

Second-Party Opinion

Northland Power Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Northland Power Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Renewable Energy – is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION AND SELECTION Northland's Investment Committee will be responsible for identifying new eligible projects while its operations and asset management groups will identify expenditures related to upgrades and maintenance of assets. Final project selection will be made by Northland's ESG Steering Committee. Northland's company-level environmental and social risk mitigation processes are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS The proceeds raised under the Framework will be monitored by Northland's Global Treasury team and reported to the ESG Steering Committee. The Company intends to allocate proceeds within 24 months of each issuance. Pending full allocation, proceeds will be held in cash reserves. This is in line with market practice.



REPORTING Northland Power intends to report on the allocation of proceeds on its website annually. Allocation reporting will include a list of eligible projects, amount of proceeds allocated by project category, and the balance of any unallocated proceeds. In addition, the company is committed to impact reporting on relevant metrics. Sustainalytics views the allocation and impact reporting as aligned with market practice.

EU Taxonomy

Sustainalytics has assessed Northland's Green Finance Framework for alignment with the EU Taxonomy. The criteria defined in the Framework's use of proceeds category map to five activities in the EU Taxonomy. Sustainalytics is of the opinion that all the activities align with the applicable Technical Screening Criteria (TSC) and partially align with the Do No Significant Harm (DNSH) Criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

¹ This document is a third update of the Second-Party Opinion originally published on 9 May 2023. In July 2023, Northland engaged Sustainalytics to assess its revised Green Financing Framework. Additions were made to the financing instruments, in particular, letters of credit. The scope of Sustainalytics' update consists of assessing alignment with the 2021 Green Bond Principles and 2023 Green Loan Principles and assessment of additional EU Taxonomy activities.

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Introduction

Northland Power Inc. ("Northland", or the "Company") is a global power producer dedicated to producing energy from clean and renewable resources. Northland develops, builds, owns and operates power infrastructure assets in several regions, including North America, Europe, Asia and Latin America. Northland's facilities generate electricity from natural gas or use renewable sources, such as wind, solar and green hydrogen. Established in 1987, Northland is headquartered in Toronto, Canada, has global offices in eleven countries, and employed over 1,300 people as of the end of 2022.² The Company derives most of its revenue from the sale of electricity under long-term agreements with credit-worthy counterparties.

Northland has developed the Northland Power Green Financing Framework (the "Framework") under which Northland or its subsidiaries or special-purpose vehicles³ intend to issue green bonds, loans⁴ and other financing instruments,⁵ including letters of credit, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to enable decarbonization of the energy sector. The Framework defines eligibility criteria in the area of Renewable Energy.

Northland engaged Sustainalytics to review the Framework, updated in August 2023, and provide an updated second-party opinion^{6,7} on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁸ and the Green Loan Principles 2023 (GLP).⁹ The Framework has been published in a separate document.¹⁰

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent¹¹ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The Use of Proceeds criteria alignment with the EU Taxonomy Climate Delegated Act; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Northland's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Northland representatives have confirmed (1) they understand it is the sole responsibility of Northland to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with

² Northland Power, Fact Sheet, at: <https://www.northlandpower.com/en/investor-centre/investor-fact-sheet.aspx>

³ Northland has communicated to Sustainalytics that it will have operational control over the issuance process of its subsidiaries and special-purpose vehicles as it pertains to any financings under the Northland Power Green Financing Framework. The Company has further confirmed that it will be responsible for ensuring continual alignment of any issuances with the criteria defined in the Framework.

⁴ Northland has confirmed that it does not intend to issue or obtain revolving credit facilities or multi-tranche loans under the Framework.

⁵ Sustainalytics has reviewed the criteria for just those debt financial instruments that are specified in the Framework.

⁶ The original Second-Party Opinion was published on January 25, 2021 and is available at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/northland-power-green-financing-framework-second-party-opinion.pdf?sfvrsn=bcef64d7_3

⁷ An updated Second-Party Opinion was published on December 7, 2021 and is available at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/northland-power-inc/northland-power-green-financing-framework-second-party-opinion-update-\(2021\)/northland-power-green-financing-framework-second-party-opinion-update-\(2021\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/northland-power-inc/northland-power-green-financing-framework-second-party-opinion-update-(2021)/northland-power-green-financing-framework-second-party-opinion-update-(2021))

⁸ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

⁹ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

¹⁰ The Northland Power Green Financing Framework is available on Northland's website at: <https://www.northlandpower.com/en/about-northland/sustainability.aspx>.

¹¹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Northland.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Northland is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond, letters of credit, and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Northland has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Northland Power Green Financing Framework

Sustainalytics is of the opinion that the Northland Power Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of Northland's Green Finance Framework:

- Use of Proceeds:
 - The eligible category, Renewable Energy, is aligned with those recognized by the GBP and GLP.
 - The Framework defines a look-back period of 36 months for refinancing of eligible projects with the exception of CAPEX associated with existing long-life projects which will have no specific look-back period. This is in line with market expectations.
 - Northland will invest in the development, construction or installation of the following projects:
 - i) offshore and onshore wind power projects;
 - ii) solar photovoltaic projects;
 - iii) green hydrogen and ammonia production using electrolysis powered by renewable sources, with emissions intensity below $3tCO_2e/tH_2$; and
 - iv) installation of batteries and other types of storage to store energy from the above-mentioned renewable sources.
 - In addition to expenditures for new projects, Northland may consider investing in capital upgrades, maintenance and enhancements of the eligible projects.
 - Northland may also use proceeds to refinance corporate and/or project debt associated with existing eligible projects.
 - Sustainalytics considers investments in this category to be in line with market expectations.
- Project Evaluation and Selection:
 - Northland's cross-functional Investment Committee will be responsible for identifying and evaluating new projects that fit the eligibility criteria outlined in the Framework. Furthermore, the Company's operation and asset management group will oversee expenditures pertaining to upgrades, enhancing performance and/or extending the useful life of existing assets. Northland's ESG Steering Committee, which has an overarching responsibility to oversee all ESG related issues, will provide the final decision on project selection.

- For all new projects contemplated, 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 during due diligence, design, engineering and procurement. In addition, 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. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectations. For additional detail see Section 2.
- Based on the presence of a dedicated committee with defined identification and approval process for selecting eligible projects, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Proceeds raised under the Framework will be deposited to Northland's operating account or to the account of a subsidiary in the case of issuances by that entity. The allocated and unallocated proceeds will be tracked and monitored by Northland's Global Treasury team and reported to the ESG Steering Committee.
 - Northland commits to allocating proceeds within 24 months of the issuance of green bonds or letters of credit, and obtaining loans. Pending full allocation, unallocated proceeds will be held in cash reserves and managed in accordance with the Company's cash management policies and investment mandates.
 - Based on its fund allocation process, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Northland will report annually on its website,¹² its information on project allocation and impact metrics. Allocation reporting will provide information on the eligible project portfolio such as a list of eligible projects, the amount of proceeds allocated, letters of credit issued by project category, and balance of unallocated proceeds.
 - Impact reporting will include a description of eligible projects, methodology and assumptions used to evaluate the impacts and impact metrics such as installed net renewable energy capacity (MW), renewable energy production (MWh), expected GHG reduced and/or avoided (tonnes of CO₂ emissions) and expected energy efficiency savings (kWh).
 - Based on the above, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Northland Power Green Financing Framework aligns with the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with each of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Technical Screening Criteria
 - The criteria defined in one eligible category of the Framework was mapped to five activities of the EU Taxonomy and were assessed as aligned with the applicable Technical Screening Criteria of the EU Taxonomy.
2. "Do No Significant Harm" Criteria
 - The five activities assessed have a total of eighteen individual DNSH criteria (across all environmental objectives) applicable to them and are aligned with three, partially aligned with fifteen, and not aligned with none of those individual DNSH criteria.
3. Minimum Safeguards
 - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.

¹² Northland Power Inc, at: www.northlandpower.com

- For Sustainalytics' assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of the Framework with the applicable Technical Screening Criteria and DNSH criteria of the EU Taxonomy.

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

EU Activities as per the Framework Criteria	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	SC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Electricity generation from wind power	■	□	■	□	■	□	-	□
Electricity generation using solar photovoltaic technology	■	□	■	□	-	□	-	□
Storage of electricity	■	□	■	□	-	□	-	□
Manufacture of hydrogen	■	□	■	□	□	-	■	□
Storage of hydrogen	■	□	■	□	-	□	■	□

Legend	
Aligned	■
Partially aligned	□
Not aligned	⊗
No applicable DNSH criteria for this Objective and/or Activity	-
Grey shading indicates the primary EU Environmental Objective	

* The EU Taxonomy has not yet defined SC criteria for environmental objectives other than Climate Mitigation and Climate Adaptation. In cases where an activity of the Framework has the intent of advancing a different objective, Sustainalytics has assessed alignment against the DNSH criteria for all six objectives.

Section 2: Sustainability Performance of Northland/ Sustainability Strategy of Northland

Contribution to Northland Power Inc.'s sustainability strategy

Sustainalytics is of the opinion that Northland demonstrates a strong commitment to sustainability, noting that Northland's business is based on the development and operation of clean energy facilities. The Company describes its vision "be a top clean and green developer, constructor, owner, and operator of sustainable infrastructure assets".¹³

Northland has set goals across its business activities to improve the performance on its environmental, social and governance performance. Northland's environmental goals are focused on the following: i) leading and innovating the de-carbonization shift; ii) harnessing climate change opportunities through the ownership and development of renewable energy projects; and iii) managing shared resources.¹⁴

¹³ Northland Power Inc., "2022 Annual Report", at: <https://www.northlandpower.com/en/resources/Corporate%20Reports/NPI-2022-Annual-Report-FINAL.pdf>

¹⁴ Northland Power Inc., "2021 Sustainability Report", at: <https://www.northlandpower.com/en/resources/Sustainability%20Report/Northland-Power-Sustainability-Report-2021-web.pdf>

In 2021, 64% of Northland's power generation was from renewable sources, avoiding 2.4 million tonnes CO₂e of GHG emissions.¹⁵ Northland's objective is to achieve a 65% reduction in GHG emissions from power generation by 2030 from a 2019 baseline.¹⁶ To complement its efforts to mitigate emissions and monitor environmental impact, Northland also undertakes habitat restoration and clean-up drives in the areas it operates.¹⁷

Sustainalytics is of the opinion that Northland's commitments in the Framework is aligned with the Company's overall sustainability strategy and initiatives and will support the Company's progress on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

While the net proceeds from green instruments issued under the Framework will be directed towards eligible projects that are anticipated to have positive environmental impact, Sustainalytics recognizes that activities related to the development of energy infrastructure could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include impact on local habitats and biodiversity, waste management, workplace health and safety and community relations, particularly those pertaining to indigenous rights.

Sustainalytics is of the opinion that Northland is able to manage and mitigate potential risks through implementation of the following:

- Northland's ESG and development teams identify and assess social and environmental risks during each stage of a project's lifecycle. During the construction and operations phase, on-site environment and health and safety managers ensure ongoing monitoring, mitigation and reporting on ESG performance and incidents.¹⁸
- To address environmental risks related to local habitats and biodiversity, Northland conducts environmental impact assessments and develops a plan for biodiversity protection prior to selecting and developing a project site. During operations, Northland's environmental management teams monitor the project sites to support and ensure the long-term sustainability of wildlife populations and ecosystems. Northland also partners with local, non-governmental, academic and government organizations, to support research programs to protect and manage ecosystems. The Company also undertakes habitat restoration activities in the areas surrounding its project sites.^{19,20}
- The Company has adopted an Environmental Policy that requires it to design, construct and operate its facilities in compliance with the applicable environmental legislations, including those related to waste management.²¹
- To address workplace health and safety related risks, Northland has established a Health and Safety Management System that provides targets for all of Northland's international offices and facilities to monitor, evaluate and report on their health and safety performance. The Company has established a Global Risk Management Program under which it monitors and manages common workplace hazards and risks and ensures compliance with regional laws, regulations and industry best practices. In order to manage risks pertaining to non-routine tasks, Northland's team uses a Job Hazard Analysis, a technique to identify hazards, assess risks and develop methods to mitigate these risks.^{22,23}
- Regarding community relations and indigenous rights related risks, At the launch of each project, Northland identifies its stakeholders in order to understand the customs and practices of the local communities within which it operates. The Company undertakes community consultations at the project proposal stage and commits to having open and transparent communication throughout construction and operations. Northland's onsite development teams also undergo training for cultural sensitivity to improve communication with local communities and Indigenous groups. Northland has formed partnerships with several Indigenous communities in the regions that it

¹⁵ *Ibid.*

¹⁶ Northland Power Inc., "2022 Sustainability Report", at: <https://www.northlandpower.com/en/resources/Sustainability%20Report/Northland-Power-2022-Sustainability-Report-web.pdf>

¹⁷ *Ibid.*

¹⁸ Northland Power Inc., "Green Financing Framework"

¹⁹ Northland Power Inc., "Environmental Policy", at: <https://www.northlandpower.com/en/about-northland/policies.aspx>

²⁰ Northland Power Inc., "2022 Sustainability Report", at: <https://www.northlandpower.com/en/resources/Sustainability%20Report/Northland-Power-2022-Sustainability-Report-web.pdf>

²¹ Northland Power Inc., "Environmental Policy", at: <https://www.northlandpower.com/en/about-northland/policies.aspx>

²² *Ibid.*

²³ Northland Power Inc., "Health and Safety Policy", at: <https://www.northlandpower.com/en/about-northland/policies.aspx>

operates; these partnerships provide direct economic benefits, labour and employment opportunities and support community programmes that have positive socio-economic impacts.^{24,25}

Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organisation's (ILO) declaration on Fundamental Rights and Principles at Work.

Human Rights and Labour Rights

Northland Power Inc. has implemented the following policies and procedures regarding human rights:

- Northland's Code of Business Conduct and Ethics outlines the Company's fundamental ethical principles.²⁶ This Code intends to promote integrity and ethical behaviour and deter wrongdoing among employees, officers, directors, consultants, and representatives of Northland. The Code also enforces compliance with local laws and regulation and provides mechanisms to report contraventions of the Code.
- Northland's Code, in addition to other policies, supports the Company's performance in areas of labour rights and human rights. As described above, Northland has a robust commitment to occupational health and safety through its Health and Safety Management System and Global Risk Management Program. Northland also has a Diversity Policy which promotes diversity and inclusion on its board of directors and in executive management.²⁷
- In addition, to ensure health and safety of its employees and contractors, the Company adheres to internationally recognized occupational health and safety standards, such as those of the International Organization for Standardization.²⁸ As part of its stakeholder engagement process, Northland habitually partners with local and indigenous communities to ensure that their needs are met and that their partnership leads to the long-term development of the communities within which it operates.²⁹

Sustainalytics has not detected involvement in any relevant controversies which would suggest that the above policies are not being implemented effectively. Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the Framework.

Anti-bribery and anti-corruption

Northland Power Inc. has implemented the following policies and procedures aimed at ensuring anti-bribery and anti-corruption:

- Northland has an Anti-Bribery/Anti-Corruption Policy (ABAC) through which it commits to compliance with applicable laws relating to bribery and corruption in the jurisdictions where the Company conducts business.³⁰ The ABAC policy applies to all of Northland and its affiliates including directors, officers and employees, as well as third parties, including agents, representatives, consultants and contractors. Northland has communicated that it provides annual ABAC training to its employees, who are required to certify on an annual basis that they have read, understood and will comply with the terms of the policy, as well as conducting background checks on third parties prior to engagement. Northland has further disclosed that, while undertaking non-recourse project debt to fund developments and acquisitions of

²⁴ Northland Power Inc., "Commitment to Local Communities and Indigenous People Policy", at: <https://www.northlandpower.com/en/about-northland/policies.aspx>

²⁵ Northland Power Inc., "2022 Sustainability Report", at: <https://www.northlandpower.com/en/resources/Sustainability%20Report/Northland-Power-2022-Sustainability-Report-web.pdf>

²⁶ Northland Power, Code of Business Conduct and Ethics, December 2020, at: <https://www.northlandpower.com/Accessible%20Files/Policies/Code%20of%20Business%20Conduct%20and%20Ethics%20-%20final.pdf>

²⁷ Northland Power, Diversity Policy, January 2021, at: https://www.northlandpower.com/Accessible%20Files/Policies/NPL_B_LG_009_Diversity%20Policy%202020_EN.pdf

²⁸ Northland Power Inc., "2022 Sustainability Report", at: <https://www.northlandpower.com/en/resources/Sustainability%20Report/Northland-Power-2022-Sustainability-Report-web.pdf>

²⁹ Ibid

³⁰ Northland Power, Anti-Bribery/Anti-Corruption Policy, December 2020, at: https://www.northlandpower.com/Accessible%20Files/Policies/NPL_B_LG_002_Anti-Bribery_Anti%20Corruption%20Policy%202020_EN.pdf

assets/projects, an additional layer of review is undertaken by independent advisors to ensure that contractors and suppliers comply with laws and requirements. Northland has also communicated that its corporate and local human resources teams consult with local legal counsel along with specialized advisors and consultants to ensure compliance with local requirements.

Sustainalytics has not detected involvement in any relevant controversies which would suggest that the above policies are not being implemented effectively. Sustainalytics is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Northland’s policies, guidelines, and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy’s Minimum Safeguards.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP and is focused on increasing renewable energy in the global energy mix.

Renewable energy’s contribution to achieving global climate goals

Drastic decreases to global emissions will be required to achieve the commitments of the Paris Agreement, specifically to limit global average temperature increases to well below 2°C and aim to limit the increase to 1.5°C.³¹ According to data from the World Bank, GHG emissions from electricity and heat production make up 49% of all fuel combustion.³² Therefore, increasing the share of renewable energy generation has the potential to have significant impacts in meeting climate goals. A study from the International Energy Agency and the International Renewable Energy Agency supports this assessment, estimating that 65-70% of worldwide primary energy demand would need to be met by low-carbon energy sources by 2050 in order to meet the 2°C target.³³ Although in 2021, renewable energy experienced strong growth worldwide, accounting for over 13% of global electricity generation,³⁴ this rate of deployment must be ramped up to meet international targets.

The global renewable energy capacity was over 3,000 gigawatts GW as of end of 2021³⁵. Northland can play a significant role in the future growth of renewable energy capacity, with 4 to 5 GW of renewable capacity under development. Sustainalytics is of the opinion that the renewable energy projects financed under the Framework have the potential to contribute to decarbonizing the electricity sector and thereby support global climate goals.³⁶

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Northland Power Green Financing Framework are expected to help advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Northland has developed the Northland Power Green Financing Framework under which Northland and its subsidiaries intend to issue green bonds, loans, and other financial instruments, including letters of credit and

³¹ European Commission, Paris Agreement, accessed in December 2020, at: https://ec.europa.eu/clima/policies/international/negotiations/paris_en

³² World Bank Group, CO2 emissions from electricity and heat production, 2014, at: <https://data.worldbank.org/indicator/EN.CO2.ETOT.ZS>

³³ IRENA, Global Renewables Outlook, 2020, at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Apr/IRENA_Global_Renewables_Outlook_2020.pdf

³⁴ Our world in data, How much of our primary energy comes from renewables, at: <https://ourworldindata.org/renewable-energy#how-much-of-our-primary-energy-comes-from-renewables>

³⁵ Our world in data, Installed global renewable energy capacity by technology, at: <https://ourworldindata.org/renewable-energy>

³⁶ IEA, Net Zero by 2050, at: <https://www.iea.org/reports/net-zero-by-2050>

use the proceeds to finance and refinance eligible renewable energy projects. Sustainalytics considers that the projects funded by the green bond and loan proceeds will contribute towards the decarbonization of the global energy sector.

The Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Northland has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Sustainalytics has assessed the Framework for alignment with the EU Taxonomy and mapped the criteria in the Framework's use of proceeds categories to five activities in the EU Taxonomy. Sustainalytics is of the opinion that all the activities are aligned with the applicable Technical Screening Criteria and partially aligned with the applicable DNSH criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics is confident that Northland is well positioned to issue green bonds and loans, and that the Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable Technical Screening Criteria to an environmental objective of the EU Taxonomy and the applicable Do No Significant Harm criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant with respect to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the EU Taxonomy. In other cases, some categories which are traditionally included in green bonds and loans may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

Table 2 below displays Sustainalytics' mapping process for this report.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the Technical Screening Criteria and the DNSH criteria is usually based on the specific criteria contained in the issuer's Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 2, above.)

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant technical screening criteria. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criteria (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Environmental Objective	Refer to Table
Renewable Energy	Expenditures and investments related to the development, construction, and installation of offshore wind	4.3 Electricity generation from wind power	D.35.11 F42.22	Mitigation	3
	Expenditures and investments related to the development, construction, and installation of onshore wind				

	Expenditures and investments related to the development, construction, and installation of Solar PV	4.1 Electricity generation using solar photovoltaic technology	D.35.11 F42.22	Mitigation	4
	Expenditures and investments related to the installation of long-term battery energy storage and other electricity storage applications	4.10. Storage of Electricity	-	Mitigation	5
	Expenditures and investments related to the development, construction, and installation of green hydrogen and ammonia production projects and assets from electrolysis using renewable energy	3.10. Manufacture of Hydrogen	C20.11	Mitigation	6
	Expenditures and investments related to the development, construction, and installation of green hydrogen and ammonia production projects and assets from electrolysis using renewable energy	4.12. Storage of Hydrogen	-	Mitigation	7

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the technical screening criteria for substantial contribution to an environmental objective and the DNSH for each relevant EU Taxonomy activity.

Table 3

Framework Activity assessed		Renewable Energy	
EU Taxonomy Activity		Electricity generation from wind power	
Corresponding NACE Code		D.35.11 and F42.22	
EU Technical Screening Criteria		Alignment	
<i>Mitigation</i>	<i>The activity generates electricity from wind power.</i>	<i>The Framework includes financing of onshore and offshore wind energy generation facilities, which is eligible by default.</i>	<i>Aligned</i>
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8		
Sustainable use and protection of water and marine resources	In case of construction of offshore wind, the activity complies with the requirements of Directive 2008/56/EC of the European Parliament and of the Council in relation to its Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and Commission Decision (EU) 2017/848239 in relation to the relevant criteria and methodological standards for that descriptor.	Northland has communicated that its offshore wind projects to date have been in jurisdictions which have strong regulatory requirements which focused on the protection of the marine environment. ³⁷ Northland aims to ensure that it complies with relevant requirements throughout its design, construction and operations stages. This compliance is achieved by hiring responsible contractors and maintaining active environmental monitoring of their activities by its staff. Northland has provided to Sustainalytics examples of projects where it conducts ecological monitoring across a range of areas and reports the results. ³⁸	Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	Northland considers land/water acquisition as a 'first priority' in all of its development activities and assessing the available land/water for environmental constraints is completed early by trained environmental specialists. Northland has communicated that during the early development stage of a project, it follows a systematic process where if a project is found to have a "fatal land use flaw", the Company will not pursue	Partially Aligned

³⁷ Northland's confirms all its assets and development efforts are concentrated in OECD countries, with the exception of Hai Long offshore wind projects in Taiwan.

³⁸ Gemini Wind Park, "Ecological Monitoring Reports", at: <https://geminiwindpark.nl/ecological-reports.html>

		<p>the project any further. If any constraints are found it will attempt to mitigate it through project design and specialized practices.</p> <p>Northland has communicated that being a long-term owner and operator of its facilities, it selects components and equipment from best-in-class equipment suppliers that is intended to last and perform throughout an asset's useful life. It also undertakes maintenance activities to meet useful life of assets.</p> <p>While not a commitment in policy, Northland will likely examine repowering/refurbishing/upgrading opportunities as assets approach end-of-life (e.g. repower a wind farm, or replace old solar panels with newer, more efficient models). If a project is to be dismantled, Northland has expressed that efforts will be made to maximize the amount recycled/re-used materials and minimize waste.</p>	
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>Refer to the assessment set out in Appendix 3, Table 9</p>		

Table 4

Framework Activity assessed		Renewable Energy	
EU Taxonomy Activity		Electricity generation using solar photovoltaic technology	
Corresponding NACE Code		D.35.11 and F42.22	
EU Technical Screening Criteria		Alignment	
Mitigation	The activity generates electricity using solar PV technology.	The Framework includes financing of solar power using solar PV technology, which is eligible by default.	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8		
Transition to a circular economy	The activity assesses availability of land, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<p>Northland considers land/water acquisition as a 'first priority' in all of its development activities and assessing the available land/water for environmental constraints is completed early by trained environmental specialists.</p> <p>Northland has communicated that during the early development stage of a project, it follows a systematic process where if a project is found to have a "fatal land use flaw", the Company will not pursue the project any further. If any constraints are found it will attempt to mitigate it through project design and specialized practices.</p> <p>Northland has communicated that being a long-term owner and operator of its facilities, it selects components and equipment from best-in-class equipment suppliers that is intended to last and perform throughout an asset's useful life. It also undertakes maintenance activities to meet useful life of assets.</p> <p>While not a commitment in policy, Northland will likely examine repowering/refurbishing/upgrading opportunities as assets approach end-of-life (e.g. repower a wind farm, or replace old solar panels with newer, more efficient models). If a project is to be dismantled, Northland has expressed that efforts will be made to maximize the amount recycled/re-used materials and minimize waste.</p>	Partially Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9		

Table 5

Framework Activity assessed		Renewable Energy	
EU Taxonomy Activity		4.10. Storage of Electricity	
Corresponding NACE Code		No dedicated NACE code	
<i>EU Technical Screening Criteria</i>		<i>Alignment</i>	
Mitigation	The activity is the construction and operation of electricity storage including pumped hydropower storage. Where the activity includes chemical energy storage, the medium of storage (such as hydrogen or ammonia) complies with the criteria for manufacturing of the corresponding product specified in Sections 3.7 to 3.17 of this Annex. In case of using hydrogen as electricity storage, where hydrogen meets the technical screening criteria specified in Section 3.10 of this Annex, re-electrification of hydrogen is also considered part of the activity.	Northland intends to finance the construction and operation of electricity storage. Furthermore, the battery chemical energy storage may include hydrogen and ammonia as the medium of storage where hydrogen is produced through water electrolysis. Therefore, this activity is in compliance with the technical screening criteria specified in Section 3.10.	Aligned
<i>DNSH Criteria</i>		<i>Alignment</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8		
Sustainable use and protection of water and marine resources	In case of pumped hydropower storage not connected to a river body, the activity complies with the criteria set out in Appendix B to this Annex. In case of pumped hydropower storage connected to a river body, the activity complies with the criteria for DNSH to sustainable use and protection of water and marine resources specified in Section 4.5 (Electricity production from hydropower).	Northland has confirmed that expenditure excludes pumped hydropower storage and therefore this criterion is not applicable.	N/A
Transition to a circular economy	A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.	Northland has communicated that it selects components and equipment from best-in-class equipment suppliers that is intended to last and perform throughout an asset's useful life. It also undertakes maintenance activities to meet useful life of assets. While not a commitment in policy, Northland will likely examine repowering/refurbishing/upgrading opportunities as assets approach end-of-life (for example, replacing old battery modules with newer, more efficient models). If a project is to be dismantled, Northland has expressed that efforts will be made to maximize the amount recycled/re-used materials and minimize waste. If dismantling was to be required, it is anticipated that decommissioning reserves or other costs would be contemplated in financial projections and the project plan.	Partially Aligned

Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9	
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Table 6

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	3.10. Manufacture of hydrogen		
Corresponding NACE Code	C20.11		
<i>EU Technical Screening Criteria</i>		<i>Alignment</i>	
Mitigation	<p>The activity includes manufacture of hydrogen and hydrogen-based synthetic fuels.</p> <p>The activity complies with the life-cycle GHG emissions savings requirement of 73.4% for hydrogen [resulting in life-cycle GHG emissions lower than 3tCO₂e/tH₂] and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94g CO₂e/MJ in analogy to the approach set out in Article 25(2) of and Annex V to Directive (EU) 2018/2001.</p> <p>Life-cycle GHG emissions savings are calculated using the methodology referred to in Article 28(5) of Directive (EU) 2018/2001 or, alternatively, using ISO 14067:2018 or ISO 14064- 1:2018.</p> <p>Quantified life-cycle GHG emission savings are verified in line with Article 30 of Directive (EU) 2018/2001 where applicable, or by an independent third party.</p> <p>Where the CO₂ that would otherwise be emitted from the manufacturing process is captured for the purpose of underground storage, the CO₂ is transported and stored underground, in accordance with the technical screening criteria set out in Sections 5.11 and 5.12, respectively, of this Annex.</p>	<p>Northland has confirmed that life cycle GHG emissions for hydrogen and hydrogen-based synthetic fuels will be lower than 3tCO₂e/tH₂.</p> <p>Northland has also confirmed that life -cycle GHG-emissions are calculated using the methodology referred to in Article 28(5) of Directive (EU) 2018/2001 or, alternatively, using ISO 14067:2018 or ISO 14064- 1:2018.</p> <p>Furthermore, the quantified life cycle GHG emission savings are verified in line with Article 30 of Directive (EU) 2018/2001 where applicable, or by an independent third party.</p> <p>Northland intends to focus on green hydrogen produced from water electrolysis and therefore CO₂ capture and storage is not applicable.</p>	Aligned
<i>DNSH Criteria</i>		<i>Alignment</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8		
Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix B to the Annex of the Climate Delegated Act.	<p>Northland has confirmed that an Environmental Impact Assessment is conducted at early development stages of each project.</p> <p>Northland considers land or water acquisition as a first priority in all of its development activities and ensures that the available land</p>	Partially Aligned

		<p>or water is assessed for environmental constraints by trained environmental specialists.</p> <p>Northland further has processes in place to conduct stakeholder consultations regarding water use prior to obtaining water permits, in accordance with local regulatory requirements and separately, in case there are no such requirements.</p>	
Pollution prevention and control	<p>The activity complies with the criteria set out in Appendix C to this Annex.</p> <p>Emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set out in the relevant best available techniques (BAT) conclusions, including:</p> <p>(a) the best available techniques (BAT) conclusions for the production of chlor-alkali and the best available techniques (BAT) conclusions for common wastewater and waste gas treatment/management systems in the chemical sector;</p> <p>(b) the best available techniques (BAT) conclusions for the refining of mineral oil and gas.</p> <p>No significant cross-media effects occur.</p>	<p>Northland states that it intends to focus on green hydrogen produced from water electrolysis. Therefore, the criteria in Appendix C is not applicable and the activity is in compliance with the emissions criteria.</p>	Aligned
Protection and restoration of biodiversity and ecosystems	<p>Refer to the assessment set out in Appendix 3, Table 9</p>		

Table 7

Framework Activity assessed	Hydrogen and Ammonia		
EU Taxonomy Activity	4.12. Storage of Hydrogen		
Corresponding NACE Code	No dedicated NACE code		
	EU Technical Screening Criteria		Alignment
Mitigation	<p>The activity complies with one of the following:</p> <p>(a) construction of hydrogen storage facilities;</p> <p>(b) conversion of existing underground gas storage facilities into storage facilities dedicated to hydrogen-storage;</p> <p>(c) operation of hydrogen storage facilities where the hydrogen stored in the facility meets the criteria for manufacture of hydrogen set out in Section 3.10. of the Annex of the Climate Delegated Act.</p>	<p>Northland confirmed that it complies with the following criteria:</p> <p>(a) construction of hydrogen storage facilities</p> <p>Northland states that it intends to focus on green hydrogen produced from water electrolysis.</p>	Aligned

<i>DNSSH Criteria</i>		<i>Alignment</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8		
Circular Economy	A waste management plan is in place and ensures maximal reuse, remanufacturing or recycling at end of life, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.	Northland has communicated that it selects components and equipment from best-in-class equipment suppliers that is intended to last and perform throughout an asset's useful life. It also undertakes maintenance activities to meet useful life of assets. While not a commitment in policy, Northland will likely examine repowering/refurbishing/upgrading opportunities as assets approach end-of-life (for example, replacing old battery modules with newer, more efficient models). If a project is to be dismantled, Northland has expressed that efforts will be made to maximize the amount recycled/re-used materials and minimize waste. If dismantling was to be required, it is anticipated that decommissioning reserves or other costs would be contemplated in financial projections and the project plan.	Partially Aligned
Pollution Prevention	In the case of storage above five tonnes, the activity complies with Directive 2012/18/EU of the European Parliament and of the Council.	Northland confirms that the activity complies with Directive 2012/18/EU of the European Parliament and of the Council, in case of storage above five tonnes.	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9		

Appendix 3: Criteria for “Do No Significant Harm” (DNSH) to Climate Change Adaptation and Protection and Restoration of Biodiversity and Ecosystems

Table 8

Criteria for DNSH to Climate Change Adaptation		
DNSH Criteria	Alignment	
<p>The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.³⁹ The assessment must be proportionate to the scale of the activity and its expected lifespan, such that:</p> <ul style="list-style-type: none"> for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. <p>The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under the Framework.</p> <ul style="list-style-type: none"> For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. 	<p>Northland’s projects have an expected lifespan of over 10 years. Northland conducts climate assessments on a project-by-project basis. Where applicable, Northland conducts climate change risk assessments to determine the potential impacts of a project.</p> <p>As a part of project selection process, Northland conducts thorough environmental impact assessments to identify risks associated with the surrounding area to identify environmentally sensitive vegetation, wildlife or other features and uses. In project development stage, Northland design their facilities that avoid disturbances to any environmentally sensitive species and work to revive and restore natural environments through activities such as replanting forested areas and grasslands. Northland has environment management plans in place to manage potential impacts throughout the project life cycle including stakeholder engagement.</p>	Partially Aligned

³⁹ The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU’s draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

Table 9

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
<i>DNSH Criteria</i>	<i>Alignment</i>	
<ul style="list-style-type: none"> • An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards. • Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. • For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented. 	<p>Northland has communicated to Sustainalytics that it conducts Environmental Impact Assessments at the early development stages of each project. However, Northland further commits to avoid or minimize the potential impacts/concerns during early development stages of its projects by making adjustments to the planned layout of the proposed project. Northland has communicated that “avoidance”, which refers to not undertaking the project, is one of the first approaches they take in case a negative impact or concern is raised during project development stage, followed by mitigation measures to minimize negative impacts where possible.</p> <p>Northland monitors impacts on biodiversity at certain projects sites. The Company participates in habitat restoration and/or compensation plantings for key habitat lost as a result of its developments. Measures include relocation of certain species of birds, providing habitat restoration and replacement, improving site vegetation to provide breeding habitat and movement corridors, and modifying construction schedules to avoid specific wildlife breeding seasons as well as use of specific technologies such as a bat deterrent system to minimize impact of its projects on wildlife. The Company has provided examples of the implementation and monitoring systems it has in place at specific sites and has communicated that these are indicative of the level of ambition the Company aims to take broadly across its project management.</p>	Partially Aligned

Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Northland Power Inc.
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Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Northland Power Green Financing Framework
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Review provider's name:	Sustainalytics
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Completion date of this form:	August 15, 2023
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Publication date of review publication:
Original publication date *[please fill this out for updates]*: May 09, 2023

Section 2. Review overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Process for Project Evaluation and Selection
 - Management of Proceeds
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones: EU GBS

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

Does the review include a sustainability quality score?

- Of the issuer
- Of the project
- Of the Framework
- Other (please specify):
- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY

Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:

Please review Evaluation Summary above.

Section 3. Detailed review

1. USE OF PROCEEDS

Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The eligible category for the use of proceeds – Renewable Energy – is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones. Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

Northland's Investment Committee will be responsible for identifying new eligible projects while its operations and asset management groups will identify expenditures related to upgrades and maintenance of assets. Final project selection will be made by Northland's ESG Steering Committee. Northland's company-level environmental and social risk mitigation processes are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

The proceeds raised under the Framework will be monitored by Northland's Global Treasury team and reported to the ESG Steering Committee. The Company intends to allocate proceeds within 24 months of each issuance. Pending full allocation, proceeds will be held in cash reserves. This is in line with market practice.

4. REPORTING

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

Northland Power intends to report on the allocation of proceeds on its website annually. Allocation reporting will include a list of eligible projects, amount of proceeds allocated by project category, and the balance of any unallocated proceeds. In addition, the company is committed to impact reporting on relevant metrics. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

