

Pathway to Emissions Reduction

Short Term – Present-2025

In the short term, Northland does not expect to see a significant difference between the two climate scenarios considered. We see a continued opportunity in increased demand for green and affordable energy.

During this time, increases to our renewable capacity will come from our onshore renewables projects. These projects include solar, onshore wind and battery storage. To reduce exposure and operational costs, we are also focused on reducing emissions at our offices and looking at efficiencies with both onshore vehicles and business travel.

We are working to ensure strong availability and minimal down time for our current assets, especially during high periods of productivity. This allows us to mitigate risks due to potential changes in weather patterns on an annual basis.

Onshore Renewables

Solar and Wind

Our goal is to strengthen and diversify our onshore renewables portfolio. Our primary targets include solar PV, energy storage, and onshore wind projects across Europe, North America, and Latin America. This technology allows for quicker turnaround times from development to operations, leading to an increase in our renewable generating capacity and cash-flows over the next three-to-five years.

Energy Storage

Energy storage is an emerging growth area for Northland. This new technology shifts energy from off-peak hours and supplies it back to the grid during on-peak hours to support energy reliability. This ability to ramp-up capacity far exceeds that of nuclear, hydroelectricity or natural gas.

We plan to use storage to build grid resilience, and to increase energy stability and security. This strategy allows for the development of more renewable projects that can integrate into the grid and support governments' environmentally sustainable ambitions.

Optimizing our Assets

We prioritize maintaining and optimizing our assets to maximize performance and outputs. In the short term, how our assets run affects their availability to generate energy. While short-term gains are important, our assets must also be viable past their planned lifecycle. We conduct regular maintenance and shutdowns to reach the full potential of our assets while ensuring they are built to last.

Our Gemini Offshore Wind Park was the first single-purpose offshore wind project to achieve ISO55001 certification. The facility has maintained its certification annually, integrating an ISO55001-certified Quality Management System and ISO45001 Health and Safety certification into



an Integrated Management System (IM). Our regulated utility Empresa de Energía Boyacá S.A. E.S.P's (EBSA) asset management system is certified in compliance with ISO55001.

Medium Term - 2025-2030

We see an opportunity in the industry due to an increased demand for renewable energy capacity coupled with larger-scale projects gradually coming online. Pending government and industry progress, we may begin to see varying risks and opportunities. These risks include those that apply to the short term, as well as additional risks and opportunities as outlined below.

In the medium term, Northland expects that significant increases to our renewable capacity will come from our offshore wind projects. We will also continue meeting the capacity needs of the communities where we operate by being a dispatchable provider of energy from efficient natural gas and continuing to build out our onshore renewable generation and storage capacity.

We can reduce our operating facilities' fuel consumption by re-imagining how we power offshore wind operation and maintenance vessels. We are exploring ways to reduce our Scope 3 exposures to capital goods to meet our targets and mitigate potential operational expenditure risks.

We expect to see, and will continue to monitor, global regulatory developments as part of our resilience strategy. We will also manage any financial and business risks associated with our activities.

We take preventative measures to anticipate the risks associated with greater physical changes caused by climate change. We optimize the physical resilience and site design of our offshore wind projects based on local climate data, including outlying trends. Operations teams monitor weather and expected generation on a regular basis. Northland mitigates these risks through its development and maintenance processes, and with the purchase of insurance and/or the inclusion of provisions under applicable construction agreements with contractors. For more information about insurance, please refer to the Risk Factors in the AIF.

Offshore Wind

Developing and executing offshore wind facilities is an important part of our growth strategy. These facilities hold vast potential and are free of the constraints found on land.

We are investing today in our offshore pipeline, which will come online over the medium term. These projects are capital intensive, come with significant development risks and take years to bring online, but can deliver significant increases to our renewable energy generation capacity. During the medium term, several projects are expected to become operational and capable of serving regional electricity needs.

Our offshore wind strategy focuses on developing strategic financial partnerships globally to enable the development of larger-scale projects. This means finding the right partners to bring into existing projects and new opportunities.

In this rapidly growing industry, we will stay committed to our ESG principles while we originate, secure, fund, and build sustainable offshore wind projects. We are committed to working with suppliers that share our principles, are fit for purpose, and are focused on ESG performance.

Long Term - 2030-2040

Over the long term, the High-Warming and Below

2°C scenarios begin to see real differences in risks and opportunities. Under a Below 2°C scenario in line with our business strategy, we continue to see opportunities that outweigh any increased risk of higher costs. We also continue to see some risk related to our natural gas exposure. We commit to reducing these emissions, especially over the long term.

Under a High-Warming scenario, our physical assets may experience greater impacts related to operational efficiency due to more warming days, as well as extreme weather events. These are not expected to have a significant impact on revenues.

Our long-term strategy to grow renewable energy capacity and reduce emissions and reliance on fossil fuels remains consistent. One key area of potential growth is around renewable fuels, including green hydrogen.

Scenario Analysis

Opportunities and Risks

In 2021, we performed qualitative screening and quantitative scenario analyses to identify physical and transitional risks, opportunities, and to assess our business resiliency. The qualitative screening identified specific risks and opportunities. The quantitative analysis assessed the total financial impact of the risks and opportunities under multiple scenarios.

Our goal was to understand how Northland would be affected under a High-Warming⁷ scenario. This includes the performance of real assets and financial returns. We also wanted to understand the financial impact on our business in a Below 2°C⁸ scenario. This analysis uses third party climate data to complement existing scenario analysis work being done for our long-term outlook.

High-Warming Scenario

Under a High-Warming scenario, there is little to no further action from governments, business, and society to reduce carbon emissions, leading to severe climate change impacts. This scenario helps us understand how to be more resilient long-term by assessing risks of potential damage to our assets. It also helps us see how changes in weather patterns and increased severity and frequency of storms could impact our assets' operating performance and integrity. Physical impacts were determined using high- and low-warming Intergovernmental Panel on Climate Change (IPCC) pathways, aligned with High-Warming and Below 2°C transition scenarios, respectively.

Physical risks from chronic weather changes affecting revenue

Changes in weather patterns may cause variability in production results. This risk impacts onshore renewables less, especially within the short term. There remains a risk to offshore operations within the medium and long term. This affects the revenue generated from these assets. While significant changes in mean wind speeds are not expected in the areas where we currently operate, increased variability is possible. Our current offshore wind facilities have already seen some significant variance in availability year-over-year.

Over the long term, longer periods of high-heat days could affect the functionality and efficiency at our solar projects and natural gas facilities. This would affect availability and generation. The effects of climate and severe weather events may also change energy demand patterns and market prices in the regions where we operate to the benefit or detriment of our financial results. We hope to mitigate these challenges in the long term through diversification of asset types (onshore and offshore) and of geographic location (e.g., a greater presence in Asia and the east coast of Scotland for offshore wind).

Physical risks due to acute weather changes affecting tangible assets – operational effectiveness and project timelines.

Over the long term, extreme winds and flooding from severe storms could result in 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's operations may rely on assets such as transmission grids, towers and substations owned and operated by third parties. These assets may also be adversely affected by extreme weather events and rising mean temperature, which we have little ability to control.

Similarly, Northland's operating and construction activities could be affected by the impact of extreme weather events on its supply chain. Based on current models used for this scenario, the possible effect on the business is minimal due to the diversification and locations of our current assets and pipeline as well as insurance (although this consideration was not included within the analysis).

Below 2°C Scenario

Under a Below 2°C scenario, sufficient action is taken by all players to achieve a low-carbon transition and reach Net Zero globally by 2050. This scenario helps us understand how Northland can capitalize on energy generation opportunities, while also considering risks. It helps us assess how a low-carbon transition could impact the demand for, and price of, our generated electricity, and the electricity distributed through our regulated utility. The scenario also explores how regional carbon pricing, based on both High-Warming and Below 2°C transition scenarios, could impact our operating costs.

Market opportunities with an impact on revenue

Northland's recent and expected short-term growth correlates to the increased demand for accessible and affordable green energy in new and existing markets. As governments and companies look to meet their Paris-aligned emissions targets, powering grids with green energy unlocks greater revenue from new and existing markets.

Reputational opportunities with an impact on financing – debt and equity capital

Institutional investors and global capital market participants are increasing capital allocation to climate-resilient and sustainable energy companies. We expect to benefit from this trend. Financial products, such as green bonds and other green financings, present additional financing opportunities for us in the future. This will be particularly true over the short and medium term but will continue into the long term as well.

Reputational opportunity with an impact on human capital – talent attraction and retention

Northland expects to continue attracting and retaining top talent. Our demonstrated climate resilience, focused growth and innovation in renewable energy, global presence, and track record help in this regard. Northland expects these advantages to support greater social capital opportunities, including new business and community partnerships. Our reputation will also help support our primary business of renewable energy development.

Market risk related to attracting specialized skills

Given the industry's growth and the relative newness of some green energy-generating technologies, finding and hiring properly trained workers can be a risk in the short and medium



term. Due to its global scope, Northland has access to a wider talent pool when looking to fill critical roles. We have expanded our mobility policy to ensure we can bring the right people to where they are needed most.

Policy and regulatory risks' impact on operational costs

We expect to see more changes in policies and regulatory requirements around carbon over the next few years. Carbon price increases could have an impact on operational costs. These include increased costs for materials and fuel, and increased carbon taxes. To the extent these changes impact Northland, the impacts would mostly be in relation to our natural gas assets, however currently most of these costs are absorbed by the offtakers. Our sites that rely on fuel generators, non-electrical vehicles, and non-renewable electricity are affected to a lesser extent. Under a stricter policy scenario, project development may also experience some risk through increased indirect cost of goods and services.