized the facility by $35 million.
- During the third quarter of 2024, Northland increased the size of its corporate revolving credit facility from $1.0 billion to $1.25 billion to continue to enhance available liquidity and support future growth opportunities in its core markets.
- In September 2024, Northland's corporate investment grade credit rating was reaffirmed at BBB (stable) by Fitch Ratings Inc. (**"Fitch"**), in addition to Standard & Poor's BBB (stable) rating which was reaffirmed in June 2024.

- On December 21, 2023, Northland amended its Spanish portfolio's debt agreement to optimize debt repayments and address regulatory changes and market pool price volatility at that time.
- On December 18, 2023, the EBSA Facility was upfinanced by $190 million, to an aggregate amount of $711 million and the maturity date was extended to December 2026.
- In December 2023, Northland extended the maturity of its $1 billion revolving corporate credit facility from 2027 to 2028.
- In the third quarter of 2023, the Company secured a $1.0 billion corporate letter of credit facility to support obligations associated with Northland's investment in Hai Long. The facility has a maturity date of September 2027 and its size was reduced to $500 million in late December 2023 upon close of the Hai Long sell-down to Gentari.
- In the second quarter of 2023, the Company secured a $250 million short-term revolving credit facility to help fund investments in Hai Long. The facility size was increased to $500 million in the third quarter. The facility was fully repaid and terminated in late December upon close of the Hai Long sell-down to Gentari.
- On June 21, 2023, Northland closed its inaugural offering of $500 million of Fixed-to-Fixed Rate Green Subordinated Notes, Series 2023-A, due June 30, 2083 (the **"Green Notes"**). The Green Notes have a fixed coupon of 9.25% per annum until the first reset date on June 30, 2028, and have an estimated after-tax cash cost in Euros to the Company of approximately 6.2%, taking into consideration the benefit of a Canadian dollar to Euro hedge and applicable corporate tax deductions. The Green Notes are rated BB+ by both S&P Global Ratings (**"S&P"**) and Fitch and benefit from 50% equity treatment by both credit agencies.
- In the second quarter of 2023, Northland restructured the Thorold project debt to support an upgrade to the facility which extended the contracted period and decreased overall emissions intensity. The restructuring secured $26 million of additional debt, decreased the all-in borrowing cost from 6.7% to 6.4% and reduced certain letter of credit requirements.
- On January 3, 2023, Northland completed the previously announced redemption of all 4,800,000 of its issued and outstanding Cumulative Rate Reset Preferred Shares, Series 3 (the **"Series 3 Preferred Shares"**) at a price of $25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of $0.3175 per Series 3 Preferred Share for an aggregate total of $122 million.
- In November 2022, Northland restructured the multiple long-term debt facilities of its Spanish portfolio into a single facility-level loan and optimized the tax structure. The restructuring resulted in the reduction in the size of the debt to €613 million from €675 million and extended the loan maturity date to 2042.
- In October 2022, Northland successfully restructured €1.6 billion of its senior and junior debt relating to Gemini. The key elements of the restructuring included: (i) partially replacing higher-cost junior debt with lower-cost senior debt; (ii) decreasing senior debt loan margins; (iii) replacing the cash Debt Service Reserve Account with a Debt Service Reserve Facility, resulting in additional liquidity of €32 million ($30 million at Northland's share); and (iv) accelerating repayment of the Northland junior debt portion.
- In June 2022, Northland restructured and upsized its Kirkland Lake credit facility (the **"Kirkland Lake Facility"**), resulting in Northland receiving one-time management fee income of $34 million, net of closing costs. The aggregate amount of the financing was upsized to $47 million, and the Kirkland Lake Facility maturity date was extended by eight years to March 31, 2030.
- On March 1, 2022, Northland established an at-the-market equity program (**"ATM Program"**) that allowed Northland to issue up to $500 million of Common Shares from treasury, at Northland's discretion.
    - In September 2022, Northland renewed its ATM Program to issue up to an additional $750 million of Common Shares from treasury, at the Company's discretion.
    - During the year ended December 31, 2022, Northland issued 20.9 million Common Shares under the ATM program at an average price of $41.31 per Common Share for gross proceeds of $863 million (net proceeds $852 million). The ATM program was terminated in accordance with its terms upon the expiry of the Company's short form base shelf prospectus on July 16, 2023. Prior to its termination, Northland issued 1,210,537 Common Shares under the ATM program in 2023 at an average price of $34.43 per Common Share for gross proceeds of $42 million (net proceeds of $41 million).

DESCRIPTION OF NORTHLAND'S BUSINESS

Northland develops, constructs and operates large-scale infrastructure projects across a range of energy technologies, such as wind (offshore and onshore), solar, battery storage and natural gas and supplies energy through a regulated utility. Northland is focused on pursuing natural gas and renewable power project growth opportunities in jurisdictions that meet its risk management criteria. Northland seeks to manage its development processes prudently by regularly balancing the probability of success against associated costs and risks.

Electricity Industry Overview

The following provides an overview of the electricity industry in each jurisdiction where Northland's operating facilities and projects under construction and in development are located. All of the policies, targets, projections and regulatory frameworks described in this section are current, to the best of the Company's knowledge, as of the date of this Annual Information Form, but are subject to change; please refer to the "Risk Factors" section below, including, without limitation, *Forecasted Demand for Electricity, International Activities - Geopolitical Risks, Government Policy, Legislation and Regulations and Utility Rate Regulation*.

Electricity Industry in the European Union ("EU")

While the EU is not a market, per se, it sets a common regulatory framework for member states.

The European Green Deal, approved in 2020, offers a roadway to achieve the overarching goal of climate neutrality by 2050. Through 2023/24 the European Commission (the **"EC"**) has accelerated roll-out of renewable energy as part of the *Fit for 55* package, a suite of proposals to ensure the EU's target of reducing net greenhouse gas emissions by at least 55% by 2030 is achieved.

The *REPowerEU Plan,* released in 2022 in response to Russia's invasion of Ukraine, outlines strategies to phase out dependence on Russian fossil fuels and emergency actions to stabilize markets, while supporting broader energy security and decarbonization goals. As a result, the pace of renewable energy deployment has increased significantly and reliance on Russian fuels has declined.

In October 2023, updates to the *Renewable Energy Directive* raised the 2030 renewable energy sources target to 42.5% by 2030 and established procedures to grant permits for new renewable energy and prescribed timeframes for approvals. It also introduces an indicative target of 5% of newly installed renewable energy capacity from innovative technologies by 2030 for Member States.

In June 2024, the *Net-Zero Industry Act* (**"NZIA"**) entered into force. Part of the EC's *Green Deal Industrial Plan*, the NZIA's primary aim is to ensure that the EU has access to secure and sustainable net-zero technologies by scaling up their manufacturing capacity within the EU. The NZIA also sets an annual manufacturing capacity targets and auction design parameters for new wind projects, including the application of non-price criteria (e.g. environmental sustainability, energy system integration, and contribution to resilience of clean tech supply chains) and introduced pre-qualification criteria (e.g. responsible business conduct, cybersecurity and data security and ability to deliver projects).

Additionally, the European parliament approved a sweeping reform of EU gas and electricity market regulations, with the aim of accelerating the renewable energy transition, and including provisions that could further restrict Russia's ability to continue selling natural gas to Europe. The new market design rules safeguard all routes to market for renewables (Corporate PPAs, CfDs and the fully merchant route) and allow their combination, which is critical to the cost-effective scale-up of wind energy. It also makes CfDs mandatory for publicly funded projects and it avoids permanently enshrining revenue caps in the EU's electricity market design.

In late 2023, the EC published its *Wind Power Package,* which outlines 15 immediate actions to strengthen the competitiveness of Europe's wind supply chain. Most actions fall to the individual EU Member States, twenty-six EU Member States, along with dozens of companies, endorsed the European Wind Charter, formally committing their countries to deliver on the actions ascribed to them under the Wind Power Package.

The Netherlands

The Dutch government is targeting a transition to 100% sustainable energy by 2050 and greenhouse gas emissions reductions of 49% by 2030, and 95% by 2050. In 2023, close to half of the electricity generated in the Netherlands came from renewable sources such as wind, solar and hydropower. With respect to offshore wind, the Netherlands' goal is to generate 21.5 GW of capacity by 2030 –16% of the country's planned energy mix. In 2024, installed capacity in Dutch waters was 4.7 GW.

The primary focus of Dutch energy policy is carbon reduction through a thoughtful energy transition. The need to transition away from natural gas has gained further urgency in the Netherlands after the invasion of Ukraine. The government committed to a 55% reduction in carbon emissions by 2030 compared to 1990 and to reach the net zero target by 2050. In April of 2023, the government announced plans to spend $31 billion in the coming years to guarantee that the goal is met.

One of the most important instruments to drive emissions reductions in the Netherlands is the Stimulation of Sustainable Energy Production (SDE++) support scheme, which uses competitive auctions to award operational subsidies to renewable energy projects.

Germany

Under the Energiewende, literally the 'energy turnaround', Germany aims to reach greenhouse gas neutrality by 2045. Its climate action law, originally passed in 2019 and reformed in 2021 and 2024 with additional reforms pending approvals of a new federal government later this year, stipulates that the country must reach greenhouse gas neutrality by 2045 and meet interim emissions reduction targets: 65% by 2030, and 88% by 2040.

The *Renewable Energy Sources Act*, originally passed in 2000, sets economy-wide emission reduction targets and specifies a number of actions, including priority dispatch for renewable power, that support Germany's ambitious goal of increasing the share of gross electricity consumption that is covered by renewables to at least 80% by 2030. Today, close to 60% of the country's power consumption is covered by renewables.

Germany has made offshore wind power a key pillar of its plans for decarbonized electricity supply by 2035. The government has set preliminary targets to increase offshore wind power capacity to 40 GW by 2035 and 70 GW by 2045 (up from almost 8 GW in 2022). In order to achieve these ambitious targets, the government is consulting on required adjustments to auctioning processes, permitting and revenue support mechanisms.

Poland

Successive Polish governments have moved forward with reforms to phase-out coal, replacing it with a mix of renewables and nuclear generation, but Poland remains the only country in the EU without an agreed to deadline to implement such reforms. The share of renewables in Poland has been steadily growing, and reached 20.6% of the electricity mix in 2022. Permitting reforms for onshore wind, additional seabed leasing for offshore wind and evolution of the CfD regime signal the government's commitment to reducing reliance on coal. The Polish government has amended legislation to allow for increased offshore wind CfD strike prices and increase capacity targets in future auctions to award 12 GW of offshore wind by 2031.

In 2021, the Polish government published its Polish Energy Policy to 2040, which defines Poland's official energy ambitions: reducing GHG emissions by 30% (against 1990 levels) by 2030, a maximum 56% share of coal-fired power generation, 32% of renewables in electricity power generation, and nuclear power generation joining the mix by 2033.

Poland's revised draft National Energy and Climate Plan (the **"NECP"**), submitted to the EC in September 2024, targets a reduction in greenhouse gas emissions by 50.4% by the end of the decade and 32.6% share of renewables in gross final energy consumption. The NECP breaks down specific renewable energy targets by sector, electricity (56.1 %), heating and cooling (35.4 %) and transport (17.7 %). Coal is reduced to a 22% share in the revised NECP. The updated NECP is still under negotiation and it could face challenges due to Poland's reliance on coal.

Spain

Spain updated its NECP with the EC in September 2024, increasing its ambitions on greenhouse gas emissions and renewable energy targets in the 2023-2030 timeframe.

The current Spanish framework for energy and climate is based on the 2050 objectives of national climate-neutrality, with 100% renewable energy in the electricity mix and 97% renewable energy in the total energy mix. The revised 2023-2030 NECP plans to reduce greenhouse gas (GHG) emissions by 32% by 2030 compared to 1990 (compared with a 23% target in the 2021 NECP) and to reach a 50% energy independence (up from 39% previously).

The NECP also seeks to increase electrification of the economy, which is anticipated to raise demand for electricity by 32% by 2030. Renewables are anticipated to account for 81% of the power mix by 2030, which amounts to total of 160 GW of clean energy capacity and 22.5 GW of storage and representing over 48% of total energy consumption in the country. These targets translate into an almost doubling of solar capacity to 76 GW from 39 GW, while boosting wind power from 50 GW to 62 GW. The NECP also establishes Spain's first offshore wind goal of 3 GW.

Electricity Industry in the United Kingdom ("UK")

The UK has established a goal to meet net-zero by 2050, though each region of the UK has different emission profiles and different approaches to achieving net-zero. England, Wales and Northern Ireland intend to reach net zero by 2050, while Scotland is targeting 2045. The ambition of the UK is reflected in the British Energy Security Strategy (which was updated in April 2022 and applies to England, Scotland and Wales) and the 2023 Powering Up Britain documents, including the Net Zero Growth Plan.

The UK is pledging to meet the 1.5-degree objective as part of its Paris commitment. To achieve its commitment, it has outlined a series of actions, including: an 81% reduction in emissions by 2035; lifting of the moratorium on onshore wind; ceasing issuance of new oil and gas licenses for the North Sea; and retiring its last coal power plant in September 2024, becoming the first G7 economy to do so.

The UK has accelerated its commitment to fully decarbonize the power system by 2030, five years sooner than previous governments had committed, and has established targets to achieve this goal, including plans to quadruple offshore capacity to 60 GW by 2030, double onshore wind capacity to 30 GW and deliver up to 24 GW of new nuclear capacity by 2050. Low carbon hydrogen production capacity is targeted to double by 2030 from 5 GW to up to 10 GW.

To support all of this, the UK government has introduced supporting legislation including the Great British Energy Bill to set up a publicly owned clean power company for accelerating investment in renewable energy and the Crown Estate Bill to remove restrictions and allow for easier investment in public infrastructure.

Scotland

Though energy policy is an area reserved to the UK government, through devolution of certain parliamentary powers and responsibilities, the Scottish Government has an energy policy for Scotland that varies from UK policy and has planning powers to enable it to put certain aspects of its policy priorities into effect.

The Scottish energy strategy, published in December 2017, sets a 2030 target for the generation from renewable energy equivalent to 50% of Scotland's overall consumption and by 2045 reaching the net zero target, five years ahead of the UK target. There are also interim targets of a 75% reduction in emissions by 2030 and 90% by 2040, relative to 1990 levels. Targets were updated in December 2020 in Scotland's Climate Change Plan.

In 2022, Crown Estate Scotland awarded seabed leases for over 27 GW of offshore wind, including more than 5 GW of floating offshore wind, making Scotland a global leader in floating technology.

Electricity Industry in Canada

Canada's energy policy is guided by a series of principles, agreements and accords between the federal and provincial governments across the country. Constitutionally, the provinces control the energy resources within their political boundaries, while the federal government is responsible for authorizing infrastructure between them, such as pipelines and transmission. The federal government also, where necessary, has authority to make targeted interventions to achieve specific policy objectives through regulation or other means, e.g. emission controls and carbon pricing.

The federal government has committed Canada to reducing economy-wide emissions to a level below 40-45% of 2005 emissions by 2030 as part of its commitments under the Paris Agreement and to achieving net-zero emissions across the national economy by 2050.

Since 2019, carbon pricing has been in place across all Canadian provinces and territories as part of the Pan-Canadian Framework on Clean Growth and Climate Change adopted in 2016 and legislated by the *Greenhouse Gas Pollution Pricing Act* (2018) ("**GGPPA**"). The GGPPA is comprised of two parts, a regulatory charge on fossil fuels and a performance-based system for industries, known as the federal Output-Based Pricing System. Each province has the flexibility to design and implement their own pricing system, provided it meets minimum national stringency criteria, i.e. the federal benchmark, under the Output-Based Pricing System ("**OBPS**").

The federal government has introduced a suite of legislative and regulatory measures to support the goals of the Pan-Canadian Framework, its net-zero goals, and energy transition, including Clean Electricity Regulations, to achieve a net-zero electricity grid by 2035 and Investment Tax Credits for renewable technologies, manufacturing, carbon capture and storage.

While Canada's electricity grid is currently 84% emissions free, the electricity supply mix varies widely across the country, due to various policy regimes and resource availability.

Ontario

The IESO, a government agency, administers Ontario's wholesale market and has responsibility for the operations and reliability of the provincial electricity system. The IESO is also responsible for procuring supply resources and administering long-term contracts with generators. The Ontario Energy Board ("**OEB**") is responsible for determining rates charged by Ontario Power Generation ("**OPG**"), the provincial Crown-owned generator that owns and operates the majority of the province's hydropower and nuclear assets.

Industrial GHG emissions in the province are managed under the Emissions Performance Standards ("**EPS**") program, which came into effect in January 2022, replacing the OBPS. The EPS establishes GHG emissions performance standards that prescribed large Ontario industrial facilities, including natural gas generators, are required to meet each year. These standards will become more stringent over time and require facilities to reduce their emissions or pay a carbon price if they exceed their emissions limit. The EPS is reviewed on a five-year basis to ensure compliance with the federal benchmark.

The IESO is currently in the final stage of a market renewal process which, once completed, will establish new market manual and rules. Implementation of market renewal is planned in 2025.

The IESO's most recent Annual Planning Outlook projects a significant increase in electricity demand, forecasting a 60% increase in energy and capacity requirements by 2050. This is being driven by load growth, asset retirements and broader electrification of the economy. The government of Ontario has directed the IESO to undertake a long-term procurement initiative to bring new supply resources on-line to meet this growing demand. In response, the IESO procured over 2 GW of battery-energy storage systems ("**BESS**") in 2024 and is finalizing procurement rules for its next procurement ("**LT2**") targeting 7.5 GW of new energy supply from wind, solar and natural gas as well as additional capacity resources from natural gas and BESS. LT2 is expected to be released in 2025.

Québec

Hydro-Québec, a provincial crown-owned utility, is one of the largest electric utilities in North America. The utility has broad authority over generation, transmission and distribution across the province, while the Régie de l'Energie provides regulatory oversight in the establishment of rates for electricity transmission and distribution. Hydro-Québec is the sole buyer of electricity generated by independent power producers, primarily wind, in the province.

In 2020 the Québec government introduced the *2030 Plan for a Green Economy*, which commits the province to reducing its greenhouse gas emissions by 37.5% below their 1990 levels by 2030 and achieving carbon neutrality by 2050.

Hydro-Québec's *Action Plan 2035* forecasts that electricity demand is set to double by 2050. To meet this demand the utility is seeking to expand its hydro-electric capacity, re-contract and repower existing wind power sites with independent power producers and integrate upwards of 10 GW of new wind power capacity in partnership with indigenous communities and local municipalities.

Saskatchewan

In Saskatchewan, the provincial crown-owned power utility SaskPower is responsible for electricity generation, transmission, and distribution throughout the province.

Saskatchewan's climate change strategy, *Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy*, introduced in 2017, was designed to support Canada's efforts to address the effects of a changing climate. SaskPower has committed to reaching net-zero GHG emissions by 2050 and has set interim GHG emissions reduction target of 50% below 2005 levels by 2030.

SaskPower and the government of Saskatchewan are currently consulting on the long-term supply plan for the province. SaskPower's conventional coal-fired units account for approximately 34% of the current supply mix. These facilities are expected to be phased out, through retirement or conversion to carbon capture and storage, by 2030 under federal legislative requirements.

Alberta

Alberta has led the country in new renewable deployment over the past few years, accounting for as much as 75% of the growth in Canada's renewable energy sector in 2022. In August 2023 the Alberta government initiated a review of permitting and approval processes within the Alberta Utilities Commission. The inquiry resulted in several policy changes to the renewable energy project approval process which emphasized an "agriculture first" approach, discouraging development on lands with high agricultural value except where demonstrably compatible with agricultural uses.

The Alberta Electricity System Operator is currently consulting on a technical design proposal for a Restructured Energy Market and exploring changes to cost allocation and congestion management within new transmission regulations. The stated objectives of these policy and regulatory changes are to support the future reliability and affordability of Alberta's electricity market. The impact these changes will have on renewable investments remains to be seen once they are finalized and implemented in the market, likely in 2026.

Electricity Industry in the U.S.

At the federal level, the Federal Energy Regulatory Commission is responsible regulating interstate transmission and administration of the wholesale market. State level policy and agencies drive more granular policy and regulations around permitting and procurement policy and design.

On January 20, 2025, President Trump issued Executive Order *Putting America First in International Environment Agreements*, withdrawing the U.S. from the Paris Agreement and other international climate-related financial commitments. The Executive Order revokes many of the Biden administration's objectives for carbon emission reductions, which have incentivized new clean energy supply over the past few years. President Trump's Executive Orders have instructed agencies to pause some payments under the *Inflation Reduction Act* (the "**IRA**") pending agency assessments, due later this year. The IRA is intended to direct over $370 billion of new federal spending towards investments in, among other things, renewable energy solutions. The funds are delivered through a mix of tax incentives, grants and loan guarantees.

New York State

New York operates a modern deregulated electricity industry with wholesale energy, capacity, and ancillary markets allowing independent generators numerous channels to market electricity. Approximately 40% of total electricity generation in New York State is sourced from fossil fuels, the vast majority of which is from the State's 23 GW of natural gas capacity.

In New York State, the Climate Leadership and Consumer Protection Act (**"CLCPA"**), passed in 2019, sets economy-wide and electric sector carbon emission reduction targets for the State, putting the State on a path to reach net zero emissions by 2050. The CLCPA requires the State reach an economy-wide carbon emissions reduction of 40% by 2030 and 85% by 2050 (relative to 1990). 70% of the electricity industry is intended to be sourced from carbon-free energy by 2030, with 100% to be carbon-free by 2040.

Explicit goals have been set by the state government, including 9 GW of offshore wind by 2035, 6 GW of solar energy by 2025 and 3 GW of energy storage by 2030. The State Governor has also articulated an intention to raise the target for solar energy to 10 GW by 2035 and for energy storage to 6 GW by 2030, but these targets have not yet been formally codified.

Electricity Industry in Colombia

The Colombian electricity industry is segmented into generation, transmission, and distribution. The distribution level (i.e. tension levels below 220kV) follows a rate-regulated model that provides a regulated return for companies that own and operate a distribution network. Revenue for distribution companies is set using a building block and revenue cap approach. The building block methodology is made of a set of underlying components that add up to the total revenue attributable to the distributor. The main components are: (i) the return on capital (i.e. profit); (ii) return of capital (i.e. investment recovery); and (iii) operating and maintenance allowance. The revenue cap regulatory mechanism guarantees an annual income to the distributor, irrespective of the electricity consumption volumes or prices. Capital investment plans are reviewed and approved by the Colombian energy and utility regulator (Comisión de Regulación de Energía y Gas, **"CREG"**) every few years.

To ensure adequate supply resources are available, the central government is incentivizing new capacity deployments, especially renewables via long-term auctions, mandatory 10% renewables target for commercialization firms to meet when serving final users, and large investments in transmission. Large investments are planned to better connect resource rich areas with load centers.

Electricity Industry in Taiwan

Taiwan's ambitious goals of greater energy self-sufficiency and environmental sustainability remain high priorities for the new Presidential administration, inaugurated in May 2024. The island continues to pursue policy aimed at dropping GHG emissions by 50% by 2050 while gradually phasing out nuclear power and coal.

Recent amendments to *Electricity Act* and the *Renewable Energy Development Act* have created opportunities for independent power producers to participate in procurements, for both renewable generation and thermal generation. At the end of 2024, close to 3 GW of offshore wind had been installed in the Taiwan strait. The anticipated phase-out of 3 GW of coal plants by 2025 has been slower due to concerns of system reliability, resiliency and affordability.

The government continues to advance procurement processes for incremental offshore capacity, running auction processes in both 2023 and 2024, which allocated close to 6 GW of new project capacity. An additional round is expected in 2025, pending finalization of auction rules following the WTO ruling against Taiwan's supply chain localization requirements.

Electricity Industry in South Korea

South Korea has committed to net-zero targets by 2050 and has signed onto international emission reduction initiatives such as the *Power Past Coal Initiative*. Many South Korean companies have signed onto RE100, a global initiative bringing together the world's most influential businesses committed to 100% renewable electricity.

The Ministry of Trade, Industry and Energy released a working draft of South Korea's 11th Basic Energy Plan (the **"Plan"**) in May 2024, providing a blueprint for electricity demand and supply out to 2038. The Plan outlines goals to generate 70% of South Korea's power from carbon-free sources by 2038 through an increasing mix of renewable energy and nuclear. The Plan outlines the government's goals to more than triple solar and wind power output to 72 GW by 2030 and add four more nuclear plants by 2038.

South Korea's nascent offshore wind market has advanced over recent years. The first commercial scale offshore wind farms have come online and several projects are in various stages of development and construction. In late December 2024 the results of the latest offshore wind auction were released, with awards of over 2 GW of new capacity. Subsequent auctions are expected annually.

The Plan reverses nuclear phase-out ambitions, established by the former administration, and slows renewables deployment to 21.6% by 2030 and 30.6% by 2036, while still phasing out fossil fuels by the mid-2030s. While this step down in renewable energy deployment represents a lowering of renewables ambitions from the previous administration, which had a 42% renewable energy target by 2034, there remains a significant opportunity for deployment of new renewable resources.

Operating Facilities

Northland's 2024 Annual Report includes the results of its operating facilities and the most significant power distribution facilities are listed in the section below.

	Gross capacity (MW)	Northland's economic interest		PPA expiry	Remaining Contract term [1]	% of 2024 Adjusted EBITDA [2]
		%	Capacity (MW)			
OFFSHORE WIND:						
Gemini	600	60%	360	2031	6.5	**20%**
Nordsee One	332	85%	282	2027	2.2	**17%**
Deutsche Bucht [7]	260	100%	260	2032	7.4	**15%**
ONSHORE RENEWABLE:						
Canadian solar [4] [7]	130	88%	115	2033 - 2035	9.4	**5%**
North American onshore wind [5]	613	87%	533	2029 - 2043	11.6	**7%**
Spanish solar	116	100%	116	2035 - 2042	16.0	**4%**
Spanish onshore wind [6]	444	98%	435	2024 - 2032	5.0	**8%**
Colombian Solar	16	100%	16	2034	10.0	**—%**
NATURAL GAS:						
Canadian portfolio [3]	737	100%	723	2030 - 2036	8.4	**14%**
UTILITY:						
EBSA	n/a	99%	n/a	N/A	N/A	**11%**
Total or w. average	**3,248**		**2,840**		**6.3**	**100%**

(1) As at December 31, 2024. Weighted average based on contribution to 2024 Adjusted EBITDA from facilities.

(2) Represents the approximate percentage of reported Adjusted EBITDA from facilities for the respective year generated by each facility.

(3) Fees and dividends earned by Northland from Kirkland Lake are considered intercompany amounts and are eliminated on consolidation. However, in the calculation of reported Adjusted EBITDA, Northland includes those fees and dividends earned rather than the Adjusted EBITDA.

(4) The majority of Canadian solar facilities are wholly-owned and controlled by Northland, with one facility in which Northland has a 62% interest.

(5) Four of six North American onshore wind facilities are wholly-owned and controlled by Northland, with two facilities in which Northland has a 50% interest.

(6) The majority of Spanish onshore wind facilities are wholly-owned and controlled by Northland, with one facility in which Northland has a 66% interest.

(7) As at December 31, 2024, Northland's economic interest was changed from December 31, 2023 due to the closing of the La Lucha solar divestment (130 MW) in June 2024, and a grid connection capacity increase to approximately 260 MW from 252 MW at the Deutsche Bucht offshore wind facility.

With the exception of Northland's regulated operating facilities, EBSA and the Spanish portfolio, all contract counterparties are government-backed Canadian or European entities of investment grade, as rated by one or more rating agencies.

Revenue by Segment

(in millions)	2024		2023	
Offshore wind	**$ 1,183**	**50 %**	$ 1,140	51 %
Onshore renewable [1]	**478**	**20 %**	435	19 %
Natural gas	**328**	**14 %**	351	16 %
Utility	**357**	**15 %**	302	13 %
Other [2]	**101**	**4 %**	114	5 %
Inter-segment revenue [3]	**(90)**	**(4)%**	(98)	(4)%
Total	**$ 2,357**	**100 %**	$ 2,244	100 %

(1) Includes Spanish and North American onshore wind and solar facilities, but excludes Mexican La Lucha solar project. Northland monitors the financial performance of La Lucha separately for its financial and operational decision-making. In June 2024, Northland completed the sale transaction of La Lucha.

(2) Includes management and operations fees, corporate energy marketing revenue, investment income, general and administrative and development expenditures.

(3) Inter-segment revenue is eliminated upon consolidation.

Offshore Wind Facilities

Northland's three operating offshore wind facilities, Gemini, Nordsee One and Deutsche Bucht, are located off the coasts of the Netherlands and Germany, respectively. Wind power generation harnesses renewable wind energy by converting the kinetic energy of wind into electrical energy. Wind facilities are subject to seasonality and, accordingly, tend to produce more electricity during the first and fourth quarters due to denser air and higher winds compared to the second and third quarters, the effect of which is reflected in the respective fiscal quarter's results. In addition, variability in offshore wind results in similar fluctuations in quarter-to-quarter financial results. Factors such as exposure to market prices, and turbine or grid availability can also have a significant effect on financial results. For the year ended December 31, 2024, Gemini, Nordsee One and Deutsche Bucht contributed approximately 20%, 17% and 15%, respectively, of Northland's reported Adjusted EBITDA from facilities.

The offshore wind facilities comprised $1.2 billion of revenues and $5.3 billion of assets representing 50% and 39%, respectively, of total revenues and total assets for the year ended and as at December 31, 2024.

Gemini Offshore Wind Facility

Gemini is a 600 MW (360 MW net Northland interest) facility owned by Northland (60%), Siemens Financial Services (20%), N.V. HVC (10%) and Alte Leipziger-Hallesche insurance group (10%).

Gemini has a long-term service agreement (**"LTSA"**) to provide ongoing maintenance and service on the wind turbines with the original equipment manufacturer, Siemens Gamesa Renewable Energy that results in stable and predictable wind turbine operating costs over the term of the agreement, which expires in 2036, as well as other long-term arrangements to cover the balance of operating services and costs. Gemini has revenue agreements with the Government of the Netherlands which expire in 2031. Under these agreements, the subsidy mechanism (**"SDE"**) effectively tops up the revenue to €169/MWh for 2,385 GWh of generation.

The subsidy mechanisms comprise other provisions that can impact the facilities' results:

- The SDE is subject to an annual contractual floor price (the **"SDE floor"**), thereby exposing Gemini to market price risk if the Dutch wholesale market price (**"APX"**) falls below the effective annual SDE floor of €51/MWh. As of December 31, 2024 the APX price for the year was €77/MWh.
- The SDE fixes the revenue at €169/MWh for 2,385 GWh of generation, but due to the settlement's formula, it is paid on the first 1,908 GWh. As a result, typically the revenue per MWh reported is higher in the first three quarters and lower in the last quarter of the year. However, it is only a matter of timing and the revenue averages to €169/MWh on an annual basis.
    - If the facility produces more than 2,385 GWh in the year, the additional volume produced earns the yearly average captured price (**"CP"**).
    - If the facility produces less than 2,385 GWh in the year, the asset effectively receives the subsidy for a volume higher than the actual volume produced.

The subsidy received on 1,908 GWh is equal to [(€169 * 1.25) — (CP * 1.25)]. This calculation is applicable for every MWh up to 1,908 GWh. The yearly average CP is effectively calculated by reducing the APX with the Profile and Imbalance (**"P&I"**) factor, that accounts for the profile of the generation and the costs associated with grid balancing. The annual P&I factor is adjusted quarterly based on Gemini's own data. The final P&I factor number is officially published by the Netherlands Enterprise Agency in the subsequent year.

In June 2024, one of Gemini's export cables was damaged and taken out of service. On September 4, 2024, the cable was successfully repaired and energized, bringing Gemini back to full operations safely and without incident. During the repair, Gemini's production continued via the second export cable. This was determined to be an isolated event and had a minimal impact on the Adjusted EBITDA and Adjusted Free Cash Flow for the full year, respectively, net of insurance claim.

Nordsee One and Deutsche Bucht Offshore Wind Facilities

Nordsee One and Deutsche Bucht are 332 MW and 260.4 MW facilities, respectively, located in the North Sea, in German territorial waters. Northland has an 85% ownership interest in Nordsee One, with the remaining 15% ownership interest held by RWE, and a 100% interest in Deutsche Bucht.

Each turbine at the German facilities is entitled to a FIT subsidy from the date of its commissioning under the German *Renewable Energy Sources Act*, which is added to the wholesale market rate, effectively generating a fixed unit price for energy sold for approximately 8.5 years at €194/MWh and 1.5 years at €154/MWh for Nordsee One and 13 years for Deutsche Bucht at approximately €184/MWh for 8 years and €149/MWh for the remainder. Additionally, under the German *Renewable Energy Sources Act*, the facilities do not receive revenue for periods where the market power price remains negative for longer than six consecutive hours and is also subject to unpaid curtailments by the German system operator for unplanned maintenance to the grid, at each facility, which can have a significant effect on earnings. The majority of the returns are expected to be earned during the FIT subsidy period, with the remainder of the expected returns earned in the later years from the German wholesale electricity market.

In 2020, Northland Power Europe (**"NPE"**), a subsidiary of Northland, signed a service agreement with Nordsee One whereby NPE will provide turbine O&M services on behalf of Nordsee One. The agreement is effective through 2027. Deutsche Bucht has an LTSA with MHI Vestas Offshore Wind Germany GmbH to provide ongoing maintenance and service on the wind turbines with the original equipment manufacturer that results in stable and predictable wind turbine operating costs over the term of the agreement, which expires in 2035, as well as other long-term arrangements to cover the balance of operating services and costs.

In December 2024, Deutsche Bucht signed a settlement agreement with counterparties related to its two mono-bucket demonstrator foundations. Proceeds of €25 million ($37 million) net of taxes have been recorded in income but excluded from non-IFRS financial measures.

Onshore Wind Facilities

Northland owns and operates 394 MW (314 MW net Northland interest) of onshore wind facilities in Canada, 444 MW (435 MW net Northland interest) in Spain and 219 MW in the U.S. Onshore wind projects are similar in nature operationally to offshore wind but have lower construction and operating costs and lower equipment maintenance costs. Northland's onshore wind facilities comprised $304 million of revenues and $2,238 million of total assets, representing 13% and 16%, respectively, of total revenues and total assets for the year ended and as at December 31, 2024.

The four onshore wind facilities in Canada have PPAs with local government-backed system operators expiring between 2029 and 2036. Three of the four onshore wind facilities have LTSAs with the wind turbine original equipment manufacturer for terms lasting the term of the facility's PPA, with the exception of one facility, whose LTSA expired in May 2024 and was replaced with a five-year Operations and Maintenance Agreement.

Thirteen of Northland's onshore wind facilities in Spain operate under a regulated framework designed to ensure onshore renewable facilities operators a specified pre-tax rate of return (over the full regulatory life of the facility), irrespective of wholesale market prices or actual production. Under the regulatory framework, regulated revenues are adjusted at the start of every three years to offset the variability of spot wholesale market prices in prior regulatory semi-periods. Spanish sites are entitled to receive a guaranteed rate of return of approximately 7.4% until 2031.

One of Northland's onshore wind facilities in Spain operates under a commercial PPA expiring at the end of 2025. In October 2023, two onshore wind facilities in the U.S. commenced commercial operations under the 20-year PPA with NYSERDA. The aforementioned projects were awarded 20-year indexed Renewable Energy Certificate agreements with NYSERDA.

Solar Facilities

Northland owns and operates 130 MW of photovoltaic (115 MW net Northland interest) solar facilities in Canada and 116 MW in Spain, comprised of 66 MW of photovoltaic and 50 MW of concentrated solar. Solar power facilities have lower fixed operating costs per unit of capacity than other renewable power technologies. Electricity production from solar facilities tends to be less variable than wind but is limited to available sunlight, which is generally higher in the second and third quarters than in the first and fourth quarters. Northland's solar facilities comprised $173 million of revenues and $1,226 million of total assets, representing 7% and 9%, respectively, of total revenues and total assets for the year ended and as at December 31, 2024.

Canadian Portfolio

Thirteen solar installations in Canada have PPAs with the IESO expiring between 2033 and 2035. Operations and maintenance activities are performed in-house for solar and long-term parts agreements are in place with the original equipment manufacturer of the inverters.

Spanish Portfolio

Northland's Spanish portfolio is comprised of onshore wind (435 MW), solar photovoltaic (66 MW) and concentrated solar (50 MW) assets located throughout Spain. The Spanish portfolio operates under a regulated asset base framework that guarantees a specified pre-tax rate of return of 7.4% for 20 sites and 7.1% for 12 sites, over the full regulatory life of the facilities, regardless of settled wholesale power price (**"pool price"**).

The revenue for each facility has four components:

- The return on investment (**"Ri"**), sized to complete the target return based on the market revenue assumed ex-ante (the **"posted price"**);
- The return on operations (**"Ro"**), sized to compensate a facility when its operating costs are higher than its market revenues. To note, Ro is not being received in the current environment;
- The market revenue, at pool prices; and
- The **"band adjustments"**, which are an ex-post positive or negative settlement to compensate for the difference between the market revenue, at pool prices and the revenue at the regulatory posted price. If the pool price is lower than the regulatory posted price, the band adjustment mechanism adds the additional revenue to achieve a reasonable return. Conversely, if the pool price is higher than the posted pool price, the band adjustment mechanism reduces revenues in the period.

Northland's 18 photovoltaic solar facilities and one concentrated solar facility in Spain operate under the regulated framework described above. About half of Northland's Spanish solar sites are entitled to receive a guaranteed rate of return of approximately 7.1% until 2031, and half are entitled to 7.4% until 2026, after which the rate of return is expected to be revised. The Spanish solar facilities have an average remaining regulatory life of 19 years, after which power will be sold at prevailing wholesale pool prices.

Natural Gas Facilities

As at December 31, 2024, Northland owns and operates approximately 737 MW (723 MW net Northland interest) of natural gas generation located in Canada.

Northland's natural gas facilities generate electricity through the combustion of natural gas that spins turbines coupled to electrical generators. Natural gas is the cleanest-burning fossil fuel, resulting in lower atmospheric emissions of sulphur dioxide, small particulate matter, carbon monoxide, nitrogen oxide and GHG such as carbon dioxide, than the combustion of other fossil fuels.

The natural gas facilities earn revenue by selling electricity and/or capacity (i.e. the availability of generation). For certain natural gas facilities, revenues earned differ for on-peak vs. off-peak time periods, as defined by their PPA, and depending on market conditions, specifically prices for electricity and natural gas. The contractual structures of Northland's natural gas facilities ensure each facility's gross profit is generally stable, within a seasonal profile, regardless of production or sales levels, so long as the plant is available. Under certain revenue agreements, the facility is reimbursed for certain costs of sales, including the cost of natural gas, by the counterparty.

Operating natural gas facilities purchase natural gas pursuant to supply contracts with creditworthy counterparties and/or from the market as required. The operating natural gas facilities also have long-term gas turbine maintenance agreements, which include various provisions such as routine maintenance, repairs, upgrades and improvements.

Natural gas facilities comprised $328 million of revenues and $1.1 billion of assets representing 14% and 8%, respectively, of total revenues and total assets for the year ended and as at December 31, 2024.

The following describes Northland's key operating natural gas facilities:

North Battleford is a 275 MW natural-gas-fired combined-cycle plant that sells electricity under its PPA with SaskPower, expiring June 2033, based on the facility's ability to deliver electricity during defined on-peak periods. The terms under the PPA are designed to cover all fixed costs, debt service and return on equity, and provides protection against changes in the market price of natural gas since all fixed fuel costs and most variable fuel costs are passed through to SaskPower.

Thorold is a 242 MW natural gas-fired co-generation facility that sells electricity to the IESO. Upgrade work has been completed, increasing the average contract capacity to 265 MW. Extension of the PPA contract by 5-years to April 2035 will be awarded, pending a post-upgrade test expected to be scheduled in 2025. Thorold generally produces electricity only when market conditions are economical but has a contract structure designed to largely insulate it from volume risk and volatility in electricity and natural gas prices. Under its PPA, Thorold earns a fixed amount from the IESO intended to cover fixed operating costs, debt service and return on equity. The structure ensures Thorold's gross profit under the PPA is generally fixed and largely dependent on its ability to operate according to the contract parameters.

Northland is responsible for operating its natural gas facilities to achieve specified efficiency and reliability levels. The contractual structure of a facility's PPA is designed to ensure predictable, stable and sustainable cash flows over the term of the PPA.

Utility

EBSA

EBSA holds the sole franchise rights for electricity distribution in the Boyacá region of Colombia and is an electricity retailer for the regulated residential sector in the region. EBSA owns and operates an extensive distribution network, serving just over half a million customers. EBSA's net sales are almost entirely regulated, of which the vast majority is earned from its distribution business and the remainder primarily from its electricity retail business.

EBSA earns revenue by charging customers a rate approved under the regulatory framework administered by the local regulator, the CREG. The rate charged is set for an expected five-year period and includes amounts retained by EBSA, as retailer and distributor, and amounts passed through to other electricity system participants, such as the transmission operator. EBSA's portion of the rate is determined based on its asset base (i.e. the **"rate base"**), inflation indexation per the established Colombian producer price index and a regulated weighted average cost of capital of approximately 12.09% for an expected five-year period. The rate base takes into account the depreciated cost of existing equipment and anticipated future investments for maintenance and growth. EBSA's portion of the rate also includes standardized allowances set by the regulator intended to cover fixed and variable operating costs. The rate is designed to ensure EBSA earns a predictable and stable return.

Key Business Drivers for Significant Facilities and Segments

Northland regularly monitors the performance of its operating facilities with a focus on the key business drivers that result in the most significant variation in financial results. Key business drivers vary by facility due to the nature of the power generation technology employed and the revenue and cost contracting structure and are outlined in the table below.

	Significant drivers of variances in financial results		
	Primary	**Secondary**	**Tertiary**
Gemini	Wind resource	Market price compared to subsidy floor price	Equipment availability, operating and maintenance costs
Nordsee One & Deutsche Bucht	Wind resource	Unpaid curtailment from negative market prices for longer than six consecutive hours or grid unavailability	Equipment availability, operating and maintenance costs
Solar	Solar resource and weather events	Regulatory posted price volatility and regulation changes for Spanish solar facilities	Effectiveness of snow removal
Onshore Wind	Wind resource and weather events	Regulatory posted price volatility and regulation changes for Spanish onshore wind facilities	Instances of unpaid curtailment and permit related restrictions on operations
Natural Gas	Equipment availability	Gas transportation cost optimization	PPA rate escalation; operating and maintenance costs
EBSA	Regulatory changes and execution of capital investment plans	Growth in number of customers; for Adjusted Free Cash Flow, net proceeds from planned upfinancings, after expansionary capital expenditures	Operating costs relative to recovery of regulated efficient costs

Projects under Development or under Construction

Northland actively pursues new power development opportunities that encompass a range of technologies, including natural gas, wind, solar and energy storage, to provide energy in various geographic regions and political jurisdictions. Northland believes this diversified strategy mitigates the risk of adverse changes to local demographics or governmental policies.

During 2024, Northland continued to advance its earlier-stage development pipeline, pursuing opportunities that meet the Company’s investment criteria in Canada and internationally. Northland’s sustained focus is on purposefully advancing those development opportunities that align with its strategies. Management continuously assesses the development project pipeline to determine their feasibility, alignment with the Company’s investment criteria, and development stage. For this reason, the development pipeline below and the respective gross production capacities will change as projects move through various stages of their development cycles and are added or removed from the list.

Project	Geographic Region	Technology	Gross Capacity (GW)	Current ownership	Development Stage	Contract type	Estimated COD
Construction Projects							
Hai Long	Taiwan	Offshore Wind	1.0	31% (1)	Under construction	30-year PPA (2)	2026/2027
Baltic Power	Poland	Offshore Wind	1.1	49%	Under construction	25-year CfD (3)	2026
Oneida	Canada	Energy Storage	0.3	72%	Under construction	20-year capacity contract	2025
Total Construction Projects			**2.4**				
Growth Projects (4)							
Onshore Renewables	Canada and United States	Wind, Solar and Energy Storage	3.0		Early/mid/late-stage	2026 - 2030+	
Offshore Wind	Europe and Asia	Offshore Wind	6.0		Early-stage		
Natural Gas & Utilities (5)	Canada	Natural Gas	1.0		Early-stage		
Total Growth Projects			**10.0**				
Total Pipeline			**12.4**				

(1) Northland holds a 31% effective economic interest in the Hai Long offshore wind projects indirectly through a joint venture.

(2) Hai Long 2A (0.3 GW) has a Feed-In-Tariff ("FIT") for 20 years. Hai Long 2B (0.2 GW) and Hai Long 3 (0.5 GW) have a Corporate Power Purchase Agreement ("CPPA") for 30 years.

(3) CfD means Contract for Difference, a subsidy mechanism in which the difference between a fixed reference price and the market revenue is paid to the project.

(4) In the fourth quarter of 2024, this section has been changed to show the cumulative total of both "Identified Growth Projects" and "Additional Pipeline".

(5) Includes natural gas projects identified but not yet secured.

For additional details relating to Northland's projects under construction and development, refer to the "*Summary of Business Activities"* section in this AIF.

Competitive Conditions

The power generation industry is undergoing significant transformation given significant need for electric power globally, including in Northland's core markets. The need for electricity has recently been accelerated by specific trends including, but not limited to, population growth, reshoring, proliferation of data centers and artificial intelligence, decarbonization and electrification of transportation, which all are expected to support continuous need for electric power demand. As a global developer with extensive expertise in developing renewable and natural gas power assets, Northland is strategically positioned to compete in this global transition and further grow its global portfolio and market share.

Northland operates power generation facilities and a power distribution utility, while also pursuing projects in various stages of development in Canada, the U.S., Europe and Asia. The nature and extent of competition Northland faces varies from jurisdiction to jurisdiction. Within renewable energy markets, Northland primarily faces competition from large utilities, private-equity and pension funds, other independent power producers and in certain jurisdictions, competition from generators who utilize non-renewable sources to generate electricity including coal, nuclear and oil. Northland's power distribution utility, EBSA, competes with other utilities operating in the same region in serving customers as well as in competitive auction processes for grid expansion/improvement projects. Northland acknowledges the evolving understanding of the importance of natural gas as an energy source to meet the growing power demand in Canada and the U.S. and transition away from more carbon-intensive forms of power generation, and may from time to time leverage its expertise to pursue such opportunities. There are several competitors, including independent power producers, that have expressed an interest in pursuing natural gas power generation within the same markets in which Northland operates, which may result in a highly competitive environment.

In every jurisdiction in which it operates, Northland depends primarily upon the sale of its power to credit-worthy counterparties under long-term PPAs, rate-regulated frameworks or similar revenue stability mechanisms. Such counterparties include European and Asian government entities or utilities, provincial agencies or utilities in Canada, such as the IESO and SaskPower, state agencies in the U.S., such as NYSERDA, a rate-regulator in Colombia, and corporate offtakers. Long-term PPAs are generally the result of a competitive request for proposals or a FIT program established by the relevant agencies or utilities in which Northland's competitors may also participate.

Globally, competitive auction processes continue to demonstrate that developers are willing to accept a certain level of merchant price risk or lower offtake pricing in order to secure power projects. However, Northland's key investment criteria continue to focus on investment opportunities that provide stable and long-term cash flow. From time to time, Northland may enter into certain investment opportunities that contain a limited level of merchant power risk as a result of potential flexibility or enhanced returns that a certain exposure may provide. In such situations, Northland would carefully weigh such investment opportunities against alternative forms of capital allocation based on its capital allocation framework.

The cost to construct and operate a project, and the type and characteristics of governmental programs to support renewable power projects or infrastructure improvements are important drivers of pricing and competition in most international markets. Numerous factors may affect governmental policy in these areas, which in turn can affect the availability of opportunities to develop new power projects.

Northland manages the risk posed by competitive conditions through its ongoing strategic planning process, geographically and technologically diverse portfolio, disciplined approach to project development, strategic partnerships, energy marketing and hedging programs, proven track-record, in-market presence, financial structuring and the experience of its management team.

Maintenance of Capacity

To maintain its production capacity, defined as electricity production measured in MW or a facility's availability to operate, Northland: (i) invests in durable assets that have a long physical life; (ii) undertakes regular predictive and preventive maintenance; and (iii) makes improvements to major equipment when economically viable.

For renewable facilities, onshore and offshore wind turbines are generally maintained by original suppliers and/or service providers under contract. For offshore wind facilities, maintenance of the balance of plant is undertaken by various contractors. In 2020, following the insolvency of the original turbine O&M provider, NPE, a subsidiary of Northland, signed a service agreement with Nordsee One whereby NPE provides turbine O&M services. Inverters at the solar sites are covered under long-term warranties and parts agreements with the original equipment manufacturer. The cost of parts and maintenance under these contracts is included in operating expenses.

For most of the natural gas facilities, gas turbines are maintained through long-term maintenance contracts that include provisions for routine inspections, maintenance and repairs, as well as major overhauls at periodic intervals. Overhauls of hot gas path components occur at intervals equivalent to approximately three operating years. Major turbine overhauls occur at intervals of approximately six operating years. Since overhaul intervals are based on operating hours, the interval period is typically longer for facilities that operate less frequently. These overhauls return the gas turbines near to as-new condition.

For utility equipment, maintenance, repair and replacement work on electrical lines and substations is performed by qualified employees and contractors. Maintenance and replacement schedules take into consideration the age of the equipment relative to its useful life, results from routine inspections and the potential impact of failure.

Environmental Matters

Northland's facilities are subject to environmental laws and regulations and must maintain licenses, permits and approvals established by governmental authorities and regulatory agencies in good standing. Northland is also required to comply with local and municipal approvals and actively works to establish and maintain positive relationships with the communities in which its facilities are located.

Each facility is designed, constructed and operated to meet or exceed environmental standards for air emissions, sound, and use of water and other resources. Northland 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. Changes in regulation are monitored and adjustments are made, as required, to address non-conformance.

Employees

As at December 31, 2024, Northland had 1,223 permanent and fixed-term employees based on total headcount (compared to 1,344 as at December 31, 2023).

CAPITAL STRUCTURE

The Company's amended and restated articles of amalgamation authorize it to issue the following classes of shares:

- an unlimited number of Common Shares; and
- an unlimited number of Preferred Shares, issuable in series, of which:
  - 6,000,000 have been designated as 3.20% Series 1 Preferred Shares; and
  - 6,000,000 have been designated as 6.12% Series 2 Preferred Shares.

As at December 31, 2024, Northland had outstanding 259,947,326 Common Shares (2023 - 254,939,822 Common Shares), 4,762,246 Series 1 Preferred Shares and 1,237,754 Series 2 Preferred Shares. On January 3, 2023, Northland redeemed all 4,800,000 issued and outstanding Series 3 Preferred Shares at a price of $25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of $0.3175 per Series 3 Preferred Share, for an aggregate total of $122 million.

The Company also has $500 million of Green Notes currently outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attached to Northland's outstanding securities.

Description of the Common Shares

Holders of Common Shares are entitled to one vote in respect of each Common Share held at any meeting of the holders of Common Shares. Subject to the rights of holders of Preferred Shares or any series thereof ranking in priority to the Common Shares, the holders of Common Shares are entitled to receive dividends as and when declared by the Board of Directors at its discretion from time to time. In addition, subject to the prior rights of holders of Preferred Shares or any series thereof rank in priority to the Common Shares, the holders of the Common Shares are entitled to the balance of the assets of Northland upon the liquidation, dissolution or winding-up of Northland or other distribution of assets of Northland among its Shareholders.

Description of the Preferred Shares

Issuance in Series

The Board of Directors may from time-to-time issue preferred shares in one or more series, each series to consist of such number of shares as will before issuance thereof be fixed by the Board of Directors who will at the same time determine the designation, rights, privileges, restrictions and conditions attaching to that series of preferred shares.

Voting

Subject to applicable corporate law, all Preferred Shares shall be non-voting and not entitled to receive notice of any meeting of Shareholders, provided that the designation, rights, privileges, restrictions and conditions may provide that if Northland shall fail, for a specified period, which is at least two years, to pay dividends at the prescribed rate on any series of the preferred shares, thereupon, and so long as any such dividends shall remain in arrears, the holders of that series of preferred shares shall be entitled to receive notice of, to attend and vote at all meetings of Shareholders, except meetings at which only holders of a specified class or series of shares are entitled to attend.

Dividends

Payments of dividends and other amounts in respect of the preferred shares will be made by Northland to Canadian Depository for Securities (**"CDS"**), or its nominee, as the case may be, as registered holder of the preferred shares. As long as CDS, or its nominee, is the registered holder of the preferred shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the preferred shares for the purposes of receiving payment on the preferred shares.

Tax Election

Northland will elect, in the manner and within the time provided under Part VI.1 of the Income Tax Act (Canada) and the regulations thereunder (the **"Tax Act"**), to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of Preferred Shares will not be required to pay tax under Part VI.1 of the Tax Act on dividends received on such shares.

Series 1 and 2 Preferred Shares

In 2010, Northland issued 6,000,000 Series 1 Preferred Shares at a price of $25.00 per share, for gross proceeds of $150 million. The annual dividend rate resets every five years at a rate equal to the then five-year Government of Canada bond yield plus 2.80%. The holders of the Series 1 Preferred Shares are entitled to fixed cumulative dividends, payable quarterly, as and when declared by the Board of Directors.

On August 31, 2020, Northland announced that the fixed quarterly dividends on the Series 1 Preferred Shares would be payable at an annual rate of 3.2% ($0.2001 per share per quarter) until September 29, 2025.

Holders of Series 1 Preferred Shares and Series 2 Preferred Shares had the right, at their option, to convert all or part of their Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable, on a one-for-one basis, into shares of the other series, effective September 30, 2020. Consequently, Northland now has 4,762,246 Series 1 Preferred Shares and 1,237,754 Series 2 Preferred Shares outstanding.

The Series 2 Preferred Shares carry the same features as the Series 1 Preferred Shares, except that holders are entitled to receive quarterly floating-rate cumulative dividends, as and when declared by the Board of Directors, at an annual rate equal to the then three-month Government of Canada treasury bill yield plus 2.80% (2.80% as of December 31, 2023). The holders of Series 2 Preferred Shares have the right to convert their shares into Series 1 Preferred Shares on September 30, 2025, and on September 30 of every fifth year thereafter.

Series 3 Preferred Shares

In 2012, Northland issued 4,800,000 Series 3 Preferred Shares at a price of $25.00 per share, for gross proceeds of $120 million, with annual dividend rate reset every five years at a rate equal to the then five-year Government of Canada Bond yield as of the date of reset plus 3.46%. The holders of the Series 3 Preferred Shares were entitled to fixed cumulative dividends, payable quarterly, as and when declared by the Board of Directors.

On January 3, 2023, Northland redeemed all 4,800,000 issued and outstanding Series 3 Preferred Shares at a price of $25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of $0.3175 per Series 3 Preferred Share for an aggregate total of $122 million.

Green Notes

On June 21, 2023, Northland closed its inaugural offering of $500 million of Fixed-to-Fixed Rate Green Subordinated Notes, Series 2023-A, due June 30, 2083. The Green Notes have a fixed coupon of 9.25% per annum until the first reset date on June 30, 2028, and have an estimated after-tax cash cost in Euros to the Company of approximately 6.2%, taking into consideration the benefit of a Canadian dollar to Euro hedge and applicable corporate tax deductions. The Green Notes are rated BB+ by both S&P and Fitch and benefit from 50% equity treatment by both credit agencies.

DIVIDENDS

Dividends on Common Shares

Northland's Board of Directors and management are committed to maintaining the current monthly dividend of $0.10 per share ($1.20 per share on an annual basis) and are confident that Northland has adequate access to funds to meet its dividend commitment, including operating cash flows and corporate funds. The Board of Directors reviews the dividend policy at least annually as part of Northland’s overall capital allocation strategy to balance growth requirements and investor preferences**.**

Holders of Common Shares may elect to reinvest their dividends in Common Shares pursuant to the Company’s DRIP. In February 2025, Northland approved a change in the discount on its DRIP issuances from 3% to 0% and confirmed the intention to source shares through secondary market purchases rather than treasury issuances. Such changes will be effective from and as of April 15, 2025 and for the dividend payable thereon to shareholders of record on March 31, 2025. Pursuant to the terms of the DRIP, Northland has the discretion, from time to time, to change the applicable discount and source of shares.

History of Dividends

The following table shows per Common Share cash dividends declared monthly for the past three years.

	2024	**2023**	**2022**
January	**$0.1000**	$0.1000	$0.1000
February	**0.1000**	0.1000	0.1000
March	**0.1000**	0.1000	0.1000
April	**0.1000**	0.1000	0.1000
May	**0.1000**	0.1000	0.1000
June	**0.1000**	0.1000	0.1000
July	**0.1000**	0.1000	0.1000
August	**0.1000**	0.1000	0.1000
September	**0.1000**	0.1000	0.1000
October	**0.1000**	0.1000	0.1000
November	**0.1000**	0.1000	0.1000
December	**0.1000**	0.1000	0.1000
	$1.2000	$1.2000	$1.2000

The following table shows per Series 1 Preferred Share dividends declared quarterly for the past three years.

	2024	**2023**	**2022**
March	**$0.2001**	$0.2001	$0.2001
June	**0.2001**	0.2001	0.2001
September	**0.2001**	0.2001	0.2001
December	**0.2001**	0.2001	0.2001
	$0.8004	$0.8004	$0.8004

The following table shows per Series 2 Preferred Shares dividends declared quarterly for the past three years.

	2024	**2023**	**2022**
March	**$0.4887**	$0.4272	$0.1806
June	**0.4849**	0.4587	0.2132
September	**0.4833**	0.4638	0.2697
December	**0.4417**	0.5016	0.3856
	$1.8986	$1.8513	$1.0491

The following table shows per Series 3 Preferred Share dividends declared quarterly for the past three years.

	2024	2023	2022
March	$—	$—	$0.3175
June	—	—	0.3175
September	—	—	0.3175
December	—	—	0.3175
	$—	$—	$1.2700

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issuer of securities or issue of a specific security, and do not speak to the suitability of particular securities for any particular investor. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

In September 2024, Fitch reaffirmed Northland's corporate credit rating at BBB (stable) and in June 2024 Standard & Poor's reaffirmed Northland's BBB (stable) rating. In June 2023, in conjunction with Northland's issuance of $500 million of Green Notes, both S&P and Fitch rated the subordinated notes at BB+; this is two notches below Northland's issuer rating and is consistent with treatment under their respective hybrid capital methodologies. Northland's preferred share ratings were also reaffirmed at BB+ (stable).

An issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness, focusing on the obligor's capacity and willingness to meet its financial commitments as they come due. Rating methodologies consider a number of factors, including but not limited to: business and financial risks, actual and projected financial ratios, corporate liquidity and debt levels, corporate and project financing strategies, the quality and diversity of cash flows and track record of operations and construction. An issue credit rating considers the issuer rating along with characteristics of the security, notably structural features and ranking in the issuer's capital structure.

Northland pays fees to S&P and Fitch to maintain its various credit ratings.

MATERIAL CONTRACTS

Northland does not have any material contracts as defined under National Instrument 51-102 that remain in effect as at December 31, 2024.

MARKET FOR SECURITIES

The table below presents the reported monthly high and low trading prices and trading volumes of the Common Shares on the TSX during 2024:

Common Shares (TSX: “NPI”)	High	Low	Volume
January	$25.29	$23.38	19,765,484
February	$25.36	$22.76	19,769,621
March	$24.22	$20.06	24,019,329
April	$23.12	$20.44	21,770,812
May	$24.57	$20.89	20,782,130
June	$24.88	$23.22	17,187,702
July	$24.74	$22.89	16,581,235
August	$24.25	$20.44	45,392,638
September	$23.78	$20.01	32,120,567
October	$23.43	$20.82	20,327,916
November	$21.59	$19.09	23,095,839
December	$20.42	$17.68	23,579,551

The tables below present the monthly reported high and low trading prices and trading volumes of each series of Preferred Shares on the TSX during 2024:

Series 1 Preferred Shares (TSX: “NPI.PR.A”)	High	Low	Volume
January	$17.27	$15.13	27,351
February	$16.90	$16.01	79,445
March	$16.69	$16.26	67,649
April	$16.98	$16.35	223,875
May	$17.67	$16.64	25,220
June	$17.83	$16.45	15,324
July	$17.61	$16.88	59,503
August	$17.77	$16.85	37,852
September	$18.20	$17.70	126,955
October	$18.26	$17.61	24,269
November	$18.50	$17.47	38,387
December	$19.40	$18.11	106,552

Series 2 Preferred Shares (TSX: “NPI.PR.B”)	High	Low	Volume
January	$19.53	$17.12	14,671
February	$19.19	$18.50	12,615
March	$19.00	$18.24	50,401
April	$18.95	$18.07	22,120
May	$18.90	$18.23	23,989
June	$19.00	$18.00	12,521
July	$18.87	$18.35	13,081
August	$19.15	$18.51	18,058
September	$19.75	$18.50	29,217
October	$19.10	$18.06	29,206
November	$18.77	$18.06	14,885
December	$19.55	$18.60	29,197

RISK FACTORS

Northland is subject to a number of risks and uncertainties, the most relevant of which are discussed in more detail below. The actual effect of any event on the Company's business could be materially different from what is anticipated or discussed below. In addition, there could be other, unknown risks not discussed below that could affect the Company's business. All risk factors herein may be interrelated to some degree and should be read and considered together; the cumulative impact of multiple risk factors being realized in the same time period is an additional risk that should be considered.

The following information is only a summary of such risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF and the MD&A included in the 2024 Annual Report.

Related to Ownership and Operation of Assets

Revenue Contracts

The majority of Northland's consolidated revenue is generated under long-term PPAs or revenue subsidy contracts at its facilities, with initial terms of 10 to 30 years, although the remaining PPA terms for certain facilities are considerably shorter.

As the facilities' PPAs expire, Northland may or may not be able to extend them or enter into new contracts or other revenue arrangements in the same or new markets. The renegotiation of certain contract provisions could entail capital investments for plant modifications and/or result in reduced facility profitability due to lower sales volumes, different operating modes or reduced margins. This may result in a higher proportion of our revenue generation being exposed to merchant market risk as existing PPAs expire. See the risk factor regarding "Power Market Prices" below.

Contract Counterparties

For the majority of Northland's revenue, the amount of cash flow received by Northland is dependent upon the counterparties to Northland's long-term contracts fulfilling their contractual obligations and energy market system operators fulfilling their regulatory obligations. In particular, because electricity sales provide nearly all of the revenue generated by Northland's facilities, the failure of a counterparty or system operator to meet its contractual or regulatory obligations would have an adverse effect on cash flow. For Northland's regulated utility, EBSA, the counterparty is the end-customer. However, as demonstrated during the COVID-19 pandemic, the regulator ensured that utilities such as EBSA were virtually fully assured of their revenue by way of a deferral payment program for select customers that ultimately had an immaterial effect on EBSA's business.

Northland's operating facilities generally contract with third-party equipment maintenance and service providers, primarily related to gas turbine and wind turbine inspections as well as equipment service and maintenance. The failure of a provider to meet its obligations could cause that equipment to experience downtime or increased maintenance costs, which could reduce cash flows.

Northland, its subsidiaries and joint ventures engage contractors and third-party suppliers for equipment and services during the construction of new facilities. The failure of a supplier to meet its obligations could cause Northland to experience construction delays, cost overruns and/or loss of expected revenue and may result in reputational damage and/or litigation or arbitration, as discussed in the "Construction" section below. Failure of such contractors and third-party suppliers to meet their contractual obligations could also prevent those projects from meeting obligations under PPAs or financing agreements (which may cause the Company to pay liquidated damages or other penalties or amounts). The ability to recover liquidated damages or other penalties from contractors or third-parties may be subject to litigation or arbitration and may not fully cover the losses experienced by the Company. Multiple physical and contractual interfaces may also increase the risks to the facility from an overall project management perspective. Increase in risks related to multiple physical and contractual interfaces include risks pertaining to coordination, compatibility errors, liability caps, warranties on an individual work package basis, delays, cost overruns, performance failures and litigation.

Northland and its subsidiaries contract with partners to collaborate on development projects, including sharing development costs in agreed upon ratios. The failure of a partner to meet its obligations could cause Northland to take on additional credit exposure or make additional development expenditures to maintain the development project's status.

Financial counterparty risk arises primarily from holding cash and cash equivalents at banks and financial institutions; counterparty exposure arising from derivative financial instruments with banks, financial institutions and other derivative providers; unfunded credit commitments from banks and financial institutions; claims receivables due from insurance providers and receivables due from customers and other counterparties. The maximum financial exposure to counterparty risk, other than for unfunded credit commitments, is equal to the carrying value of the financial assets. The inability of a financial counterparty to perform under agreements with Northland could have a material impact on Northland's assets, liabilities, earnings and/or cash flow.

To the extent Northland's interests in a project or asset are held in a partnership or joint venture with third party co-investors, the validity of permits, licenses and approvals and agreements (including financing agreements) with respect to such project or asset may be subject to the conduct of the Company's partners or co-investors, which is outside the Company's control. See the risk factor regarding "Co-ownership" below.

Operating Performance

The contractual structure of the revenue agreements at, or the regulated framework applicable to, Northland's operating facilities requires them to operate based on certain contractual parameters, for example when requested by the offtaker or at minimum output or availability levels. If facilities are unable to operate according to their contractual parameters, this could result in penalties or other financial impacts that could negatively impact financial results and cash flow.

There are no minimum production obligations at the Gemini, Nordsee One and Deutsche Bucht offshore wind facilities.

North Battleford's PPA provides a monthly capacity-based payment that may be affected if North Battleford is unable to deliver minimum levels of electricity based on ambient temperatures specified. SaskPower can terminate the PPA in certain circumstances in the event that North Battleford fails to perform certain of its obligations under the contract and claim damages in respect thereof.

The PPAs for Northland's Bluestone and Ball Hill onshore wind projects provide for a downward price adjustment if Northland fails to meet certain minimum capacity thresholds for three consecutive contract years.

The power grids through which Northland supplies energy can be subject to unplanned maintenance and outages, which can occur on short notice and result in lost revenue opportunities, which may not be fully recovered under the terms of the applicable PPA. Such unplanned outages may have an adverse effect on the Company's business, operating results and financial condition.

EBSA's rate-regulated revenues earned for delivering electricity to customers are not subject to minimum operating performance metrics; however, poor performance on key service reliability indicators may negatively impact EBSA's reputation or future rate applications, reducing future cash flows. Key reliability indicators include System Average Interruption Frequency Index and System Average Interruption Duration Index, which measure the frequency and duration, respectively, of interruptions in the power supply to customers.

Curtailment and Grid Outages

The power grids through which Northland supplies energy can be subject to planned or unplanned curtailment, maintenance and outages, which can occur on short notice and result in lost revenue opportunities, which may not be fully recovered under the terms of the applicable PPA. Such unplanned outages may have an adverse effect on the Company's business, operating results and financial condition.

Forecasted Demand for Electricity

Northland's growth and the prices it may be able to obtain for its merchant assets are reliant on the increasing demand for electricity, which can be affected by a variety of factors, including but not limited to, economic conditions, changes in energy consumption patterns, technological advancements, grid constraints, government policy decisions and shifts in consumer behaviour. A decrease in the forecasted demand for electricity due to changes in such factors could adversely affect Northland's financial performance, profitability and growth prospects.

Competition

Northland operates in a number of jurisdictions affected by competition ranging from large utilities to small producers, private-equity and pension funds, international conglomerates, government entities and traditional energy and technology firms. In addition, potential customers may look to deploy their own capital to self-supply their own electricity needs. Some competitors have significantly greater financial and other resources than Northland does. Such competition could have an adverse effect on Northland's ability to meet its growth targets. Emerging technology affecting the demand, generation, distribution or storage of electricity may also significantly impact our business and ability to compete. Furthermore, older facilities may over time be unable to compete with newer more efficient facilities utilizing improvements to existing power technologies and cost-efficient new technologies. Climate change will drive innovation and transformation of the power generation sector, including energy production and consumption.

Variability of Renewable Resources

The wind and solar resources at Northland's wind and solar farms will vary, which has a direct impact on Northland's revenue generated from wind and solar facilities. Although Northland believes that the resource surveys and historical production data collected demonstrate that the sites are economically viable, historical data and technical predictions could prove not to reflect accurately the strength and consistency of the resources in the future, resulting in an adverse effect on Northland's business.

Offshore Wind Concentration

Northland's consolidated financial results reflect profits and cash flows generated by a number of subsidiaries. Northland's consolidated results are significantly driven by the performance of its offshore wind facilities. Each of these facilities is located in the North Sea, meaning that they are subject to the same weather patterns or grid constraints and, accordingly, face similar downside risk of variability in production – refer to "Variability of Renewable Resources" above. This concentration of cash flow in the offshore wind sector will further increase with the acquisition of offshore development projects and development and construction of Hai Long and Baltic Power. However, the Hai Long and Baltic Power projects are located in the Taiwan Strait and Baltic Sea, respectively, diversifying the wind resource mix of Northland's existing operating offshore wind assets once they come into operations.

Power Market Prices

Northland may from time to time develop or acquire facilities where some or all of its revenues are derived from market prices. Northland has market price risk exposure for its operating results, primarily at its offshore wind facilities and at the Spanish portfolio. Gemini, Nordsee One and Deutsche Bucht are exposed to market price risk to the extent that if the annual average day-ahead spot electricity price falls below the contractual floor price for Gemini, or if the hourly prices fall below zero for longer than six hours for Nordsee One and Deutsche Bucht, it could negatively affect financial results and cash flow. Additionally, production in excess of the annual Gemini subsidy cap earns revenue at yearly market price. Gemini settles its revenues with its route to market provider on a monthly basis at the market electricity price. In addition, monthly fixed advance subsidy payments are being received from the offtaker. These advance fixed payments are based on the average price for the period September-August of the prior year. The actual difference between the average spot electricity price for the year and the maximum subsidy is only being settled 6 months after year-end. As a consequence, the timing of cash flows on Gemini revenues can materially differ from the total revenue accounted for in the calendar year. There is also a risk that negative pricing materializes at other facilities in Europe, which may negatively impact Northland's financial results.

The Spanish government enacted an exceptional update to the regulatory framework for both 2022 and the regulatory semi-period 2023-2025, that will not impact the guaranteed return of Northland's Spanish facilities but will increase the volatility of cash flows and financial results, that will be more dependent on the market prices. The next regulatory period will begin in 2026 and will last six years, concluding in 2031. The regulation stipulates that estimates of income from the sale of the generated energy, valued at the production market price, will be reviewed for the remainder of the regulatory period, based on the evolution of market prices and the forecasts of operating hours, every three years.

The revenue from Ball Hill and Bluestone is somewhat exposed to market prices due to the fact that the CfD contract recognizes revenue from the market that is different from the actual revenue, creating some volatility around the guaranteed fixed price per MWh. The Oneida project will also be partially exposed to market pricing once the facility becomes operational, which is expected in the first half of 2025.

Natural Gas Fuel Supply, Transportation and Price

Certain natural-gas-fired facilities owned or managed by Northland may be affected by the availability, or lack of availability, of a stable supply of fuel at reasonable or predictable prices. Although these facilities attempt to match fuel cost setting mechanisms in supply agreements to PPA energy payment formulas, increases in fuel costs or insufficient fuel supply can nonetheless adversely affect the profitability of the facilities.

The ability to produce energy at certain facilities is highly dependent on the ability to procure and transport fuel to the facility. Such facilities depend on suppliers fulfilling their contractual obligations under natural gas fuel supply and transportation agreements. The loss of significant fuel supply could have an adverse impact on the facilities' ability to produce electricity, reducing expected cash flow. To the extent possible, Northland's gas-fired facilities attempt to contract with creditworthy counterparties and/or source gas through index-based pricing from liquid trading hubs with potential alternate suppliers.

Upon the expiry or termination of existing fuel supply agreements, Northland will be required to either renegotiate these agreements or source fuel from other suppliers. Northland may not be able to renegotiate these agreements or enter into new agreements on similar or otherwise desirable terms.

Operations and Maintenance

Northland's power generation and utility facilities are subject to operational risks that could have an adverse effect on cash flow, including premature wear or failure of major equipment due to defects in design, material or workmanship or due to more stressful operating conditions. These and other safety and operating events and conditions could result in bodily injury or death, property damage, the release of hazardous substances, increased capital expenditures, reduced production and service disruptions and, to the extent that a facility's equipment requires longer than forecasted down times for maintenance and repair or as a result of longer than expected production lead time and/or the unavailability of replacement or spare parts or shortage of skilled labour, or suffers disruptions of power generation or distribution for other reasons, the Company's business, operating results, financial condition, reputation or prospects could be adversely affected. In addition, for EBSA, retirement of distribution equipment prior to the end of its rate regulated useful life reduces the rate base on which rate regulated revenues are calculated.

Operating Costs

EBSA's ability to recover the actual costs of providing service and earn the allowed weighted average cost of capital depends on EBSA realizing the cost forecasts approved in the rate-setting process. Actual costs could exceed the approved forecasts if, for example, EBSA incurs operations, maintenance, administration, capital and financing costs above those included in EBSA's approved revenue requirement. EBSA may not be able to recover significant differences between forecast and actual costs, adversely affecting EBSA's financial results. In addition, EBSA's current revenue requirements are based on cost and other assumptions that may not materialize.

The regulated revenue EBSA earns on its rate base is inflation indexed per the established Colombian producer price index. There is the potential for reductions in the Colombian producer price index which would have a negative impact on future cash flows.

Other Northland facilities and projects have contracts indexed to the Canadian or local consumer price indices. Similarly, reductions in such consumer price indices could have a negative impact on Northland's future cash flows.

Insurance

Northland procures insurance to address material insurable risks such as property damage, business interruption and liability. Insurance coverage decisions are based on what Northland believes would be maintained by a prudent manager/owner/operator of similar facilities or projects and certain contractual obligations. Northland reviews its insurance program annually, or as regularly required, to ensure terms and limits are at or above industry standards, which is also required by lenders to our non-recourse project level financings. Northland's insurance is subject to deductibles, limits and exclusions that are customary or reasonable given the availability and cost of procuring insurance in the markets in which Northland is active, current operating and construction conditions and overall insurance market conditions. Such insurance may not continue to be available or available at economically feasible costs. Some events that could give rise to a loss or liability may not be insurable, and the amounts of insurance may not be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the facilities, projects or Northland, and the time between a loss and full receipt of a claim payout may be prolonged. Insurance coverage of project assets and facilities may be prescribed by project financing agreements and/or PPAs.

Co-ownership

Northland relies on other investors and joint venture partners for certain projects and facilities, including Hai Long, Baltic Power, Oneida, ScotWind, Gemini, Nordsee One, Kirkland Lake, Grand Bend, McLean's and Cochrane Solar, to fulfill their commitments and obligations in respect of the project/facility. In some cases, the Company may not have control over such projects and facilities, and its interest may be subject to the decision-making of third parties, and the Company may be reliant on a third party's personnel, good faith, contractual compliance, expertise, historical performance, technical resources and information systems, proprietary information and judgment in developing, constructing and operating the particular project. There is a risk that one or more other investors, partners or joint venturers will be unable or unwilling to fulfill its obligations in respect of the project/facility. In such a case, the facility's operations may be adversely affected and therefore Northland's cash flows from the project could be negatively affected.

Certain joint venture and other equity partners with which Northland has arrangements may have, or may develop, interests or objectives which are different from or even in conflict with those of Northland. Any such differences could lead to development, construction or operations issues that could negatively impact the success of Northland's projects and its reputation. If an investor, partner or joint venturer fails to fulfill its contractual obligations, Northland may be required to pay financial penalties or liquidated damages, provide additional services, or make additional investments to ensure adequate performance and delivery of contracted services. Under agreements with joint and several (or solidary) liabilities, Northland could be liable for both its obligations and those of its partners. These circumstances could also lead to disputes and litigation with Northland's partners, lenders or clients. The occurrence of any of the foregoing could have an adverse effect on Northland's business, financial condition and results of operations.

Reliance on Transportation and Distribution Infrastructure

Northland's operations rely on assets such as transmission and distribution grids, towers, substations and pipelines owned and operated by third-parties. These assets may be adversely affected by acute or chronic weather events, mismanagement, and other factors, which Northland has little ability to control. Failure of transportation and distribution infrastructure on which Northland relies may prevent Northland from delivering electricity to contract counterparties, reducing cash flows.

Terrorism and Security

Northland's physical and technological assets may be subject to acts of terrorism, vandalism or sabotage that prevent Northland from meeting its operational and contractual commitments, negatively affecting financial results. Northland has insurance in certain circumstances, but additional expenditure may be required to restore damaged assets.

International Activities - Geopolitical Risks

Northland's activities outside of Canada are subject to risks inherent in undertaking international activities, all of which can have adverse effects on the Company's business, assets, investments, PPAs, operations and/or its financial results. These risks could involve, among other things, matters arising out of the policies of foreign governments, imposition of special taxes or similar charges by government bodies, restrictions on carrying on business or the revocation or non-issuance of licenses or permits to carry on business by a foreign government, difficulties in obtaining financing, foreign exchange fluctuations and controls, civil disturbances and deprivation or unenforceability of contract rights or the taking of property without fair compensation. The Company's foreign properties, operations and investments may be adversely affected by local political, geopolitical, sociopolitical and economic developments, including nationalization, political instability, increased political tension between countries, laws affecting foreign ownership, acts or threats of terrorism or other hostilities, actions taken by other governments in response thereto, military actions or threats, cybersecurity incidents, government participation, royalties, duties, interest rate fluctuations, exchange controls, currency fluctuation, taxation and new laws or policies imposed by governmental authorities, as well as by laws and policies of Canada affecting foreign trade, investment and taxation and other risks present in the jurisdictions in which we, our customers, our suppliers, and/or our partners operate.

Certain inputs required to construct and/or operate Northland's facilities may be of a nature or sourced from a jurisdiction that is subject to import tariffs. The imposition of such tariffs or the inability to obtain such inputs from an alternative source may have an adverse effect on the Company's business, assets, investments, operations and/or its financial results.

The Company cannot accurately predict the impact that the ongoing conflicts in Ukraine and the Middle East and/or the increased political tensions between China, Taiwan and the U.S. may have on its financial position or assets. The Company regularly monitors ongoing macroeconomic, political, financial market and government changes in all of the markets in which it operates to assess the potential for adverse effects on the Company's business, assets, investments, PPAs, operations and/or its financial results.

Construction

Supply Chain Risk

The Company's ability to execute projects effectively is in part dependent upon the provision of, equipment, materials and services by third parties in a timely manner. Loss or delay of key equipment, materials and services; the provision of key equipment, materials and services at higher than expected or budgeted costs; and the reputational and financial risk exposures of key vendors, including as a result of changes in laws, regulations and standards, inflation, tariffs, transportation delays, delays in approvals, customs issues, pandemics or epidemics and other geopolitical factors, could affect the timing, execution, viability and profitability of capital projects and could result in delays, disruptions, and cost overruns or otherwise adversely impact the Company's financial condition.

Cost Overrun Risk

Although Northland includes contingency in its construction budgets that it deems sufficient, based on information available at the time and reasonable judgment, there is a risk that significant cost overruns could result in the Company being required to contribute additional equity into the project to complete construction, potentially resulting in an adverse impact on the project's economic returns and the Company's financial position, which could have a knock on adverse effect on the Company's ability to grow. There is also a risk that a project under construction could be stopped or canceled and/or a contractor or supplier could fail to complete its contractual obligations and that remedies such as financial security, performance bonds, contractual set off or liquidated damage provisions, and/or court or arbitration damage awards may be insufficient to fully compensate the Company for the resulting damages. Any significant delays in construction, cost overruns, project cancellations, or project shortfalls as a result of construction activities may have an adverse impact on Northland's reputation, operations and financial performance. The risks associated with construction projects are proportionate to their scale and complexity. For EBSA, delays in executing the capital investment projects approved in its rate application are factored into the calculation of future regulated rate revenues.

Construction Disputes Risk

Disputes are common on construction projects and, as such, in the normal course of business, the Company may become involved in various legal actions and proceedings (including litigation or arbitration) that arise from time to time, some of which may involve substantial sums of money. There is no assurance that the Company's project contingencies will be sufficient to cover any particular claim or claims or that a judge or arbitrator will rule for the Company in a proceeding with respect to a substantial amount in dispute notwithstanding the Company's confidence in the merits of its position. Refer to the "Litigation Risk and Legal Contingencies" section below.

As discussed in the "Climate-Related" section below, Northland is exposed to weather risk and other physical and environmental risks during the construction and operation of its facilities.

Development Prospects and Advanced Stage Development Projects

Northland incurs early-stage development costs before it can determine whether a prospective project is technically and financially feasible and, in some cases, before Northland has rights to or ownership of the project. The nature of some of these expenditures is speculative. Northland may also be required to advance funds, enter into commitments and/or post performance bonds, parental guarantees or other security in the course of acquiring or developing prospective projects. There are a number of factors that could cause a prospective development project to fail, including: inability to secure favourable sites; inability to secure PPAs; failure to obtain permits, consents, licenses and approvals; changes in laws and regulations, including, without limitation, tariffs, customs, electricity market rules or permitting requirements; changes in government policies; increases in interest rates, commodity prices or unfavourable currency fluctuations; inability to acquire suitable equipment and construction services at a favourable price; inability to attract adequate project financing and the inability to mitigate other critical risks. Significant costs related to prospective development projects may be incurred in preparation for the associated bidding process and such costs may not be recovered if Northland fails to win the bid.

Northland may pursue earlier-stage development prospects which are inherently riskier than late-stage developments. In addition, increased competition in the industry and changes in the ways Northland's customers procure power require the acceptance and management of increasing amounts of merchant price risk, technology development risk, and construction risks. If these risks manifest in a material manner, overall project returns could be adversely affected.

Projects may fail to reach financial close, and all investments, cost commitments and credit support provided up to that point, which could be material, may be lost or unrealizable. Factors that could cause an advanced stage development project to fail include: (i) failure to obtain or renew permits, consents, licenses and approvals at all or on terms or timelines that are acceptable to the Company; (ii) changes in government policies; (iii) increases in interest rates or adverse changes in foreign exchange rates; (iv) inability to finalize equipment and construction contracts or services or financing agreements on terms or costs that are acceptable to the Company; (v) inability to obtain financing; (vi) the inability to mitigate other critical risks; (vii) expiry of the longstop date or equivalent term of a key vendor contract, (viii) a partner exercising its rights under the applicable agreement or agreements to not proceed with the project and/or, (ix) failure of a partner to meet its obligations with respect to the project.

The economic returns on projects may also become less desirable than originally anticipated by the time of final investment decision, financial close or following construction due to various factors, including, without limitation, supply chain factors, interest rates, competitive factors, financing terms and rates, the Company's cost of capital, incorrect assumptions, changes to permitting and/or regulatory frameworks, changes in government policy, changes in tax laws, timing differences between costs and revenues becoming committed and changes in accounting standards or policies. In such situations, a project may fail to meet Northland's minimum investment return criteria and may be abandoned, sold or may negatively impact the Company's profitability. There is no guarantee that Northland would be able to recover the costs incurred to develop the applicable project if sold or generate sufficient revenue to meet desirable investment returns if not, either of which may have an adverse effect on Northland's financial position.

Acquisitions and Dispositions

Integration and Acquisition Risk

Northland's growth strategy includes potential acquisitions of assets or companies. These acquisitions may not result in the anticipated benefits to Northland due to changes in performance compared to those on which due diligence assessments were based, reliance on information provided by the seller, loss of key members of the acquired company's management team, identification of unexpected costs or liabilities of the acquired company, difficulties integrating the new assets or companies and other factors. The Company may face challenges in successfully integrating acquisitions and realizing anticipated synergies, which could result in increased or unanticipated costs associated with the acquisition. Likewise, a failure to achieve sufficient utilization of the assets acquired could also materially impact the future financial results of Northland. Please also refer to the "Contract Counterparties" section.

Disposition and Sell-Down Risks

Northland may, from time to time, divest certain assets or projects, in whole or in part. Any disposition or sell-down by the Company may result in a decrease to its revenues, cash flows and net income and a change to Northland's business mix. In addition, the Company may not be able to sell-down or dispose of businesses or assets that the Company desires to sell for financial, strategic and other business reasons at all or at a price acceptable to the Company. Moreover, divestitures may not result in the anticipated benefits to Northland or proceed on the timeline anticipated by management due to changes in operational or financial performance, due diligence requirements, and achievement of all required conditions to closing, including but not limited to regulatory and/or lender approvals. Please also refer to the "Contract Counterparties" section.

Northland may also retain certain liabilities for or agree to indemnification obligations in a sale transaction. The magnitude of any such retained liabilities or indemnification obligations may be difficult to quantify at the time of the transaction and could ultimately be material. Should any of the risk associated with dispositions materialize, it could have an adverse effect on our business, financial condition, results of operations or reputation. Failure to execute on any planned disposition may require the Company to seek alternative sources of funds or incur additional indebtedness.

Climate

Northland recognizes the risks associated with climate (both from the transition to a lower carbon economy and from changes in weather). Climate-related risks are assessed throughout the project lifecycle.

Financial Risks

As new climate change measures are introduced or strengthened, Northland's cost of business, including insurance premiums, may increase, and the Company may incur expenses related to complying with environmental regulations and policies in countries or regions where it does business. Such costs may include purchasing new equipment and materials to reduce emissions to comply with new regulatory standards or to mitigate the financial impact of different forms of carbon pricing.

Climate change-related litigation continues to evolve in Canada and elsewhere. While most cases have not succeeded due to the difficulty of attributing climate change to one specific emitter and uncertainty about the extent to which climate change-related risks must be considered and disclosed pursuant to existing financial disclosure obligations, the pressure created by climate change-related litigation may affect the regulatory and operating environment of companies, including Northland. Refer to the "Litigation Risk and Legal Contingencies" section below.

Northland recognizes the potential for increased costs due to more stringent regulatory and policy requirements related to emissions (e.g., carbon taxes or price of carbon) on its operations and the impact it may have on supply chains. Although, Northland is not currently significantly impacted by these regulations through current PPAs, growing public commitments and increasing carbon prices through fuel or taxes may impact renewable assets as well as natural gas sites (e.g., diesel prices for offshore vessels). Refer to the “Environmental, Health & Safety” and “Government Policy, Legislation and Regulations” sections below.

Climate-Related Target Risk

Northland plans to achieve a 65% reduction of its GHG emissions intensity by 2030 (from 2019 baseline) and to achieve net zero emissions across its scope 1, 2 and 3 by 2040. While Northland is fully committed to reaching these targets, they are based on certain assumptions and are subject to a number of risks, which could cause actual results to differ materially from what is planned. These assumptions include, among other things, the continued development and implementation (or acquisition) of renewable power projects over which the Company has financial or operational control, the relative size of the Company’s overall power generation (for which it has financial or operational control) and the Company’s operating capacity and energy generating technology mix remaining consistent with current expectations; a significant addition of power generation assets from non-renewable sources, changes in laws or regulations with respect to calculation or reporting of emissions or targets, a change in reporting boundaries, among other variables, may impact the Company’s ability to reach the targets. Risks that may cause the Company to fail to achieve its emissions reduction targets in the time frames it has set out or at all include, but are not limited to, delays or cancellations of the renewable energy projects on which those targets are premised, increased usage or extended contracting of the Company’s gas-powered assets and changes in regulations or legislation. Failure to achieve stated targets or commitments in time frames set out or at all could cause reputational damage to Northland and have an adverse effect on its business.

Disclosure and Reputation Risk

Investors, lenders and other stakeholders in Canada and worldwide have become more attuned to climate change action and sustainability matters, including scrutiny of the efforts made by companies to reduce their carbon footprint. Moreover, stakeholders increasingly have higher expectations of how businesses respond to climate change issues, specifically those that are most material to their business. Companies are navigating evolving “greenwashing” concerns and related legislation and regulations pertaining to disclosure about sustainability targets and performance and not overstating sustainability-related claims and metrics. Northland may be subject to a broad range of additional environmental information requests by customers, potential customers and other stakeholders in certain regions and increasing levels of disclosure regarding climate-related environmental performance. Northland’s reputation may be harmed if it is not perceived by its stakeholders to be sincere in its sustainability commitment and its long-term results may be impacted as a result. In addition, Northland’s approach to climate change issues may increasingly influence stakeholders’ views of the Company in relation to its peers and their investment decisions.

Physical Risks from Climate Change

Northland continues to view climate-related risks as being primarily associated with the variability of results that may arise from the impact of chronic weather changes on its physical assets. If there is reduced wind or solar resources, the underlying financial projections regarding the amount of electricity to be generated by the renewable farms may not be met, and cash flow and the ability to meet debt service obligations could be adversely affected. Additionally, wind speeds may exceed the safe operating limit of Northland’s turbines, requiring them to be shut down and/or severe weather conditions may result in decreased availability of the local grid operator. These circumstances may also impact the amount of electricity to be generated by the renewable farms, and cash flow and the ability to meet debt service obligations could be adversely affected.

Research on the impact of climate on wind and solar patterns in areas of concentrated renewable power production, though growing, remains in early stages. Under high emissions scenarios, in the long-term, it is not expected that there will be a significant change in mean wind speeds in the areas where Northland currently operates, but increased variability is possible. Thus, Northland’s concentration of offshore wind facilities in the North Sea presents a performance and operating risk, which will not be mitigated until the Baltic Power and Hai Long projects reach commercial operations. Over the long-term, the effects of climate and severe weather events may also change energy demand patterns and market prices in the regions where Northland operates to the benefit or detriment of Northland’s financial results.

Northland also recognizes the risks from acute natural events and chronic weather changes on its physical assets. Northland’s facilities and projects are exposed to various hazards today that are expected to increase in the future under various climate scenarios, including temperature extremes, heat waves, drought, extreme precipitation, flooding (sea and river), forest fires and extreme wind. Extreme weather conditions and natural disasters can cause downtime, construction delays, production losses and/or damage to equipment. Natural events may also make it impossible for operations and maintenance crews to access the disabled equipment to deliver parts and provide services.

Northland is exposed to weather risk and subsurface risk during the construction and operation of its offshore wind facilities. Northland attempts to mitigate these risks through the purchase of insurance and/or the inclusion of provisions under applicable construction agreements with contractors. However, insurance policies and/or construction agreements may not provide coverage for certain events, or coverage may be insufficient to compensate for all of the losses suffered by a project. Such insurance may not continue to be available at all or at economically feasible cost. As such, these potential risks are included in planning and construction design to help mitigate the impact of such events on construction and/or operations.

Health and Safety of Employees, Contractors, and the Public

Northland's activities with respect to the construction, operation, and maintenance of power generation and related facilities, including its high voltage transmission and distribution infrastructure, can present a risk to the health and safety of employees and the public. Particularly in Colombia, EBSA's distribution systems cover an extensive area, including highly populated and rural areas, where EBSA cannot always fully control public access to its assets. EBSA is required to operate and maintain its electric distribution system in a manner that enables the provision of safe and reliable utility service to customers and that will ensure the safety of employees, contractors and the general public.

Northland is subject to, and complies with, health and safety legislation in all of its operations in the jurisdictions in which it operates. The Company recognizes that it must conduct all of its business in such a manner as to ensure the protection of its workforce and the general public. Northland has developed a health and safety program; nevertheless, given the nature of the industry, accidents may occur from time to time. Any safety related incident occurring at a Northland site, whether involving workers in the direct employ of Northland, workers in the employ of contractors to Northland or the general public may have a material impact on the construction schedule and/or cost for a given project; result in drawstops under applicable credit agreements; result in fines, penalties, costs and damages and/or negatively impact Northland's reputation, all of which may have a material impact on Northland's financial position.

The work environment of offshore wind farms is challenging due to the remote locations, the physical demands of scaling the wind turbines and the marine environment. During the development, execution and operation of the offshore wind farms, Northland implements safety management systems, a structured approach to identify hazards and manage risks through processes and tools aligned with international and industry best practices. Due to the scale and size of the equipment involved, some construction activities involved in development of an offshore wind farm must be carried out at a site managed and operated by a contractor or third-party. Although Northland requires such contractors and third-parties to adhere to certain safety standards and employ safety management systems, Northland does not have full control or oversight of the activities taking place at third-party sites. Any safety related incident occurring at a third-party site can nonetheless have a material impact on the construction schedule and cost for a given project and negatively impact Northland's reputation.

Northland's facilities, construction projects and operations are exposed to potential interruption resulting from public health crises, such as pandemics and epidemics. A significant incident that may impact the health, safety, and well-being of its employees or the employees of contractors or suppliers may impact Northland's construction schedule, timeline to achieve commercial operations and human capital strategy, which may negatively affect Northland's reputation, result in additional costs, or lead to loss of revenue, future opportunities, key employees, key suppliers or customers.

Pandemics, Epidemics or Other Public Health Emergencies

Northland's business, financial condition, cash flows and results of operation can be adversely affected by pandemics, epidemics or other public health emergencies, such as the COVID-19 pandemic. The COVID-19 pandemic affected businesses throughout the world resulting in various shutdowns, work from home programs and many individuals and companies impacted by lost workdays as a result of illness. The impact of any pandemic, including COVID-19, on the Company will depend on a variety of factors, including the overall severity and duration of such events. These factors are highly uncertain and cannot be predicted. Risks of COVID-19 and other health emergencies include, but are not limited to: more restrictive directives of government and public health authorities, including the introduction of new legislation, policies, rules or regulations; reduced labour availability; construction delays; impacts on Northland's ability to realize its growth goals, including sourcing new acquisitions; decreases in short-term and/or long-term electricity demand and lower power pricing; increased costs resulting from Northland's efforts to mitigate the impact of the pandemic; financial markets that could limit the Company's ability to obtain external financing to fund its operations and growth expenditures; a higher rate of losses on accounts receivables due to credit defaults; and disruptions to our supply chain.

Related to Financing and Capital Markets

Financing

Northland expects to employ non-recourse project financing to fund material portions of investments, acquisitions, capital expenditures and expansion projects. However, there may not be sufficient capital available on acceptable terms.

Most of Northland's facilities and projects have financing arrangements in place with various lenders. These financing arrangements are typically secured by project assets and contracts, as well as Northland's equity interests in the project entity. The terms of these financing arrangements generally impose many covenants and obligations on the project entity, any other borrowers, guarantors and sponsors. In many cases, a default by any party under a project operating agreement (such as a PPA) will also constitute a default under the project's loan or other financing arrangement. Failure to meet certain financial covenants, to comply with the terms of loans or financing arrangements, or the occurrence of an event of default, may allow the lenders to stop advancing funds to a project under construction, may prevent cash distributions by the project or the project operating entity to Northland and may entitle the lenders to demand repayment and enforce their security against project assets. In addition, if an event of default occurs, lenders are entitled to take possession of the equity interests in project operating entities that have been pledged to such lenders by the sponsors; this could cause Northland to lose its investment in a project. The interruption of construction advances by lenders to a project, cash distributions from a project or the loss of an equity interest in a project could have a material impact on Northland's financial position, results and cash flow.

Northland has historically financed its equity investment in new projects through a combination of one or more of: cash-on-hand, cash flow from operations, borrowings under its corporate credit facilities, asset sell-downs and issuance of equity and debt capital markets instruments. Depending on market conditions and other factors, some of which may be outside of Northland's control, sufficient capital may not be available on acceptable terms, if at all, to fund current and future investments when required and the expected availability of capital for certain projects may vary. This may result in Northland not being able to pursue certain projects or achieve certain growth targets or to seek to sell-off certain assets. Capital raised through the issuance of additional equity could result in dilution to current Shareholders. An increase in corporate leverage may result in a higher risk of a default if Northland is unable to comply with debt service requirements, covenants and obligations required under its corporate financing agreements and/or indentures. Further, if capital is raised through debt, Northland could be subject to covenants and other obligations that could impact its financial position and cash flow, which may have a negative impact on its corporate credit ratings.

Interest Rates, Refinancing and Loan Margins

The risk of interest rates is of particular concern to a capital-intensive industry such as the electricity infrastructure business. This is particularly acute during periods when many central banks are exercising fiscal and monetary policy tools to curb high levels of inflation, and during periods of heightened political and economic uncertainty and financial market volatility caused by increases in trade barriers or the threat of increases trade barriers and tools that governments and central banks may exercise in response to such actions.

Northland typically utilizes fixed-rate debt or hedges the majority (80-100%) of interest rate exposure on its non-recourse project financings for tenors that match the underlying debt amortization period, where feasible, with hedges typically entered into shortly before or upon those projects reaching financial close. Northland does not typically hedge interest rates on shorter-term borrowings under its revolving credit facility. A significant rise in interest rates may materially increase the anticipated cost of debt required at Northland's development projects or the cost of unhedged debt at Northland's construction projects. This may potentially prevent certain development opportunities from proceeding because the economics may no longer be feasible at higher rates or decrease the return on construction projects, possibly resulting in asset impairment. In addition, certain projects may be developed in a market where interest rate hedges are available only for a time horizon that is shorter than the tenor of the debt.

Most of Northland's projects have financing arrangements with terms that are matched to the underlying project revenue stream, which removes refinancing risk. Northland is exposed to refinancing risk on its corporate credit facilities, which are expected to be extended on an annual basis, its preferred shares, Green Notes and certain facility-level loans. The ability to refinance, renew, increase or extend debt instruments is dependent on public and private capital markets at the time of maturity, and the condition and prior performance of the asset, which may affect the availability, pricing or terms and conditions of financing.

Although most interest exposures can be effectively hedged, there is no ability to mitigate the loan margin beyond an initial loan term. The loan margin could increase materially at loan maturity, thus reducing a project's cash flow.

Liquidity

Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time. Impairments in Northland's asset values or cash flows could result in Northland not having sufficient funds to settle a transaction on a due date; Northland could be forced to sell financial assets at a value that is less than what they are worth; or Northland could be unable to settle or recover a financial asset at all. Liquidity limitations may also prevent Northland from pursuing favourable development projects or other forms of growth.

Liquidity risk may also occur if Northland is unable to source a sufficient amount of capital from non-recourse finance lenders, public and private capital markets, and other sources such asset sell-downs, and at a cost that is economical to construct projects under development. This may result in the impairment or write-off of certain capitalized projects, including loss of any security committed in support of such projects.

Northland is also subject to internal liquidity risk since it conducts its business activities through separate legal entities (subsidiaries, joint ventures and other affiliates) and is dependent on receipts of cash from those entities to defray its corporate expenses (including corporate debt interest and principal payments) and to make dividend payments to Shareholders. In some cases, receipt of cash from subsidiaries, joint ventures and affiliates is restricted pursuant to contractual limitations – refer to "Co-ownership" and "Financing" risk factors above.

Credit Rating

Northland currently has a BBB (stable) issuer corporate credit by S&P and Fitch rating agencies and the issue ratings of the Green Notes and Northland's preferred shares are BB+. Certain projects with non-recourse project bonds have their issues rated by Morningstar DBRS. There is a risk that Northland's credit ratings may be adversely affected by changes in ratings criteria or methodology, by adverse financial, construction or operational performance, or by other factors. Any downgrade of or other adverse rating action affecting Northland could adversely affect the trading price of Northland securities or the trading markets for Northland securities, Northland's ability to obtain or maintain secured and/or unsecured credit with various parties or Northland's cost of capital and resulting financial position and competitiveness.

Currency Fluctuations

Northland receives payments in Euros in respect of its three offshore wind facilities and Spanish portfolio, in Colombian Pesos from EBSA, and in U.S. dollars from the Bluestone and Ball Hill onshore wind projects. Northland also has payment obligations in U.S. dollars, primarily related to the service agreements for gas turbines. Certain development and construction expenses may also be denominated in U.S. dollars or other currencies, including the Euro, Pound Sterling, New Taiwan dollar, Colombian peso, Korean won, Japanese yen, and Polish Zloty. Exchange rate fluctuations between these foreign currencies and the Canadian dollar may affect Northland's financial results and cash flow.

Northland's development, construction and operating activities may utilize equipment and/or commodities purchased from foreign suppliers. However, fluctuations in exchange rates could have a material impact on the cost of this equipment and thus have a negative impact on the feasibility of one or more development projects and on Northland's ability to achieve anticipated returns on its construction projects. In addition, projects Northland is developing or constructing may require expenditures, advances, equity investments or provide project distributions that are denominated in foreign currencies. Certain construction projects may be financed with multiple currencies, including New Taiwan dollars, Euros and Japanese yen, and fluctuations in exchange rates may reduce the ability of those funding sources to meet construction expenses denominated in other currencies. The degree of currency fluctuations may be elevated during periods when many central banks are exercising fiscal and monetary policy tools to curb high levels of inflation, and during periods of heightened political and economic uncertainty and financial market volatility caused by increases several in trade barriers or the threat of increases trade barriers and tools that governments and central banks may exercise in response to such actions. Fluctuations in foreign exchange rates relative to the Canadian dollar could have a material impact on the amount of equity investment required or the Canadian dollar equivalent of project distributions which may have a negative impact on the feasibility of one or more development projects or impact anticipated returns on construction projects and operating projects.

Northland's risk management approach is to hedge such foreign exchange risks where feasible and economical, subject to market liquidity, cost and tenor considerations.

Commodity Price Fluctuations

Northland has commodity price exposure at its development projects which have construction costs that are dependent on the price of certain raw materials as an input, notably steel, base metals and lithium. A portion of project construction costs relate to the price of these raw materials, whose prices can be volatile. The market price for these raw materials can be affected by numerous factors beyond our control, including levels of supply and demand for a broad range of industrial products, imposition or increase in tariffs, substitution of new or different products, expectations with respect to the rate of inflation, the relative strength of the foreign currencies, interest rates, speculative activities, global or regional political or economic crises and sales of raw materials by holders or producers in response to such factors. Increases in the price of raw materials could have a material impact on the cost, value and return of a project. In addition, increased commodity price fluctuations could impact the amount of equity required which may have a negative impact on the feasibility of one or more development projects. If commodity prices should decline below the cash costs of production for our main suppliers and remain at such levels for any sustained period, the producer could determine that it is not economically feasible to continue commercial production and as a result, curtail or suspend operations.

Variability of Cash Flow and Potential Impact on Dividends

The actual amount of cash flow to service dividends to Shareholders will depend on numerous factors, including the financial performance of Northland's subsidiary operations, ability to meet debt covenants and obligations, working capital requirements, future capital requirements, participation in the DRIP and tax related matters.

The payment and the amount of dividends declared, if any, are at the discretion of the Board and will depend on the Board's assessment of Northland's outlook for growth, capital expenditure requirements, funds from operations, potential opportunities, debt position and other conditions that the Board may consider relevant at such future time, including applicable restrictions that may be imposed under Northland's credit facilities and on the ability of Northland to pay dividends. The amount of future cash dividends, if any, could also vary depending on adverse impacts from a variety of factors, including fluctuations in energy prices, capital expenditure requirements, debt service requirements, operating costs and foreign exchange rates. The market value of the Common Shares may decline if Northland's cash dividends decline in the future and that market value decline may be material.

Inflation

General inflationary pressures may affect labour and other operating costs, as some of Northland's existing PPAs are fixed price contracts and have no mechanism to offset any potential impacts from higher costs due to inflation. These inflationary pressures could have an adverse effect on Northland's financial condition, results of operations and the capital expenditures required to advance Northland's business plans. There can be no assurance that any governmental action taken to control inflationary or deflationary cycles will be effective or whether any governmental action may contribute to economic uncertainty. Governmental action to address inflation or deflation may also affect currency values. Accordingly, inflation and any governmental response thereto may have an adverse effect on Northland's business, results of operations, cash flow, and financial condition.

Market Price for Common Shares

The market price of the Common Shares may fluctuate due to a variety of factors both related and unrelated to Northland's business, including, but not limited to: (i) announcements of material developments in Northland's business, (ii) fluctuations in Northland's operating results, (iii) sales or issuance of equity securities, (iv) failure to meet analysts' expectations, (v) investor preferences and sentiment, (vi) general market conditions or economic downturn and (vii) trends, concerns, technological or competitive developments, regulatory changes and other related issues in the power generation industry. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to Northland's performance. Accordingly, actual returns on investment in the Common Shares may be significantly less than anticipated at the time of making such investment.

Dividends

The payment of dividends is not guaranteed and could fluctuate. The Board of Directors has the discretion to determine the amount and timing of any dividends to be declared and paid to Shareholders. The Company may alter its dividend on Common Shares at any time. The Board of Directors' determination to declare dividends will depend on, among other things, results of operations, financial condition, current and expected future levels of earnings, operating cash flow, liquidity requirements, market opportunities, income taxes, maintenance and growth capital expenditures, debt repayments, legal, regulatory and contractual constraints and other relevant factors. As a result, no assurance can be given as to whether Northland will continue to declare and pay dividends in the future, or the frequency or amount of any such dividend.

Taxes

Northland's operations are complex, and located in several countries, and the computation of the provision for income taxes involves understanding and interpreting tax legislation and regulations, jurisprudence and administrative policies that are continually changing. While Northland believes that Northland's tax filings have been made in material compliance with all applicable laws, Northland cannot provide assurance that the Canadian or other relevant taxing authorities will agree with tax positions taken by Northland and its subsidiaries, including with respect to expenses and renewable energy tax incentives claimed and the cost of depreciable assets. In particular, in some cases of new legislation, tax authorities have not yet developed administrative policies or issued interpretative guidance. A successful challenge by an applicable taxing authority regarding such tax positions could adversely affect the operations and financial position of Northland.

Income, withholding and sales tax laws in the jurisdictions in which Northland and its subsidiaries do business could change in a manner that adversely affects Northland and its shareholders. There also can be no assurance that renewable energy tax incentives will continue to be available or on what terms. Northland and its subsidiaries are also subject to various uncertainties concerning the interpretation and application of domestic and international tax laws that could affect its profitability and cash flows.

Northland undertakes all transactions for commercial reasons and strives to structure them in a tax-efficient manner. These transactions and financing structures could be challenged by the Canadian and/or local tax authority. Before entering into these transactions and structures, legal and tax experts are engaged to ensure these transactions and structures are in compliance with all tax laws, rules and regulations. A successful challenge by the Canadian or local tax authority to transactions and structures entered into by Northland and its subsidiaries may have an adverse effect on Northland and its Adjusted Free Cash Flow.

Related to Regulations and Compliance

Environmental, Health and Safety

Northland's facilities are subject to numerous and significant laws, including statutes, regulations, bylaws, guidelines, policies, directives and other requirements governing or relating to, among other things: air emissions; the storage, handling, use, transportation and distribution of dangerous goods and hazardous and residual materials, such as chemicals; the prevention of releases of hazardous or other unsuitable materials into the environment; the prevention, presence and remediation of hazardous materials in soil and groundwater, both on- and off-site; land use and zoning matters; workers' and public health and safety matters; and matters relating to the protection of migratory birds and endangered species. The operation of the facilities 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 facilities being involved from time to time in administrative and judicial proceedings relating to such matters, which could have an adverse effect on Northland's business, financial condition and results of operations.

All of Northland's combustion generating equipment is designed to produce air contaminant emissions below applicable permit limits. As the greenhouse effect's impact on climate change has raised environmental concern, certain jurisdictions have implemented legislation or regulations to regulate GHG emissions. Ontario's emissions performance standards place a limit on emissions by industrial facilities. Saskatchewan also has restrictions on GHG emissions, but the electricity sector is excluded from its main program. In the absence of a provincial GHG program, the Canadian government imposes a federal GHG program. Regardless of which provincial or federal GHG program is applicable, the financial exposure at most of Northland's natural gas facilities is minimal, either because it has been reduced by restructuring the PPAs to allow a pass through of compliance costs as part of the daily electricity price bid for facilities or because the existing PPAs allowed for recovery of compliance costs from the counterparty.

All of Northland's facilities (both under construction or in operations) are required to maintain permits issued by governments and agencies that govern overall facility construction or operations and place limits on the discharge or use of air, noise, water and emissions, and other permitted parameters. If Northland is unable to renew existing permits or enter into new permits, then there may be adverse effects, such as loss of revenue and/or capital expenditures to enable long-term operations, potentially under different operating profiles.

Although Northland believes the operation of each of the facilities is currently in compliance with applicable environmental laws, licenses, permits and other authorizations required for the operation of the facilities and although there are environmental monitoring and reporting systems in place with respect to all facilities, more stringent laws or regulations may be imposed, there may be more stringent enforcement of applicable laws or that such systems may fail, which may result in material expenditures or fines. Failure by the facilities to comply with any environmental, health or safety requirements or increases in the cost of such compliance, which could be a result of unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, could possibly result in additional expenses, capital expenditures, restrictions and delays in the facilities' activities, the extent of which cannot be predicted.

Reliability and Market Compliance

Northland continuously works to maintain its compliance with regulators such as the North American Electric Reliability Corporation and regional market operators (e.g. the IESO, NYISO). Compliance with regulatory standards and regional market rules may cause modest increases in facility operating costs to maintain compliance.

As of December 31, 2024, Northland remains in good standing with market regulators regarding its compliance with the various market rules and regulations.

Government Policy, Legislation and Regulations

Northland and its development and construction projects and operating facilities are subject to policies, laws and regulations, established by various levels of government and government agencies in the various jurisdictions in which we operate. These are subject to change by the governments or the courts and are administered by agencies and regulators that may have discretion in their interpretation. Future legislative and regulatory changes or interpretations may have a material effect on Northland, its development prospects and construction projects, as well as its operating facilities.

With the growing scrutiny of environmental impacts of business activities, Northland faces the risk of increased costs for regulatory compliance maintenance of air and water quality standards, limiting GHG emissions and costs of compliance during the construction phase.

Northland continually monitors the political and policy landscape in all of our active markets and acts to manage and mitigate any related financial and business risks associated with government court or agency actions in local jurisdictions.

Utility Rate Regulation

As a rate-regulated utility, EBSA's revenues are based on rate application decisions made by the local regulator, CREG. EBSA is subject to the risk that CREG will not approve rate-regulated tariffs requested by EBSA in future applications. Withheld or unfavourable rate application decisions may limit EBSA's ability to reinvest capital through approved investment projects that grow rate base or prevent recovery of all costs incurred in operations, negatively affecting future cash flow.

CREG approves and periodically changes the rate-setting models and methodology for the utility businesses. Changes to the application type, filing requirements, tariff-setting methodology, or revenue requirement determination may have a negative effect on EBSA's revenue and net income.

Cybersecurity, Data Protection and Reliance on Information Technology

Northland's business activities rely to a high degree on information technology and operational technology systems for business operations, remote monitoring and controlling of assets, communicating with regulatory agencies, energy markets and customers, financial management and human resource systems, amongst others.

A system failure, loss of data, cybersecurity incident or breach could result in disruption of business activities, operational delays and downtimes, damage to equipment and/or harm to people, information losses, significant remediation costs, increased cybersecurity costs, lost revenues, diminished competitive advantage, penalties for non-compliance with privacy and critical infrastructure protection laws, effectiveness of controls over financial reporting, litigation and reputational harm affecting customer, employee and investor confidence, which could materially adversely affect Northland's business, financial condition, and operating results. Losses may be incurred related to these factors beyond the limits or coverage of current insurance and existing provisions for such losses may not be sufficient to cover the ultimate loss or expenditure.

Northland must comply to the data privacy laws in each of the jurisdictions it operates in, such as Canadian privacy laws including the Personal Information Protection and Electronic Documents Act and Freedom of Information and Protection of Privacy Act, General Data Protection Regulation in the European Union and United Kingdom as well as many other such data privacy legislation around the world. In addition to data privacy laws, Northland must also comply critical infrastructure protection regulations, including NERC Critical Infrastructure Protection, and the Critical Entities Resilience and Network and Information Security regulations in the European Union.

These data privacy and critical infrastructure protection laws have expanded in recent years, leading to increased obligations, and fines for breaches of privacy laws have increased. Northland may incur additional costs to maintain compliance or significant financial penalties in the event of a breach or noncompliance.

Northland's Audit Committee is responsible for the oversight of the Company's cybersecurity and data protection protocols and implementation as related to the business and operational systems. Under the Audit Committee's supervision, Northland maintains a disaster recovery plan, technical and process controls, enforcement and comprehensive monitoring of systems and networks designed to prevent, detect and respond to unauthorized activity in the Company's systems. Protocols are also in place for regular awareness training for all employees on security and data privacy, while access to personal data is controlled through physical and logical security mechanisms. The efficacy of these controls is continually assessed and improved, when necessary.

Northland's customers, counterparties, business partners, employees and suppliers also face risks of unauthorized access to their information systems that may contain information related to the Company. Northland has not experienced a cybersecurity attack of a material nature to date. However, considering the growing sophistication of attacks, the complexity and evolving nature of the threats, current geopolitical threats, as well as the unpredictability of timing, nature and scope of disruptions from such threats, measures taken by Northland may be insufficient to counter any such unauthorized access to information systems, or that measures are sufficient to avoid, or mitigate the impact of, a system failure.

The risk of a cybersecurity attack on the Company or its operating assets may increase with geopolitical risk. Refer to the "International Activities – Geopolitical Risks".

Related to Organization and Structure

Relationship with Stakeholders

The Company is sometimes required through the permitting and approval process to notify, consult and/or accommodate and obtain consent from various community groups, including landowners, fishing communities, Indigenous communities and/or governments and municipalities. Any unforeseen delays or issues in this process may negatively impact Northland's ability to complete any given project on time or at all.

Employee Retention and Labour Relations

Northland's senior management and other key employees play a significant role in its success. The loss of the services of any of these persons for any reason could negatively impact Northland's business and operations. Further, the loss of any key employees could be negatively perceived in the capital markets. Recruiting and retaining qualified personnel is critical to Northland's success. Northland may not be able to retain these personnel on acceptable terms given the competition among companies for similar personnel.

In the event of a labour disruption such as a strike or lockout, the ability of Northland's facilities to generate income may be impaired. Employees at Kirkland Lake are unionized. A large portion of EBSA employees are also unionized but do not have the right to strike. In the event of a strike or lock-out, the ability of the affected facilities to operate may be limited and their ability to generate cash available for distribution may be impaired, negatively affecting Northland's results. Employees at Northland's other facilities are not unionized.

Reputation

Northland's reputation is important to its continued success. There is a risk that events could occur, or be alleged to have occurred, that could affect how the general public, governments, counterparties, employees or other stakeholders of Northland perceive the Company. Negative impacts from a weakened or compromised reputation could result in loss of revenue, loss of future opportunity or loss of key employees, any of which could adversely affect Northland.

The actions of employees, when not sanctioned or expressly contrary to Northland policies, could harm Northland's reputation and result in potential liability for Northland.

Bribery and Corruption

Northland's activities are subject to risks associated with potentially unauthorized payments to government officials (domestic or foreign) in order to obtain an expedited or a favourable outcome to a permit, approval, action or similar requirement of a government official. All such unauthorized payments to government officials (domestic or foreign) would be in contravention of Northland's Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**"). The ABAC Policy includes ongoing employee and contractor education and training, due diligence on third-party service providers and business partners, and anti-corruption and anti-bribery contract provisions with third-parties as a condition of doing business with Northland. To the extent Northland becomes subject to anti-corruption/anti-bribery investigations, charges, litigation, prosecutions and/or convictions, the Company may incur reputational and financial damage. Refer to the “Litigation Risk and Legal Contingencies” section below.

Litigation Risk and Legal Contingencies

Northland, its subsidiaries and its joint ventures may be named as a defendant in various claims and legal actions. These actions may include contractual disputes, employment-related claims, securities-based litigation, claims from customers related to the services provided by the Company, claims for personal injury or property damage, public nuisance claims, and actions by regulatory or tax authorities, including in relation to construction and development projects and joint ventures. Refer to “Joint Ventures” and “Construction”. The final outcome with respect to any such legal proceedings cannot be predicted with certainty, and unfavourable outcomes or developments relating to future proceedings, such as judgments for monetary damages, injunctions, denial or revocation of permits or settlement of claims, could have an adverse effect on the Company’s financial condition, results of operations and cash flows. Such outcomes may not be covered by insurance. Even if the Company prevails in any such legal proceedings, the proceedings could be costly, time-consuming and divert the attention of the management team and other personnel, which could adversely affect the Company.

Public companies may also be subject to demands from activist shareholders advocating for changes to corporate governance practices or engaging in certain corporate actions. Responding to challenges from activist shareholders, such as proxy contests, media campaigns or other activities, could be costly and time consuming and could have an adverse effect on the Company’s reputation and divert the attention and resources of the Company’s management team and Board. Additionally, actions of activist shareholders may cause fluctuations in Northland’s share price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Litigation, claims and other contingencies arise from time to time in the ordinary course of business for Northland. There are no legal or regulatory proceedings that involve a claim for damages or penalty exceeding 10% of the Company's current assets in respect of which the Company is or was a party, or in respect of which any of the Company's property is or was the subject during the year ended December 31, 2024, nor are there any such proceedings known to the Company to be contemplated. Refer to “Litigation Risk and Legal Contingencies” above.

BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY

The following table presents the members of the Board of Directors, their principal occupations during the five preceding years and the year they first became Directors. Each Director is appointed to serve until the next annual meeting of Common Shareholders or until his or her successor is elected or appointed.

Name and residence	Positions held at Northland	Director since	Principal occupation(s) during the past five years
John W. Brace(1) Ontario, Canada	Chair and Director	2018	Corporate Director; *prior to August 2018*, Chief Executive Officer of Northland
Doyle Beneby (1)(3)(5) Florida, U.S.	Director	2024	Corporate Director; *formerly* Chief Executive Officer, Midland Cogeneration Venture
Lisa Colnett (1)(3)(4)(8) Ontario, Canada	Director	2020	Corporate Director; *formerly* Senior Vice President, Human Resources and Corporate Services, Kinross Gold Corporation
Kevin Glass (1)(2)(4)(6) Ontario, Canada	Director	2021	Corporate Director; *formerly* Senior Executive Vice President and CFO, CIBC
Keith Halbert (1)(2)(5) Ontario, Canada	Director	2019	Corporate Director; *formerly* Chief Financial Officer of Clearstream Energy Services
Christine Healy (10) Ontario, Canada	President and Chief Executive Officer and Director	2025	President & Chief Executive Officer of Northland; *prior to January 2025*, Senior Vice President of Asia, the Middle East and Australia of AtkinsRéalis; *prior to February 2024*, Senior Vice President of Carbon Neutrality and Continental Europe of TotalEnergies
Helen Mallovy Hicks (1)(2)(3) Ontario, Canada	Director	2021	Corporate Director; *formerly* Partner and Global Valuation Leader of PricewaterhouseCoopers LLP
Ian Pearce (1)(3)(5)(7) Ontario, Canada	Director	2020	Corporate Director; *formerly* Chief Executive Officer, Xstrata Nickel
Eckhardt Ruemmler(1)(4)(5)(9) Germany	Director	2022	Corporate Director; *formerly* Chief Operating Officer and Chief Sustainability Officer of Uniper
Ellen Smith (1)(2)(4) Vermont, U.S.	Director	2023	Senior Managing Director of FTI Consulting

(1) Independent Director.

(2) Member of the Audit Committee.

(3) Member of Governance and Nominating Committee.

(4) Member of the Human Resources and Compensation Committee.

(5) Member of the Project Delivery Committee.

(6) Chair of Audit Committee.

(7) Chair of the Governance and Nominating Committee.

(8) Chair of Human Resources and Compensation Committee.

(9) Chair of the Project Delivery Committee.

(10) Ms. Healy joined the Board effective January 20, 2025.

(11) Mr. Brace acted as Executive Chair from March 25, 2024 to September 30, 2024 and interim President & CEO of Northland from October 1, 2024 to January 19, 2025.

The following table presents Northland's executive officers, their positions held with the Company and their principal occupations during the past five years.

Name and residence	Position held	Principal occupation(s) during the past five years
Christine Healy Ontario, Canada	President and Chief Executive Officer	*Prior to January 2025*, Senior Vice President of Asia, the Middle East and Australia of AtkinsRéalis; *prior to February 2024*, Senior Vice President of Carbon Neutrality and Continental Europe of TotalEnergies.
Adam Beaumont Ontario, Canada	Interim Chief Financial Officer	*Prior to February 2024*, VP Finance & Head of Capital Markets of Northland; *prior to June 2020*, Senior Director Corporate Finance of Northland.
Rachel Stephenson Ontario, Canada	Chief People Officer	*Prior to January 2021*, Global HR Leader of Signify (formerly Phillips Lighting).
Yonni Fushman Ontario, Canada	Chief Administrative and Legal Officer, Corporate Secretary	*Prior to January 2024*, Chief Legal Officer, Executive Vice President Sustainability of Northland; *prior to January 2023*, Executive Vice President, Chief Legal Officer, Chief Sustainability Officer, Corporate Secretary at Aecon Group Inc.
Toby Edmonds London, United Kingdom	Executive Vice President, Offshore Wind BU	*Prior to May 2024,* Chief Operating Officer of Maple Power
Michelle Chislett Ontario, Canada	Executive Vice President, Onshore Renewables BU	*Prior to October 2022.* Managing Director, Canada & U.S. Development at Northland; *prior to October 2018*, Country Manager at Northland.
Calvin MacCormack Ontario, Canada	Executive Vice President, Natural Gas & Utility BU	*Prior to October 2022,* Vice President, Operations at Northland.
Pierre-Emmanuel Frot Amsterdam, Netherlands	Executive Vice President, Project Management Office	*Prior to March 2023*, President and General Manager of two small enterprises and independent consultant; *prior to September 2021*, Program Director for a University; *prior to July 2019*, Vice President, Global Solar and Storage Sales.

Share Ownership

As of February 1, 2025, 249,774 Common Shares, representing 0.1% (February 1, 2024 - 0.4%) of the total outstanding Common Shares, were beneficially owned, directly or indirectly, or controlled by the directors and executive officers of the Company.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Northland, none of the directors or executive officers of Northland: (i) is, as at the date of this AIF, or has been, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that: (a) was subject to a cease trade order (or similar order) issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to a cease trade order (or similar order) issued after the person ceased to be a director, 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, chief executive officer or chief financial officer; (ii) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company 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; or (iii) has, within the 10 years before the date of this AIF, 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 the assets of the person.

To the knowledge of the Company, none of the Directors or executive officers of Northland, nor any Shareholder holding a sufficient number of securities of Northland to affect materially the control of Northland: (i) 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 (ii) 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.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this AIF, none of the Directors or executive officers of Northland, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Northland's outstanding voting securities, or any 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 or during the current financial year that has materially affected or is reasonably expected to materially affect Northland.

AUDIT COMMITTEE

The Board has established an Audit Committee composed of Messrs. Glass and Halbert and Mesdames. Mallovy Hicks and Smith, all of whom are independent, as defined in the National Instrument 52-110 *Audit Committees* (the **"Audit Committee Rule"**). The Audit Committee meets with representatives of management to discuss internal controls, financial reporting issues, risk management, and auditing matters related to Northland. The Board has adopted an Audit Committee Charter which sets out terms of reference for the Audit Committee consistent with the requirements of National Instrument 52-110. The Audit Committee Charter is attached as Schedule "A" to this Annual Information Form.

All of the members of the Audit Committee are financially literate and the Board has determined that all members of the Audit Committee are independent. The relevant experience of each of the Audit Committee members is as follows:

Kevin Glass ("Chair") - Mr. Glass held the position of Senior Executive Vice President and CFO at CIBC from 2011 to 2019, prior to which, Mr. Glass was CFO for Revera Inc., Atlas Cold Storage Income Trust, Vitran Corporation Inc. and other companies. Currently, Mr. Glass is a Director of Spin Master Corp. (TSX: TOY). Mr. Glass is a Fellow Chartered Professional Accountant, holds an MBA from the University of Toronto and a Bachelor of Commerce and Bachelor of Accountancy from the University of the Witwatersrand in South Africa.

Keith Halbert - Mr. Halbert is a former CFO of ClearStream Energy Services Inc. (formerly Tuckamore Capital Management Inc.) and has an extensive background in the environmental, oil and gas, technology, and financial services sectors. In addition to his considerable financial and operations experience in fast-paced, growth-oriented ventures, Mr. Halbert is experienced in mergers and acquisitions, financial due diligence, and business transition planning. Mr. Halbert is a Chartered Professional Accountant and a member of the Institute of Corporate Directors.

Helen Mallovy Hicks - Previously, as a partner with PricewaterhouseCoopers LLP, Ms. Mallovy Hicks was the Global Valuation Leader. Currently, Ms. Mallovy Hicks is a director, Audit Committee and Risk Committee member of Sun Life Financial Inc., a director, Audit Committee and Investment & Risk Committee member of Public Sector Pension Investment Board, and a director and chair of the Audit & Risk Committee of the Princess Margaret Cancer Foundation. Ms. Mallovy Hicks is a Fellow Chartered Business Valuator and Fellow Chartered Professional Accountant and holds a Bachelor of Commerce from the University of Toronto.

Ellen Smith - Ms. Smith is a Senior Managing Director at FTI Consulting in the Corporate Finance practice, where she focuses on power and utility engagements including commercial and operational diligence for mergers and acquisitions. Ms. Smith additionally provides advice on mega-EPC projects globally. Ms. Smith is a former Chief Operations Officer of National Grid US and has a deep background in electric and gas transmission and distribution, LNG operations and power generation. Ms. Smith holds a Bachelor of Science in Mechanical Engineering and a Master of Engineering in Power Systems from Union College in Schenectady New York. She is also an independent board member of Velo3D and a member of Women Corporate Directors.

The Audit Committee is required to approve all audit services and pre-approve all non-audit services provided to Northland by its external auditor. Fees paid by Northland to its external auditors, Ernst & Young LLP are disclosed below. The Audit Committee discusses fee changes with the external auditor. Audit fees decreased in 2024 compared to 2023, due to less corporate activity and audit services related to prospectus filings.

The Audit Committee is involved in assessing the qualifications of the external auditor and their work quality as well as selecting the lead audit partner. To assess the quality of the external audit and auditor, the Audit Committee carries out a detailed annual assessment, which includes evaluations and audit quality measures relating to:

- independence;
- team member competencies and experience;
- objectivity;

- industry knowledge;
- professional skepticism;
- direct oversight of audit services carried out by non-Canadian affiliates of the auditor;
- extent of challenge of management estimates and assumptions;
- content, timeliness and practicality of communications with both management and the Audit Committee;
- adequacy of information provided on accounting issues, audit issues and applicable regulatory developments;
- timeliness, accuracy and completeness of services;
- management feedback;
- audit firm reputation;
- results of regulatory reviews;
- timely rotation of key audit team members to ensure a mix of new members and members with continuity of relevant experience; and
- lead partner performance.

The Audit Committee considers the materiality of any non-audit fees and services when assessing auditor independence.

During the year ended December 31, 2024, in addition to the matters set out in the Audit Committee charter in Appendix "A", the Audit Committee focused on the following topics:

- Financial reporting of Northland's various business segments;
- Internal controls over financial forecasting models;
- Oversight of the accounting, financial disclosure and forward-looking disclosures relating to development projects and acquisitions;
- Non-IFRS measures;
- Cyber security and privacy;
- Capital adequacy; and
- Enterprise risk management.

A copy of the Audit Committee Charter is included as Schedule "A" and is filed on SEDAR+ under Northland's profile.

AUDITORS

Ernst & Young LLP, Chartered Professional Accountants, EY Tower, 100 Adelaide Street West, PO Box 1, Toronto, Ontario are the auditors of Northland. Ernst & Young LLP is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Audit and Other Fees

For the years ended December 31, 2024 and 2023, Ernst & Young LLP were paid by Northland and its subsidiaries, approximately $4.1 million and $4.1 million, excluding taxes, respectively, as detailed below, for services to the Company and its wholly owned subsidiaries.

For year ended December 31,	2024	2023
in thousands		
Audit services	**$ 3,507**	$ 3,349
Audit-related fees	**470**	619
Tax fees	**14**	32
All other fees (1)	**123**	109
Total	**$ 4,114**	$ 4,109

(1) Includes charges for translation services, and annual subscription for online access to IFRS and other technical resources.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares, Series 1 Preferred Shares and Series 2 Preferred Shares of Northland is Computershare, Trust Company of Canada, 100 University Avenue, Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Northland may be found on SEDAR+ under Northland's profile. Information on directors' and officers' remuneration and indebtedness and principal holders of Common Shares is contained in Northland's Management Information Circular, which will be filed in connection with the Annual Meeting of Common Shareholders currently scheduled for May 21, 2025.

Additional financial information is provided in the 2024 Annual Report, including the MD&A therein.

Contact:

Northland Power Inc.
30 St. Clair Ave. West, Suite 300
Toronto, Ontario M4V 3A1

(647) 288 1019

investorrelations@northlandpower.com

northlandpower.com

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

"**Adjusted EBITDA**" means earnings before interest, taxes, depreciation and amortization, as adjusted.

"**Adjusted Free Cash Flow**" means Free Cash Flow excluding growth-related expenditures.

"**Annual Information Form**" or "**AIF**" means Northland's annual information form for the year ended December 31, 2024.

"**Annual Report**" means Northland's annual report for the year ended December 31, 2024.

"**Board of Directors**" or "**Board**" means the board of directors of Northland.

"**Common Shareholders**" means the holders of the Common Shares.

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

"**Deutsche Bucht**" means the 260.4 MW offshore wind facility located approximately 100 km west of the city of Emden in German territorial waters.

"**DRIP**" means the Company's dividend reinvestment plan.

"**Financial close**" means full equity commitment by Northland and debt commitment by the project debt lenders.

"**FIT**" means Feed-in Tariff.

"**Free Cash Flow"** means the cash generated from the business that management believes is representative of cash available to pay dividends, while preserving the long-term value of the business.

"**Gemini Offshore Wind Facility**" or "**Gemini**" means the 600 MW offshore wind facility located 85 km off the Northeast coast of the Netherlands.

"**GHG**" means greenhouse gas.

"**IESO**" means the Independent Electricity System Operator for Ontario.

"La Lucha" means the 130 MW solar project located in the State of Durango, Mexico.

"LTSA" means a long-term service agreement for the ongoing maintenance and service on wind turbines and related equipment typically with the original equipment manufacturer primarily at onshore wind facilities.

"**MW**" means 1,000 kilowatts of electrical energy.

"MWh" means 1,000 kilowatt hours of electrical energy.

"**Nordsee One**" means the 332 MW (282 MW net interest to Northland) offshore wind facility located in the North Sea, 40 km north of Juist Island in German territorial waters.

"**North Battleford**" means the 275 MW electricity generating facility located near North Battleford, Saskatchewan and owned by North Battleford LP.

"**Preferred Shares**" means collectively Series 1 Preferred Shares, Series 2 Preferred Shares and Series 3 Preferred Shares.

"**PV**" means photovoltaic cell, a non-mechanical device that converts sunlight directly into electricity.

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

"**Series 1 Preferred Shares**" means the cumulative rate reset preferred shares, series 1 in the capital of Northland.

"**Series 2 Preferred Shares**" means the cumulative floating rate preferred shares, series 2 in the capital of Northland.

"**Series 3 Preferred Shares**" means the cumulative rate reset preferred shares, series 3 in the capital of Northland.

"**Shareholders**" means Common Shareholders and holders of Preferred Shares.

"**Thorold**" means the 265 MW cogeneration facility owned by Thorold LP located in Thorold, Ontario, 120 km southwest of Toronto near the U.S. border.

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

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SCHEDULE "A"

Audit Committee Charter of Northland Power Inc.

Purpose of the Audit Committee

The Audit Committee (the **"Audit Committee"**) is appointed by the Board of Directors (the **"Board"**) to assist the Board in fulfilling its oversight responsibilities for Northland Power Inc. (the **"Corporation"**) with respect to the accounting and financial reporting requirements, the systems of internal controls, management information systems, financial risks and risk management, the external audit, and monitoring compliance with laws and regulations applicable to the Corporation, any other corporations, trusts, partnerships or other entities which may be owned or controlled by the Corporation (the **"Entities"**), and any other duties as set out in this Charter or delegated to the Audit Committee by the Board.

The Audit Committee shall also report the results of its activities to the Board, as well as report its recommendations to the Board with respect to the financial statements and other certifications and filings of the Corporation, the appointment of auditors and the compensation of the auditors.

Meetings and Procedures

The Audit Committee shall observe and adhere to the composition framework and meeting procedures for Committees set out in the Mandate of the Board of Directors. The Audit Committee shall meet at least four times a year or more frequently as it deems necessary to fulfil its responsibilities.

The Audit Committee will hold in camera sessions without management present, including with internal and external auditors, as may be deemed appropriate by the Audit Committee.

Audit Committee Responsibilities

▪ *Review of Financial Statements and Other Filings*

The Audit Committee shall review the Corporation's financial statements, management's discussion and analysis, annual and interim earnings press releases and other press releases disclosing financial information, prospectuses, and disclosures of forward-looking financial information, and shall determine whether to recommend approval thereof to the Board before such documents are publicly disclosed by the Corporation.

The Audit Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, financial forecasts, and must assess the adequacy of such procedures on an annual basis.

Review of Environmental, Social and Governance and Climate Change Related ("Sustainability") Disclosure

The Audit Committee shall review the Corporation's reports disclosing Sustainability related information and oversee third-party assurance of such information.

▪ *Annual Review of Audit Committee Charter*

The Audit Committee shall maintain this Committee Charter which sets out the Audit Committee's mandate and responsibilities, and review at least annually this Charter to ensure that it conforms to the requirements of National Instrument 52-110 (the **"Audit Committee Rule"**) and the requirements of any other relevant securities regulations.

▪ *The External Auditor*

Management is responsible for the preparation of the financial statements of the Corporation and, as applicable, the Entities. The external auditor is responsible for auditing those financial statements.

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report, or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting any restrictions on the scope of the external auditor's activities or on access to requested information. The Audit Committee must recommend to the Board:

- the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and the Entities; and
- the compensation of the external auditor.

The Audit Committee shall require the external auditor to report directly to the Audit Committee and shall monitor the independence and performance of the external auditor of the Corporation through annual assessments. Based upon the annual assessments, the Audit Committee shall recommend the re-appointment or replacement of the auditors to the Board for approval by the Corporation's shareholders at its annual general meeting. The Audit Committee must review and approve the hiring policies, as applicable, of the Corporation and the Entities regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

▪ *Pre-Approval of All Audit and Non-Audit Services*

The Audit Committee shall approve all audit and pre-approve all non-audit services to be provided to the Corporation and, as applicable, the Entities by the Corporation's external auditor. The Audit Committee satisfies the pre-approval requirement if it adopts specific policies and procedures for the engagement of the non-audit services, provided that: (a) the pre-approval policies and procedures are detailed as to the particular service; (b) the Audit Committee is informed of each non-audit service; and (c) the procedures do not include delegation of the Audit Committee's responsibilities to management. The Audit Committee may delegate to one or more of its members the authority to pre-approve all non-audit services, provided that such pre-approval must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee satisfies the pre-approval requirement if: (i) the aggregate amount of non-audit services that were not pre-approved is reasonably expected to be no more than 5 per cent of total fees paid to the external auditor during the fiscal year in which the services are provided; (ii) the services were not recognized as non-audit services by the Corporation at the time of the engagement; and (iii) the services are immediately brought to the attention of the Audit Committee and approved, prior to the completion of the audit.

▪ *Internal Controls and Integrity of Financial Statements and Processes*

The Audit Committee shall oversee the Corporation's systems of internal controls, including IT systems and information security risk management, and shall monitor the integrity of the financial statements, including any confidential or other disclosures of potential fraud. The Audit Committee is responsible for:

- Reviewing the adequacy and effectiveness of the accounting and internal control policies and procedures, including internal controls over financial reporting, and the extent to which the scope of the internal and external audit plans can be relied upon to detect material weaknesses in internal controls and material fraud or other illegal acts.
- Review the effectiveness of procedures for the receipt, retention and resolution of complaints regarding accounting, internal controls or auditing matters, and review any complaints raised by employees or others regarding accounting, internal controls, financial reporting, auditing matters or otherwise relating to matters within the Audit Committee's mandate.
- Review management's periodic reports on the adequacy and effectiveness of the disclosure control policies and procedures of the Corporation.

▪ *Review of Financial Matters*

The Audit Committee will review management's plans and strategies around treasury risk management, corporate finance and financial capital allocation, including, subject to the thresholds set out in the Delegation of Decision Making Powers to Management, reviewing financing transactions at the corporate and project development level, such as offerings, redemptions or repurchases of debt and equity securities and obtaining, amending or extending credit facilities, and recommending the same to the Board.

▪ *Compliance with Laws Regulations and Code of Business Conduct and Ethics*

The Audit Committee shall review management's reports with respect to compliance with taxation laws and regulations, other laws and regulations, and the Corporation's Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy and Code of Business Conduct and Ethics.

▪ *Complaints and "Whistleblowers"*

The Audit Committee shall establish procedures for:

- the receipt, retention and treatment of complaints received by the Corporation and the Entities regarding accounting, internal accounting controls, or auditing matters; and

- the confidential, anonymous submission by employees of the Corporation or of the Entities of concerns regarding questionable financial reporting, accounting or auditing matters.

▪ *Financial Risk Management and Insurance*

The Audit Committee shall review and report to the Board at least annually significant financial risks, financial and market risk management strategies, and financial and market risk management policies for the Corporation and the Entities in the following areas and such other areas as the Audit Committee may deem appropriate from time to time:

- financial and market risk management exposures, strategies, policies and board reporting, including foreign currency, interest rate, liquidity and commodity hedging risks; and
- insurance coverage.

Related Party Transactions

The Audit Committee shall review, discuss with management and with others as it deems appropriate, and approve all transactions between the Corporation and: (A) any executive officers, directors, principal shareholders or immediate family members of any of the foregoing; and (B) any of the Entities or their respective executive officers, directors, principal shareholders or immediate family members of any of the foregoing.

Composition of the Audit Committee

(i) *Number of Members*

The Audit Committee shall observe and adhere to the composition framework for Committees set out in the Mandate of the Board of Directors.

(ii) *Financial Literacy*

Every member of the Audit Committee must be financially literate. At least one member must have experience as a certified public accountant, chief financial officer, corporate controller, or demonstrably meaningful experience overseeing such financial functions as a senior executive officer. A Committee member who is not financially literate may be appointed to the Audit Committee, provided that such a member becomes financially literate within a reasonable period of time following his or her appointment.

"**Financially literate**" means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

(iii) *Independence*

Each member of the Audit Committee must be a director who is independent for the purpose of the Audit Committee Rule, that is a director who has no direct or indirect material relationship with the Corporation or the Entities, as applicable, other than interests and relationships arising from the holding of shares of the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Appendix I to this Charter describes in greater detail the requirements under the Audit Committee Rule and other applicable securities laws in effect as at the date of this Charter concerning the circumstances in which an individual is considered to have a material relationship with an issuer.

(iv) *Position Description - Audit Committee Chair*

The fundamental responsibility of the Chair of the Audit Committee is to effectively manage the duties of the Audit Committee with respect to the Corporation:

<u>Key Responsibilities of the Chair</u>

1. ensure that the Audit Committee is properly organized, functions effectively and meets its obligations and responsibilities;
2. establish the frequency of Audit Committee meetings and review such frequency from time to time, as considered appropriate, or as requested by the Board or the Audit Committee;
3. call and preside at Audit Committee meetings;
4. establish the agenda for all Audit Committee meetings and review briefing materials for such meetings;
5. prepare a workplan for the Audit Committee which would be reviewed and updated at minimum on an annual basis;

6. liaise and communicate with the Chair of the Board and the chairs of the other Board committees as necessary to co-ordinate input from the Audit Committee for Board and committee meetings;

7. liaise and communicate with the Corporation’s external auditors, internal auditors and internal control service providers as necessary;

8. on behalf of the Audit Committee, report to the Board on Committee meetings;

9. serve as a person to whom confidential disclosures, including possible fraud, may be made under the Corporation’s Whistleblower Policy;

10. oversee the processes for investigating Whistleblower reports and reporting to the Board; and

11. monitor the effectiveness of the Audit Committee and ensure that it has the support necessary from the Corporation’s external advisors to fulfill its responsibilities.

Authority and Resources of the Committee

The Audit Committee has the authority to:

a. engage independent counsel and other advisors as it determines necessary to carry out its duties. For greater certainty the Audit Committee has the authority to retain, at the Corporation’s expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties;

b. set and pay the compensation for any advisors employed by the Audit Committee. The Corporation or the Entities shall at all times make adequate provisions for the payment of all fees and other compensation, approved by the Audit Committee, to the external auditor in connection with the issuance of its audit report, or to any consultants or experts employed by the Audit Committee;

c. communicate directly with the internal and external auditors and external internal control service providers; and

d. conduct any investigation which it considers appropriate, and to communicate directly with and have direct access to the internal and external auditor as well as officers and employees of the Corporation and the Entities, as applicable.

The Audit Committee may form and delegate authority and duties to subcommittees as it deems appropriate.

This Charter will be reviewed on an annual basis.

Confirmed by the Board of Directors on December 10, 2024.

APPENDIX I to Schedule "A"

MEANING OF INDEPENDENCE

Part A: Meaning of Independence

1. An Audit Committee member is independent if he or she has no direct or indirect material relationship with the issuer.
2. For the purposes of subsection (1), a **"material relationship"** is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.
3. Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
   - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
   - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
   - (c) an individual who:
     - (i) is a partner of a firm that is the issuer's internal or external auditor,
     - (ii) is an employee of that firm, or
     - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
   - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual;
     - (i) is a partner of a firm that is the issuer's internal or external auditor,
     - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
     - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
   - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
   - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.
4. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
5. For the purposes of clause (3)(f), direct compensation does not include:
   - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
   - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
6. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
   - (a) has previously acted as an interim chief executive officer of the issuer, or
   - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

7. For the purpose of Part A, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Part B: Meaning of Independence

1. Despite any determination made under Part A, an individual who
   a. accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
   b. is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
2. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
   a. an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
   b. an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
3. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.