



Green Financing Framework

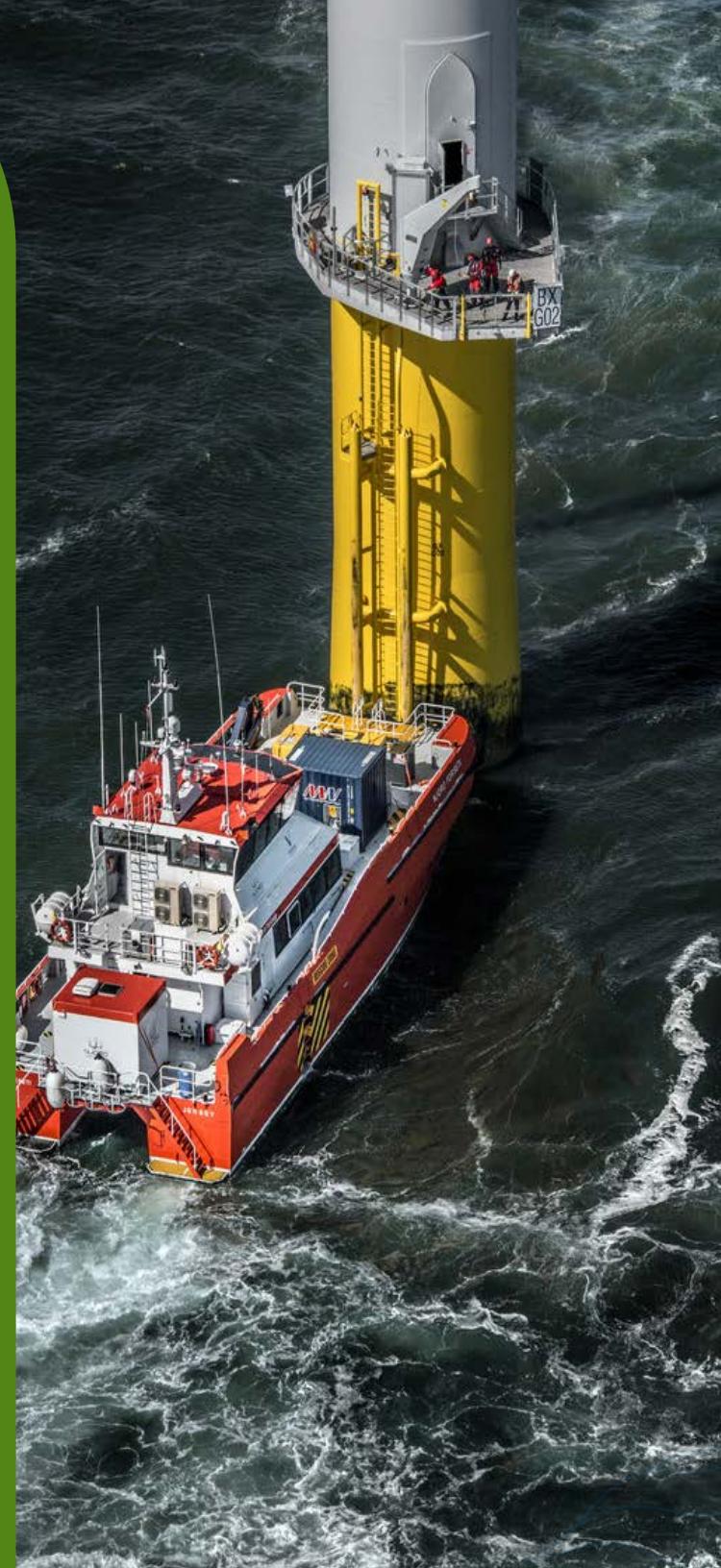
August 2023



Our Company

Northland Power Inc. (Northland or the "Company") is a power producer dedicated to developing, building, owning and operating clean and green global power infrastructure assets in Asia, Europe, Latin America and North America. Our facilities produce electricity from clean-burning natural gas and renewable resources such as wind and solar. We have a long track record of over 35 years in business.

Established in 1987, Northland was one of Canada's first independent power producers and has achieved a remarkable growth trajectory. Our head office is in Toronto, Canada, and we have global offices in eight countries. Northland owns or has an economic interest in 3 GW (net 2.6 GW) of operating generating capacity and a significant inventory of early to mid-stage development opportunities encompassing approximately 20 GW of potential capacity.



Sustainability Commitment

At Northland, we are building a sustainable and carbon-neutral world together.

Northland aims to continually increase value by creating high-quality projects underpinned by revenue contracts that deliver predictable cash flows. We strive for excellence in managing our projects and operating facilities, always seeking opportunities to enhance performance and value. We focus on sustainability with the goal of improving the impact of resource usage on our planet.

The global transition to renewable energy is expected to accelerate over the next decade. Further electrification of the global economy continues to gather momentum, and both the public and private sectors expect to increase decarbonization efforts. This should create significant opportunities for continued growth in renewable power generation and green infrastructure. As a global developer with extensive expertise in renewable projects, in particular offshore wind, we are strategically positioned to compete in this transition, and further grow our portfolio and market share.

Northland's sustainability commitment focuses on the global decarbonization efforts of our renewable energy developments and creating progress towards the United Nations Sustainable Development Goals (UNSDGs). This includes developing and empowering our people, creating meaningful and collaborative relationships with local and Indigenous communities, and upholding the highest standards of good and responsible governance.

We are on track to reduce our GHG emissions intensity from Scope 1 and 2 by 65 per cent (from a 2019 baseline) by 2030 and to reach a science-aligned net zero measure over all emissions scopes (Scope 1, 2 and 3) by 2040. Our pathway to net zero is founded in our long-term growth within the renewable energy, storage, and low-carbon alternative fuels industry.

SUSTAINABLE DEVELOPMENT GOALS

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Substantially increase the share of renewable energy in our global energy mix.

Northland's commitment:

By 2030, our goal is to add at least 6 GW of additional renewable capacity globally

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Develop high-quality, reliable, sustainable, and resilient regional and trans-border infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all

Northland's commitment:

To provide over 2 million households with clean energy

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Take urgent action to combat climate change and its impacts

Northland's commitment:

To achieving Net Zero over Scope 1, 2 and 3 emissions by 2040

Green Financing at Northland

This Green Financing Framework (“Framework”) will allow Northland and its subsidiaries to issue green bonds, loans (corporate and project-level) and other financing instruments or contingent facilities (such as Letters of Credit) for Eligible Green Projects (each a “Green Financing”). The Framework will facilitate disclosure, transparency, and integrity related to our Green Financings.

This Framework is aligned with the ICMA Green Bond Principles (2021)¹, the LSTA Green Loan Principles (2023)².

This Framework complies with the EU Taxonomy requirements.

1. The Green Bond Principles are administered by the International Capital Markets Association (ICMA), “The Green Bond Principles (GBP) 2021 with June 2022 Appendix I”, published on June 10, 2021. <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

2. The Green Loan Principles are administered by the Loan Syndications and Trading Association, published in February 2023 and available at: <https://www.lsta.org/content/green-loan-principles/>

Use of Proceeds

The focus of our Green Financing initiatives is to support climate change mitigation efforts by developing and investing in renewable energy infrastructure assets.

Net proceeds from Green Financings, or an equivalent amount, will be used to finance or refinance or support, in whole or in part, Eligible Projects as defined in the Framework, including new or existing investments and expenditures by Northland Power.

- 1. Investments in Eligible Projects funded by green bonds, loans (corporate and project-level) and / or supported by other financing instruments such as letters of credit;**
- 2. Development expenditures associated with the advancement of Eligible Projects until such time those opportunities meet Northland’s capitalization criteria;**
- 3. Capital expenditures associated with the development and construction of Eligible Projects;**
- 4. Capital expenditures to upgrade, enhance the performance of and/or extend the useful life of an eligible project; and**
- 5. Refinancing corporate and/or project debt associated with existing Eligible Projects.**

Eligible Projects

Project Type	Details	UNSDG	Impacts
 Offshore Wind	Expenditures, investments, or letters of credit related to the development, construction, and installation of offshore wind	<ul style="list-style-type: none"> SDG 7 Affordable and Clean Energy SDG 9 Industry, Innovation, and Infrastructure SDG 13 Climate Action 	Installed renewable capacity (MW)
 Onshore Wind	Expenditures, investments, or letters of credit related to the development, construction, and installation of onshore wind	<ul style="list-style-type: none"> SDG 7 Affordable and Clean Energy SDG 9 Industry, Innovation, and Infrastructure SDG 13 Climate Action 	Installed renewable capacity (MW)
 Solar PV	Expenditures, investments, or letters of credit related to the development, construction, and installation of Solar PV	<ul style="list-style-type: none"> SDG 7 Affordable and Clean Energy SDG 9 Industry, Innovation, and Infrastructure SDG 13 Climate Action 	Installed renewable capacity (MW)
 Battery Storage	Expenditures, investments, or letters of credit related to the development, construction, and installation of long-term battery energy storage and other electricity storage applications.	<ul style="list-style-type: none"> SDG 7 Affordable and Clean Energy SDG 13 Climate Action 	Installed capacity (MW)
 Hydrogen and Ammonia	Expenditures, investments, or letters of credit related to the development, construction, and installation of green hydrogen and ammonia production projects and assets from electrolysis using renewable energy.	<ul style="list-style-type: none"> SDG 7 Affordable and Clean Energy SDG 9 Industry, Innovation, and Infrastructure SDG 13 Climate Action 	Hydrogen capacity (tH ₂)
Note: All activities are in line with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights		3. All energy storage will be linked to renewable production from sources stated in the Framework. 4. Projects included will have emissions intensity below 3 tCO ₂ e/tH ₂ to align to EU Taxonomy technical screening criteria.	



Northland intends to allocate the net proceeds to Eligible Projects that originated no more than 36 months prior to the Green Financing, and/or to refinance corporate and project debt associated with existing long-life Eligible Projects with no look-back period. Proceeds will be allocated, or letters of credit will be issued within 24 months.

Project Evaluation and Selection

Northland has a cross-functional Investment Committee whose purpose is to evaluate growth opportunities. As an opportunity advances toward a final investment decision by Northland, members of the Investment Committee will request that Northland's ESG Steering Committee⁵ determine whether the project is an Eligible Project and able to benefit from a Green Financing. The ESG Steering Committee shall document all requests for determination including decisions on whether a project meets the eligible criteria.

Social and environmental risks are identified, assessed, and managed during each stage of a project's life cycle. During development, Northland's ESG and development teams work to identify and assess early-stage risks. Risks are considered during due diligence, design, engineering, and procurement. During construction and operations there are dedicated on-site environment and health and safety managers to ensure ongoing monitoring, mitigation, and reporting on ESG performance and incidents. The ESG team also works closely with operations and asset management groups to identify opportunities to upgrade, enhance the performance and/or extend the useful life of an asset. Expenditures of this nature related to renewable generation assets will be communicated to the ESG Steering Committee which will determine whether the expenditure is associated with an Eligible Project. The ESG Steering Committee shall document all requests for determination with details on the relevant eligible criteria.

5. Northland's ESG Steering Committee is a management committee co-chaired by the Chief Financial Officer and Chief Legal Officer and EVP Sustainability. The ESG Steering Committee includes leaders throughout the organization who are responsible for oversight and decision making on all ESG issues; there is regular reporting to Northland's Board of Directors, who has ultimate oversight for ESG.

Management Of Proceeds

The net proceeds of all Green Financings will be managed using existing internal systems to ensure full transparency between receipt of proceeds and investment in / allocation to Eligible Projects. Net proceeds will be deposited to Northland's operating account (or a subsidiary's account, if that entity completes a Green Financing) and tracked under an internal process to monitor and account for the allocation of net proceeds to Eligible Projects. The allocation of proceeds and unallocated balance will be reviewed annually by the Corporate Treasury team and reported to the ESG Steering Committee. Unallocated proceeds will be tracked and held in cash or cash equivalents in accordance with Northland's cash management policies and investment mandates.



Reporting

On an annual basis, until fully allocated, Northland will publish Allocation Reporting and Impact Reporting on its Eligible Projects portfolio, as detailed below.

Allocation Reporting



Northland will provide information on the Eligible Projects portfolio on its website (northlandpower.com). The information will contain, at minimum, the following details:

1. A statement of alignment with the relevant standards;
2. A list of Eligible Projects;
3. The amount of proceeds allocated by project category, including a breakdown of Eligible Projects by the nature of what is being financed or supported (equity investments, development expenditures, capital expenditures, refinancing of existing debt, letters of credit issued, etc.);
4. The breakdown of Eligible Projects by jurisdiction; and
5. The balance of unallocated proceeds

Impact Reporting



Northland will provide annual Impact Reporting for each project category with quantitative and/or qualitative impact reporting metrics, as recommended under the Harmonized Framework for Impact Reporting, which may include the following details:

1. A description of the Eligible Projects;
2. The EU Taxonomy Environmental Objective pursued by the Eligible Projects (i.e. Climate Mitigation);
3. Information on the methodology and assumptions used to evaluate the impacts and impact metrics;
4. Information on the metrics of the impact, as applicable:
 - Installed net renewable energy capacity (MW)
 - Renewable energy production (MWh)
 - Expected greenhouse gas emissions reduced and/or avoided (tonnes of CO₂ emissions); and
 - Expected energy efficiency savings (kWh)

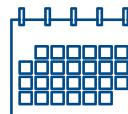
External Review



Second-Party Opinion

Northland has obtained a Second-Party Opinion on the Framework to confirm alignment with the Green Bond Principles (2021), Green Loan Principles (2023) and the EU Taxonomy. The Second-Party Opinion is available on Northland's website.

Northland will obtain an updated Second-Party Opinion if the Framework is substantially amended.



Annual External Assurance Engagement

Northland's annual reporting on the allocation of proceeds will be subject to an external limited assurance engagement by Northland's independent external auditor. The auditor will provide limited assurance on the allocation of proceeds in accordance with the criteria as described in the Use of Proceeds section of this Framework.

Amendment to this Framework

The ESG Steering Committee will review the Framework on a regular basis to ensure alignment to updated versions of the principles as and when they are released, with the aim of adhering to best practices. This may result in amendments to the Framework.

Any future version of the Framework will maintain or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. Any Green Financings issued subsequently will be subject to the amended Framework. Amended Frameworks, if any, will be published on Northland's website and will replace this Framework.



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