

GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

Section 1. Basic Information

Issuer name:	Canadian Solar Infrastructure Fund, Inc.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Canadian Solar Infrastructure Fund, Inc. Green Finance Framework
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	May 11, 2020
Publication date of review publication:	May 11, 2020

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

Canadian Solar Infrastructure Fund, Inc. (CSIF) is an investment corporation listed on the Infrastructure Fund Market of the Tokyo Stock Exchange on October 30, 2017. CSIF intends to invest primarily in renewable energy power generating facilities (defined by the Japanese act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electric Utilities, Article 2, Paragraph 3), real estate and securities related to renewable energy generating facilities. The sponsor and the asset management company of CSIF are Canadian Solar Project K.K. and Canadian Solar Asset Management K.K., respectively.

As of February 2020, CSIF had photovoltaic power generation facilities with a capacity of 119.8 MW (panel-output) at 21 power plants throughout Japan. CSIF aims to contribute to the global environment by expanding the introduction of renewable energy in Japan and to contribute to the implementation of a sustainable society and the revitalization of local communities through collaboration with the Canadian Solar Group, centered by the Canadian Solar Inc. (CSI), a sponsor that covers a wide range of business fields in the solar power generation business under a vertically integrated model. This will be achieved through the creation of a value chain for renewable energy.

The scope of evaluation is the green finance framework ("the framework") established by CSIF to limit proceeds by bonds or loans to use of proceeds with environmental improvement effects. JCR evaluates whether the framework complies with the Green Bond Principles (2018 edition), the Green Loan Principles, the Green Bond Guidelines 2020 edition, and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines 2020 edition.

Under the framework, the proceeds will be allocated for new investments in and refinancing of solar projects (including solar power generation facilities and transmission lines to power plants) that have been or are scheduled to be acquired. JCR evaluates that the use of proceeds are green projects that contributes to the decarbonization of renewable energy, and that it has a high environmental improvement effect. When acquiring the power generation facilities, CSIF checks the expected negative environmental and social impacts of the project by the department which has technical experts after receiving a technical assessment report from a third party. If there is a risk, CSIF implements countermeasures. Through assessing the process described above, JCR evaluates that it is highly unlikely that the negative impacts will exceed the environmental improvement effects.

In CSIF, eligibility criteria and selection processes for green projects have been established. The proceeds will be allocated to eligible projects promptly. Funding allocation status and environmental improvement effectiveness reporting is scheduled to be published regularly. And KPIs related to environmental improvement are appropriate. CSIF's environmental initiatives are also being actively undertaken centered by CSAM and the Canadian Solar Group. Accordingly, JCR confirmed that the Canadian Solar Group has established an appropriate management and operation system and has a high degree of transparency in green finance.

As a result, based on the JCR Green Bond Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green 1 (F)" for "JCR Green Finance Framework Evaluation." JCR also evaluates that the framework meets the criteria for requirements under the Green Bond Principles, Green Loan Principles, Green Bond Guidelines and Green Loan Guidelines and Sustainability Linked Loan Guidelines.

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. The projects listed in the Framework as use of proceeds are renewable energy projects using solar power, and their environmental improvement effects are high.
- ii. The proceeds fall under the green category of "renewable energy" in the Green Bond Principles and Green Loan Principles, as well as of "renewable energy projects" in the Green Bond Guidelines and the Green Loan Guidelines and Sustainability Linked Loan Guidelines.

b. Negative impact on Environment

CSIF implements the processes to assess any business risks when acquiring solar power generation facilities. Among them, due diligence is conducted on the "risk of damage, loss or deterioration of assets under management due to accidents or disasters" which is considered to have a negative impact on the environment. Technical reports, reports on soil surveys, earthquake risk analysis reports, etc. shall be obtained, and risk verification shall be carried out on assessments of earthquake resistance performance and other situations of damage to assets in accidents or disasters. The Investment Management Department, which is in charge of CSAM as the asset management company, identifies risks that will raise negative environmental impacts; necessary measures shall be taken by internal or external experts in goals order to eliminate such negative impacts.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify) : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Company has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.

Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

JCR confirms that use of proceeds is for solar power generation projects (including solar power generation facilities and transmission lines to power plants) that have been or are scheduled to be acquired and will not be allocated for any other purpose.

Funds shall be managed in a particular account within CSIF and disbursed immediately for eligible projects. At the time of the expenditure, the approval of the general manager of the Financial Planning Department and the president of CSAM is made. These deposit and withdrawal procedures are subject to internal and external audits.

In general, funds procured are allocated on the same day, but in other cases, unallocated funds are managed in cash or cash equivalents.

Based on the above, JCR evaluates that fund management is highly appropriate and transparent.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |

☐ Disclosure of portfolio balance of unallocated proceeds

☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

The use of proceeds will be regularly disclosed on CSIF website (on a fiscal term basis). Disclosures are on projects and allocated amounts. CSIF shall document in contracts and other relevant documents that it shall repay the funds when it sells the properties financed by Green Finance. This rule is scheduled to be disclosed to investors in timely disclosure, financial results briefing materials, asset management reports, and other documents. JCR evaluates that the above disclosure items and rules are appropriate.

b. Impact reporting for environmental benefits

CSIF releases monthly reports on the following environmental benefits; power generated from owned solar power generation and its panel-output capacity on its website. JCR evaluates it appropriate since these disclosure items are quantitative indicators and straightforward to show the outcomes.

Use of proceeds reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Information reported:

☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other (please specify):

frequency:

☐ Annual

☒ Semi-annual

☐ Other (please specify):

Impact reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

frequency:

☐ Annual

☒ Semi-annual

☐ Other (please specify):

Information reported (expected or ex-post):

☐ GHG Emissions / Savings

☐ Energy Savings

☐ Decrease in water use

☒ Other ESG indicators (please specify):
Power Output and Capacity

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify):
Show on the website |
| <input type="checkbox"/> Reporting reviewed | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

ESG initiatives by CSIF	https://www.canadiansolarinfra.com/en/esg/external.html
JCR's website about green bond evaluation methodology	https://www.jcr.co.jp/en/greenfinance/

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: May 11, 2020

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

1. **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. 1.
2. **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.
3. **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.
4. **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.