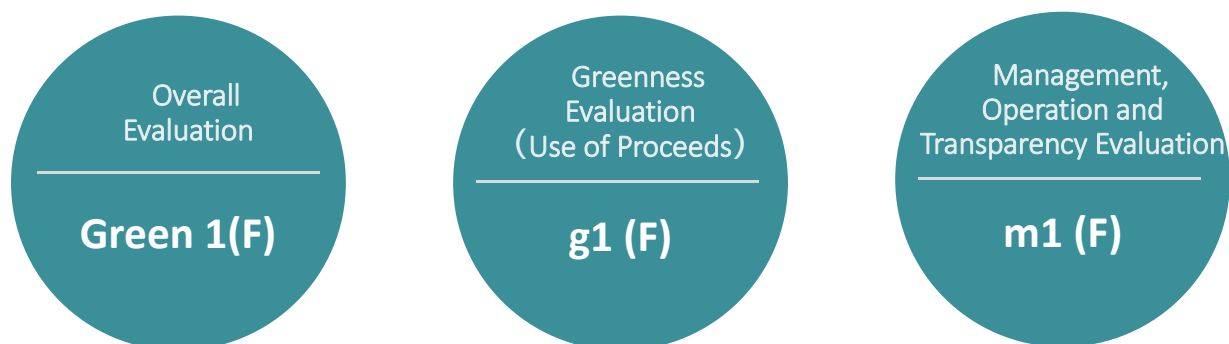


Japan Credit Rating Agency, Ltd. (JCR) announces the following Green Finance Framework Evaluation Results.

Canadian Solar Project Aurora

Green Finance Framework

Assignment



Issuer/Borrower	Canadian Solar Inc.
Subject	Canadian Solar Project Aurora Green Finance Framework

Evaluation Overview

▶▶▶ 1. Overview of Canadian Solar Inc.

Canadian Solar Inc. (hereinafter referred to as "CSI" or "the Company") (NASDAQ: CSIQ) is a global manufacturer of photovoltaic modules, founded in October, 2001 in Canada. The Company aims for a vertically integrated model in which its Group not only sells products in an integrated production in manufacturing but also develops/operates mega-solar power plants and Storage Battery Projects.

The Company recorded sales of US 7.468 billion (approximately JPY 980 billion) for the fiscal year ended December 2022. CSI consists of CSI Solar Department, which manufactures/ sells photovoltaic system and modules ad total system solution including inverter, photovoltaic power system kit and EPC services) and Recurrent Energy Department (former Global Energy Department),

which develops, constructs, operates, manages and sells solar power projects. Shipment of solar panels by CSI solar is 21.1GW, Shipment of Energy Storage is 1.8GWh (as of December 2022). The pipeline for solar power plant project is 25GWp, the pipeline for Energy Storage development is 47GWh (as of January 31, 2023), one of the largest in the world.

▶▶▶ 2. CSI's Environmental/Social Initiatives

CSI, as a global manufacturer of photovoltaic modules, aims to support further development of clean energy technologies through financing and refinancing of investments in solar power/battery storage facilities or related businesses. CSI has formulated "Canadian Solar Environmental, occupational Health and Safety Policy," a policy on environmental and workplace safety and is working on pollution abatement and energy efficient waste reduction, and the management has declared to take specific measures.

The Company also emphasizes environmental impacts by its businesses and has announced that the electric power used by CSI will be fully covered by renewable energy by 2030, and additionally it is working to reduce water use per production (MW) and waste, aiming to reduce to 554t/MW and 7.0t/MW, respectively by 2027.

A materiality analysis is used to analyze ESG strategies and actions in CSI, which are reviewed by Chief Service Officer (hereinafter referred to as "CSO") in charge of sustainability strategies or the Sustainability Committee so as to have better opportunities, minimize risks and integrate ESG into businesses. The Sustainability Committee with three top management is established to address sustainability, analyze its related opportunities and risks and contribute to the long-term strategy and business development for CSI. The Sustainability Committee is held at least twice a year to review ESG issues.

Additionally, CSI has operation teams in respective regions as mentioned above and has personnel with environmental expertise, and it is firmed that external experts are involved in projects as needed.

▶▶▶ 3. Green Finance Framework

This evaluation target is Green Finance Framework (hereinafter referred to as "the Framework") established by CSI to limit the proceeds financed through Green Bonds/Green Loans only to the use with environmental benefits when CSI carries out Project Aurora's project. JCR evaluates whether the Framework conforms to "Green Bond Principles¹" and "Green Loan Principles²." These are principles and not regulations with legal evidence; however, JCR evaluates it by referring to the said principles as internationally unified standards at the present moment.

CSI limits the use of proceeds in the Framework only to the photovoltaic project and the storage battery project acquired and developed by Project Aurora and establishes eligibility criteria to be obeyed for respective uses of proceeds. It is also stipulated that appropriate actions should be

¹ International Capital Market Association ("LCMA") "Green Bond Principles 2021"
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² Loan Market Association ("LMA"), Asia Pacific Loan Market Association ("APLMA"), Loan Syndications and Trading Association ("LSTA") "Green Loan Principles 2023"
<https://www.lsta.org/content/guidance-on-green-loan-principles-glp>

taken, considering negative environmental impacts when conducting eligible projects. Consequently, JCR evaluates that the use of proceeds in the Framework is expected to have environmental benefits.

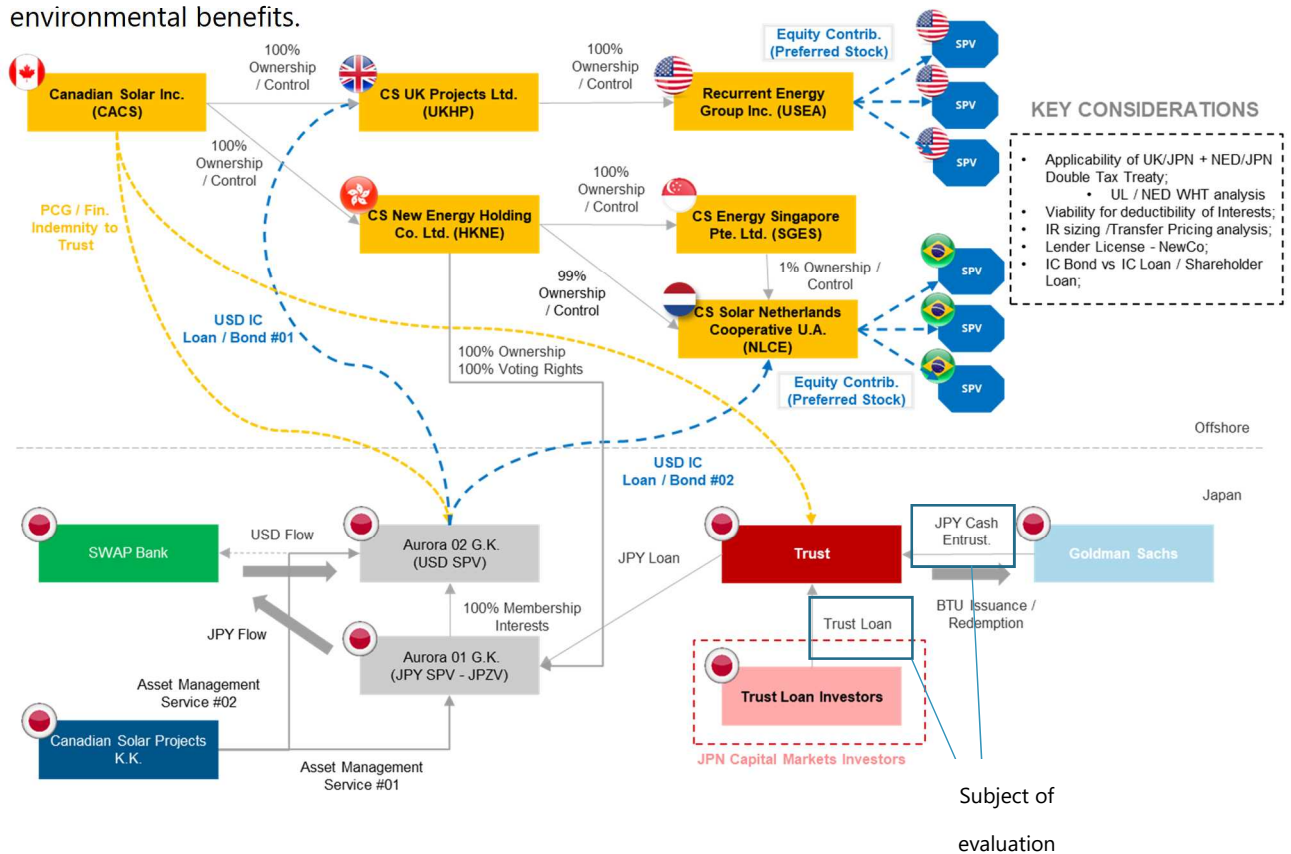


Figure 1: Scheme Chart³

CSI reviews and evaluates the photovoltaic project and storage battery project, which are subject to uses of proceeds in respective specialized departments. After the reviews and evaluations are carried out by specialized departments in respective regions, Investment Committee that consists of Risk & Investment Management Department and senior executive officers reviews and evaluates whether projects are feasible or not, respectively and then approval is given as needed.

Proceeds are appropriately segregated and managed in cash or cash equivalents until full allocation. When proceeds are withdrawn, approval is needed by a financial manager, and additionally internal and external audits are made. The reporting details on proceeds allocated and environmental benefits are appropriate.

Based on the aforementioned, JCR evaluates that the management/operation system is established in the CSI Group and the Company has transparency.

Accordingly, with regard to the Framework, JCR, based on JCR Green Finance Evaluation Methodology, assigned "g1 (F)" for "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation," respectively. As a result, JCR assigned

³ Source: Materials provided by CSI

"Green 1(F)" for "JCR Green Finance Framework Evaluation." JCR evaluates that the Framework meets the standards for the items required in "Green Bond Principles" and "Green Loan Principles."

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■ Evaluation Phase 3: Evaluation Result (Conclusion)

I. Overview of use of proceeds

JCR's Key Consideration in This Factor

In this section, JCR first confirms whether the proceeds set out in the Framework is used for green projects that have clear environmental improvement effects. Then, in cases where the use of proceeds is expected to have a negative impact on the environment, JCR confirms whether the impact is fully examined by an internal specialist department or an external third party and whether necessary measures have been taken for its workaround and mitigation. Finally, JCR confirms the consistency with the Sustainable Development Goals (SDGs.)

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

The photovoltaic project and the storage battery project, which are subject to use of proceeds determined by CSI in the Framework are key measures to achieve carbon neutral through expanding renewable energy in respective countries and are expected to have environmental benefits.

The Framework on the use of proceeds

<p>Overview of use of proceeds</p>	<p>The net proceeds obtained will be used to finance or refinance , in whole or in part, the capital investment associated with the :</p> <ul style="list-style-type: none"> (i) acquisition, (ii) development (including real estate procurement, grid connection and securing permits & licenses), (iii) construction (iv) operation (v) maintenance (vi) refurbishment & repowering (vii) Group's overheads and (direct and indirect) operating costs as allocated to Eligible Projects, whose capital investment requirements related to items (i) to (vi) above shall be the main uses of funds under the Green Financing Framework,, of new or existing <p>a) solar power generation projects (including component manufacturing, technical solutions procurement, research costs, and transmission and distribution infrastructure),</p> <p>b) energy storage projects (including utility-scale battery energy storage, R&D for Energy Storage System (ESS) design, component manufacturing, and transmission & distribution infrastructure)</p>
<p>Eligibility Criteria</p>	<p>Projects eligible for the allocation of funds shall be projects that are expected to have sound business operations, that have undergone risk verification in light of Recurrent Energy criteria, and must meet the following eligibility criteria:</p> <ul style="list-style-type: none"> • Risk management • Labor • Resource Efficiency • Community

	<ul style="list-style-type: none"> • Land Resettlement • Biodiversity • Indigenous People • Cultural Heritage <p>The Eligible Project Categories are intended to contribute the following main environmental objectives, namely:</p> <ul style="list-style-type: none"> i) climate change mitigation ii) avoiding CO₂ emissions iii) connecting renewable energy production units to the general network, iv) improving networks in terms of demand-side management, balancing services, energy efficiency and access to electricity. and v) pollution prevention and control. <p>These benefits will be assessed and, where feasible, quantified by Recurrent Energy annually in the corresponding reporting, if required.</p>
<p>Financing methods and investment object</p>	<p>Funding methods: Loan and / or bonds</p> <p>Investment Object: Any Green Bond or Loan issued in Japan by Canadian Solar (or any of its subsidiaries) will be used to finance and/or refinance, in whole or in part, new or existing projects under development, construction and/or operation from any of the eligible project categories as defined above. The look-back period will be of five (5) years, except that for eligible green projects with a Power Purchase Agreement (“PPA”) in place, the look-back period for each project will be the length of the individual PPAs. For the avoidance of doubt, this includes any PPA extensions that have been executed.</p> <p>Eligible Projects: Recurrent Energy’s business and management is inherently aligned with the Green Bond and Green Loan Principles relevant to the eligibility category of Renewable Energy.</p>

JCR’s Evaluation for the Framework

1. Environmental benefits of projects

The use of the proceeds financed through the Framework is used to finance or refinance for the acquisition, development, construction, operations, maintenance and repairing/repowering of the photovoltaic project and storage battery project.

(1) Use of proceeds 1: Solar power generation project

Use of proceeds 1 is for the solar power generation project conducted by CSI through Project Aurora. While the photovoltaic project in Project Aurora covers projects conducted worldwide, JCR evaluates projects in the United States and Latin American countries as countries or regions in which the target project candidates are located in this evaluation.

In the United States, the country rejoined the Paris Agreement under the administration of President Biden in 2021, which had been withdrawn from the Agreement under the administration of the former President Trump, and President Biden seriously forwards the initiatives toward climate changes by declaring a 50% to 52% reduction in CO₂ emissions compared to 2005 level by 2030 and Carbon Neutrality by 2050. Electric Power Division in U.S. aims to decarbonize by 2035 for which it is essential to substantially increase renewable energy facilities, including photovoltaic

facilities. According to Annual Energy Outlook2023 (AEO2023) ⁴ announced by U.S. Energy Information Administration (hereinafter referred to as "EIA"), Solar photovoltaic facilities in the United States are expected to increase to 695GW by 2050 from 75GW in 2022, increase by more than 800% in Reference Case⁵, and JCR evaluates that conducting solar photovoltaic projects in the US is a business opportunity and simultaneously contributes to achieving the goal on carbon neutrality by the U.S. government.

Solar power generation is also important power sources for expanding renewable energy in Latin American countries. For instance, Brazil with the largest economy in the Latin American region, advances efforts to achieve carbon neutral by 2060. Energy was produced mainly from hydropower in Brazil; however, droughts frequently occurred in the early 2000s. Therefore, the Brazil government has begun to break away from electricity supply mainly from hydropower since then. The country presently has the largest share of wind power as renewable energy due to its good wind conditions; however, photovoltaic facilities have been increasingly constructed in recent years. Although sun-kissed Brazil has a potential for photovoltaic facilities with plenty of land, it has not been fully utilized yet. However, as mentioned above, solar power generation facilities have been recently constructed one after another throughout Brazil, comparing to that there was no photovoltaic facilities before 2014.

Renewable energy is taken up as a national policy in other Latin American countries. The administration under President Petro in Colombia, established in 2022, has steered toward environmental protection policies while promoting the mining industry, its main industry, and has made strong efforts to promote renewable energy, including photovoltaic facilities since then.

In Project Aurora planned by CSI, the Company plans to launch large photovoltaic projects, which are categorized as mega-solar power generation by Japanese standards, in the U.S. or Latin American countries. JCR evaluates that CSI will contribute to achieving carbon neutrality through expanding renewable energy in respective countries by playing a part in increasing renewable energy in the U.S. and the Latin American countries.

(2) Use of proceeds 2: Storage battery project

The use of proceeds 2 is for the storage battery project conducted by CSI through Project Aurora. Renewable energy such as photovoltaic generation and wind power generation is also called Intermittent Energy Source, which is difficult to supply stable electricity since electricity generated varies depending upon meteorological conditions such as solar radiation and wind conditions. Storage batteries supplements this renewable energy's characteristics for power generation. When power generated by renewable energy is large in amount, the extra energy is stored and when power generated by renewable energy is small in amount and cannot meet the demand, stable power can be provided through converting the energy stored into electricity. Capital investments in storage batteries are expected to significantly increase hereafter with the following reasons: it is expected to increase energy storage battery to thirtyfold in number and increase it to 780GW in

⁴ EIA "Annual Energy Outlook2023" <https://www.eia.gov/outlooks/aeo/>.

⁵ A benchmark case that assumptions no new policies or legislation for the modeled period.

capacity between 2021 and 2030 in the Net Zero Emission scenario in World Energy Outlook20226 published by the International Energy Agency (hereinafter referred to as "IEA"), and it is expected for US utility-scale energy storage batteries to increase to 30GW by the end of 2025 from 7.8GW in October, 2022 in materials published by EIA in 2022. As aforementioned, JCR evaluates that the storage battery project by Project Aurora is an initiative to support the expansion of solar power facilities in respective countries mentioned above since expanding storage battery facilities is essential to increase renewable energy.

2. Negative Environmental and Social impacts

CSI identifies the following items as negative environmental and social

impacts exerted by the target projects:

- Land use (land degradation and habitat loss)
- CO₂ emissions throughout the lifecycle (manufacture, transportation of raw materials, installation, maintenance, deactivation and dismantling)
- visual impact on land
- construction noise
- waste generation
- toxic substance spill
- storm water pollution
- influence on existing wildlife / habitat disruption / biological resources
- effects on cultural and paleontological resources

For these risks, CSI deals with minimizing to change in landform (logging, landfill, landscape conservation and ecosystem maintenance) by complying with all applicable local and national environmental laws, laws and regulations and guidelines, by avoiding building photovoltaic facilities in dense forest areas and by supporting and leading forest regeneration activities. The Company also reduces CO₂ emissions throughout the lifecycle by obeying the government e-waste management rules (EU Directive.)

CSI will explain local residents and obtaining their understanding about the project when the project is commenced. JCR confirms that unless those problems are not solved, CSI does not proceed the projects.

CR evaluates the aforementioned efforts are appropriate.

⁶<https://iea.blob.core.windows.net/assets/830fe099-5530-48f2-a7c1-11f35d510983/WorldEnergyOutlook2022.pdf> (P.139)

3. Consistency with SDGs

JCR evaluates that the target use of proceeds contributes to the following SDGs goals and targets while referencing to SDGs mapping of ICMA since the business is categorized as renewable energy and energy efficient.



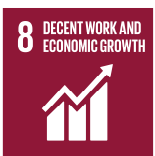
Goal 3: Ensure healthy lives and promote well-being for all at all ages

Target 3.9. By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.
 Target 7.3. By 2030, double the global rate of improvement in energy efficiency.



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.4. By 2030, progressively improve resource efficiency in global consumption and production, and under the leadership of developed countries, work to segment economic growth and environmental deterioration in accordance with the 10-year planning framework for sustainable consumption and production.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

Target 11.6.1: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.



Goal 12: Ensure sustainable consumption and production patterns

Target 12.4. By 2020, in accordance with an agreed international framework, achieve environmentally sound management of chemicals and all waste throughout the product lifecycle, and significantly reduce the release of chemicals and waste into the air, water and soil to minimize adverse impacts on human health and the environment.



Goal 13: Take urgent action to combat climate change and its impacts

Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

I. Selection Standards and Processes for Use of Proceeds

JCR's Key Consideration in This Factor

In this section, JCR confirms that the objectives to be achieved through green financing, the appropriateness of green project selection standards and processes, and whether or not a series of processes are properly disclosed to investors/lenders and others.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

JCR evaluates that the goals, green project selection criteria and processes in the Framework are reviewed by Department with expertise familiar with circumstances in respective areas, and the management is appropriately involved in making decisions.

1. Target

The Framework on the investment policy with the long-term vision

As one of the world's largest solar technology and renewable energy companies, Canadian Solar aims to power the world with solar energy and to create a cleaner Earth for future generations.

To meet our company goals, we strive to "Make the Difference" in our work by cultivating a corporate culture of equity, diversity, and inclusion, and creating a lasting positive impact on society and the communities where we operate. Our culture and people are our most important assets and a key source of our competitive advantage.

- Mission: Lead the energy revolution and create a brighter future together
- Vision: Power the world with solar energy and create a better and cleaner Earth for future generations
- Slogan: Make the difference
- Core Values: Customer Success, Innovation, Grit, Excellence

As part of its long-standing commitment to sustainability, Recurrent Energy developed the Green Financing Framework under which the Group will issue green bonds (or will borrow green loans) to finance and/or refinance investments made in solar power generation and/or storage assets or businesses and to support the ongoing development of clean energy technologies

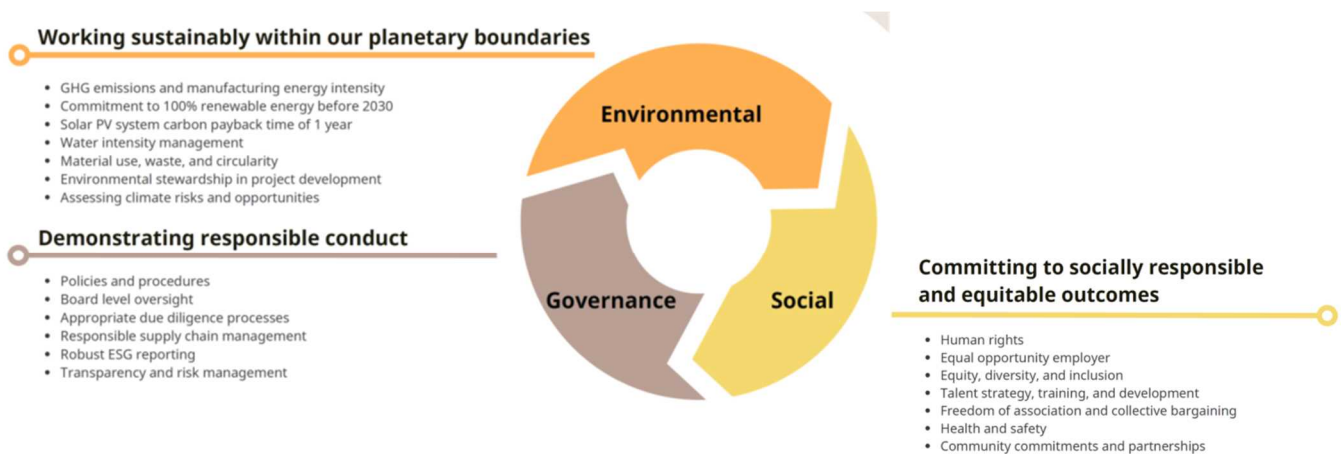
JCR'S Evaluation for the Framework

CSI, as a global manufacturer of photovoltaic modules, aims to support the further development of clean energy technologies through financing and refinancing to invest in solar power and storage battery facilities or related businesses.

JCR confirms that CSI aims to achieve the following ESG targets by implementing projects although Project Aurora is carried out its businesses in various regions.

- Decarbonize in regions (renewable energy power generation, air pollution reduction and energy efficiency)
- Diversify energy sources and be less dependent on imported fossil fuels
- Revitalize and develop regional economies

JCR also evaluates that Project Aurora contributes to achieving the CSI's sustainability goals described below.



Consequently, JCR evaluates that construction/development of the photovoltaic project and the storage battery project by Project Aurora contribute to achieving the above-mentioned long-term visions, goals and sustainability.

2. Selection criteria

The eligible criteria in the Framework are as described in the Evaluation Phase I in this Report. JCR evaluates that the project selection criteria are appropriate.

3. Process

The Framework on the process

[Project selection Process]

1. Participant in project selection

Projects for which the proceeds will be used are evaluated and selected by our regional teams which is supported by several other departments/functions including, among others, the Legal Department, EPC Department, Project & Structured Finance Department, M&A Department, PPA & Energy trading Department and Tax Department. As such, eligibility of projects will be evaluated based on several criteria, including legal, social, environmental and governance compliance, together with financial

⁷ Source: Canadian Solar Sustainability Report 2021 (in Japanese)

performance and legal, technical and operational feasibility.

2. Project selection process

Once a target project has been assessed and selected as being economically and environmentally viable by the regional team, the Risk & Investment Management Department (“RIM”) and Investment Committee (“IC”), which is formed by a panel of senior executives with extensive industry experience, will be reviewed and evaluated (based on a series of analysis and feasibility studies including but not limited to the environmental impact analysis, financial modeling and due diligence of the projects), and the result of approval, disapproval, or conditional approval will be fed back.

3. Documentation

Decisions by the IC are documented, and meetings held are recorded and filed.

4. Monitoring

RIM is in charge of follow up the project development activities to secure that the guidance and conditions (if any) provided by the IC committee are fulfilled in a timely manner.

JCR’s Evaluation for the Framework

CSI reviews and evaluates the photovoltaic project and storage battery project, which are subject to the use of proceeds in respective Specialized Divisions. These Specialized Divisions are located in 13 countries/regions, including Japan, the United States, EU and Brazil in addition to Canada in accordance with the laws/taxation or characteristics in the regions in which projects are located.

After reviews and evaluations are made by Specialized Department in respective regions, discussions/assessments are conducted whether projects should be carried out or not, and final decision is made in RIM and IC that consists of senior executive officers.

Accordingly, JCR evaluates that the process on the implementation of green finance is appropriate since personnel with expertise in discussing projects and the management makes a decision when carrying out projects.

The Framework on the project goals, selection criteria and selection process will be disclosed to the target investors and lenders, and transparency to investors is considered to be ensured.

II. Management of Proceeds

JCR's Key Consideration in This Factor

It is usually assumed that the management methods of proceeds vary widely depending upon the issuer/borrower. JCR will confirm that proceeds financed under the Framework are surely appropriated for green projects or mechanisms and internal systems are in place to easily enable tracking the appropriations.

JCR also focuses on whether the proceeds are scheduled to be used for a green project at an early stage and on the management and operation methods for unallocated funds.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

JCR evaluates that CSI's cash management system is appropriately established and the management method of proceeds is disclosed in this Evaluation Report; therefore, it has a high level of transparency.

Framework on cash management of the Proceeds

[Method of linking funds and assets]

Bonds and loan proceeds will be fully tied to pre-selected individual projects (as defined above) and to the projects selected as meeting eligibility criteria separately. Recurrent Energy will assign and dedicate appropriate and specialized financing, treasury and accounting human resources to the green financial instrument.

Canadian Solar's Project & Structured Finance department will manage the first stage, which is to secure that the relevant financial arrangements comply with the financial, legal, and governance guidelines of the Group and the relevant local regulations. Once the financial settlements are in place, the Finance Department and the Asset Management department will manage the treasury allocated for the Eligible Green Projects and perform the follow-up activities related to the control, monitoring, reporting, accountancy and tax matters for each project and market active in, making sure that each project is aligned with the relevant budget.

- For the avoidance of doubt, each green financial instrument issued will be deposited until full allocation and earmarked for allocation in accordance with this Green Financing Framework.
- Recurrent Energy intends to fully allocate the proceeds within 36 months from the date of the bond issuance or loan agreement.

[How to track and manage raised funds]

- An amount equal to the net proceeds of the green bond / green loan will be credited to the bank amount of Aurora01 GK, which was established under Japanese law for the procurement of financing means under the Green Financing Framework, and then will be transferred to the operating subsidiaries of Recurrent Energy in charge of the eligible projects in the form of intercompany loans, equity capital or any other eligible form.

- The net proceeds may also be used to refinance shareholders loans, which includes for the avoidance of doubt financial assistance in any form from affiliates and/or bank debt initially used for financing of existing or ongoing Eligible Green Projects.
- All proceeds will be allocated and managed by the Finance and Project& Structured Finance Departments.
- All relevant information regarding the issuance of any green financing instrument dedicated to Eligible Green Projects, will be monitored, and kept in respective management tools and treasury and finance systems at each relevant corporate level. The Group will monitor and track the net proceeds through its internal accounting system at each relevant corporate level.
- Until the green bond proceeds are allocated, the proceeds will be managed in cash or cash equivalents, as per the company's investment management policy.

[Internal Controls and External Audits for Tracking Management Internal Controls and External Audits for Tracking Management]

- Regarding the tracking and management of the green bond/green loan proceeds, the Group plans to obtain the approval of the department head.
- It is planned to be subject to internal and external audits.
- Documents or electronic files related to fund management are preserved until redemption/repayment deadline.

[How to manage unappropriated funds]

Until the allocation of the proceeds is decided, the fact that the proceeds of the green bond / green loan will be managed in cash or cash equivalents, as per the company's investment management policy, will be disclosed in relevant Group statutory and / or financing contracts or documents.

If there are unallocated funds, new projects (subject to section 2 of this Green Financing Framework) may be selected.

Bond proceeds will be kept as cash or cash equivalents until alternative eligible projects are selected.

JCR's Evaluation for the Framework

Proceeds financed through green finance are managed by linking to respective individual projects. CSI manages a flow of proceeds in respective subsidiaries in the Group with the accounting system. The intercompany loans to respective subsidiaries in CSI from Aurora LLC or equity capital require approval by Financial Officer. Remittances from respective subsidiaries to SPV that conducts the photovoltaic project or the storage battery project are also approved by Financial Officer.

Tracking and managing proceeds appropriated will be also carried out under supervision of Department Head.

CSI is regularly audited by its internal independent department and an external audit firm since the Company is subject to the U.S. Sarbanes-Oxley Act because it listed on the NASDAQ market in the United State.

It is stipulated by the Framework that proceeds are managed in cash or cash equivalents until full allocation after financing, and an alternative project is selected in cases where there is any unappropriated proceeds due to sale of properties or others.

Based on the above, JCR evaluates that the proceed management system is appropriately in place in Project Aurora, and the proceed management method is disclosed in this Evaluation Report; therefore, CSI has a high level of transparency.

III. Reporting

JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors before and after the issuance of green bonds/loans, which is implemented with reference to the Framework, is planned in detail and in an effective manner.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

JCR evaluates that the Company plans to properly disclose the CSI reporting about both of the appropriation of proceeds and the environmental benefits to investors.

The Framework on reporting

[Disclosure method regarding allocation of funds]

- Recurrent Energy intends to report on the allocation of proceeds to its investors on an annual basis until full allocation.
- The allocation report will disclose information on the Eligible Green Projects per asset type, comprising detailed examples such as:
 1. Allocated amount per Eligible Green category vs. total amount (%)
 2. Geographic split per country
 3. Weighted average age of the project being financed or refinanced by the green financial instrument issuance with information related to the phase (development, construction or operation)
 4. Total projects size (MW) per asset category
 5. Total annual operating hours
 6. Example of projects financed by the proceeds, including their description (date, location, category, progress)
 7. balance of unallocated net proceeds
 8. the share of proceeds used for refinancing vs. financing.
- If the target assets are sold before the green bond / green loan is redeemed and reappropriation is necessary, the entire amount of the proceeds from the green bond / green loan will be posted on the Company's website until it is appropriated to projects that meet the eligibility criteria. The Group plans to disclose this on an annual basis.

Until the green bond / green loan is redeemed, JCR plans to review the green bond / green loan evaluation, mainly focusing on the allocation of funds and the reporting status of the disclosure of environmental improvement effects.

[Disclosure method and frequency of impact reporting]

It will be disclosed annually on our website.

Until the green bond / green loan is redeemed, JCR plans to review the green bond / green loan evaluation, mainly focusing on the allocation of funds and the reporting status of the disclosure of environmental improvement effects.

[KPI(key performance indicator)/KPI (key performance indicator) in impact reporting]

Where feasible, the report will include qualitative and quantitative impact indicators.

For each impact metric which is reported, the underlying calculation methodology and assumptions will be detailed as part of the report.

Examples of the indicators that may be included as an environmental improvement effect are as follows;

- i) CO₂ emissions reduced by eligible green projects (theoretical value based on output standards)
- ii) Power generated by eligible green projects (theoretical value based on output standards)
- iii) Total capacity of renewable energy production (MW) installed by eligible green projects

JCR's Evaluation for the Framework

JCR evaluates that the Company plans to properly disclose the aforementioned reporting about both of the appropriation of proceeds and the environmental benefits to investors.

Reporting on appropriation of proceeds

CSI will disclose use of proceeds to investors with loan contracts or facility agreements. The Company will also annually disclose the appropriation of proceeds financed through green finance to investors until full allocation. In cases where an unexpected event occurs after proceeds are fully appropriated, the Company will announce the situation and contact relevant lenders depending upon their agreements.

Reporting on environmental benefits

CSI will disclose the aforementioned contents as impact reporting in the solar project and storage battery project. JCR evaluates that the detailed reporting refers to CO₂ emissions reduced and the total capacity of electricity generated in the solar project and capacity of storage batteries, which are appropriate as an indicator of the eligible project.

Based on the above, JCR evaluates that the reporting system on Project Aurora is appropriate.

IV. Organization's sustainability initiatives

JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the management of the issuer/borrower positions sustainability issues as a high priority for management and whether the sustainability policy, process and selection criteria for green projects are clearly positioned through the establishment of a department specializing in environmental issues or in collaboration with external organizations.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

JCR confirmed that CSI regards sustainability issues as a key management issue, has a meeting body on sustainability issues to address them from a practical and managerial perspective, and carries out the eligible project's process described in the Framework while incorporating department in charge of the environment in operational teams in respective regions and external experts' knowledge.

CSI that carries out Project Aurora, as the CSI Group, has established "Canadian Solar Environmental, occupational Health and Safety Policy," a policy on the environmental and workplace safety and strives to conduct pollution abatement, energy efficiency and waste reduction. The goals in this policy are as follows:

Canadian Solar Environmental, occupational Health and Safety Policy

- Should comply with the laws and regulations on the environment/health and safety in all regions in which CSI conducts businesses
- Should provide healthy work environments for employees, business partners, visitors, customers and local communities
- Should persistently pursue workplaces without incidents on the environment/health and safety by clarifying and reducing risks
- The environment/health and safety are responsible for all. Should take the leadership and live up to commitments to create safe workplaces, prevent work-related illnesses and injuries and encourage employee to be involved. Should emphasize personal accountability on safety under the full support by the management and disseminate it to all employees
- Should periodically and continuously monitor, measure and analyze the Company's performance on the environment/health and safety and management systems to ensure continual policies, methods and implementation on the environment/health and safety.
- The management should be responsible for providing training, systems and resources to ensure safe, healthy and environmentally sound workplaces
- Should report events on safety, health and the environment and investigate major events

The management in the CSI Group has declared efforts to achieve the policies and objectives mentioned above.

CSI also emphasizes the environmental impacts made by its businesses and has announced that all of the electricity used by the Company will be covered by renewable energy by 2030. The

Company is also working to reduce water use per output (MW) and waste, aiming to reduce 554t/MW and 7.0t/MW, respectively in 2027.

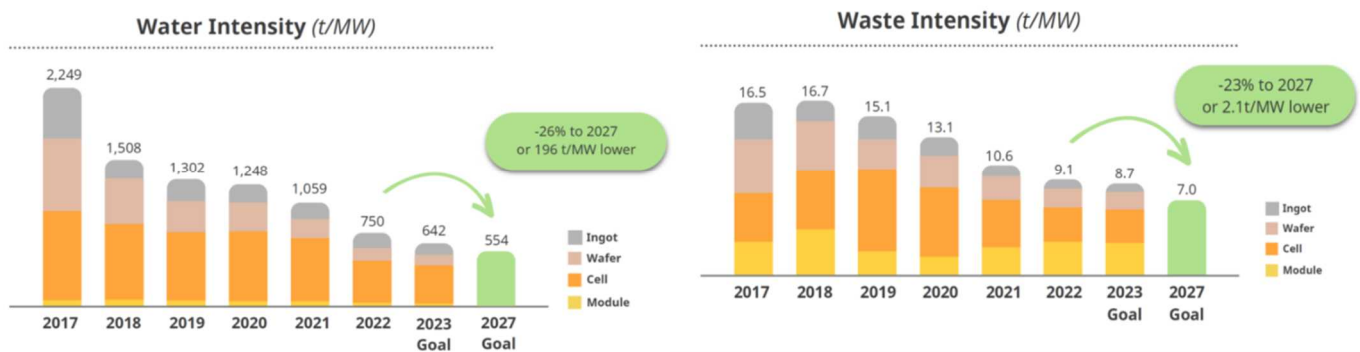


Figure 3: Water basic rate and waste basic unit per production⁸

CSI aims to expand photovoltaic generation worldwide as a global player in the solar power generation business. JCR confirms that CSI emphasizes ESG factors when making decisions on businesses and strategies, and it continues to improve practices to achieve a long-term sustainability.

CSI is currently identifying materiality that is significant issues and gathering opinions from the management such as directors or executives and employees all over the world, as well as customers, suppliers, investors, lenders, local communities, trade associations, NGO, the media and the scientific community as external stakeholders. The materiality analysis is used to analyze ESG strategies and actions in CSI, which are reviewed by CSO in charge of sustainability strategies or the Sustainability Committee so as to have better opportunities, minimize risks and integrate ESG into businesses.

The Sustainability Committee with three top management is established to address sustainability, analyze sustainability related opportunities and risks and contribute to long-term strategies and business development for CSI. The Sustainability Committee holds at least twice a year to review ESG issues. Furthermore, CSI has operational teams in various regions as mentioned above and personnel with specialized knowledge on the environment, and it is confirmed that external experts are involved in the project as needed.

Based on the above, JCR confirms that CSI, as its Group, positions not only environmental issues but also social issues as a key management issue, has a meeting body to addresses sustainability issues such as the Sustainability Committee and carries out the eligible projects described in the Framework while incorporating personnel with environmental special knowledge or external experts with insight in operational teams in respective regions.

⁸ Source: Canadian Solar Sustainability Report 2022

Evaluation Phase III: Evaluation Result

Green1(F)

Based on its JCR Green Finance Evaluation Methodology, JCR assigned "g1 (F)" for the "Greenness Evaluation (Uses of Proceeds)" and "m1 (F)" for the "Management, Operation and Transparency Evaluation." As a result, JCR assigned "Green 1 (F)" for the "JCR Green Finance Framework Evaluation." The Framework meets the standards for the items required in the Green Bond Principles, the Green Loan Principles.

		Management, operation, and transparency evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness Evaluation	g1(F)	Green1(F)	Green2(F)	Green3(F)	Green4(F)	Green5(F)
	g2(F)	Green2(F)	Green2(F)	Green3(F)	Green4(F)	Green5(F)
	g3(F)	Green3(F)	Green3(F)	Green4(F)	Green5(F)	Not qualified
	g4(F)	Green4(F)	Green4(F)	Green5(F)	Not qualified	Not qualified
	g5(F)	Green5(F)	Green5(F)	Not qualified	Not qualified	Not qualified

(Responsible analysts for this evaluation) Kosuke Kajiwara and Haruna Goto

Important explanations of this Evaluation

1. Assumptions, Significance and Limitations of JCR Green Finance Framework Evaluation

JCR Green Finance Framework Evaluation, which is determined and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the Green Finance Framework, and expresses JCR's comprehensive opinion at this time regarding the appropriateness of the Green Project as defined by JCR and the extent of management, operation and transparency initiatives related to the use of funds and other matters. Therefore, JCR Green Finance Framework Evaluation is not intended to evaluate the effects of specific environmental improvements and the management, operation and transparency of individual bonds and borrowings, etc. to be implemented based on these policies. In the event an individual bond or individual borrowing based on this Framework is subject to a green finance evaluation, a separate evaluation is needed. JCR Green Finance Framework Evaluation does not prove the environmental improvement effects of individual bonds or borrowings implemented under this Framework, and does not assume responsibility for their environmental improvement effects. JCR confirms the environmental improvement effects of funds procured under the Green Finance Framework measured quantitatively and qualitatively by the issuer or by a third party nominated by the issuer, but in principle it does not directly measure such effects.

2. Method used to conduct this evaluation

The methodologies used in this assessment are described in "JCR Green Finance Evaluation" on the "Sustainable Finance ESG" section of the JCR website (<https://www.jcr.co.jp/en>).

3. Relationship with Acts Concerning Credit Rating Business

JCR Green Bond Evaluation is determined and provided by JCR as a related business, which is different from its activities related to the credit rating business.

4. Relationship with Credit Ratings

The Evaluation is different from the Credit Rating and does not assure to provide or browse a predetermined credit rating.

5. Third-Party Evaluation of JCR Green Finance Framework Evaluation

There are no capital and/or personnel relationships that may result in a conflict of interests between the subject of this evaluation and JCR.

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■ Glossary

JCR Green Finance Framework Evaluation: This evaluates the extent to which the funds procured through green Bond are appropriated for green projects as defined by JCR and the degree to which the management, operation and transparency of the green Bond are ensured. Evaluations based on a 5-point scale are given from top to bottom using the Green1 (F), Green2 (F), Green3 (F), Green4 (F), and Green5 (F) symbols.

■ Status of Registration as an External Evaluator of Green Finance

- Registered as an External Reviewer of Green Bonds by the Ministry of the Environment
- ICMA (registered as an observer with the Institute of International Capital Markets)

■ Status of registration as a credit rating agency, etc.

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- EU Certified Credit Rating Agency
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