

## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

### Prohibition against Giving Bribes to Third Parties including Government Officials

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## INTRODUCTION

Canadian Solar Inc. (“*CSI*”) and its subsidiary entities (together with CSI, the “*Company*”) are committed to conducting business in accordance with all applicable laws, rules and regulations and the highest ethical standards. This commitment is embodied in the Company’s *Code of Business Conduct and Ethics* (the “*Code*”) which, among other things, requires the Company and its directors, officers and employees to comply with the provisions of the United States *Foreign Corrupt Practices Act (FCPA)*, the Canada *Corruption of Foreign Public Officials Act (COFPA)*, the United Kingdom *Bribery Act (Bribery Act)* and other anti-bribery and anti-corruption laws, rules and regulations applicable in countries where the Company carries on business.

Generally, “*bribery*” is the offer, promise or payment of cash, gifts and other inducements or favours to a person in a position of authority or trust to influence that person’s views or conduct or to obtain an improper advantage; and “*corruption*” is the misuse of public or entrusted power for private profit or gain. Bribery and corruption can take many forms, including cash payments, phony jobs or consulting arrangements, kickbacks, political or charitable contributions, social benefits, and gifts, travel, hospitality and reimbursement of expenses..

## PURPOSE

The purpose of this Anti-Bribery and Anti-Corruption Policy – Prohibition against Giving Bribes to Third Parties including Government Officials (the “*Policy*”) is to supplement the Code by reiterating the Company’s commitment to full compliance with all applicable anti-bribery and anti-corruption laws, rules and regulations and providing guidelines for such compliance.

## SCOPE

This Policy applies to all directors, officers and employees of the Company (collectively, “*Employees*”). It also applies to all third parties who act for or on behalf of the Company or who provide, and receive payment for, goods or services related to any aspect of the Company’s operations, including the Company’s business associates and partners, suppliers, distributors, consultants, contractors, subcontractors, joint venture partners and other third-party representatives or agents (collectively, “*Agents*”).

This Policy is intended to supplement not supplant applicable anti-bribery or anti-corruption laws, rules and regulations and other Company policies.

## POLICIES

### Bribery

#### *Policy*

No Employee or Agent shall, directly or indirectly through a third party, offer, promise, pay or authorize the payment of anything of value to any person, including a government official,

for the purpose of inducing that person to act or fail to act in a manner that will assist the Company to obtain or retain business or any other advantage.

The term “*anything of value*” includes cash, gifts, meals, travel and entertainment, excessive business promotion activities, covering or reimbursing expenses, relief of indebtedness, political or charitable contributions, investment opportunities, subcontracts and similar items.

The term “*government official*” includes an officer or employee or other person acting for or on behalf of (a) a government or any department, agency or instrumentality of a government, including an entity owned or controlled by the government, (b) a public international organization and (c) a political party, including a candidate for public office.

For clarity and without limiting the foregoing, no Employee or Agent shall:

- (a) invite any person, including a government official, to an organized event for the purpose of inducing that person to act or fail to act in a manner that will assist the Company to obtain or retain business or any other advantage; or
- (b) offer, promise or agree to sponsor any event for the purpose of inducing a person to act or fail to act in a manner that will assist the Company to obtain or retain business or any other advantage.

### ***Exceptions***

#### *Gifts*

The Company generally prohibits offering, promising, authorizing or giving gifts to government officials. Gifts may be given to government officials only if the giving of the gift (a) has been approved **in advance** by the Chief Compliance Officer or his nominee, (b) is lawful under the **written** laws of the country of the government official and the guidelines of the applicable governmental department, agency or instrumentality and (c) complies with this Policy<sup>1</sup>, including, without limitation, the Additional Gift Conditions (defined below).

Gifts may be offered, promised, authorized or given to persons other than government officials only if the giving of the gift (a) has been approved **in advance** in accordance with the Company’s Delegation of Authority, (b) complies with applicable local laws and (c) complies with this Policy, including, without limitation, the Additional Gift Conditions.

No person shall be given a gift more than five times in any one year; **provided that**, in the case of Namibia, the limit is one time in any one year.

Subject to the foregoing, an Employee may give a gift to a person if the following conditions (the “***Additional Gift Conditions***”) are satisfied:

- (a) the gift not intended to induce the person to act or fail to act in a manner that will assist the Company to obtain or retain business or any other advantage;

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<sup>1</sup> No gifts, including those of nominal value, may ever be given to government officials in Germany, the US, the UK, Indonesia, Singapore, the United Arab Emirates and South Africa.

- (b) the gift is a *bona fide* promotion, courtesy, token of esteem or goodwill expenditure;
- (c) the gift is not in the form of cash or cash-equivalent (such as a gift card that can be used to make purchases at the holder's discretion);
- (d) the gift is of nominal value (ie, no greater than US\$50 per person) and customary for the country involved and appropriate for the occasion; **provided that**, for the following countries, the value of the gift shall not exceed the following: Hong Kong (US\$32 per person), Vietnam (US\$24 per person), Mexico (US\$48 per person), Korea (US\$45 per person), India (US\$17 per person) and China (RMB200 per person);
- (e) the gift is not a luxury item or could be construed as a luxury item (eg, hairy crabs, silk, premium brand tobacco and tea leaves);
- (f) the gift is presented openly with complete transparency; and
- (g) the expense of the gift is accurately and truthfully recorded in the Company's books and records.

#### *Meal and Entertainment Expenses*

The Company generally prohibits offering, promising, paying or authorizing the payment of the meal and entertainment expenses of government officials. The meal and entertainment expenses of government officials may be paid only if the payment (a) has been approved **in advance** by the Chief Compliance Officer or his nominee, (b) is lawful under the **written** laws of the country of the government official and the guidelines of the applicable governmental department, agency or instrumentality and (c) complies with this Policy<sup>2</sup>, including, without limitation, the Additional Meal Conditions (defined below).

The meal and entertainment expenses of persons other than government officials may be paid only if the payment (a) has been approved **in advance** in accordance with the Company's Delegation of Authority, (b) complies with applicable local laws and (c) complies with this Policy, including, without limitation, the Additional Meal Conditions.

The meal and entertainment expenses of any person shall not be paid more than five times in any one year; **provided that**, in the case of Namibia, the limit is one time in any one year.

Subject to the foregoing, an Employee may pay meal and entertainment expenses of a person if the following conditions (the "***Additional Meal Conditions***") are satisfied:

- (a) the payment is *bona fide* and related to a legitimate business purpose (ie, related to the promotion, demonstration or explanation of products or services or related to performance of contracts);

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<sup>2</sup> No meal and entertainment expenses may ever be paid of government officials in Germany, the US, the UK, Indonesia, Singapore, the United Arab Emirates and South Africa.

- (b) no *quid pro quo* is involved (ie, the payment is not intended to induce the person to act or fail to act in a manner that will assist the Company to obtain or retain business or any other advantage);
- (c) the expenses are nominal in amount (ie, no greater than US\$65 per person) and customary for the country involved and appropriate for the occasion; **provided that**, for the following countries, the expenses shall not exceed the following: Hong Kong (US\$32 per person), Vietnam (US\$24 per person), Mexico (US\$48 per person), Korea (US\$45 per person), India (US\$17 per person) and China (US\$30 for breakfast; US\$60 for lunch; US\$65 for dinner per person); and
- (d) the expenses are accurately and truthfully recorded in the Company's books and records.

### *Travel and Lodging Expenses*

The Company generally prohibits offering, promising, paying or authorizing the payment of the travel and lodging expenses of government officials. The travel and lodging expenses of government officials may be paid only if the payment (a) has been approved **in advance** by the Chief Compliance Officer or his nominee, (b) is lawful under the **written** laws of the country of the government official and the guidelines of the applicable governmental department, agency or instrumentality and (c) complies with this Policy, including, without limitation, the Additional Travel Conditions (defined below).

The travel and lodging expenses of persons other than government officials may be paid only if the payment (a) has been approved **in advance** by the Chief Compliance Officer or his nominee, (b) complies with applicable local laws and (c) complies with this Policy, including, without limitation, the Additional Travel Conditions.

Subject to the foregoing, an Employee may pay the travel and lodging expenses of a person if the following conditions (the "**Additional Travel Conditions**") are satisfied:

- (a) the payment is *bona fide* and related to a legitimate business purpose (ie, related to the promotion, demonstration, or explanation of products or services or related to performance of contracts);
- (b) no *quid pro quo* involved (ie, the payment is not intended to induce the person to act or fail to act in a manner that will assist the Company to obtain or retain business or any other advantage);
- (c) the expenses are reasonable in amount;
- (d) the Company does not select the persons who will travel;
- (e) the expenses do not include side trips for leisure;
- (f) the arrangements and accommodations are modest (eg, economy airfare and modest per diem); and
- (g) the expenses are accurately and truthfully recorded in the Company's books and records.

### *Expenses for Organizing an Event*

The expenses for organizing an event may be paid only if (a) the event has been approved **in advance** by the Chief Compliance Officer or his nominee and (b) the expenses have been approved **in advance** by the Chief Compliance Officer or his nominee.

Generally, the Chief Compliance Officer or his nominee will approve the expenses of organizing an event if:

- (a) the expenses relate directly to the event;
- (b) the expenses are not for leisure or entertainment;
- (c) the expenses are supported by documents, receipts and/or invoices of the service provider not a third party assisting with the event organization; and
- (d) the expenses are not for the travel expenses of a person who resides in the same city where the event is being held.

The expenses of organizing an event shall be accurately and truthfully recorded in the Company's books and records.

### *Expenses for Sponsoring an Event*

The expenses for sponsoring an event may be paid only if (a) the event has been approved **in advance** by the Chief Compliance Officer or his nominee and (b) the expenses have been approved **in advance** by the Chief Compliance Officer or his nominee.

The expenses for sponsoring an event shall be accurately and truthfully recorded in the Company's books and records

## **Books and Records**

### ***Policy***

The Company is required to maintain books, records and accounts which accurately, truthfully and fairly reflect all financial transactions and dispositions of the Company's assets.

Employees shall accurately and completely disclose and describe the nature and amount of each financial transaction and disposition of a Company asset and ensure that there is a reasonable relationship between the substance of each transaction and how it is described in the Company's books and records. Employees shall not agree to requests for false invoices or for the payment of expenses that are unusual, excessive, inadequately described or do not comply with this Policy.

## COMMENTS

### *Scope of the FCPA, COFPA and the Bribery Act and this Policy*

The FCPA, the COFPA and the Bribery Act prohibit offering, promising, paying or authorizing the payment of bribes to foreign government officials. Since the Company is subject to all of these laws, however, US, Canadian and UK government officials are all foreign government officials.

The Bribery Act expands the bribery prohibition to cover private parties as well as government officials (eg, the Company's customers, suppliers and other business associates and partners).

This Policy prohibits offering, promising, paying or authorizing the payment of bribes to anyone, whether a government official or a private party.

### *Prohibition Applies in all Circumstances*

The prohibition in this Policy applies even if:

- (a) the payment benefits someone other than the person receiving the payment;
- (b) in the case of a government official, the business or advantage sought is not with a government body;
- (c) the payment does not work and no business or other advantage is obtained or retained; or
- (d) the person receiving the payment initially suggested the payment.

### *Facilitating Payments not Permitted*

The anti-bribery and anti-corruption laws, rules and regulations applicable to the Company may, in some cases, contain an exception for payments of nominal amounts to government officials to ensure non-discretionary governmental actions, such as processing business permits (so-called "*facilitating payments*").

Notwithstanding any such exception, this Policy **prohibits** facilitating payments.

If you have any question whether a proposed payment is a facilitating payment, please contact the Chief Compliance Officer or the Global Director, Internal Audit.

### *Consequences of Violations*

The consequences of violations of anti-bribery and anti-corruption laws, rules and regulations are severe both for the Company and the individuals involved. They can involve both civil and criminal prosecution and significant penalties, including fines and imprisonment.

## *Agents*

The Company may be liable for the activities of its Agents and, as a result, the following rules apply in respect of the Company's Agents.

### *Reasonable Steps to Ensure Compliance*

Employees shall take reasonable steps to ensure that an Agent's activities comply with applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy. These steps do not require Employees to investigate each and every action performed by an Agent but they do require Employees to be alert for, and not turn a "blind eye" to, possible infractions and, if possible infractions are suspected or discovered, take reasonable measures to prevent them from happening.

The following "red flags" may indicate possible infractions:

- a reference check reveals that the Agent has a flawed background or reputation;
- the transaction involves a country known for corrupt payments;
- the Agent has been suggested by a person involved in the transaction, particularly one with discretionary authority over the applicable business;
- the Agent objects to anti-bribery and anti-corruption representations in its agreements with the Company;
- the Agent has a close personal or family relationship, or a business relationship, with a person acting for a party to the transaction;
- the Agent requests unusual contract terms or payment arrangements, such as payment in cash, payment in another country's currency or payment in a third country;
- the Agent requests arrangements that directly involve an official, such as contracting the official or family members for certain services;
- the Agent claims a close relationship with an official that can resolve certain encumbrances;
- the Agent requires that his or her identity or, if the party to the transaction is a company, the identity of the company's owners, principals or employees, not be disclosed;
- the Agent's compensation exceeds the "going rate" or must be paid in cash;
- the Agent indicates that a particular amount of money is needed in order to "get the business" or "make the necessary arrangements";
- the Agent requests that the Company prepare or accept false invoices or any other type of false documentation; or
- the Agent requests that payment be made in a third country (ie, not where the services are rendered or where the party to the transaction resides), or to an account in another party's name.



### *Engaging Agents*

All agreements with prospective Agents must be preceded by appropriate anti-bribery and anti-corruption due diligence and, if any “red flags” are identified during the due diligence or the transaction involves a country specified by the Chief Compliance Officer from time to time, a formal due diligence report and the approval of the Chief Compliance Officer or his nominee.

All agreements with Agents must contain provisions to the effect that (a) the Agents understand applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy; (b) the Agents agree to comply with all applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy; (c) the Company has the right to audit the Agent's activities to ensure compliance with applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy; and (d) the Company has the right to termination the contract if the Agents do not comply with applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy.

Agent's services may not be subcontracted to a third party without the approval of the Company and compliance with the foregoing.

### *Joint Ventures*

All joint venture arrangements with prospective joint venture partners must be preceded by appropriate anti-bribery and anti-corruption due diligence and, if any “red flags” are identified during the due diligence or the joint venture involves a country specified by the Chief Compliance Officer from time to time, a formal due diligence report and the approval of the Chief Compliance Officer or his nominee.

All joint venture arrangements between the Company and its joint venture partners must contain provisions to the effect that (a) the partners understand applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy and (b) the partners agree to comply with all applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy as they relate to the joint venture. To the extent feasible, all joint venture arrangements between the Company and its joint venture partners should (a) give the Company the right (1) to audit the joint venture's activities to ensure compliance with applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy and (2) to take appropriate action if the joint venture does not comply with applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy and (b) require the joint venture to follow procedures similar to those described above in *Engaging Agents* when engaging agents for the joint venture.

### *Acquisitions and Business Combinations*

All potential acquisitions and business combinations must be preceded by appropriate anti-bribery and anti-corruption due diligence, including the preparation of a due diligence report.

All acquisition or business combination agreements between the Company and third parties must contain appropriate representations and warranties on the part of the third parties with respect to compliance with applicable anti-bribery and anti-corruption laws, rules and regulations.

### ***Reporting Possible Violations***

Employees and Agents who learn of or suspect violations of this Policy must promptly report the matter to the Chief Compliance Officer or the Global Director, Internal Audit at [whistleblower@canadiansolar.com](mailto:whistleblower@canadiansolar.com).

### ***Training***

Internal Audit, together with Human Resources, shall carry out periodic (generally annual) assessments of those Employees who, as a result of their positions with the Company, including their contact or likely contact with government officials or persons in positions of authority or trust, should receive training with respect to applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy. The Employees identified in these assessments shall be required to attend initial and annual training sessions with respect to applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy. Internal Audit, together with Human Resources, shall maintain attendance and completion records for all identified Employees.

### ***Audits***

The Company may periodically carry out audits of its operations and Agents to ensure that the requirements of this Policy are being met. These audits may be conducted using internal resources or by third parties and may include a review of expenses and expense reports, the adequacy and accuracy of accounting records, the robustness of due diligence and other risk mitigation procedures and the robustness of reporting of possible violations, including unreported items.

Generally, these audits will be carried out as part the annual audit program. However, *ad hoc* special audits may be performed with respect to specific business segments selected on a risk-based approach.

### ***Seek Help***

Compliance with applicable anti-bribery and anti-corruption laws, rules and regulations and this Policy can be complex. Employees should not try to resolve problems on their own.

If a question arises regarding any payment or reporting matter, please contact the Chief Compliance Officer or the Global Director, Internal Audit.

### ***Discipline***

An Employee who:

- (a) violates this Policy;
- (b) has direct knowledge of a possible violation of this Policy and fails to report it to Company management; or
- (c) misleads or hinders any investigation of a possible violation of this Policy;

will be subject to disciplinary action, including termination of employment.

An Agent who:

- (a) violates this Policy;
- (b) has direct knowledge of a possible violation of this Policy and fails to report it to Company management; or
- (c) misleads or hinders any investigation of a possible violation of this Policy;

will have its contracts reevaluated or terminated.