

PRINCIPAL ADVERSE IMPACT STATEMENT

The following is the adverse sustainability impact statement of Canadian Solar Infrastructure Fund, Inc. (“CSIF”) pursuant to Regulation (EU) 2019/2088 (“SFDR”). CSIF has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and relies on Canadian Solar Asset Management K.K. (the “Asset Manager”), to manage and operate the projects in CSIF’s portfolio. CSIF and the Asset Manager are hereinafter referred to collectively as “we,” “us” or “our” unless noted otherwise.

Please note that SFDR requirements, including the scope of their application to issuers outside the European Economic Area, continue to evolve. We are therefore taking a principles-based approach to compliance with the SFDR disclosure standards, which are subject to change.

1. Summary

We consider principal adverse impacts of our investment decisions on sustainability factors. The present statement is our consolidated statement of the principal adverse impacts on sustainability factors (“PAI”). The statement covers the reference period from January 1, 2022 to December 31, 2022. The statement will be reviewed at least once during every twelve-month period ending on December 31 of each year.

We believe that our sustainability initiatives are essential for our sustainable growth. We improve long-term returns of investors and contribute to the realization of sustainable society and urban development by implementing initiatives that address social issues. Under our sustainability policies and framework, we, in collaboration with the Asset Manager, take actions on climate change, including energy conservation, and being resilient in times of disasters.

We use the definition of PAI as described in Recital 20 of SFDR being “those impacts of investment decisions and advice that result in negative effects on sustainability factors,” with sustainability factors referring to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as defined in Article 2 (24) of SFDR.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider PAI of our investment decisions throughout all major steps of the investment decision and property management process throughout the lifecycle of the properties in our portfolio.

2. Description of principal adverse sustainability impacts

Nearly all types of economic activity have the potential to impact various PAI indicators, both positively and adversely. We aim to manage the risk connected to PAI from our investment decisions in several ways, including general screening criteria, due diligence and our ESG initiatives. Some of the PAI indicators listed below are currently already being monitored and reported. As the availability of data improves, it is our intention that more indicators will be added.

Table 1
Description of the principal adverse impacts on sustainability factors

CSIF does not invest in investee companies, but invests in real estate. As adverse sustainability indicators 1-16 as contained in Table 1 of Annex 1 of the Delegated Regulation C(2022)1931 supplementing SFDR (the “SFDR Delegated Regulation”) pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact in 2022	Impact in 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	CSIF does not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels. Because CSIF's entire portfolio constitutes solar energy projects, none of CSIF's investments is involved in the extraction, storage, transport or manufacture of fossil fuels. Accordingly, we believe that we do no significant harm to the fossil fuels factor.	Under our articles of incorporation, we are required to maintain a portfolio at least 90% of which constitutes solar power generation facilities, including trust beneficiary interests therein, and no more than 10% of which may constitute other renewable energy generation facilities (in each case based on acquisition price).
Energy efficiency	18. Exposure to energy-inefficient real	Share of investments in energy-inefficient	As of December 31, 2022, all of CSIF's	As of December 31, 2021, all of CSIF's	CSIF's entire portfolio is composed of solar power	We will continue to primarily use energy generated

	estate assets	real estate assets	projects were solar power generation facilities.	projects were solar power generation facilities.	generation facilities, and we primarily consume energy generated from CSIF's solar energy projects for their operations, drawing minimal amount of energy from other energy sources.	from CSIF's solar and other renewable energy projects for their operations.
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Table 2
Additional climate and other environment-related indicators

CSIF does not invest in investee companies, but invests in real estate. As additional climate and other environment-related indicators 1-17 as contained in Table 2 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in real estate assets		
Energy consumption	<p>19. Energy consumption intensity</p> <p>The energy consumption intensity of CSIF's projects were 0.416 kWh per square meter in 2022 and 0.210 kWh per square meter in 2021.</p> <p>As all of the projects in CSIF's portfolio are solar power generation facilities and we principally consume energy generated from our projects, the amount of energy we draw from other energy sources is minimal. At each of CSIF's projects that uses extra-high voltage power, a chief electrical engineer is stationed and promotes energy saving. In addition, we purchase and use retail electricity generated from renewable sources at some of CSIF's solar power generation facilities. Accordingly, we believe that we do no significant harm to the energy consumption factor.</p>	Energy consumption in kWh of owned real estate assets per square meter
Waste	<p>20. Waste production in operations</p> <p>Waste produced in our operation of solar power generation facilities is composed of modules, and mounting rack system. When disposing of modules, we generally look to recycle unused modules by collecting</p>	Share of real estate assets not equipped with facilities for waste sorting and not covered by a

	modules to be disposed until they reach the minimum amount that recycling companies accept. When disposing of mounting rack system and its components, we recycle aluminum and other materials that are clearly recyclable. To the extent possible, we first look to recycle other materials that are not clearly recyclable before discarding them.	waste recovery or recycling contract
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Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

CSIF has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on the Asset Manager to manage and operate the projects in CSIF's portfolio. Accordingly, additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters in this PAI statement pertain to the Asset Manager and the service providers that we hire to operate and maintain the projects in CSIF's portfolio, to the extent available.

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
Indicators applicable to investments to the Asset Manager or tenants		
Social and employee matters	<p>5. Lack of grievance/complaints handling mechanism related to employee matters</p> <p>The “Canadian Solar Group”, a global group of companies that are subsidiaries and affiliates of Canadian Solar Inc. (“CSI”), including the Asset Manager, has a system in place to allow its executives and employees who witness bribery, corruption, harassment or other compliance violations to directly contact the General Manager of CSI’s Compliance Division, and to report their concerns anonymously via a dedicated whistleblower reporting channel or other alternate channels. The confidentiality of any person who seeks consultation or reports such concerns will be strictly protected.</p> <p>The Canadian Solar Group takes any and all reported matters seriously and promptly investigates the facts of the case. Depending on the results of such investigation, the case may be elevated and reported to the President or relevant executive, or to the Compliance Committee, and whatever additional actions or measures deemed appropriate may be taken. The Canadian Solar Group follows up with the reporting person with the status and results of the Asset Manager’s investigations and remedial efforts. Any reporting person, i.e. whistleblower, is</p>	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters

	<p>protected by under the Whistleblower Protection Act of Japan and cannot be treated unfairly by the Asset Manager based on the matter raised by such person.</p>	
	<p>7. Incidents of discrimination</p> <p>There has been no incident of discrimination or incidents of discrimination leading to sanctions at the Asset Manager in 2022 and 2021.</p> <p>The Asset Manager emphasizes guarantee of basic human rights and, under the leadership of the Canadian Solar Group, provides regular online trainings on various topics such as workplace harassment including sexual harassment and workplace communication its officers and employees.</p> <p>Any complaints about discrimination or harassment must be treated with sensitivity in discretion, and will be reported to a supervisor or the Human Resources Department. Each complaint will be treated confidentially to the extent possible, consistent with law and the need to investigate the raised concern. Where an investigation uncovers harassment or discrimination, the Asset Manager will take prompt corrective action, which may include disciplinary action by the Asset Manager, up to and including termination of employment of offender. The Asset Manager strictly prohibits retaliation against an employee who, in good faith, files a complaint.</p>	<p>1. Number of incidents of discrimination reported in investee companies expressed as a weighted average</p> <p>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average</p>
Human Rights	<p>9. Lack of a human rights policy</p> <p>The Asset Manager has a human rights policy, which prohibits discrimination, harassment and forced labor, and requires all of the Asset Manager's suppliers to comply with the Canadian Solar Supplier Code of Conduct, which sets out our standards for human rights, environmental protection, health and safety, and business ethics. The provisions of this Code of Conduct are primarily based on international standards and codes of conduct set by the Responsible Business Alliance. The Canadian Solar Group manages its suppliers through audit programs that include regular and irregular on-site audits. Supplier audits focus primarily on quality management, environmental, health and safety, human rights, business ethics, and other sustainability aspects. If suppliers fail to meet The Canadian Solar Group's standards and the Code of Conduct, it may result in</p>	<p>Share of investments in entities without a human rights policy</p>

	<p>termination of the business relationship. For the year ended December 31, 2022, all of the Asset Manager’s suppliers met the Asset Manager’s standards and the Code of Conduct.</p> <p>In addition, the Canadian Solar Group hosts annual celebration of International Women's Day as part of its gender equality initiatives.</p> <p>Canadian Solar O&M Japan K.K. is the operation and management (“O&M”) company contracted for all of the properties for our portfolio, and has a human rights policy in place. The Asset Manager annually reviews the human rights policy of Canadian Solar O&M Japan K.K., against its human rights policy.</p>	
	<p>12. Operations and suppliers at significant risk of incidents of child labor</p> <p>The Asset Manager has a human rights policy, which prohibits child labor.</p>	<p>Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labor exposed to hazardous work in terms of geographic areas or type of operation</p>
<p>Anti-corruption and anti-bribery</p>	<p>15. Lack of anti-corruption and anti-bribery policies</p> <p>The Canadian Solar Group has established anti-corruption and anti-bribery policies. Its compliance department conducts regular training, and employees are subject to mandatory e-learning on anti-corruption and anti-bribery. In addition, each of the Asset Manager’s employees is required to provide a written pledge to comply with the Asset Manager’s various policies including those about anti-corruption and anti-bribery.</p>	<p>Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption</p>

For descriptions of actions we have taken and will take with respect to the PAI indicators, please refer to our ESG website:

<https://www.canadiansolarinfra.com/en/esg/initiatives.html>

3. Description of policies to identify and prioritize principal adverse sustainability impacts

Subject to data availability, we monitor the selected PAI indicators for the existing projects in CSIF’s portfolio. We collect on an ongoing basis select information on our existing portfolio

regarding the principal adverse impact indicators, including exposure to fossil fuels through investment assets, exposure to energy-inefficient investment assets and energy consumption intensity. We consider the level of our exposure to fossil fuels and energy-inefficient investment assets is minimal as all of the projects in CSIF's portfolio are solar power generation facilities which generate almost all of the energy required for their operations for onsite consumption and have low level of energy consumption intensity (0.416 kWh per square meter from January 1, 2022 to December 31, 2022).

We aim to manage the risk connected to principal adverse impacts from our investment decisions in several ways, including general screening criteria and due diligence. The due diligence findings related to selected PAI indicators are reported and reviewed prior to the investment decision. The Asset Manager investigates the environmental and geological conditions of each project to determine the possibility of environmental hazardous substances and land pollution in part based on environmental reports. Based on the reviews, we invest only in projects that we believe the possibility that soil contamination exists at the solar energy projects we intend to acquire is low. We do not invest in a project with a possibility of environmental hazardous substances or land pollution unless appropriate measures are taken under applicable laws and we confirm that any such environmental issue has no adverse impact on the soil and solar power generation facilities.

In October 2017, we received an evaluation of Green 1 (g1/m1) from Japan Credit Rating Agency, Ltd. ("JCR") under JCR's green finance evaluation of our green finance framework ("Green Finance Framework"), which was used to conduct debt financing at the time of our initial public offering on the Tokyo Stock Exchange. In May 2020, our Green Finance Framework acquired an overall evaluation of Green 1(F) (g1(F)/m1(F)) under JCR's evaluation, an improvement from our initial evaluation at the time of our initial public offering in 2017. A summary of JCR's evaluation of our Green Finance Framework is as follows.

- Evaluation Phase 1: Greenness Evaluation

Proceeds are used for green projects that contribute to decarbonization through renewable energy, with a high environmental improvement effect. When acquiring a solar power generation facility, the Asset Manager's Financial Planning Department, Acquisition Department and Asset Management Department review the facility's expected negative environmental and social impact after receiving a technical assessment report from a third party. If there is a material risk, the Asset Manager implements countermeasures. JCR concluded that it is highly unlikely that any negative impact will exceed the environmental improvement effect. As a result, JCR assigned "g1 (F)", the highest grade, on the use of proceeds component of our Green Finance Framework.

- Evaluation Phase 2: Management, Operations and Transparency Evaluation

We have established eligibility criteria and selection processes for green projects, and the proceeds from financing under our Green Finance Framework are allocated to eligible projects promptly. We disclose the funding allocation status and KPIs to track environmental improvement. JCR concluded that we have established an appropriate management and operation framework for green finance and practice a high degree of transparency, and assigned "m1 (F)", the highest grade, on the management, operation and transparency components of our Green Finance Framework.

For further information, please refer to our ESG website:

<https://www.canadiansolarinfra.com/en/esg/index.html>

4. Engagement policies

Due diligence and screening

Before investing in a solar power generation facility, we conduct economic, physical and legal due diligence review, including review of negative environmental and social impact, such as soil contamination and seismic risk. We also verify that the facility would not pose any health hazard to nearby residents, and that there would be no negative impact on the local government or any violation of workers' rights.

With respect to any acquisition or disposition, the Asset Manager's Acquisition Department prepares a proposal for the Chief Compliance Officer's review, and following the Chief Compliance Officer's approval, the Investment Management Committee deliberates on and approves the proposal. Any acquisition or disposition of assets between CSIF and an interested party as defined in our Related Parties Transaction Rules is subject to the resolution of the Asset Manager's Board of Directors if the transaction amount is 5 billion yen or more. Such a transaction proposal is also subject to approval of CSIF's Board of Directors.

In addition, on a monthly basis, we disclose on our website information on environmental improvement effects, including the solar power generation output and the amount of estimated reduction in CO₂ emissions. As to adverse impacts of climate change, the Asset Manager established the Sustainability Committee to identify risks and opportunities based on the proposals of its various business departments and provide advice and guidance by leveraging the latest knowledge of renewable energy-related policy developments and climate-related disasters. Also, we establish and disclose on our website the material issues on climate change we have identified in line with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations in consideration of the aim to contribute to building a sustainable economic society in local regions while paying a great deal of attention to the global environment.

Engagement

We annually review the human rights policies of the O&M company and operators against our human rights policy.

We disclose non-financial information, including ESG-related information, in addition to financial information in a timely and adequate manner. We also disclose any ESG-related certification received from third-party evaluators and ESG reports on our website.

5. References to international standards

United Nations Principles for Responsible Investment ("UN PRI") was launched in 2006 by Kofi Annan, who was Secretary General of United Nations at that time. In August 2019, the Asset Manager became a signatory to the UN PRI. The Asset Manager regularly reports the Asset Manager's and our ESG-related activities to UN PRI. The Asset Manager will make its next report by September 2023. Also, we establish and disclose on our website the material issues on climate change we have identified in line with the TCFD recommendations in consideration of the aim to contribute to building a sustainable economic society in local regions while paying a great deal of attention to the global environment.

6. Historical comparison

See Tables 1, 2 and 3 above.