

Pattern Energy Operations LP
Green Financing Framework
July 2020

Overview

Pattern Energy Operations LP has designed this Green Financing Framework under which we can issue Green Bonds or Green Loans to finance or refinance renewable energy projects, helping us further our mission to transition the world to renewable energy. This framework is aligned with the International Capital Market Association (ICMA) Green Bond Principles 2018¹ and the Loan Syndications & Trading Association Green Loan Principles 2020², which promote integrity in the Green Financing markets through voluntary guidelines that recommend transparency, disclosure, and reporting.

Pattern Energy Operations LP is a wholly owned subsidiary of Pattern Energy Group LP (“Pattern Energy”). Pattern Energy is one of the world’s largest privately-owned developers and operators of wind, solar, transmission, and energy storage projects. Our operational portfolio includes 28 renewable energy facilities that use proven, best-in-class technology with an operating capacity of 4.4 GW in the United States, Canada, and Japan. We are guided by a long-term commitment to serve our customers, protect the environment, and strengthen our communities.

More information about our business and commitments to sustainably develop and operate renewable energy projects is available on www.patternenergy.com.

Use of Proceeds

We will allocate proceeds from our Green Financing for the refinancing of existing debt and repayment of revolver balances, each related to Eligible Green Projects. Any proceeds not used to refinance existing debt or repay revolver balances will be used for new investments in Eligible Green Projects until we have allocated all net proceeds.

Eligible Green Projects are defined as the following types of projects that provide environmental benefits, mainly by contributing to climate change mitigation:

- Development, construction, maintenance, or acquisition of wind energy projects;
- Development, construction, maintenance, or acquisition of solar energy projects;
- Development, construction, maintenance, or acquisition of renewable energy transmission lines; and
- Development, construction, maintenance, or acquisition of energy storage systems.

Our existing green bond, bank term loan, and revolver balances were used for investments in Eligible Green Projects, primarily the development, construction, and acquisition of wind energy facilities in the U.S. and Canada.

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² <https://www.lsta.org/content/green-loan-principles/>

Process for Project Evaluation and Selection

Our mission is to transition the world to renewable energy. Everything we do contributes to a larger vision of helping the world combat a changing climate by delivering renewable energy in a way that is economically, environmentally, and socially sustainable. In keeping with our commitment to build a sustainable company, we make decisions with long-term impacts in mind. It is our belief that actions yielding the best outcomes for the environment and the project area communities also make the most business sense.

Our executive leadership team, which is comprised of representatives from all areas of the company including development, finance, project and corporate operations, and investor relations and external affairs, is responsible for selecting investments that fit within our commitment to renewable energy. The Finance and Treasury team, in consultation with executive leadership, will be responsible for determining the allocation of the Green Financing proceeds to Eligible Green Projects within 18 months.

We have risk analyses, mitigation procedures and management systems in place to identify, assess and manage any potentially material environmental and social risks associated with the projects. We are dedicated to conducting our business consistent with the highest standards of business ethics, and our Code of Business Conduct and Ethics guides ethical decision-making across our enterprise. Details on our management approach and environmental, social, governance practices are available on our website under Sustainability.

Management of Proceeds

Our Finance and Treasury team will maintain a Green Financing Register to track the allocation of the net proceeds to Eligible Green Projects. Pending the allocation, we will invest the balance of the net proceeds, at our own discretion, in cash or cash equivalents or other short-term marketable instruments, or repay existing liabilities, consistent with our liquidity management practices.

Reporting

We will publish annual updates on our website with respect to the use of proceeds and allocation to Eligible Green Projects until such time as the net proceeds have been fully allocated to Eligible Green Projects. These updates will include a list of the Eligible Green Projects to which Green Financing proceeds have been allocated, a brief description of such projects, amounts allocated, and the total remaining funds that have not yet been allocated. The updates will also include, where applicable, a breakdown of the proceeds allocated towards refinancing of existing debt obligations and investments in new Eligible Green Projects.

Where feasible, the update will include qualitative and quantitative environmental performance indicators and impact metrics, such as total electricity generation, greenhouse gas emissions avoided, number of people provided with access to clean power, and other environmental benefits.