

GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

Section 1. Basic Information

Issuer name:	Canadian Solar Dual Tenor Green Project Bond Trust (Fukuoka)
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Canadian Solar Dual Tenor Green Project Bond Trust (Fukuoka) Beneficial Interest
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	July 12, 2021
Publication date of review publication:	July 12, 2021

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 (<i>please specify</i>): | |

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

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

The Project Finance covers solar power generation projects (the "Project") conducted in Miyako Town, Fukuoka Prefecture. This project will be carried out in Miyako Town, Fukuoka Prefecture, and a Limited Liability Company (Godo Kaisha) (Project GK) will be established, and Project GK will carry out this project as an independent power producer.

Project GK receives capital contribution from silent partnership investors (no voting rights), General Incorporated Company (Ippan Shadan Houjin) (90% of voting rights), and Godo Kaisha (10% of voting rights). Due to the nature of the Silent Partnership, no instructions are given to Project GK by the Silent Partnership Investors. The percentage of voting rights of the Godo Kaisha with the project is 10%, and it cannot affect management. Therefore, Ippan Shadan Houjin (90% of voting rights) will have management control. The representative partner of the Ippan Shadan Houjin in the project is a third party with no interest in the scheme of this project. Project GK's generation facilities and other assets are managed by the Asset Manager (AM) and Canadian Solar Project (CSP), a subsidiary of Canadian Solar, Inc. (CSI), which is headquartered in Canada. As mentioned above, since the investor cannot influence the project under the scheme, the project will actually be operated by CSP, which is the AM of the project.

The subject of the evaluation is the trust beneficial interest (the Beneficial Interest) issued by the J Value Trust backed by the loan for the project. The main use of proceeds for the beneficial interest are the refinancing funds for land acquisition costs and for the construction of a solar power generation facility in Miyako Town, Fukuoka Prefecture. The funding ratio for refinancing and new construction is approximately 1:9. The solar power generation facilities is effective in reducing CO₂ and can be expected to improve the environment. Regarding the negative impact on the environment expected in the implementation of the project, JCR confirmed that appropriate countermeasures were taken.

CSP, the AM of this case, is a group company of CSI, and is engaged in the development of solar power plants in various parts of Japan as a developer of solar power plants. As a CSI group company, CSP conducts the development business of solar power generation facilities with the aim of contributing to the expansion of the popularization of renewable energy in our country and the realization of a sustainable environmental society. As mentioned above, JCR confirmed that the construction of the project by CSP was being developed based on appropriate procedures, and that appropriate measures were taken by the construction of the project for which there were concerns about negative impacts related to the environment caused by the landscape. Risks to earthquakes, windstorms, hazards, and other natural disasters are investigated, and it is confirmed that insurance is scheduled to be provided for anticipated risks. Consequently, the possibility of serious negative environmental impacts that exceed the benefits of environmental improvements is small, and JCR has evaluated it as a green project that greatly contributes to reducing CO₂ emissions.

As a group company of CSI, CSP confirms that it has a high-priority approach to environmental issues based on CODE OF BUSINESS CONDUCT AND ETHICS and environmental policies formulated by CSI. JCR also confirmed that the management and operation system for the Green Project, which will be the use of proceeds for the Trust Beneficial Interest, is stipulated in various contracts and is highly transparent.

As a result, based on the JCR Green Finance Evaluation Method, JCR assigns "g1" for the "Greenness Evaluation (Use of Proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation" for the beneficial Interest. Consequently, JCR assigns "Green 1" for the "JCR Green Bond Evaluation."

The Beneficial Interests are considered to meet the criteria for items required in the Green Bond Principles and the Green Bond Guidelines stipulated by the Ministry of the Environment.

<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. A substantial CO2 reductions can be expected as 100% of the proceeds will be used to finance the construction of new solar facilities and the refinancing of related funds.

- ii. The use of proceeds corresponds to "renewable energy" among the green businesses defined in the Green Bond Principles, and "renewable energy projects" among the green projects exemplified in the Ministry of the Environment's and Green Bond Guidelines.

b. Negative impact on Environment

The planned site of this project is the land that was previously used as trees, fields, houses, quarry sites, etc.

Construction work has been completed in the development of the project. In addition, an explanatory meeting has been held for local residents in the construction process, and CSP, the sponsor, has confirmed that the understanding of this project has been sufficiently obtained from local residents at this point in time. JCR confirmed that a part of the planned site of this project was designated as the soil and sand disaster special warning area and the soil and sand disaster warning area, but in the preparation of the site, it was banked and reinforced at the designated steep slope.

In the event of a sediment-related disaster, JCR confirmed that restoration costs, such as repairing and purchasing facilities, are scheduled to be covered by damage insurance and other means. Thus, the project site has been identified, mitigated, and managed for possible negative environmental 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 (<i>please specify</i>): |

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):

As previously discussed, the proceeds of the Beneficial Interest are expected to refinance the cost of related to the acquisition of land and the construction of the solar facilities in the future through a loan to Project GK. The ratio of refinancing and new construction is planned to be about 1:9.
Tracking management is not required because it is explicitly specified in the trust agreement for this matter that the proceeds of the Beneficial Interest will fund the refinancing of costs relating to land acquisition and future construction costs in connection with the construction of the solar facilities.
The deal until the Beneficial Interest has been issued and transferred to the investors are clearly defined in the trust agreement and the beneficial interest purchase and sales agreement. Therefore, JCR considered that controls are secured as long as businesses are conducted in accordance with the agreements.
The proceeds of the Beneficial Interest is expected to be used to refinance of land acquisition costs and new construction cost related to the solar facilities through Project GK, with the entire amount paid to the Trustee, J Value Trust, on the date of transfer of the Beneficial Interest. Loans from J Value Trust to Project GK are not made until the condition precedent are satisfied, and until then they are properly managed by J Value Trust. In addition, if the solar facilities subject to funding are repaid prior to the final repayment date, the Beneficial Interest is also redeemed in accordance with the pre-determined waterfall in the loan agreements and trust agreements to the Project GK. There is no required to be re-appropriated.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocation to individual disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Allocations to both existing and future investments
- Allocation to a portfolio of disbursements
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

The Proceeds are expected to be used to refinance the cost of acquiring land for the construction of the three solar facilities and to make new investments for the construction of the solar facilities. Funds raised in the beneficial interests are expected to be appropriated by September 2021. In advance, Goldman Sachs Securities Co., Ltd., the arranger, will explain the use of proceeds to investors through explanations of product content and other means.

With regard to the status of appropriation of funds, the total amount of funds raised by the entire project, the total amount of trust beneficiary rights and trust ABL, and the amount appropriated therefor, will be announced on the website and other pages on an annual basis. In the event of a major change in circumstances, such as the suspension or termination of a solar power project, which is subject to the use of funds prior to the end of the trust period for the Trust Beneficial Interests, disclosure is scheduled to be made to investors by J Value Trust, the lender to Project GK and the trustee for the Beneficial Interests.

b. Impact reporting for environmental benefits

The following items are scheduled to be disclosed on the website, etc. for reporting on the target assets of solar power generation facilities.

- Amount of power generated by the solar power project
 - Reduced CO2 Emissions from solar power projects
- JCR evaluates that the above reporting content is appropriate.

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

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify):
Show on the website
 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.)

In the Community with CSP	https://canadiansolar-energy.co.jp/en/social/
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:

- Second Party Opinion Certification
 Verification Scoring/Rating

Other (*please specify*):

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

Date of publication: July 12, 2021

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.