



Canadian Solar Infrastructure Fund, Inc.

ESG Report

Published February 2023



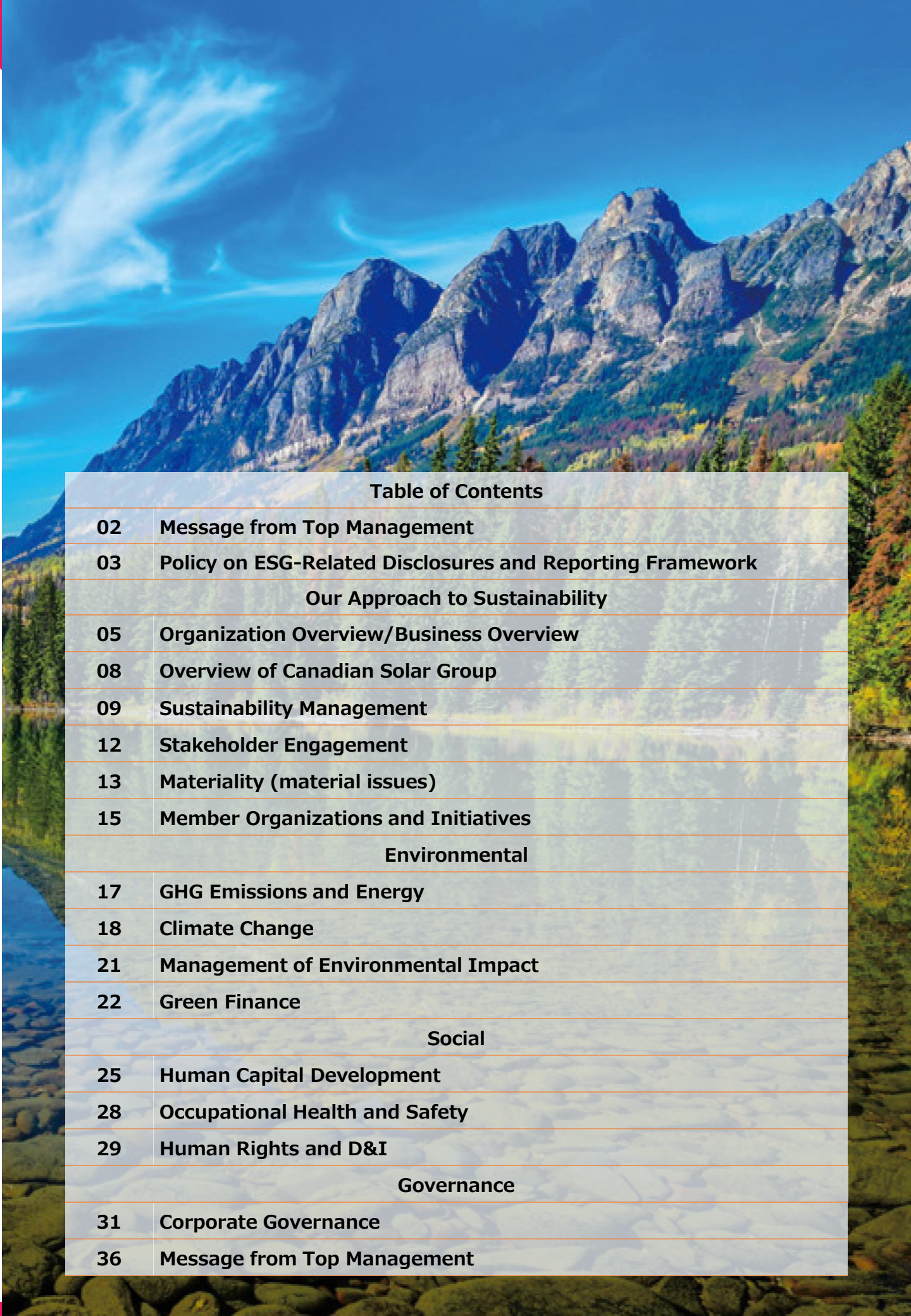


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Canadian Solar Infrastructure Fund, Inc. (“CSIF”) and Canadian Solar Asset Management K.K. (“CSAM”), together with Canadian Solar Projects K.K. (“CSP”), a sponsor for CSIF, aim to contribute to building a sustainable economic society in local regions while paying attention to the global environment and therefore invest mainly in renewable energy power generation facilities and conduct business with a focus on the environmental aspect among ESG considerations.

Recognizing that the realization of a sustainable society is essential for CSIF’s sustainable growth, CSIF believes that contributing to the resolution of social issues through its business is in line with CSIF’s basic policies of “ensuring stable revenue in the medium and long term” and “steady growth of AUM” and will in turn contribute to the enhancement of unitholder value.

Since its foundation, CSIF, together with CSAM, has practiced ESG investing and, in August 2018, CSAM, as a company which adopts this approach to sustainable investing, was the first asset manager of a listed infrastructure fund on the Tokyo Stock Exchange to become a signatory of the United Nations supported Principles for Responsible Investment (UN PRI). In February 2020, CSAM declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures and, recognizing that climate change is an important environmental issue with potential risks and opportunities for business operations, discloses information in line with the TCFD recommendations in the areas of governance, strategy, risk management, and metrics and targets.

CSIF and CSAM have now selected the most important ESG issues for CSIF (“Materiality” or “Material Issues”) and are implementing initiatives aimed at achieving goals and improving further by setting KPIs and implementing specific measures to address these material issues through future business activities.

CSIF and CSAM will continue actively implementing initiatives based on policies established for each Material Issue and will also work to strengthen communication and collaboration with various stakeholders including investors, employees and local communities through the disclosure of ESG information, aiming for continuous improvement.

Executive Director, Canadian Solar
Infrastructure Fund, Inc.
Representative Director,
Canadian Solar Asset Management
Hiroshi Yanagisawa



Information Disclosure Policy

CSIF's Policy is to disclose all information that may influence an investor's decision, including information stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange. Information about CSIF's sustainability performance including sustainability-related policies, targets and results will be disclosed annually in the form of an ESG Report.

Scope and Period of Reporting, Timing of Updates

Scope of Reporting Canadian Solar Infrastructure Fund, Inc. and Canadian Solar Asset Management K.K.

Period of Reporting As of December 31, 2022
(The report contains some information from before and after this date.)

Timing of Updates December every year, in principle

Reference Guidelines

CSIF and CSAM refer to the Global Reporting Initiative Standards (GRI Standards) issued by the Global Reporting Initiative when reporting on their ESG-related policies and initiatives.

Contact for ESG-Related Inquiries

Please use the following contact details for inquiries regarding ESG.

Asset Management Company	Canadian Solar Asset Management K.K.
Telephone Number	+81(0)3-6279-0311 (main phone number)
Office Hours	9:00 a.m. – 6:00 p.m (Except Saturdays, Sundays, national holidays and year-end/new year holidays)



Our Approach to Sustainability

Overview of CSIF

Name	Canadian Solar Infrastructure Fund, Inc.
Name of Representative	Executive Director Hiroshi Yanagisawa
Address	Shinjuku Mitusi Building 43F, 2-1-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Asset Management Company	Canadian Solar Asset Management K.K.

Overview of CSAM

Corporate Name	Canadian Solar Asset Management K.K.
Address	Shinjuku Mitusi Building 43F, 2-1-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Business	(1) Investment management business (2) Activities as organizer of an investment corporation (3) Real estate brokerage (4) Activities accompanying or relating to any of the above
Established	June 23, 2016
Capital	200 million yen
Shareholder Composition	Canadian Solar Projects K.K. 100%
Name of Representative	CEO & Representative Director Hiroshi Yanagisawa
Registration, License, etc	Real Estate Brokerage (License No.: Governor of Tokyo (2) No. 99617) Discretionary transaction agent (License No.: Minister of Land, Infrastructure, Transport and Tourism Approval No. 115) Financial Instruments Business (Investment Management)(Director of Kanto Local Finance Bureau (Kinsho) No. 2987))

Portfolio List

Please check here. (<https://www.canadiansolarinfra.com/en/portfolio/index.html>)

Basic Philosophy

Cleaner Energy for the Next Generation Contents

Cleaner Energy for the Next Generation

CSIF and CSAM aim to build a more sustainable economy and society through expansion of the use of renewable energy in Japan in line with their basic philosophy of “Aiming to advance the widespread adoption and use of renewable energy to build a more sustainable economy and society.”

Investment Highlights

1 The growth potential of the Investment Corporation, which is sponsored by developers of solar power generation facilities with extensive track records in Japan

- The Canadian Solar Group that operates globally
- A rich portfolio of sponsors, including a developer of large-scale solar power generation facilities
- Coordination with a vertical integration model, which covers the process from the manufacture of solar modules to the development and operation of solar power generation facilities

[Find out more >](#)

2 Taking advantage of a high level of sponsor management capability in pursuing the growth of the Investment Corporation

- Introduction of high-quality solar modules manufactured by the Canadian Solar Group
- Taking advantage of expertise in the planning and development of solar power generation facilities that was cultivated in the global market
- Use of O&M services to reduce operational risk and operational cost

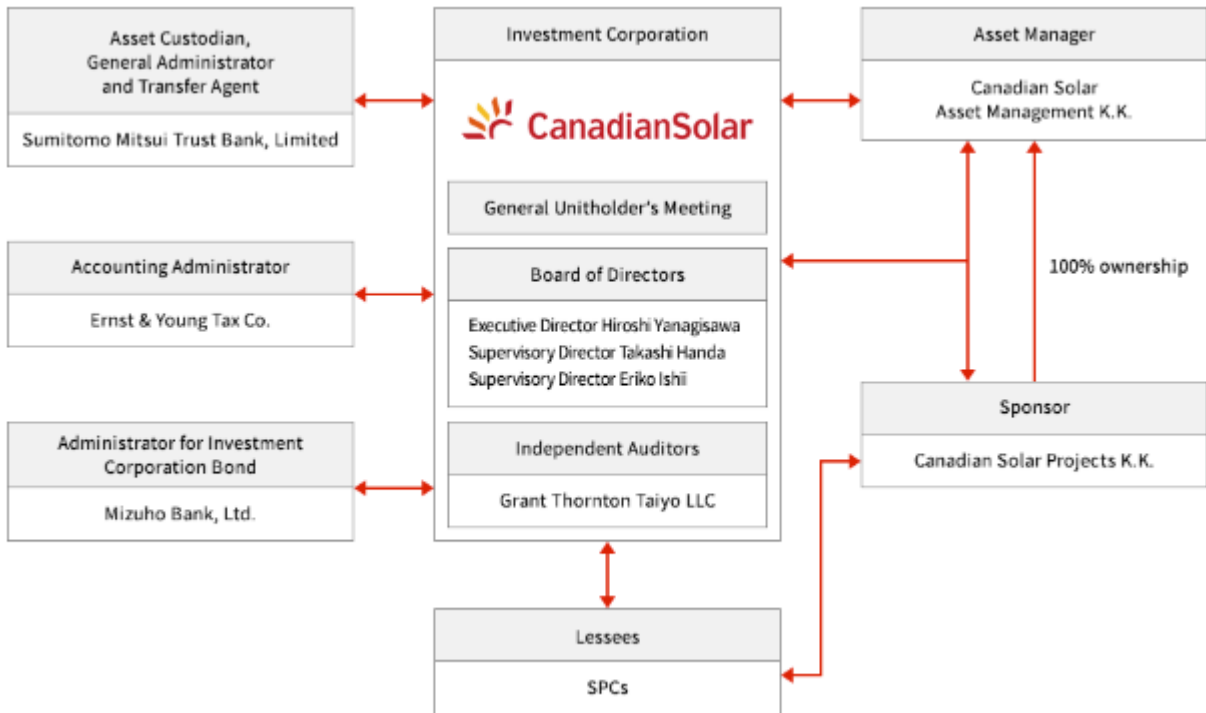
[Find out more >](#)

3 Stable cash flow based on feed-in tariff (FIT), robust financial strategy and reasonable distribution policy

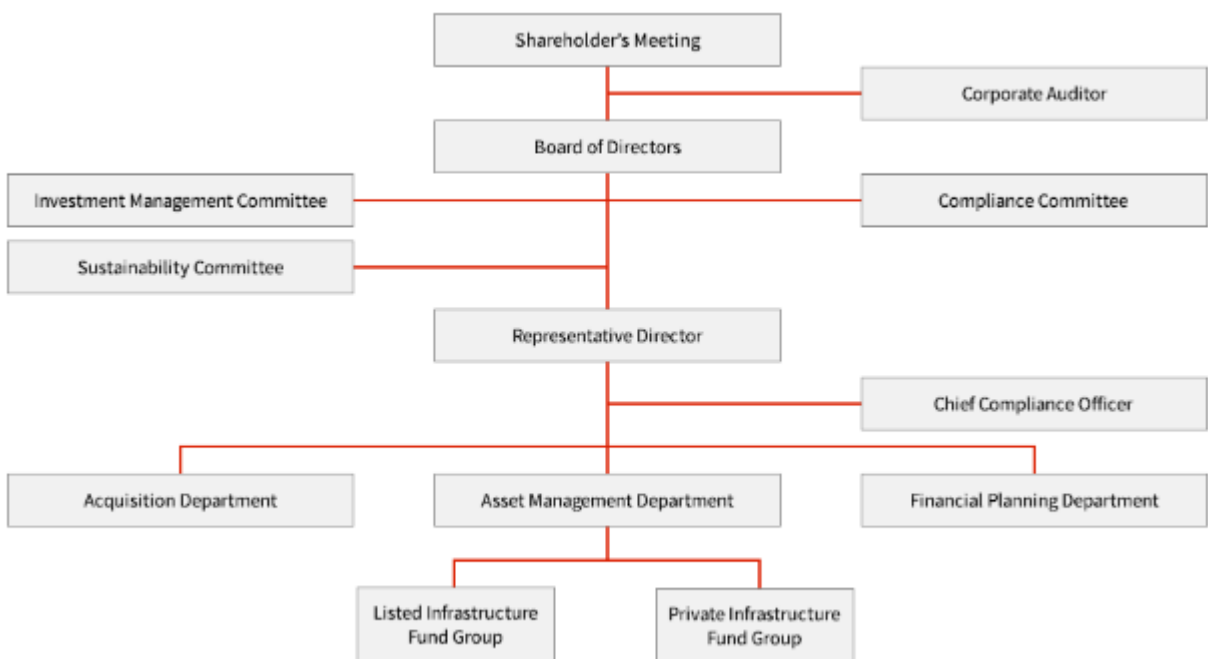
- Stable cash flow that takes advantage of FIT, etc. based on Japan's medium- and long-term energy policy
- Growth strategy and reasonable distribution policy based on robust financial strategy and with a focus on reinvesting the amount equivalent to depreciation

[Find out more >](#)

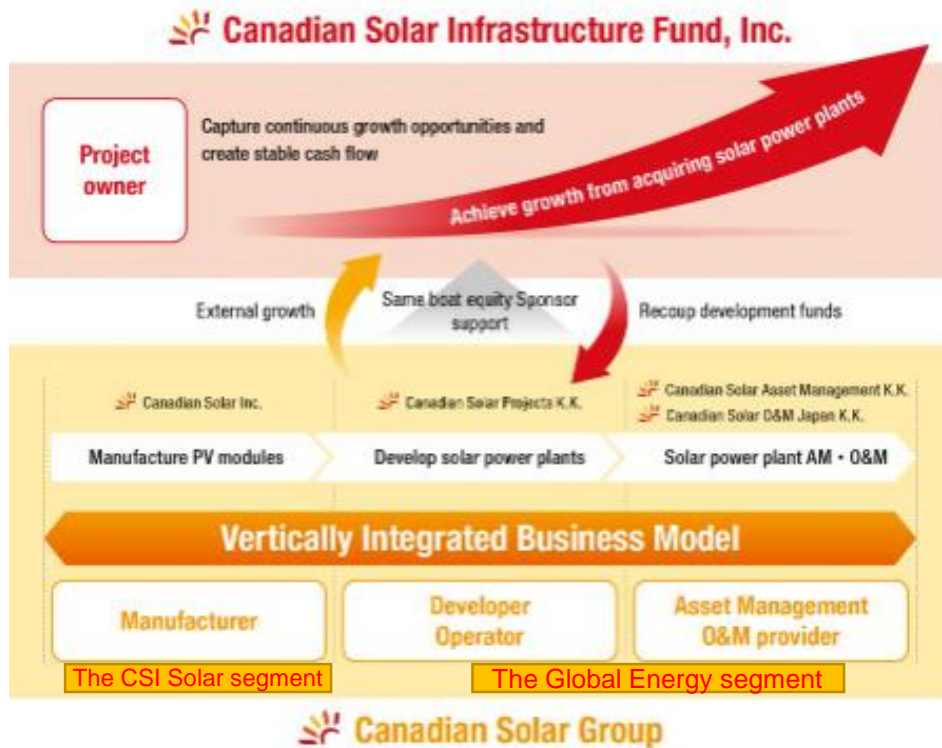
Structure



Organizational Chart of Asset Manager



Established in Canada in 2001, Canadian Solar Inc. is one of the world's solar technology and renewable energy companies. Canadian Solar comprehensively supports CSIF's investment, with the CSI solar segment offering solar technology and the Global Energy segment offering renewable energy.



The CSI Solar segment ("CSI Solar") consists of solar module development manufacturing and sales, and total system solutions, including inverters, solar system kits and EPC (engineering, procurement and construction). CSI Solar also includes Canadian Solar's battery storage integration business, delivering bankable, end-to-end, turnkey battery storage solutions for utility scale, commercial and industrial, and residential applications. These storage systems solutions are complemented with long-term service agreements, including future battery capacity augmentation services. Currently, Canadian Solar Inc. owns approximately 80% of CSI Solar's shares, and expects to hold approximately 64% of CSI Solar's shares after a planned initial public offering on the Shanghai Stock Exchange.

The Global Energy segment ("Global Energy") has developed and built solar and battery storage projects in over 20 countries across the world. Global Energy develops both stand-alone solar and stand-alone battery storage projects, as well as hybrid solar plus storage projects. Its monetization strategies vary between develop-to-sell, build-to-sell, and build-to-own, depending on business strategies and market conditions, with the goal of maximizing returns, accelerating cash turn, and minimizing capital risk. Global Energy is also responsible for providing operations and maintenance services for both Canadian Solar as well as third-party developed projects.

Since Canadian Solar Infrastructure Fund, Inc. is an investment corporation which acquires solar plants developed by Canadian Solar Projects K.K. ("CSP") to be managed by Canadian Solar Asset Management K.K., which is CSP's wholly owned subsidiary. Therefore, the fund's ESG approach is based on that of the Canadian Solar Group.

Click here for details
[ESG – CSI Solar – Global](#)

Basic Policy on Sustainability

CSIF and CSAM aim to build a more sustainable economy and society through expansion of the use of renewable energy in Japan in line with their basic philosophy of “Aiming to advance the widespread adoption and use of renewable energy to build a more sustainable economy and society.”

Furthermore, amid the growing focus on corporate responsibility to address global issues such as climate change and human rights abuses in recent years, CSIF and CSAM recognize that integrating environmental, social and governance (ESG) considerations into the investment decision and management process is essential for enhancement of unitholder value in the medium and long term.

In light of the foregoing, CSIF and CSAM invest in and manage solar power plants in accordance with the following Sustainability Policy, to realize both the “development of a sustainable society through achievement of the basic philosophies” and “enhancement of unitholder value in the medium and long term.”

Sustainability Policy

Environmental Initiatives

✓ Investment in renewable energy power generation facilities which will help solve climate change issues, we will contribute to climate change mitigation by actively investing in renewable energy power generation facilities with very low greenhouse gas emissions.

✓ Consideration for neighboring ecosystems

We will consider the risk that our business sites and our assets, especially our renewable energy power generation facilities, will impact the surrounding area including neighboring ecosystems and biodiversity and will exercise appropriate risk management and also work on initiatives to protect them.

✓ Energy-saving measures and waste management

We will seek to improve the energy efficiency of the assets we manage, be more selective in the energy we use, and reduce waste, and we will implement initiatives for continuous improvement.

Social Initiatives

✓ Development of workplaces where diverse human resources can actively participate

We will implement training and awareness-raising activities to help employees develop ESG-related knowledge and skills and we will also support the active participation of diverse human resources and flexible work styles and develop pleasant working environments which give consideration to health and comfort.

Governance Initiatives

✓ Enhancement of corporate governance

We will ensure that conflicts of interest are properly managed, going beyond legal compliance and bearing in mind a stringent Code of Conduct, and we will strive to enhance corporate governance for maximization of unitholder value.

✓ Stakeholder engagement through information disclosure and ESG ratings

We will make ESG disclosures to various stakeholders, including investors, in accordance with frameworks both in Japan and overseas and will promote constructive dialogue.

Approach to Sustainability

CSIF and CSAM stipulate the following approach to investment in renewable energy power generation facilities.

Guidelines on Investment in Renewable Energy Power Generation Facilities

■ Investment in clean energy

Solar power plants and other power plants in which CSIF can invest in (hereinafter collectively referred to as "Renewable Energy Power Generation Facilities") shall contribute to (1) reducing CO2 emissions and (2) mitigating environmental destruction, either directly or indirectly, and clean energy power stations with no resource waste and a high probability of improving the environment.

■ Identifying business risks when acquiring renewable energy power generation facilities

At the time of acquisition of renewable energy power generation facilities, its negative impact on the environmental and social aspects shall be checked by in-house departments with expertise by obtaining a soil contamination report, structural integrity report and technical due diligence report produced by a third party. Where the subject facilities have a risk, it shall be judged that a countermeasure is taken and that the negative impact is unlikely to exceed environmental improvement effects.

■ Establishing the SRI selection process

Eligibility criteria and the selection process of green projects shall be established. In the due diligence of new investment projects implemented by CSIF, it shall be judged that the renewable energy power generation facilities will (1) not damage the health of people in the neighborhood or negatively impact the local municipality, and (2) not be involved in forced labor in the supply chain and in the development. At the same time, risks shall be identified by the Acquisition and Asset Management Department of CSAM as Asset Manager. Where a negative environmental impact has been identified, countermeasures shall be taken by applying knowledge of internal and external specialists to eliminate factors causing the impact. In addition, where solar power generation facilities or the similar facilities are to be acquired from a related party, the acquisition shall be deliberated and resolved by CSAM's Compliance Committee in advance.

Sustainability Implementation System

■ Sustainability Committee

The Sustainability Committee was established mainly to deliberate on and determine basic policies and other matters relating to sustainability activities implemented by CSIF and CSAM.

■ Sustainability Committee Members

Chief Sustainability Officer: CEO and Representative Director (Committee Chair)

Committee Members: All officers (Directors and Executive Officers), Chief Compliance Officer and all General Managers of Departments

Secretariat: Asset Management Department

Implementation of decisions: Every department

■ Matters to be deliberated on and determined by the Sustainability Committee

- (1) Formulation and revision of basic policy and basic plan for sustainability activities
- (2) Formulation and revision of annual priorities for sustainability activities
- (3) Monitoring of progress of sustainability initiatives
- (4) Deliberation on and determination of disclosure of material information about sustainability activities
- (5) Responding to inquiries internally and externally with matters related to sustainability activities
- (6) Verification of and recommendations on the company's management policies and business activities from a sustainability perspective
- (7) Matters deliberated and determined at the request of each Department General Manager
- (8) Matters deemed necessary by the Committee Chair or matters specified separately in the Company's internal rules
- (9) Other matters incidental thereto

■ Matters to be reported to the Sustainability Committee

- (1) Matters concerning the results of the Company's sustainability activities
- (2) Matters deliberated on and determined by the Sustainability Committee which are referred to the Board of Directors
- (3) Matters deemed necessary by the Committee Chair and matters specified separately in the Company's internal rules
- (4) Other material matters concerning the Company's sustainability activities

■ Frequency of Sustainability Committee meetings

Convened by the Committee Chair and held at least once every six months, in principle

Stakeholder Engagement

Basic Approach

CSIF and CSAM build connections with various stakeholders as a basis for their business activities and believe that to continue contributing to society, it is important to accurately understand the needs and expectations of stakeholders and society and to respond to these needs and expectations through their business activities.



Investors and unitholders

- Active communication of information and creation of communication tools
- Holding of financial results presentations and IR meetings with institutional investors
- Participation in IR events and online seminars



Employees

- Training programs
- Promoting diversity
- Support for the acquisition of qualifications



Business partners

- O&M, etc. contractors and subcontractors
- Equipment suppliers
- Power plant lessees



Government

- Concentration on expansion of assets likely to contribute to Japan's energy policy
- Lobbying for conduit conditions
- In listed infrastructure fund market
- to be made permanent



Local Communities and International Society

- Contributions to local communities
- Support for initiatives

Recognizing that the realization of a sustainable society is essential for CSIF's sustainable growth and will mitigate CSIF's business risks, CSIF believes that contributing to the resolution of social issues through its business is in line with CSIF's basic policies of "building a more sustainable economy and society through achievement of the basic philosophy" and "enhancing unitholder value in the medium and long term.

In specific initiatives, CSIF and CSAM held much discussion based on material issues from the two perspectives (double materiality) of the IIRC (materiality from the investor's perspective as defined in the Guidance for Collaborative Value Creation published by the Ministry of Economy, Trade and Industry, etc.; environmental and social issues which have a material impact on a company's value creation so to speak) and GRI (materiality from a multi stakeholder perspective as defined in Global Reporting Initiative, etc.; most significant impacts of an organization's activities on the economy and environment), taking into consideration the impact on CSIF's business and performance and stakeholders' expectations and interest, and they then identified the ESG issues which were especially important for CSIF (materiality) as follows.

Material Issue Identification Process

When identifying materiality, CSAM's Sustainability Promotion Secretariat, which is made of members from across the organization, holds discussions to extract issues and identify materiality, which is then approved by the Sustainability Committee as the decision-making body.

STEP 1. Extraction of issues

When extracting issues likely to impact the sustainable growth of the environment, society and the economy, CSIF held wide ranging discussions with reference to the following.

- Identification of entities that actually operate the business of the investment corporation (boundaries)
- Assessment of matters of interest to investors and other stakeholders: identification of issues based on ESG rating agency criteria, external disclosure frameworks, etc.
- External ESG frameworks/indices referred to in the above: GRESB Infrastructure Asset Assessment, MSCI ESG Ratings, SASB Standards

STEP 2. Identification of Materiality

Each of the extracted issues was put in order of priority based on "impact on CSIF's investment policy and performance" and "impact on stakeholders and environment and society" and the material issues which CSIF should focus on as a priority were identified.

Step3 Deliberation and Approval by the Sustainability Committee

Each of the material issues was approved by the Sustainability Committee, which is chaired by CSAM's CEO and Representative Director as the person with final decision authority, following deliberation of their appropriateness.













Step4 Sharing and periodic review of material issues

The identified material issues are shared with all CSAM's officers and employees and CSIF's Directors and must be reviewed periodically to ensure flexible adaptation to changes in society and the environment.

14 Materiality (material issues)

Materiality (material issues)

In February 2023, taking environmental, social and governance (ESG) factors into consideration, CSIF and CSAM identified materiality (material issues) in relation to sustainability as follows. By setting targets for each issue and implementing a PDCA cycle to achieve the targets, CSIF and CSAM will seek to achieve the SDGs (Sustainable Development Goals) or Global Goals adopted by the United Nations in 2015, and achieve CSIF's medium and long-term growth.

	CSIF's Materiality	Summary	Related SDGs
E	Reduction of GHG emissions and energy	CSIF and CSAM aim to give consideration to environmental impacts in accordance with the Tokyo Protocol and Paris Agreement and minimize GHG emissions produced in their business activities and to also help reduce the emissions of society as a whole through expansion of their business activities	 
	Climate action	CSIF and CSAM, together with Canadian Solar Projects K.K., a sponsor for CSIF, aim to contribute to building a sustainable economic society in local regions while paying attention to the global environment and therefore invest mainly in renewable energy power generation facilities and conduct business with a focus on the environmental aspect among ESG considerations.	  
	Management of environmental impact	CSIF and CSAM aim to reduce environmental impact by assessing and managing environmental impact on the development of solar power generation facilities and on the disposal of solar panels and other equipment.	  
S	Human capital development	Recognizing that employees are an organization's most important assets in accordance with the Canadian Solar Group's approach, CSAM believes that employees give CSIF and the Canadian Solar Group a stable competitive advantage and are the key to achievement of their mission and targets	 
	Occupational health and safety	In accordance with the Canadian Solar Group's positioning of the occupational health and safety of employees as a top priority, CSAM also recognizes this as a top priority and is aware of the risks involved in managing and operating power plants and endeavors to ensure the safety of business partner employees.	  
	Human rights and D&I	Within an open work culture which stimulates creativity in employees, CSAM must endeavor to provide workplaces in which employees can fulfill their potential and must also uphold its responsibility for high standards, providing workplaces in which all employees are treated fairly and properly and are safe.	  
G	Corporate Governance	As an investment management business under the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations, CSAM shall develop systems for enhancement of unitholder value and shall also continuously review the PDCA cycle implemented in the decision-making process.	
	Risk Management and Compliance	CSIF and CSAM shall raise awareness of compliance through compliance training, etc. and develop the internal management structure and risk management systems.	
	ESG information disclosure and transparency	CSIF and CSAM shall enhance and ensure the timeliness of disclosures that go beyond the timely disclosure requirements of the Tokyo Stock Exchange and shall endeavor to provide various stakeholders with accurate information in a timely manner.	

Signatory to the Principles for Responsible Investment (PRI)

In August 2019, Canadian Solar Asset Management K.K., which is the Investment Corporation's Asset Manager, became the first Japanese asset manager of a listed infrastructure fund to be a signatory to the UN PRI (United Nations supported Principles for Responsible Investment). The UN PRI is an initiative launched in 2006 at the instigation of then UN Secretary-General Kofi Annan. They are global guidelines requiring asset managers, etc. to integrate ESG into their decision-making process. CSIF and CSAM shall clarify their initiatives to address ESG issues and aim for responsible investment management, in order to contribute even more to fulfilment of the social responsibilities.

<The six Principles for Responsible Investment>

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Signatory of:



Support for the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) was created by the Financial Stability Board for the purpose of reviewing financial institutions' climate-related information disclosure and response. Climate change should be seen as a significant risk to the global economy and companies, etc. should understand and disclose climate related information under the four pillars Governance, Strategy, Risk Management and Metrics and Targets.

The TCFD Consortium was established as a forum for the companies and financial institutions, who support the TCFD's recommendations, to jointly promote their efforts and discuss companies' effective information disclosure and financial institutions' use of such information for making appropriate investment decisions.

CSAM declared its support for the TCFD recommendations and also participates in the TCFD Consortium, which is an organization made up of companies which support TCFD in Japan.



Environment (E)



GHG Emissions

CSIF and CSAM will give consideration to environmental impacts in accordance with the Tokyo Protocol and Paris Agreement and shall seek to minimize GHG emissions produced in their business. They will also aim to help reduce emissions in society as a whole by expanding their business.

■ Policy and direction of initiatives

(1) CSIF and CSAM will endeavor to reduce energy procured for power generation and energy used in the offices of CSAM and O&M companies and shall also focus on reducing GHG emissions by being more selective about energy suppliers, etc.

(2) CSIF and CSAM will concentrate on expanding CSIF's AUM based on the approach that the more electricity generated at the solar power plants owned by them, the more they can help reduce GHG emissions. The current AUM expansion target is 100 billion yen (acquisition price basis) but the aim is to continuously expand the size of assets to help reduce the GHG emissions of society as a whole.

■ Goal

Increased supply of renewable energy through external growth and greater contribution to reduction of GHG emissions

Over the past five years since listing, CSIF and CSAM helped reduce CO₂ emissions by 359,637,483kg in total through the generation of electricity at the solar power plants they own. By continuing to increase CSIF's asset size and generate more solar renewable energy, CSIF and CSAM will help further reduce CO₂ emitted by society as a whole.

	The number of power plants	Solar panel output (MW)	Volume of power generated (kWh)	Amount of CO ₂ reduction (kg-CO ₂)
Year ended June 30, 2018	15	75.3	57,471,288	30,322,149
Year ended December 31, 2018	18	105.6	50,156,955	25,732,694
Year ended June 30, 2019	20	108.9	61,581,643	33,178,668
Year ended December 31, 2019	21	119.7	58,092,572	31,079,950
Year ended June 30, 2020	21	119.7	65,575,444	35,172,986
Year ended December 31, 2020	23	123	67,625,153	31,957,301
Year ended June 30, 2021	25	183.9	95,178,803	40,791,271
Year ended December 31, 2021	25	183.9	99,477,176	41,599,914
Year ended June 30, 2022	25	183.9	112,443,183	46,967,688
Year ended December 31, 2022	25	183.9	99,893,868	42,834,862
Total			767,496,085	359,637,483

Pursuit of renewable energy supply that meets society's needs

Currently, the solar power generation facilities owned by CSIF operate under the feed-in tariff (FIT) scheme based on the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities. This FIT scheme started being phased out in March 2022 and the new feed-in-premium (FIP) scheme was introduced from April the same year. The new scheme will allow renewable generators to sell electricity according to society's needs, including directly selling to power consumers, which was not allowed under the FIT scheme. CSIF will also help reduce CO₂ emitted by society as a whole and contribute to energy policy by meeting the future needs of society.

Achievement of clean, green business operations and carbon neutrality

CSIF and CSAM will aim to achieve carbon neutrality by changing their energy usage and energy suppliers, etc.

Basic Approach

CSIF and CSAM, together with Canadian Solar Projects K.K., a sponsor for CSIF and CSAM, aim to contribute to building a sustainable economic society in local regions while paying attention to the global environment and therefore invest mainly in renewable energy power generation facilities and conduct business with a focus on the environmental aspect among ESG considerations.

■ Disclosure of information about climate change initiatives based on the TCFD Recommendations

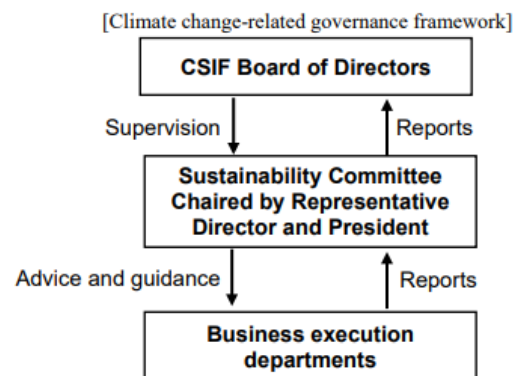
Recognizing that climate change is an important environmental issue with potential risks and opportunities for business operations, CSIF and CSAM have decided to disclose information in line with the TCFD recommendations in the areas of governance, strategy, risk management, and metrics and targets.



(*)TCFD: Task Force on Climate-related Financial Disclosures
Task Force on Climate-related Disclosures: Initiative which was established by the Financial Stability Board (FSB) based on the wishes of G20 Finance Ministers and Central Bank Governors and which recommended that organizations assess and disclose the potential financial impacts of climate-related risks and opportunities.

Governance

CSIF's Board of Directors supervises action on ESG issues including action on climate change by receiving reports twice a year from the Sustainability Committee. The Sustainability Committee is chaired by the Representative Director and CEO who is responsible for managing climate-related risks and opportunities. Leveraging the latest knowledge of renewable energy-related policy developments and climate-related disasters, etc., the committee identifies risks and opportunities based on the proposals of business execution departments and provides advice and guidance.



Risk Management

CSIF and CSAM evaluate the importance of solar power generation climate-related risks and opportunities, taking factors such as impact on business, probability of occurrence, connection with business strategies, and level of stakeholder interest into consideration. The management process for climate-related risks is integrated into the Risk Management Regulations and Risk Management Policy established under the existing Risk Management Framework and identified material risks are managed from diverse perspectives including risk understanding and awareness methods, risk limits, risk mitigation measures (methods for addressing risk), and risk reduction methods on risk discovery.

Strategies

■ Identification of risks and opportunities

Risks and opportunities associated with climate change can be divided into “transition risks and opportunities” arising from the transition to a decarbonization society, such as the increased share of renewables in the electricity generation mix, and “physical risks and opportunities” arising from changes in the climate, such as the increased severity of climate-related disasters.

CSIF and CSAM recognize that these risks and opportunities will each materialize at different times and classified them into short, medium and long-term risks (0-5 years, 5-15 years and 15+ years) as shown in the table below

Category		Key risks and opportunities	Materialization timing
Transition risks	Regulations	Response to more rigorous assessment of environmental impacts	Short term
		Decrease in volume of electricity sales due to output curtailment	Short term
	Market	Decrease in electricity demand due to shrinking population	Long term
		Decrease in electricity demand due to decline of primary material industry	Long term
	Technology	Contraction of commercial market due to expansion of residential market resulting from widespread introduction of distributed energy systems	Medium Term
Physical Risks	Acute	Rising cost of tackling natural disasters due to increased severity of climate-related disasters	Short term
	Chronic	Decrease in volume of electricity sales due to changing weather patterns	Short term
Opportunities	Products and Services	Increase in volume of electricity sales as a result of growing demand for renewables	Medium Term
	Market	Increase in volume of electricity sales due to wider range of facilities including floating solar power generation systems and farming type photovoltaic generation systems	Medium Term
		Growth in electricity demand due to use of electricity in energy-intensive industries, etc.	Medium Term
	Technology	Decrease in capital expenditure due to increase in cumulative production volume of solar power generation facilities	Medium Term

■ Scenario analysis

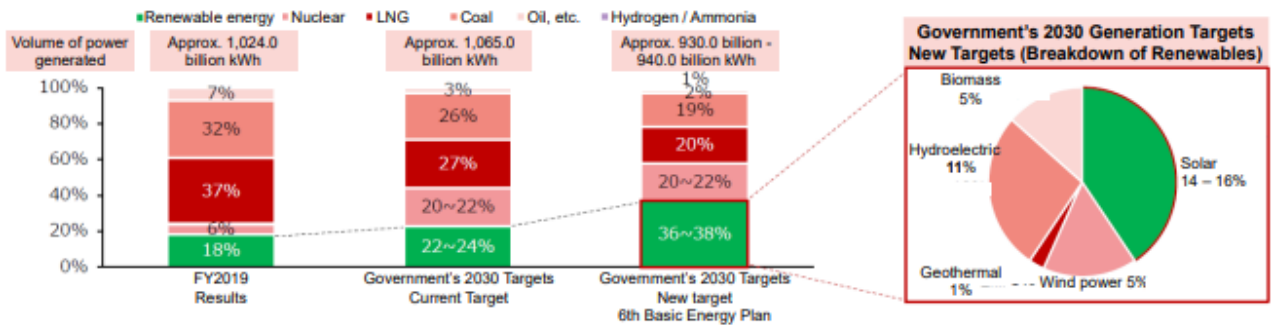
For climate change related risks and opportunities that we identified and organized, we conducted scenario analysis on the following themes which were assessed as having a “high degree of importance,” taking into consideration factors such as impact on business, connection with business strategies, and level of stakeholder interest.

- Impact of increasing severity of climate-related disasters on power plants (flood, high tide, wind damage)
- Increase in volume of electricity sales as a result of growing demand for renewables
- Increase in volume of electricity sales due to wider range of facilities including floating solar power generation systems and farming type photovoltaic generation systems
- Decrease in capital expenditure due to increase in cumulative production volume of solar power generation facilities

Metrics and Targets

CSIF and CSAM recognize that government decarbonization and energy policy measures are important for investment in and operation of solar power generation facilities, which are their core business. The 6th Basic Energy Plan identifies renewable energy as a major power source and plans to increase the national target for renewable energy in Japan's power mix to between 36% to 38% by 2030. This is double the FY2019 share (18%). Solar power is expected to be the largest renewable energy source, accounting for a 14-16% share of Japan's power mix.

Using changes in the solar power share of Japan's power mix as an indicator for managing future investment policy and risks and opportunities, we will contribute to the creation of a sustainable economy and society.



We also recognize that reduction of electricity sales loss through output curtailment is also important to ensure stable revenue from sales of electricity from solar facilities. To this end, we have been installing online output curtailment systems and we will continue considering gradually shifting to online output curtailment based on an assessment of cost-effectiveness.

Time of introduction	Shifted power plants
By 8th fiscal period	CS Mashiki-machi Power Plant, CS Shibushi-shi Power Plant CS Minami Shimabara-shi Power Plant (East), CS Minami Shimabara-shi Power Plant (West)
By 9th fiscal period	The above three power plants and all power plants in the Kyushu power grid except CS Hiji-machi Dai-ni Power Plant
By 10th fiscal period	All power plants in the Kyushu power grid including CS Hiji-machi Dai-ni Power Plant

Management of solar power generation equipment in the disposal stage

If it becomes necessary to dispose of panels at power plants due to breakdown, etc., CSIF and CSAM check whether the industrial waste disposal business operator is licensed and carry out the procedure in accordance with the required waste manifest.

In the EU, the Canadian Solar Group forms partnerships with recycling service providers in accordance with the WEEE (Waste of Electric and Electronic Equipment European Directive) and also takes similar action in Australia.

The Group including sponsors also help renewable energy become more widely used by investing in renewable energy out of consideration for the environment.

- Environmentally friendly development and operation at CS Daisen-cho Power Plant

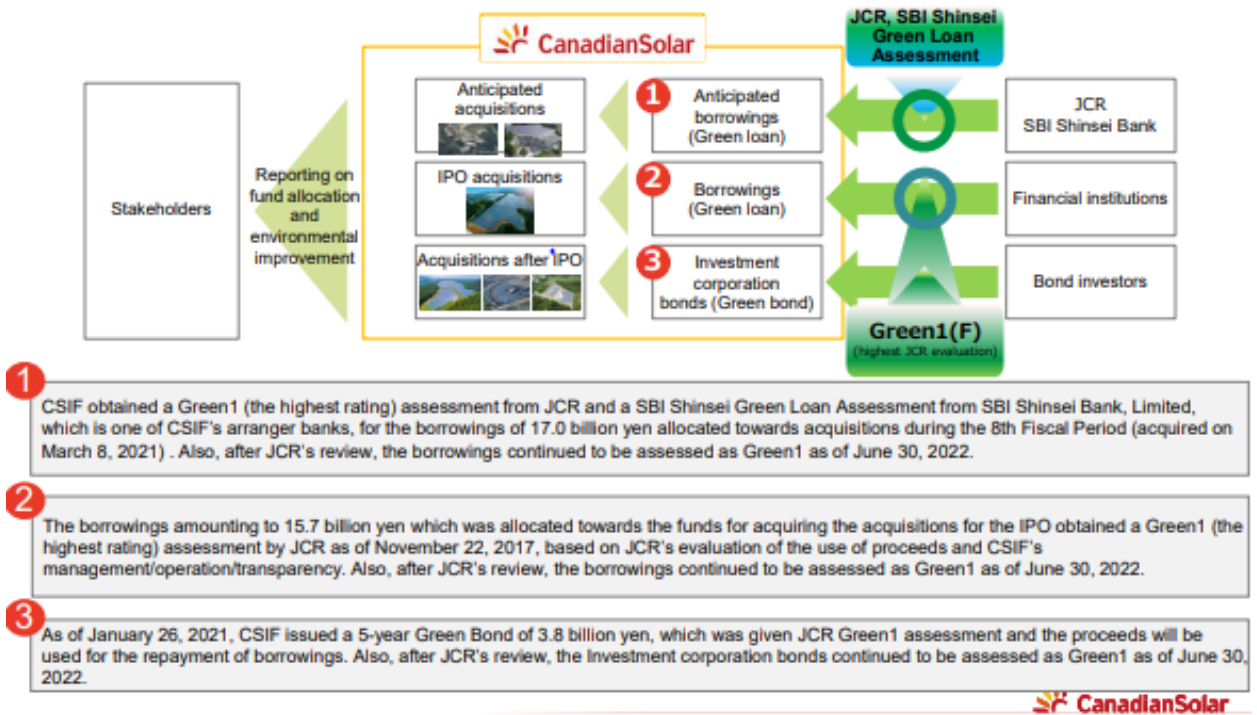
The district in which CS Daisen-cho Power Plant is located is in close proximity to districts known for their diverse and rich ecological environments with forests, plants and wild birds. The sponsor refrained from using chainsaws when developing the project to avoid damaging the habitat of rare species of indigenous falcons, while painting the fence around the site using camouflage colors.

Mitigation of environmental impact through the manufacture of solar panels (Reference: Canadian Solar Group)

The Canadian Solar Group has been focusing on mitigating environmental impacts by reducing greenhouse gases and industrial water usage, etc. in the process of manufacturing solar panels (2017-2020).



- CSIF devised a new Green Finance Framework which obtained a Green1(F) assessment from JCR, the highest assessment rating as of May 11, 2020 and the rating is maintained.



CanadianSolar

Assets eligible for Green Finance

Property number	Property name	Use of funds raised through borrowing/investment corporation bonds
S-01	CS Shibushi-shi Power Plant	Property allocated funds from Green Loan (2) above
S-02	CS Isa-shi Power Plant	Property allocated funds from Green Loan (2) above
S-03	CS Kasama-shi Power Plant	Property allocated funds from Green Loan (2) above
S-04	CS Isa-shi Dai-ni Power Plant	Property allocated funds from Green Loan (2) above
S-05	CS Yusui-cho Power Plant	Property allocated funds from Green Loan (2) above
S-06	CS Isa-shi Dai-san Power Plant	Property allocated funds from Green Loan (2) above
S-07	CS Kasama-shi Dai-ni Power Plant	Property allocated funds from Green Loan (2) above
S-08	CS Hiji-machi Power Plant	Property allocated funds from Green Loan (2) above
S-09	CS Ashikita-machi Power Plant	Property allocated funds from Green Loan (2) above
S-10	CS Minami Shimabara-shi Power Plant (east) Minami Shimabara-shi Power Plant (west)	Property allocated funds from Green Loan (2) above
S-11	CS Minano-machi Power Plant	Property allocated funds from Green Loan (2) above
S-12	CS Kannami-cho Power Plant	Property allocated funds from Green Loan (2) above
S-13	CS Mashiki-machi Power Plant	Property allocated funds from Green Loan (2) above

Property number	Property name	Use of funds raised through borrowing/investment corporation bonds
S-20	CS Marumori-machi Power Plant	Property allocated funds from Green Bond (3) above
S-21	CS Izu-shi Power Plant	Property allocated funds from Green Bond (3) above
S-22	CS Ishikari Shinshinotsu-mura Power Plant	Property allocated funds from Green Bond (3) above
S-23	CS Osaki-shi Kejonuma Power Plant	Property allocated funds from Green Bond (3) above
S-24	Property allocated funds from Green Loan (1) above	Property allocated funds from Green Loan (1) above
S-25	CS Ogawara-machi Power Plant	Property allocated funds from Green Loan (1) above



Social (S)

Basic Approach

Our culture has always been to put people first and treat everyone with dignity.

We promote equity, diversity, and inclusion, as we believe a diverse workforce is the driver of creativity and innovation and is critical to our long-term success. Best practices are implemented locally in keeping with our global strategies across our operating operations, from manufacturing to sales and project development.

Canadian Solar is an equal employment opportunity employer ([link](#)) and does not tolerate discrimination of any kind, including, but not limited to, race, color, ethnicity, gender, religion, political or other opinion, sexual orientation, age, disability status, or other distinguishing characteristics. We hire, promote, and reward employees based on their qualifications, experience, development potential, and performance, and also take diversity into account, with the goal of assembling a group of talented and skillful individuals with diverse aim to increase female representation in our global workforce to 40% and in our middle management to 30% by 2026. We also aim to increase the share of employees with special needs to 1-2% in 2026 from 0.8% in 2021.

Talent Strategy, Training, and Development

Our people are our most important asset.

They are the driver of our sustainable competitiveness and key to achieving our goals and mission. As such, we recalibrate our talent strategy and monitor progress annually to ensure that we remain on track with our short, medium, and long-term goals.

Training, Skills and Career Development Programs

Talent Review and Succession Planning

To prioritize talent skillsets that we have identified as critical for the long-term success of our business, we build out and review our talent pipeline on a regular basis. Our human capital development team helps employees develop skills and knowledge sets that may not be readily available in the market. We have also established a succession planning process based on business needs, talent availability, and employee feedback.

Leadership and Key Talent Development Programs

Initiatives such as the Business Leader Development Program, where we partner with prestigious universities to provide online lectures, webinars, and project assignments, meet this need by providing training and development opportunities for all different levels of leadership.

We also have a Middle Manager Development Program and a Frontline Leadership Program, where we partner with Franklin Covey to deliver leadership, individual effectiveness, and business execution training to our business leaders.

Canadian Solar University program

CSAM utilizes Canadian Solar University (CSU), a training program provided by the Canadian Solar Group. CSU provides employees with learning resources covering all key business functions, including project development, project sales, energy storage, asset management, O&M, and EPC management.

Each topic has different levels, from entry level 101 courses to expert level 401 courses. Currently, Canadian Solar is in the process of developing a CSI solar curriculum focused on solar module products and R&D, which is expected to launch later this year.

CSU aims to help CSAM employees gain a broader understanding of the business of the Canadian Solar Group not just CSIF's asset management, drive innovation, and stimulate more effective collaboration within the company. It also helps further develop employees' expertise across disciplines, both within and across business functions.

17 courses launched in 2020, including:

- Project Finance 201: Financial Modeling Case Studies
- Development 201: Multi-Discipline Approach
- PPA 201: Global Power Markets & EMEA Case Studies
- Energy Storage 201: Providing an easy-to-understand explanation of energy storage as a solution for "EPC 201: System Design – Energy Modeling"

Almost all employees of Canadian Solar's Global Energy, including CSAM, join these courses and the average employee satisfaction score so far is 4.5 out of 5. Canadian Solar Group also provides regular on-the-job training on EHS, compliance, markets and industrial development, professional skills, and trade knowledge.



Mr. Ismael Guerrero, Corporate Vice President and President of the Global Energy introducing intermediate level 201 courses at Canadian Solar University



Realization of diverse work styles

In the Canadian Solar Group, women constitute 19% of top management team members. The Group strives to practice management without prejudice based on gender, nationality, age, appearance, and other attributes, in its efforts to create a workplace environment that is free from discrimination. At CSAM, which has inherited the Group’s DNA, about half of all employees are women. In addition, based on the belief that human resources are its greatest assets, the Canadian Solar Group seeks to improve employee health, labor management, crisis management, and other aspects by conducting employee satisfaction surveys and stress checks. Thus, the Canadian Solar Group strives to improve the workplace so that it is comfortable for employees in this era of diversity.

Introduction of flextime system

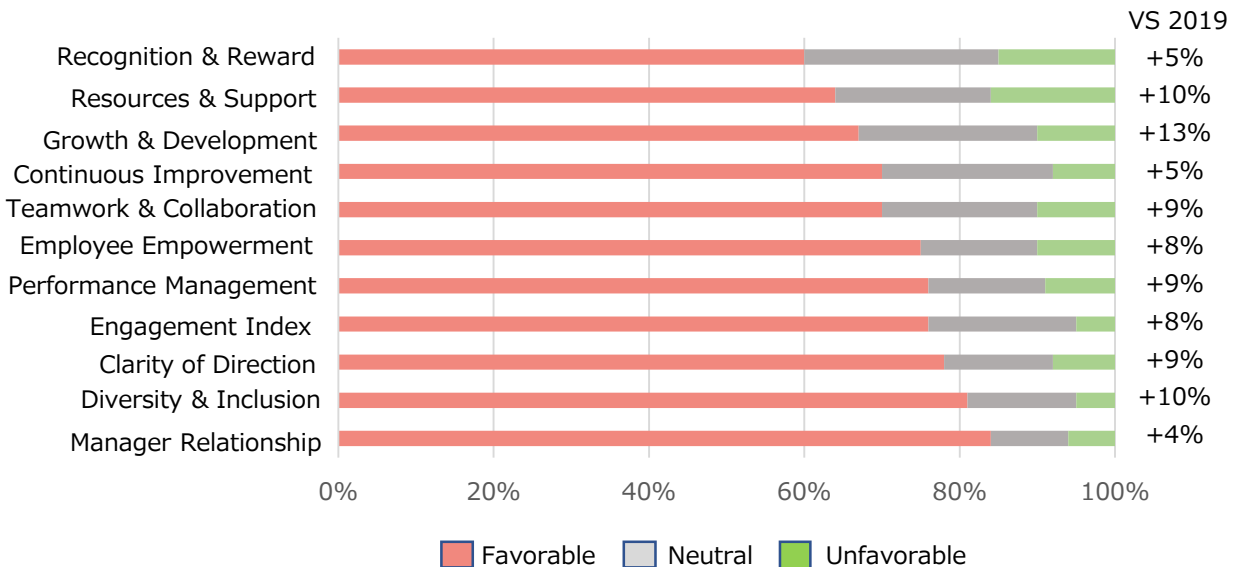
From April 2021, CSAM introduced a flextime system, with core hours of 11am to 4pm every day, to improve productivity while ensuring the diversity of employees.

Encouraging remote work

Remote work was introduced at CSAM from March 2020 as a measure to combat the spread of COVID-19. It was later introduced permanently as a new style of working.

Employee engagement surveys

The Canadian Solar Group including CSAM conducts engagement surveys every two years to gauge the employee engagement level relative to internal and industry benchmarks and to consider employees’ feedback on areas of positive performance and areas for improvement.



(Source) Canadian Solar Inc. Sustainability Report 2021

Basic Approach

At Canadian Solar Group, employee safety is our top priority.

The Group has established a Human Rights Policy, supports respect for human rights and strives to respect all human rights in practice in accordance with the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and the UN Guiding Principles on Business and Human Rights, etc. The Group also complies with laws on the health and safety of workers and is committed to developing a safe and healthy working environment.

Promoting health management

Based on a contract with the iCare Group, iCare's medical staff provide health support-related informative emails on a regular basis and raise awareness of helplines to dispel concerns related to the management of physical and mental health and to make it easier for employees to seek advice. In September 2022, CSAM was certified as "a company that has excellent health management" by the Tokyo Federation of the National Federation of Health Insurance Societies.

Stress checks

CSAM carries out annual stress checks to assess the stress levels of employees.

Employee welfare programs

- Introduction of flextime system
- Establishment of a remote work environment
- Changes to the evaluation system and payment of performance-linked bonuses every quarter instead of once a year

	FY2020	FY2021	FY2022
Percentage of paid vacation days actually taken (January-December)	41.0%	30.0%	40.2%
Percentage of employees receiving health checkups (April-March)	97.6%	96.3%	-
Percentage of employees undergoing stress checks (January-December)	83.2%	69.4%	79.8%

Status of occupational safety and health at company managing and operating power plants

CSAM works hard to ensure occupational safety and health at power plants by checking compliance with a Safety and Health Plan to be established by Canadian Solar O&M Japan K.K., which is CSAM's business partner for the management of power plants.

Overview of Safety and Health Plan:

The plan sets out the following.

- Safety programs
- Site hazards
- Personal protective equipment
- Incident investigation procedure
- Early and safe return to workplace
- Emergency response plan
- Fire safety plan
- Right to refuse dangerous work

Basic Approach

As part of the Canadian Solar Group, CSAM's policies on human rights and D&I are consistent with the Group's approach.

The Canadian Solar Group's employees are invaluable assets and the key to the Group's success. Within an open work culture which stimulates creativity in employees, the Canadian Solar Group must endeavor to provide workplaces in which employees can fulfil their potential and must also uphold its responsibility for high standards, providing workplaces in which all employees are treated fairly and properly and are safe.

The Canadian Solar Group pledges to uphold the principles of equal opportunity and will comply with laws, ordinances and regulations on equal employment opportunities for all applicants and employees. The Canadian Solar Group's policy is to provide equal employment opportunities in connection with decisions on all aspects of employment including but not limited to promotion, recruitment, training, remuneration, allowances, transfer, leave, termination, layoff and employee programs.

In addition, CSAM pledges to provide workplaces which are free from discrimination and harassment based on race, color, gender, sexual orientation, gender identity or expression, genetic information, creed, religion, age, marital status, country of origin, family status, pregnancy, health status, veteran status, nationality, physical or mental disability or other protected characteristic.

Office-based employees will be allowed to opt for a hybrid working arrangement where time is split between the workplace and home. The adoption of this hybrid working model based on employee feedback and an internal assessment will enable more flexible working styles, leading to improvement in the work-life balance and satisfaction of employees as well as improvement in individual and collective productivity. At the same time, the Group's employees have the right to take sick leave, annual leave and child care leave at a minimum in accordance with applicable laws, as shown in the Group's Labor and Human Rights Policy.

Human rights risk management structure

CSAM supports respect for human rights and strives to respect human rights in practice in accordance with documents such as the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights, and the UN Guiding Principles on Business and Human Rights. The Human Rights Policy applies to all officers and employees. CSAM also demands that its business partners support the Human Rights Policy and endeavor to show respect for human rights.

(1) Prohibition of discrimination

The Group is committed to eradicating any form of discrimination based on race, religion, gender, age, physical disability, nationality, and other distinguishing characteristics.

(2) Prohibition of harassment

Canadian Solar does not tolerate any form of harassment, including but not limited to physical or psychological harassment, power harassment, maternity harassment, and paternity harassment.

(3) Prohibition of forced or compulsory labor

The Group does not tolerate any form of forced labor in which persons are coerced to work through the use of violence or intimidation, etc.

(4) Prohibition of child labor

Canadian Solar respects children's rights and does not tolerate child labor.

(5) Freedom of association and recognition of the right to collective bargaining

Canadian Solar strictly abides by the laws and regulations governing freedom of association and respects its employees' rights of freedom of association and collective bargaining.

(6) Payment of wages above the minimum wage

Canadian Solar pays wages that are above the minimum wage stipulated by law, and also pays wages which will lead to a higher standard of living, taking inflation into consideration.

(7) Worker health and safety

The Group complies with health and safety laws and regulations and develops healthy and safe working environments.

(8) Reduction of excessive working hours

We comply with labor-management agreements on overtime work (Article 36 Agreements) and other relevant laws and regulations and strives to reduce overtime work and curb excessive working hours.

Governance (G)

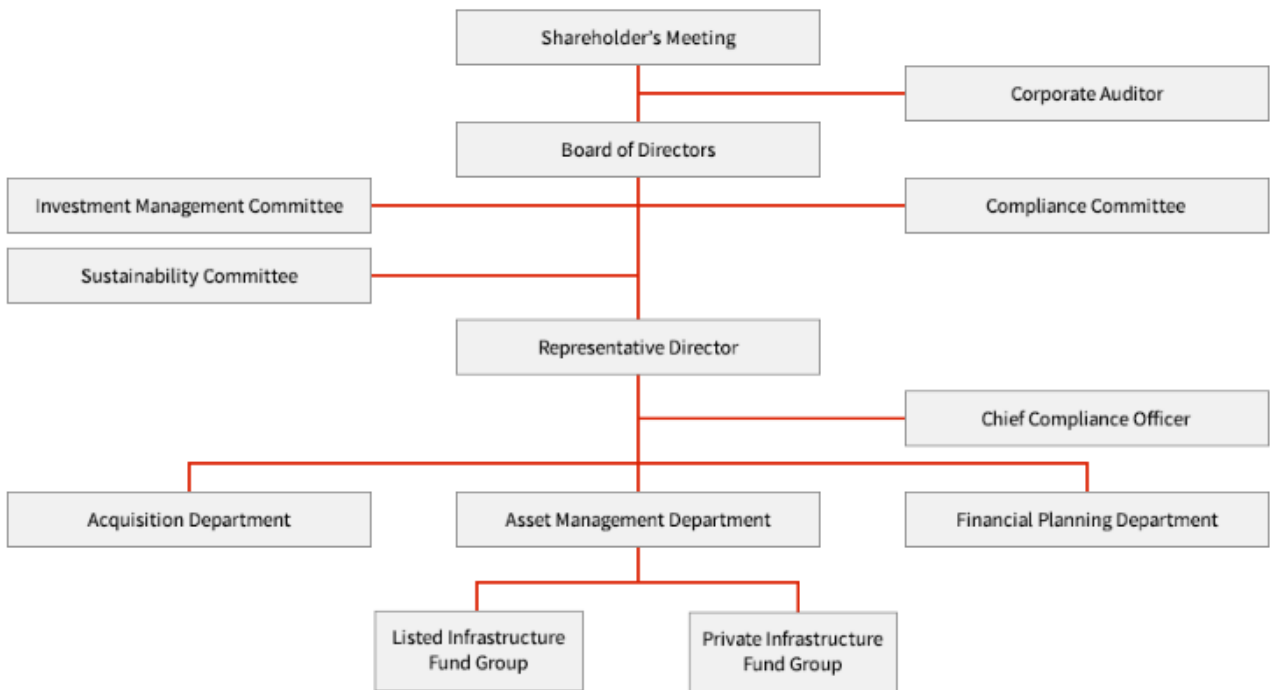


CSIF's asset management structure

SIF entrusts the management of its assets entirely to CSAM as Asset Manager. CSAM manages CSIF's assets in accordance with an asset management agreement executed with CSIF.

In addition to CSIF, CSAM has also begun providing asset management services for a private placement fund since January 2019.

CSAM's organization chart as of the date of this report is as follows



Committee's name	Outline
Board of Directors Members Frequency of meetings	a. Deliberation and resolution of matters concerning CSAM's business management b. Deliberation and resolution of matters concerning management of CSIF's assets c. Other operations incidental to the foregoing All directors Ordinary meetings of the Board of Directors are held once every other month and extraordinary meetings are held whenever necessary.
Investment Management Committee Members Frequency of meetings	<ul style="list-style-type: none"> • Formulation and revision of CSIF's investment policy and investment plan • Formulation and revision of policy and plan for management of CSIF's assets • Formulation and revision of CSIF's basic fundraising policy • Decisions on the acquisition and sale of CSIF's assets • Decisions concerning the lease of CSIF's assets, and the entrustment of management and implementation of construction work in relation thereto (only decisions specified in Regulations for Division of Authority). • Decisions on matters relating to CSIF's fundraising • Decisions on other transactions between CSIF and related parties provided for in the Regulations for Related-Party Transactions • Important matters relating to CSIF's investment policy • Matters deliberated and resolved at the request of each department general manager • Matters deemed necessary by the Committee Chair and matters specified separately in CSAM's internal rules • Other matters incidental thereto Chair: Representative Director and CEO Members: All full-time Directors, the Chief Compliance Officer, all Executive Officers, all Department General Managers, and External Committee Members (Note 1) Part-time Directors may also attend meetings and make comments as observers but do not have voting rights. In principle at least once every three months
Compliance Committee Members Frequency of meetings	<ul style="list-style-type: none"> • Decisions on transactions between CSIF and related parties provided for in the Regulations for Related-Party Transactions • Decisions on transactions besides the foregoing which the Chief Compliance Officer judges require deliberation and resolution by the Compliance Committee • Formulation and revision of Compliance Regulations, Compliance Manual and Compliance Program • Formulation and revision of Internal Audit Regulations • Matters concerning CSAM's risk management • Matters deliberated and resolved at the Chief Compliance Officer's request • Matters deemed necessary by the Committee Chair and matters specified separately in CSAM's internal rules • Matters concerning the processing of complaints, etc. about CSAM and matters concerning other compliance-related misconduct or suspected misconduct • Decisions on the acquisition and sale of CSIF's assets • Other matters incidental thereto Chair: Chief Compliance Officer Members: Representative Director and CEO, all full-time Directors, all Executive Officers, all Department General Managers and External Members (Note 2) In principle at least once every three months
Sustainability Committee Members Frequency of meetings	<ul style="list-style-type: none"> • Formulation and revision of basic policy and basic plan for sustainability promotion activities • Formulation and revision of annual priorities for sustainability activities • Monitoring of the state of progress of sustainability promotion activities • Deliberation on and determination of disclosure of material information about sustainability activities • Responding to inquiries internally and externally on matters related to sustainability activities, and verification of and recommendations on CSAM's management policies and business activities from a sustainability perspective • Matters deliberated and resolved at the request of each department general manager • Matters deemed necessary by the Committee Chair and matters specified separately in CSAM's internal rules • Other matters incidental thereto Chaired by Representative Director and CEO Members: All full-time Directors, the Chief Compliance Officer, all Executive Officers and all Department General Managers In principle at least once every six months

(Note 1) As of the date of this report, one real estate appraiser who does not have any special interest in CSIF or CSAM has been appointed as an externally recruited member.

(Note 2) As of the date of this report, one lawyer who does not have any special interest in CSIF or CSAM has been appointed as an externally recruited member.

CSIF's Board of Directors

3 Directors (1 Executive Director and 2 Supervisory Directors)
Percentage of women directors: 33%

In selecting candidates for director, appointments are made based on the following election ground, through a resolution of the General Meeting of Unitholders, on the assumption that they do not fall under any of the grounds for disqualification set forth in various laws and regulations including the Investment Trust Act (Articles 98 and 100 of the Investment Trust Act, Article 244 of the Ordinance for Enforcement of the Investment Trust Act).

Selection criteria for Directors

Job title	Name	Reason for appointment as Director	Attendance at meetings of Board of Directors	
			Fiscal period ended June 2022	Fiscal period ended December 2022
Executive Director	Hiroshi Yanagisawa	Hiroshi Yanagisawa was appointed Executive Director based on the judgment that he has detailed knowledge of operations relating to the management of CSIF's assets gained as Representative Director of CSAM, with which CSIF has concluded an Asset Management Agreement, and that he has sufficient knowledge and experience to carry out his duties as a member of CSIF's Board of Directors.	3/3 (100%)	4/4 (100%)
Supervisory Director	Takashi Handa	公Takashi Handa was appointed Supervisory Director based on the judgment that he has detailed knowledge of accounting and tax affairs gained as a CPA and experience of auditing the accounts and managing the assets of listed companies and that he has sufficient knowledge and experience to supervise execution of duties by the Executive Director as CSIF's Supervisory Director and to carry out his duties as a member of CSIF's Board of Directors.	3/3 (100%)	3/4 (75%)
Supervisory Director	Eriko Ishii	Eriko Ishii was appointed Supervisory Director based on the judgment that she has detailed knowledge of asset management-related the laws and regulations gained as a lawyer and that she has sufficient knowledge and experience to supervise execution of duties by the Executive Director as CSIF's Supervisory Director and to carry out her duties as a member of CSIF's Board of Directors.	3/3 (100%)	4/4 (100%)

Remuneration for Directors

Remuneration for each Executive Director shall be an amount not exceeding 500,000 yen per month determined by the Board of Directors in light of factors such as the general price trend and wage trend and shall be paid monthly in arrears on the last day of the month.

Job title	Name	Total annual amount of remuneration paid to each Director
Executive Director	Hiroshi Yanagisawa	0 thousand yen
Supervisory Director	Takashi Handa	2,400 thousand yen
Supervisory Director	Eriko Ishii	2,400 thousand yen

Accounting auditor's fee

The accounting auditor's fee shall be an amount determined by the Board of Directors up to a maximum of 15 million yen for each audited fiscal period, and such amount shall be paid by transfer to the accounting auditor's designated bank account no later than three months from such fiscal period end.

Name	Details of fee	Total amount of fee
Grant Thornton Taiyo LLC	Fees for audit services (including English language audit)	11,000 thousand yen

CSAM's asset management fee structure

CSIF adopts investment trust management fees linked with revenues from the leasing business in connection with the assets under management in the business period concerned ("Asset Management Fees I") and investment trust management fees linked with the sum of net income for the business period concerned and fixed adjustments ("Asset Management Fees II"). By integrating these investment trust management fees, CSIF intends to give CSAM an incentive to increase both the revenues from the leasing business and net income.

Asset Management Fees I	The amount of rents that arise from assets under management, incidental revenues, damages, penalties for the cancellation of lease contracts, money similar to such penalties and revenues from other types of leasing businesses x 6.0% (upper limit)
Asset Management Fees II	The sum of Investment Trust Management Fees II, net income before the deduction of the consumption tax and the like on Investment Trust Management Fees II unqualified for deduction, and depreciation and amortization x 6.0% (upper limit)
Acquisition fees	Acquisition value x 2.0% (upper limit) Acquisition value x 1.0% (upper limit) in cases where the other party is a group of sponsors
Disposition fees	Transfer value x 2.0% (upper limit) Transfer value x 1.0% (upper limit) in cases where the other party is a group of sponsors
Merger fees	The appraisal value of the underlying assets which meant renewable energy power generation facilities and/or Real Estate related assets held by the subject investment corporation as of the effective date of the merger x 1.0% (upper limit)

Unification of interests of sponsors with those of Unitholders

CSIF seeks to enhance unitholder value by aligning the interests of sponsors with those of unitholders.

Number of units held by sponsors and their holding ratios
56,620 (14.64%)
 As of December 31, 2022

Fiduciary Duty

The Comprehensive Guidelines for Supervision of Financial Instruments Business Operators established by the Financial Services Agency describe the fiduciary duty required of investment management business operators in the following sections related to the supervision of investment management business operators.

VI-2 Appropriateness of Business Operations (Investment Management Business)

VI-2-1 Control Environment for Legal Compliance

Financial instruments business operators, which play an important role in investors' investment management, have fiduciary duty to the investors who entrust investment to them, and are required to fulfill the duty of loyalty, the duty of due care, and the responsibility for ensuring segregated management under the FIEA. In addition, they are required to conduct their business operations as market players in a sound and appropriate manner.

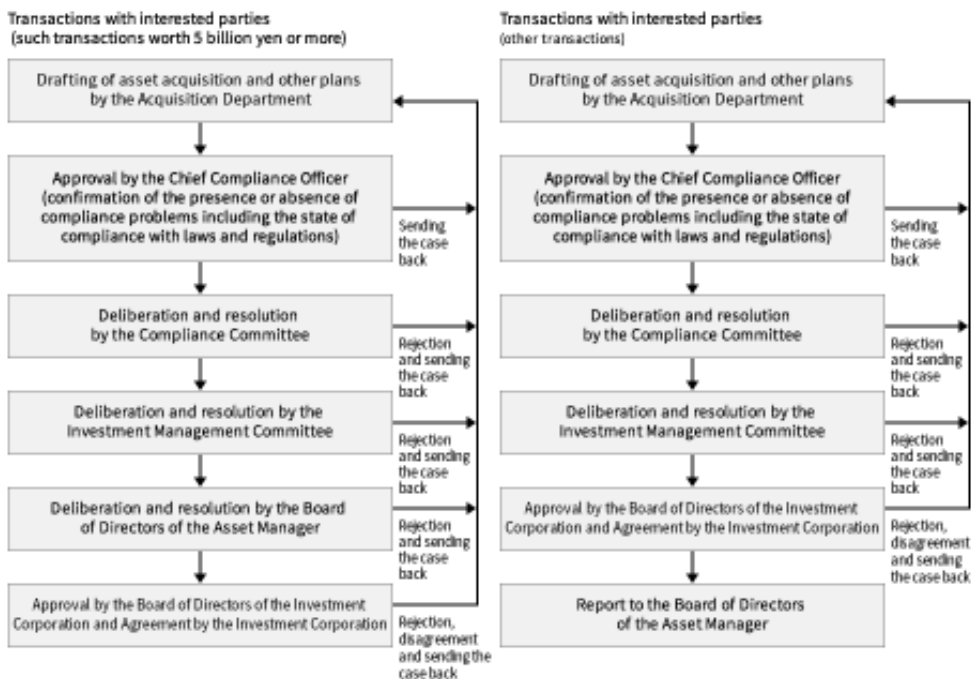
The above duty is a duty imposed on an asset management company which assumes a duty of loyalty and a duty of due care to investors who entrust their investment to it under an Asset Management Agreement, and an asset management company is required to make judgments which do not harm the interests of the investors which have entrusted asset management to it when making various judgments about events which might give rise to a conflict of interests with the unitholders of the asset management company itself.

Accordingly, in the asset management decision-making process, especially in the case of conflict of interest transactions, checks need to be carried out from various perspectives and it is extremely important that systems are in place to prevent a breach of the imposed duties.

Measures against conflicts of interests

The Asset Manager has laid down measures for preventing harmful influences in the Regulations for Interested Party Transactions in connection with transactions and the like with interested parties such as Canadian Solar Group companies with which conflicts of interest are highly likely to emerge.

Decision-Making Structure Concerning Transactions with Interested Parties Related to Asset Acquisitions and Transfers



Compliance structure

The compliance related organs are as follows.

Compliance-related organs

[Investment Committee]

Organ which deliberates on and decides the investment policy and other matters concerning asset management

Members

Representative Director and CEO (Chair), all full-time Directors, the Chief Compliance Officer, all Executive Officers, all Department General Managers, and external members

[Compliance Committee]

Organ which deliberates on and decides compliance -related matters associated with asset management

Members

Representative Director and CEO, the Compliance Officer (Chair), all full-time Directors, all Executive Officers, all Department General Managers, and external members

[Chief Compliance Officer]

Organ in charge of compliance

Person responsible for overseeing compliance at CSIF and CSAM

An individual with sufficient investigational and supervisory skills to ensure compliance with laws and regulations and norms is appointed as Chief Compliance Officer