

**Pattern Energy Group Inc.**  
**Corporate Governance Guidelines**

Adopted August 3, 2017

**1. Size and Composition of the Board and Board Membership Criteria; Director Qualifications**

The Nominating, Governance and Compensation Committee of Pattern Energy Group Inc. (the “**Company**”) shall recommend to the Board of Directors (the “**Board**”) criteria for Board membership, which shall include the criteria set forth in these Corporate Governance Guidelines, and shall recommend individuals for membership on the Company’s Board of Directors. In making its recommendations, the Nominating, Governance and Compensation Committee shall:

- review candidates’ qualifications for membership on the Board (including making a specific determination as to the independence of the candidate) based on the criteria approved by the Board (and taking into account the enhanced independence, financial literary and financial expertise standards that may be required under law or Nasdaq rules for audit committee membership purposes);
- evaluate current directors for re-nomination to the Board; and
- periodically review the composition of the Board in light of the current challenges and needs of the Board and the Company, and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience.

The Nominating, Governance and Compensation Committee considers not only an individual’s qualifications, performance and professional responsibilities, but also the then composition of the Board and the challenges and needs of the Board at that time. The Nominating, Governance and Compensation Committee also considers the impact of any change in the principal occupation of existing directors. The Committee reports to the full Board its conclusions and recommendations for nominations to the Board.

*Board Size*

The Board will have 7 members, consistent with the Company’s by-laws. Although the Board considers its present size to be appropriate, it may consider expanding its size to accommodate its needs or reducing its size if the Board determines that a smaller Board would be more efficient. The Nominating, Governance and Compensation Committee shall periodically review the size of the Board and recommend any proposed changes to the Board.

*Independence*

A majority of the Board shall be comprised of directors meeting the independence requirements of the Nasdaq Stock Market Rules and Canadian securities laws at a minimum. The

Board shall make an affirmative determination at least annually as to the independence of each director.

#### *Term Limits and Retirement Age*

A director should not be renominated after 10 years of service or nominated or renominated if he or she is 75 years old or older. However, it is the policy of the Board to avoid a fixed mandatory term limit or fixed retirement age, and the Board reserves discretion to nominate or renominate such a director on a case by case basis where it determines that it is in the best interests of the Company to do so.

#### *Employee Directors*

Employee directors may no longer serve on the Board upon resignation (as an employee), retirement or a change in position if such change results in the employee no longer being an executive, other than the Chief Executive Officer (“CEO”). Upon resignation, retirement, or change in position of the CEO, the CEO may continue to serve on the Board if the Nominating, Governance & Compensation Committee shall recommend for Board approval such continued Board service

#### *Simultaneous Service on Other Public Company and Other Boards*

A director must notify the Chair of the Nominating, Governance and Compensation Committee prior to accepting any invitation to serve on another public or private company board, or with a government or advisory group, in order for the Company to confirm the absence of any actual or potential conflict of interest. In addition, a director must notify the Chair of the Nominating, Governance and Compensation Committee prior to accepting any invitation to serve on a not-for-profit/tax-exempt board in order for the Company to confirm the absence of any actual or potential conflict of interest and if such service is expected to require significant commitments of time.

An independent director may not serve on the board of Pattern Energy Group Holdings LP.

A non-employee director may not serve on more than 4 public company boards, including the Company’s Board, and a non-employee director who is also the chief executive officer of another public company may not serve on more than 3 public company boards, including the Company’s Board.

Employee directors may not serve on more than 2 public company boards, including the Company’s Board.

#### *Changes in Primary Employment*

If a director significantly changes his or her primary employment during his or her tenure, that director must offer to tender his or her resignation to the Nominating, Governance and Compensation Committee. The Nominating, Governance and Compensation Committee

shall evaluate the continued appropriateness of Board membership under the new circumstances and make a recommendation to the Board as to any action to be taken with respect to such offer.

### *Conflicts of Interest*

Except for such matters that are specifically designated for the review of the Conflicts Committee, if an actual or potential conflict of interest develops because of a change in the business of the Company, or in a director's circumstances (for example, significant and ongoing competition between the Company and a business with which the director is affiliated), the director should report the matter immediately to the Chair of the Nominating, Governance and Compensation Committee for evaluation and appropriate resolution.

If a director has an interest in a matter before the Board, the director shall disclose the interest to the full Board, shall recuse himself or herself from participation in the discussion and shall not vote on the matter, unless otherwise permitted by the Conflicts Committee of the Board.

### *Stock Ownership*

The Board believes that directors should hold meaningful equity ownership positions in the Company. Until our independent directors have accumulated shares with a market value equal to three times such director's annual retainer (which shall include each board member's base annual retainer amount and the board chair's incremental retainer, but not the committee chairs' incremental retainers or the per meeting fees), a minimum of sixty-five percent (65%) of such annual retainer will be payable in the form of Class A common shares or Restricted Stock Units of the Company in lieu of cash.

## **2. Director Responsibilities**

The Board acts as the ultimate decision-making body of the Company and advises and oversees management, who are responsible for the day-to-day operations and management of the Company. In fulfilling this role, each director must act in what he or she reasonably believes to be in the best interests of the Company and must exercise his or her business judgment.

### *Participation at and Preparation for Board Meetings*

The Company expects directors to be active and engaged in discharging their duties and to keep themselves informed about the business and operations of the Company. Directors are expected to attend all Board meetings and the meetings of the committees on which they serve and to prepare themselves for these meetings. Directors are also expected to attend the Company's annual meeting with shareholders.

In order for the Board to exercise fully its oversight functions, to the extent possible, management provides the Board with access to information regarding the Company and the markets in which the Company operates. This information comes from a variety of sources, including management presentations and reports about the performance and operations of the business, security analysts' reports, competitive and peer companies' information, interaction with senior management at Board meetings and visits to Company facilities. Any written materials that assist directors in preparing for a Board or committee meeting shall be distributed

to the directors in advance of the meeting, to the extent possible, and directors are expected to review such materials prior to the meeting.

### *Company Performance and Corporate Strategy*

The Board reviews the Company's financial performance on a regular basis at Board meetings and through periodic updates, with a particular focus on peer and competitive comparisons. These reviews include the views of management.

The Board also conducts an annual meeting to review and approve the Company's long-term strategy and assess its strategic, competitive and financial performance.

### **3. Board Agenda**

The Chair of the Board, in conjunction with the CEO, shall determine the frequency and length of Board meetings and shall set the agenda for each Board meeting. Board members are encouraged to suggest the inclusion of additional items on an agenda, and any director may request that an item be placed on an agenda.

### **4. Chair of the Board and CEO**

The Board believes it is important to retain its flexibility to allocate the responsibilities of the offices of the Chair and CEO in any way that is in the best interests of the Company at a given point in time. The Board may make a determination as to the appropriateness of its current policies in connection with the recruitment and succession of the Chair of the Board and/or the CEO.

### **5. Presiding Director**

The Board notes that all directors are elected by the shareholders and all have an equal voice. For so long as the Chair of the Board is an independent director, the Board does not believe it necessary to designate a lead director. The Chair of the Board and the CEO are free, as is the Board as a whole, to call upon any one or more directors to provide leadership in a given situation should a special need arise.

### **6. Meetings of Non-Management Directors**

The Company's non-management directors shall regularly schedule executive sessions in which management does not participate. If this group includes directors who are not considered independent, the independent directors must also meet in executive session at least once a year.

In the event the Chair of the Board is an independent director, such Chair shall preside over executive sessions. In the event the Chair of the Board is not an independent director, the non-management directors shall establish the procedure by which a presiding director is selected for each executive session. A method shall be established for interested parties to communicate directly with the Company's then presiding director or with the non-management directors as a group.

## 7. Board Committees

The Board shall have at all times an Audit Committee, a Nominating, Governance and Compensation Committee, and (until such time as the independent directors determine that it is no longer necessary or advisable to maintain a Conflicts Committee) a Conflicts Committee. Subject to any changes that the Board may make from time to time:

- the Audit Committee shall generally be responsible for overseeing the integrity of the Company's financial statements, its independent auditor, its internal audit function and compliance by the Company with legal and regulatory requirements;
- the Nominating, Governance and Compensation Committee shall generally be responsible for identifying qualified Board candidates, recommending director nominees and appointments to Board committees, evaluating Board performance, overseeing director and executive compensation and overseeing the Company's Corporate Governance Guidelines; and
- the Conflicts Committee shall generally be responsible for reviewing any transactions or agreements proposed to be entered into by the Company with Pattern Energy Group LP, Pattern Energy Group 2 LP and other transactions, agreements or other matters the Board determines involve a conflict of interest.

Each of the Audit Committee, Nominating, Governance and Compensation Committee, and Conflicts Committee shall operate pursuant to its own written charter. These charters shall, among other things, set forth the purpose, goals and responsibilities of the particular committee, the procedures for committee member appointment and removal and committee structure and operations, as well as reporting to the Board. The charters shall also provide for an annual evaluation of each committee's performance.

Only independent directors meeting the independence requirements of the Nasdaq and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* as may be amended from time to time, and, for audit committee members, Rule 10A-3 of the Securities Exchange Act of 1934 and any related rules promulgated by the Securities and Exchange Commission and National Instrument 52-110 - *Audit Committees*, may serve on these committees. Committee members shall be appointed by the Board based upon the recommendation of the Nominating, Governance and Compensation Committee. The Board may, from time to time, establish or maintain additional committees as it deems appropriate and in the best interests of the Company.

While the rotation of committee members at certain set intervals should be considered periodically, rotation is not required because the Board believes there are significant benefits attributable to continuity and experience gained in service on a particular committee over time.

## **8. Board Member Access to Management and Independent Advisors**

Board members shall have access to the management and employees of the Company and to its internal and outside counsel and auditors. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary.

Executive officers and other members of senior management are expected to be present at Board meetings at the invitation of the Board. The Board encourages senior management to make presentations and to invite to Board meetings managers and other employees who can provide additional insight into the items being discussed.

The Board and each of its committees in accordance with its charter is authorized to hire independent legal, financial or other advisors as they may consider necessary, without obtaining the approval of but with notice to management, for which the Company shall pay the fees and expenses.

## **9. Director Communications with Third Parties**

Unless otherwise indicated in these Guidelines or the Company's policies, all requests for communications with individual directors or the Board by shareholders, analysts, or media outlets shall initially be referred to the Corporate Secretary. Generally, management speaks for the Company, and the Chair speaks on behalf of the Board. Other communications between individual directors and interested parties may be held, at the request of the Board or the CEO and Chair.

## **10. Director Compensation**

The Nominating, Governance and Compensation Committee shall review and approve compensation (including equity-based compensation) for the Company's directors. In so reviewing and approving director compensation, the Nominating, Governance and Compensation Committee shall, among other things:

- identify corporate goals and objectives relevant to director compensation;
- evaluate the performance of the Board in light of such goals and objectives and set director compensation based on such evaluation and such other factors as the Nominating, Governance and Compensation Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation);
- determine any long-term incentive component of director compensation based on the awards given to directors in past years, the Company's performance, shareholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Nominating, Governance and Compensation Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation); and

- evaluate the possibility that directors' independence may be compromised or impaired for Board or committee purposes if director compensation exceeds customary levels, including if the Company makes substantial charitable contributions to an organization with which a director is affiliated.

## **11. Director Orientation and Continuing Education**

All new members of the Board are required to participate in the Company's orientation program for directors. The orientation program will include discussions with and presentations by senior management and visits to the Company's facilities, and provide new directors with a review of the Company's financial position, an overview of the industry in which the Company operates and competes and an introduction to the regulatory and legal environment that affects the Company's business, as well as governs directors' fiduciary duties.

All directors will be offered the opportunity, and are encouraged, to participate in continuing education programs with any associated expenses to be reimbursed by the Company.

## **12. Management Evaluation and Management Succession**

The Nominating, Governance and Compensation Committee shall evaluate the performance of the senior management of the Company and shall present its findings to the full Board. The Board shall review the Nominating, Governance and Compensation Committee's report in order to ensure that management's performance is satisfactory and that management is providing the best leadership for the Company in the long and short-term.

The Nominating, Governance and Compensation Committee shall review and report to the Board on the Company's succession planning, including succession planning in the case of the incapacitation, retirement or removal of the CEO. The CEO shall provide an annual report to the Nominating, Governance and Compensation Committee recommending and evaluating potential successors, along with a review of any development plans recommended for such individuals. The CEO shall also provide to the Board, on an ongoing basis, his or her recommendation as to a successor in the event of an unexpected emergency.

The Nominating, Governance and Compensation Committee shall review the compensation of the CEO, executive officers and directors.

## **13. Annual Performance Evaluation**

The Board, led by the Nominating, Governance and Compensation Committee, shall establish and conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The collective evaluation shall be presented by the Chair of the Nominating, Governance and Compensation Committee to the full Board for discussion. This process shall also include annual self-assessments by each Board committee, relying on a review process similar to that used by the Board.

#### **14. Evaluation of Individual Director Performance**

It is the policy of the Board to have the Nominating, Governance and Compensation Committee assess, on the basis of established criteria, the performance of each individual director standing for re-election at the next shareholders meeting. The established criteria address each director's core competencies, independence and level of commitment.

Adopted: October 2, 2013

Revised: October 30, 2013; July 21, 2015; March 9, 2016; August 3, 2017