

**TerraForm Power, Inc.**  
**Green Finance Framework**  
**May 2020**

**Background**

TerraForm Power, Inc. (together with its subsidiaries, “TerraForm Power” or the “Company”) is the owner and operator of a best-in-class, 4,200+ MW renewable power portfolio of solar and wind assets located primarily in North America and Western Europe. TerraForm Power is listed on the Nasdaq Stock Market (Nasdaq: TERP) and is sponsored by Brookfield Asset Management Inc., a leading global alternative asset manager with more than \$540 billion of assets under management. TerraForm Power is committed to providing sustainable energy generation solutions, building and maintaining trust in local communities, and operating our business in a prudent and responsible manner.

The TERP Green Finance Framework describes the approach of TerraForm Power Inc., its subsidiaries and successors for issuing green debt instruments in various formats to finance and/or refinance investments in renewable energy (collectively referred to as TERP Green Bonds and Green Loans). TERP Green Bonds and Green Loans will provide investors and lenders with an opportunity to access a broad range of green debt instruments that contribute to climate change mitigation.

This Framework is aligned with the ICMA Green Bond Principles<sup>1</sup> and the LMA – APLMA - LSTA Green Loan Principles<sup>2</sup> and it addresses the four core components of these Principles and their recommendations on the use of external reviews.

- I. Use of proceeds
- II. Project selection and evaluation process
- III. Management of proceeds
- IV. Reporting

**I. Use of proceeds**

An amount equal to the net proceeds from TERP Green Bonds and Green Loans will be allocated to finance or refinance projects (“Eligible Projects”) that will generally fall into the categories outlined in the table below (“Eligible Categories”).

The look-back period for Eligible Projects will be up to 24 months prior to the date of issuance.

Area	Description	Eligible Categories
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<sup>1</sup> [International Capital Markets Association, “The Green Bond Principles 2018”](#)

<sup>2</sup> [Loan Syndications and Trading Association, “Green Loan Principles”](#)

Renewable Energy Generation	Investments that help supply energy from renewable and low carbon sources	<ul style="list-style-type: none"> <li>• Solar Energy <ul style="list-style-type: none"> <li>- Construction of new solar energy facilities</li> <li>- Maintenance, refurbishment or repowering of existing solar energy facilities</li> <li>- Acquisition of solar energy facilities or businesses</li> </ul> </li> <li>• Wind Energy <ul style="list-style-type: none"> <li>- Construction of new wind energy facilities</li> <li>- Maintenance, refurbishment or repowering of existing wind energy facilities</li> <li>- Acquisition of wind energy facilities or businesses</li> </ul> </li> </ul>
Energy Efficiency and Management <sup>3</sup>	Investments that help reduce energy consumption or help manage and store energy	<ul style="list-style-type: none"> <li>- Industrial efficiency</li> <li>- Climate change and eco-efficient products, production technologies and processes</li> <li>- Energy storage technologies or assets</li> </ul>

## II. Process for Project Selection and Evaluation

TerraForm Power’s Corporate Development and Capital Markets team is responsible for determining if a project is an Eligible Project. The team will verify the suitability and eligibility of such investments in collaboration with internal experts and stakeholders. Eligibility of investments will be evaluated based on several criteria, such as financial, technical/operating, market, legal and environmental, social and governance (“ESG”) risks. In addition, TerraForm Power’s Code of Business Conduct and Ethics <sup>4</sup>, Anti-Bribery and Corruption Policy <sup>5</sup> and Health, Safety, Security and Environmental Policy<sup>6</sup> set forth principles to guide behavior and standards that must be adhered to for all investments.

## III. Management of Proceeds

The proceeds of TERP Green Bonds and Green Loans will be managed according to TerraForm Power’s usual cash management policies and this may vary based on the type and format of the debt financing instruments and agreements with the lenders or counterparts. The proceeds once received will be fully allocated to the eligible projects within a period of 24 months. The Company will establish a Green Finance Register to record on an ongoing basis the allocation of an amount equal to the net proceeds of TERP Green Bonds and Green Loans to Eligible Projects.

## IV. Reporting

<sup>3</sup> Energy efficiency projects will be ancillary services as part of larger renewable offerings and will be limited to 5% of TerraForm Power’s cash flows.

<sup>4</sup> [TerraForm Power, Inc - Code of Business Conduct and Ethics](#)

<sup>5</sup> [TerraForm Power, Inc - Anti-Bribery and Corruption Policy](#)

<sup>6</sup> [TerraForm Power, Inc - Environmental Policy](#)

### *Allocation Reporting*

TerraForm Power will provide annual updates to investors on its website or in its financial statements. The updates will contain information on TERP Green Bonds and Green Loans, including amounts allocated to Eligible Projects and the balance of unallocated proceeds. The Company will incorporate the allocation of proceeds by Eligible Category and, where feasible, provide examples of Eligible Projects until all proceeds have been allocated.

### *Impact Reporting*

Where feasible, TerraForm Power will report annually to investors on its website or in its financial statements on qualitative and quantitative impact indicators. Examples of impact indicators that may be included are:

- Installed capacity
- Renewable energy production
- Greenhouse gas emissions reduced and/or avoided

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*Disclaimer: This Green Finance Framework is not an offer of, or invitation to apply for, or a recommendation to buy securities to any person in any jurisdiction. Any offers or invitations to apply for securities will be made only in accordance with all applicable laws.*

