

MODERN SLAVERY STATEMENT 2021



CanadianSolar



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STATEMENT FROM MANAGEMENT

INTEGRITY



Act with honesty and fairness

ACCOUNTABILITY



Deliver on promises and acknowledge mistakes

CORPORATE SOCIAL RESPONSIBILITY



Ensure the safety of employees, communities in which we operate

CLEANER EARTH FOR THE FUTURE



Deliver on promises and acknowledge mistakes



Canadian Solar is one of the largest solar companies in Australia with our business incorporating manufacturing, sales, development, construction, and O&M. As such, we cover the full breath of the industry and therefore recognise the leading role we play when it comes to looking after not only our own people, but those impacted by the industry in which we operate.

Canadian Solar is driven by our purpose to Make The Difference, therefore as an environmentally sustainable business, Canadian Solar acts in the best interest of our customers and meeting the growing community expectations to maintain the highest corporate and social responsibilities. We will continue to act with integrity and remain accountable to these community standards and our own expectations. We will remain transparent and will encourage those we undertake business with to do so also.

We recognise Modern Slavery disproportionately impacts migrant workers, women, people from minority groups, people with disabilities and other vulnerable workers. At no stage will we tolerate Modern Slavery in any form. Not within our own operations, not within our extended supply chains and not by our customers.

Canadian Solar welcomes the introduction of the Australian Modern Slavery Act 2018 (Cth) and on behalf Canadian Solar we will endeavour to ensure human rights are protected everywhere.



Haydn Fletcher
Director - Canadian Solar MSS

WHO WE ARE

This is a joint statement that covers the Canadian Solar entities in Australia depicted in the diagram on page 4 (“Canadian Solar”). All these entities are ultimately owned by a common parent, being Canadian Solar Inc. (“CSI”).

This statement, pursuant to Australian Modern Slavery Act 2018 (Cth) (the “Act”), sets out the actions taken by Canadian Solar to address modern slavery and human trafficking risks in our business and supply chain over the period 01 January 2020 to 31 December 2020. This statement has been prepared as of 01 January 2021 in relation to the mandatory criteria reporting requirements of the Act.

Canadian Solar is committed to eradicating Modern Slavery, breaches of human rights, and wage theft. Modern slavery captures situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom and includes the following categories of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

This is our first statement, and it describes our actions over the past year to strengthen our policies and performance in line with the requirements of the Act. It outlines our continued efforts to broaden the scope of our policies; detect the risk of modern slavery and human trafficking across our supply chain; and to ensure that we have in place the most appropriate responses to those risks and a strategy to minimise them over time.



CANADIAN SOLAR ENTITIES IN AUSTRALIA

Developers of Solar Farms

Canadian Solar
(Australia) Pty
Limited
ABN 61 149 125 020

Solar Farms under Construction

Suntop Holdco
Pty Ltd

ACN 619 271 699

Gunnedah
Holdco Pty Ltd

ACN 619 265 191

Module Sales and Supply

Canadian Solar
MSS (Australia)
Pty Ltd
ABN 44 607 434 300

Operations and Asset Management of Solar Farms

Canadian Solar
O&M (Australia)
Pty Ltd
ABN 31 620 225 809

Canadian Solar
Asset Management
(Australia) Pty Ltd
ABN 72 636 190 737

Construction of Solar Farms

Canadian Solar
Construction
(Australia) Pty Ltd
ABN 92 620 225 630

Owned Operating Solar Farms

Longreach New
HoldCo Pty Ltd
ABN 23 621 377 615

Oakey 1 New
HoldCo Pty Ltd
ABN 84 621 377 937

Normanton Solar
Farm Pty Ltd
ABN 32 606 999 437



Canadian Solar is headquartered in Melbourne with key hubs in Sydney, Brisbane and Toowoomba.

Canadian Solar is owned by the broader Canadian Solar Group which is headquartered in both Canada and China and is listed on the National Association of Securities Dealers Automated Quotations (NASDAQ). The Canadian Solar Group has over 14,000 employees globally, is present in over 20 countries and produced approximately 12GW of modules in the calendar year 2020.

Canadian Solar sold approximately 380MW into Australia in calendar year 2020, and through sale of these products and other services had a turnover of approximately \$135 million. Canadian Solar develops solar farms, constructs solar farms, provides solar panels to wholesalers and constructors of utility solar farms, operates and maintains solar farms, and owns solar farms which sell green energy through wholesale power purchase agreements.

In 2020 Canadian Solar had a workforce of 70 full-time-equivalents. Direct employees are engaged either by contract or under award agreements. Our employees are free to associate with their respective union.

Canadian Solar is committed to corporate social responsibility, including eliminating modern slavery. Canadian Solar has a vision to foster sustainable development and make lives better by bringing electricity powered by the sun to people worldwide.

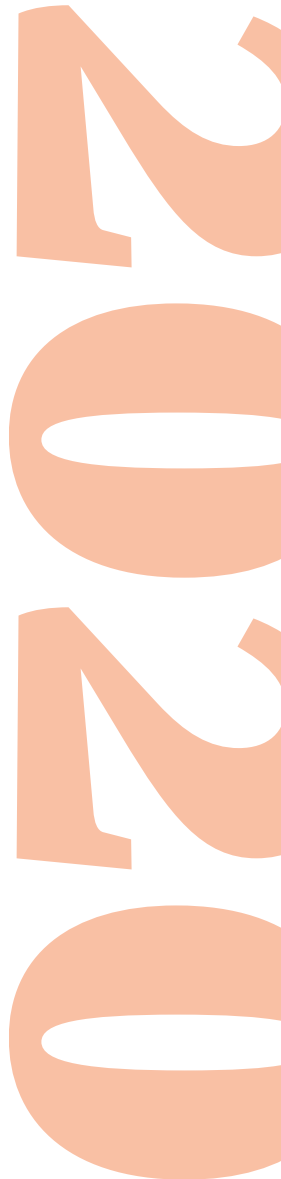
This vision drives Canadian Solar's values which underpin how Canadian Solar does business with counterparties and how we treat our workers and the communities in which we operate.

Canadian Solar believes in being transparent and in always doing the right thing. This drives our approach to managing the risk of modern slavery. This simple, yet powerful approach, is at the centre of our business philosophy and drives how we execute our strategy to empower communities and their energy future. Canadian Solar is committed to building on this foundation. We will continue to refine our tools to address modern slavery risks as we work to create a sustainable world.

HIGHLIGHTS OF ACTION IN 2020

In calendar year 2020, Canadian Solar has:

- Undertaken an initial assessment of supply chain risk based on sector/ category and geographic risk;
- Developed procurement guidelines to ensure risks are proactively considered by evaluating modern slavery in Canadian Solar's sourcing processes and tendering events;
- Developed a 'Know Your Counterparty' assessment which includes a desk-top study of slavery risk through a thorough questionnaire and review form to be required from suppliers and other counterparties;
- Implemented the inclusion of modern slavery clauses and covenants in supply contract templates, both within Australia and in our overseas operations, requiring suppliers to comply with the Modern Slavery Act, implement appropriate controls and notify Canadian Solar immediately if they become aware of any modern slavery actions within their supply chains;
- Introduced mandatory annual CSI HR due diligence of labour law compliance in our overseas production operations with a report to be prepared and provided to the AU compliance team each year confirming checks undertaken and certifying compliance;
- Developed and issued Canadian Solar's Modern Slavery Policy CORP-POL-014 and associated procedures (see attached);
- Monitored reports of modern slavery risks in our supply chain and conducted due diligence to confirm the risk and then develop a strategy to mitigate or remove these risks;
- Identified industry bodies or groups with which to collaborate in relation to continuous improvement in the area of modern slavery; and
- Engaged key business representatives and raised awareness across the organisation – training commenced, prioritising teams with highest involvement in program activities.



CONSULTATION

This statement has been prepared after consultation amongst the entities depicted on page 4 and employees within various departments including Procurement, HR, Legal and Compliance at Australian and CSI level, which includes our module production operations in China (and associated supply chains). This joint effort has been coordinated by the legal team of Canadian Solar MSS (Australia) Pty Ltd. This process has ensured that the modern slavery risks relating to the operations of CSI as they pertain to supply of goods to Australia have been appropriately identified, assessed and addressed and that relevant CSI departments and management are aware of what actions they need to take in relation to modern slavery risks in our supply chains.

Meetings were held in person in China amongst Australian legal team and CSI compliance and legal representatives in January 2020, the primary outcome of which was to establish a modern slavery working group. This working group has coordinated the modern slavery assessment and approach since this time including the initial mapping of our supply chain, and from time to time incorporated department heads from CSI HR and Procurement in developing and implementing relevant policies, procedures, supplier KYC checks, modern slavery clauses, HR reports and other deliverables that were targeted for completion this year (as summarised in the above list of highlights of action in 2020).

Canadian Solar has provided training to internal Australian employees of the entities listed on page 9 so that these employees understand Canadian Solar's anti-slavery requirements. Canadian Solar has sought written feedback from employees working within Procurement, HR, Legal, Commercial, sustainability and Environmental, Sustainable and Governance both within Australia and at CSI level. Employee feedback has been evaluated and incorporated into policies and procedures utilised by Canadian Solar departments both within Australia and at CSI operations.

Canadian Solar has engaged with Related Entities domicile in Europe and China and has provided training as to the anti-slavery requirements within Australia to key stakeholders of these Related Entities. Canadian Solar has sought written feedback from the key stakeholders of these Related Entities.

Canadian Solar has engaged with suppliers and clients to:

- Communicate broadly Canadian Solar's intention to eradicate the risk of slavery from its supply chain (including by working with suppliers and clients to optimise eradication of slavery from their respective supply chains); and
- Seek feedback as to innovations and processes used by key counterparties which might be adopted as a 'best practice' to eliminate slavery.

Canadian Solar has engaged with subject matter experts, including external law firms, to identify processes which may be used to identify and eliminate slavery risks and explain these to CSI board and senior management.

In the future Canadian Solar hopes to further engage with internal stakeholders, suppliers and clients to further map its supply chain and address modern slavery risks identified. Canadian Solar is considering to engage with specialist Non-Government Organisations and/or industry groups with respect to how the solar industry can work collaboratively to address slavery risks in our supply chains.



POLICIES AND GOVERNANCE

The board of each Canadian Solar entity meets at least four times per year to review (amongst other matters):

- key risks for that entity (including risks of modern slavery within the Canadian Solar supply chain),
- payment of entitlements (including superannuation) to all employees of that entity, and
- procurement events associated with that entity (including expenditure profiles and more intense audit of a random selection of procurement events with vendors to confirm risk levels assigned and compliance).

Accountability for addressing modern slavery risk is cross-functional. Canadian Solar business units work together to embed initiatives and support the procurement processes and compliance with the Canadian Solar Group's suite of policies which are relevant to modern slavery. These include:

- Modern Slavery Policy (see attached)
- Code of conduct and ethics - <https://investors.canadiansolar.com/static-files/88af24b8-0eea-4291-b984-d1b401be2ca2>
- Anti-Bribery and Anti-Corruption - <https://investors.canadiansolar.com/static-files/88af24b8-0eea-4291-b984-d1b401be2ca2>
- Procurement Policy and Vendor selection process (both further detailed and focused on eradicating slavery and human trafficking in the Canadian Solar Australian Entities' supply chain with local work instructions)
- Whistle blower Policy - <http://investors.canadiansolar.com/static-files/6c23cd29-a9d7-4946-a657-6791b69b93c0>

We have well-established teams who are responsible for developing and monitoring compliance with all our policies and processes in relation to modern slavery.

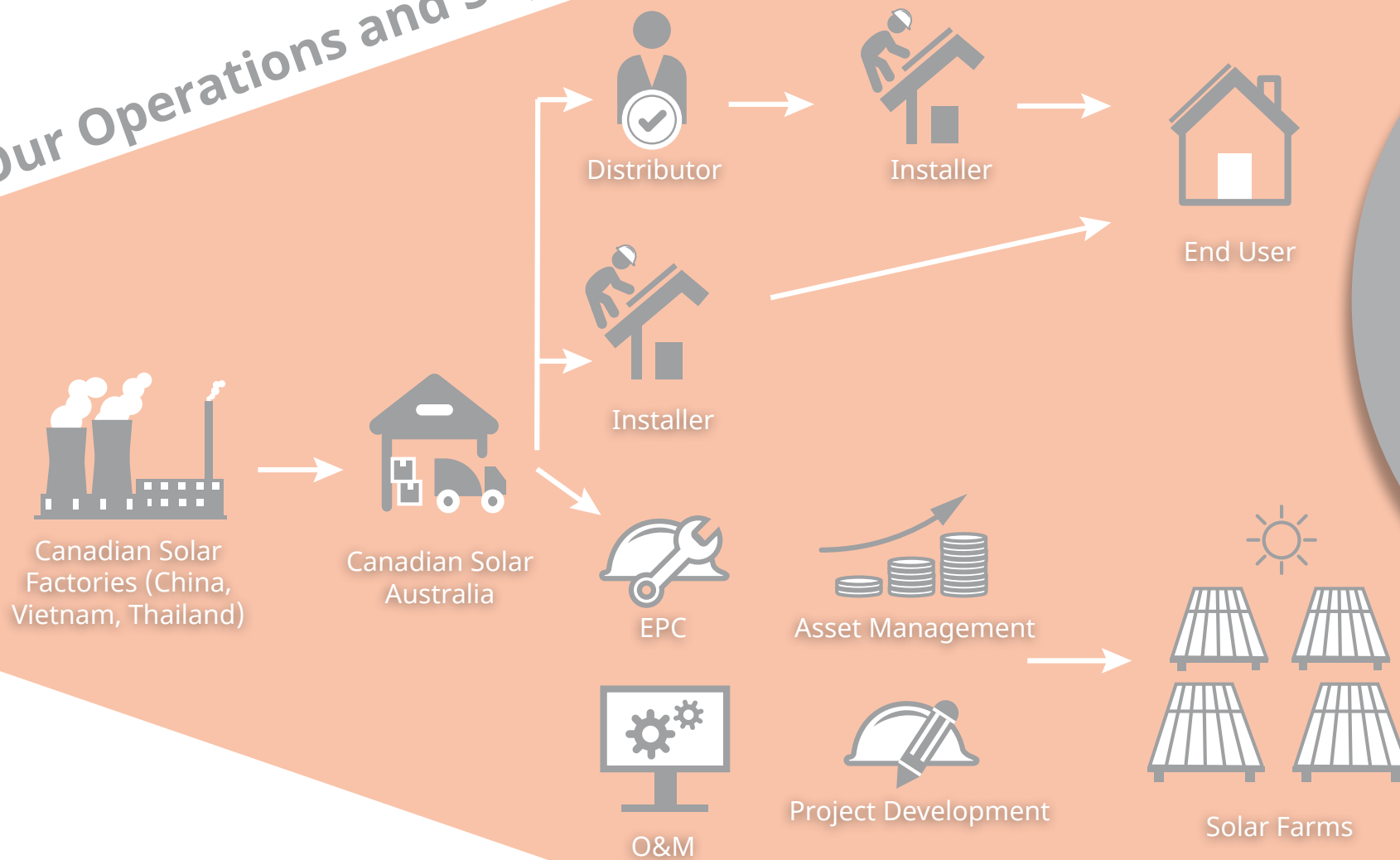
At group level:

- Internal Audit, led by the Global Director of Internal Audit
- Global Compliance, led by the Chief Compliance Officer
- Legal Department, led by the Legal Senior Director and group General Counsel
- Human Resources led by the group Head of HR

These teams are supported by our Compliance, Legal and Human Resources departments at the Australian level

ASSESSMENT OF RISK

Our Operations and Supply Chains



Canadian Solar's supply chains include:

- Field services and maintenance,
- Asset construction services,
- Project development services,
- Corporate services,
- Electricity equipment and supplies (including solar panels, which in turn include solar cells and wafers), and
- Consulting services.

OUR SUPPLY CHAINS

Canadian Solar Entity

Core Business

Supply Chain

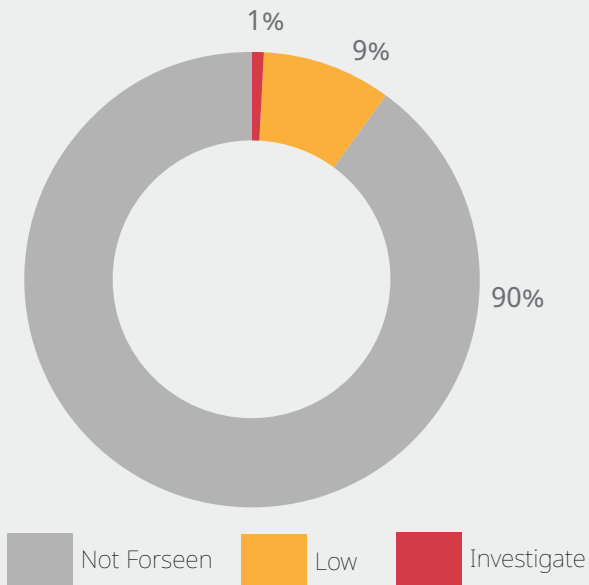
Canadian Solar Entity	Core Business	Supply Chain
Canadian Solar (Australia) Pty Limited - ABN 61 149 125 020 ("AUCS")	Development of Solar Farms	<ul style="list-style-type: none"> • Project development services, • Corporate services, • Electricity equipment and supplies (including solar panels), and • Consulting services.
Canadian Solar Construction (Australia) Pty Ltd - ABN 92 620 225 630 ("AUCT")	Construction of Solar Farms	<ul style="list-style-type: none"> • Field services and maintenance, • Asset construction services, • Corporate services, • Electricity equipment and supplies (including solar panels), and • Consulting services.
Canadian Solar MSS (Australia) Pty Ltd - ABN 44 607 434 300 ("AUC1")	Sales and Supply of Solar Modules	<ul style="list-style-type: none"> • Corporate services, and • Warehouse, transport and logistic services, • Electricity equipment and supplies (including solar panels)
Canadian Solar O&M (Australia) Pty Ltd - ABN 31 620 225 809 ("AUOM") Canadian Solar Asset Management (Australia) Pty Ltd - ABN 72 636 190 737	Operation and Asset Management of Solar Farms	<ul style="list-style-type: none"> • Field services and maintenance, • Corporate services, • Consulting services.
Suntop HoldCo Pty Ltd – ABN 39 639 336 208 Gunnedah HoldCo Pty Ltd – ABN 15 639 338 104	Solar Farms Under Construction	<ul style="list-style-type: none"> • Project development services, • Corporate services, • Construction services, • Electricity equipment and supplies (including solar panels), • Consulting services.
Oakey 1 New HoldCo Pty Ltd – ABN 84 621 377 937 Longreach New HoldCo Pty Ltd – ABN 23 621 377 615 Normanton Solar Farm Pty Ltd – ABN 32 606 999 437	Solar Farm Operator	<ul style="list-style-type: none"> • Corporate services, • Operation and maintenance services, • Asset management, • Electricity sales services.

With the exception of solar panels and inverters (which are commercial-off-the-shelf products sourced from key vendors in Asia), the majority of goods and services relating to Canadian Solar’s supply chains are sourced from vendors domicile in Australia.

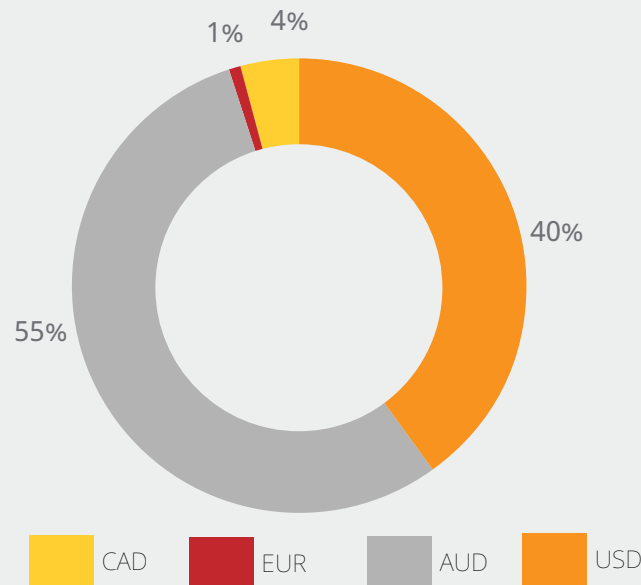
Given the increased slavery risk of vendors who are not domicile in Australia, Canadian Solar has commenced interrogating and reviewing second and third tier vendors within the solar panel supply chain, such as solar cell and wafer suppliers.

Commercial off-the-shelf (COTS) manufactured products which are identified as having originated in Asia are considered to pose an elevated risk of modern slavery within the Canadian Solar supply chain. To combat this risk, Canadian Solar is working with our tier 1 vendors who are exposed to COTS manufactured products in Asia to allow improved visibility and review of tier 2 suppliers.

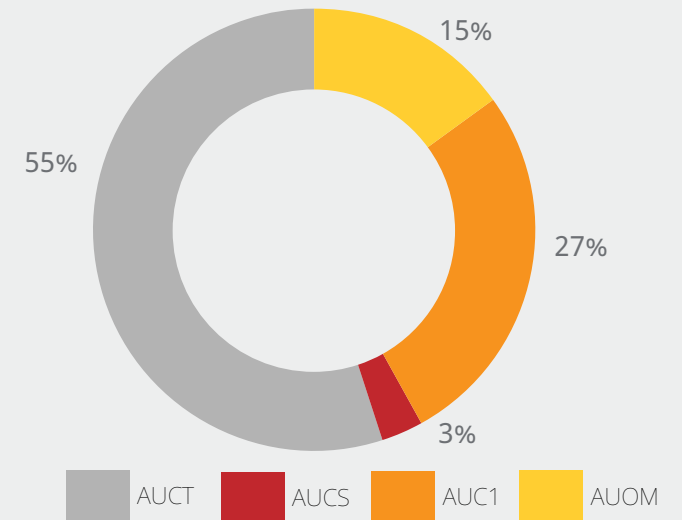
Tier 1 Supplier Slavery Potential



Currency Spend (Exclude Related Entities)



Spend (Exclude Related Entities)



ACTIONS

Reviews of vendors (tier 2 and tier 3) relating to solar modules, such as solar cell and wafer suppliers, have resulted in improved internal policies and procedures including, but not limited to:

- worker labour and payroll conditions;
- how Canadian Solar can arrange for factory audits to validate workplace practices; and
- working with the vendor to implement solutions that meet international human rights standards.

Canadian Solar seeks to minimise the risk of modern slavery by undertaking a risk assessment of each counterparty (including vendors). These tools have been developed using assessments from the Global Slavery Index. Canadian Solar risk assessments also consider information and resources made available through organisations such as the Global Compact Network, TRACE International, the Transparency International Corruption Perceptions Index, and the Modern Slavery Registry.

As part of Canadian Solar's vendor assurance program, all new vendor, and existing vendors that have not been reviewed in the past two years, will be subjected to our desk-top due diligence process. This due-diligence process requires vendors to answer a brief pre-qualification questionnaire (PQQ) to identify potential areas of risk and to assess the business mechanisms and policies they have in place to manage slavery risks.

So far, the PQQ has been sent to the higher risk suppliers identified with Canadian Solar's initial risk mapping exercise, being our tier 1 suppliers of solar panels and solar panel inputs overseas, such as solar cells and wafers. The PQQ responses have been reviewed, and suppliers further categorised as those Canadian Solar is comfortable with, in terms of the steps they are taking to mitigate modern slavery risk in their own supply chains, and those that Canadian Solar will work with further throughout future reporting periods to better understand the risks they are facing and how to best manage these.

To help remediate any risks of modern slavery that may exist in Canadian Solar's business, Canadian Solar has expanded its grievance policy and whistleblowing mechanism to include human rights complaints. This enables employees, contractors and the general public to raise concerns about modern slavery, as well as fraudulent behaviour, safety concerns and unfair practices.

Training and awareness are key controls in addressing the risk of modern slavery. Canadian Solar recognises the need to build the capability of our employees (particularly our procurement practitioners and front-line staff) to identify potential red flags of modern slavery and human trafficking and the actions required to respond appropriately.

Towards this aim, we are currently developing a training programme to be provided to all our employees, including senior management. This training will be rolled out to all new employees as part of their mandatory onboarding compliance training and will also be mandatory for existing employees in 2021.

The core of this modern slavery training will be an interactive training programme addressing:

- the types of behaviours which constitute modern slavery;
- the challenges Canadian Solar faces;
- what we are doing to address the risks;
- what all employees should do to identify and tackle modern slavery in their day-to-day roles.

All attendances will be monitored and recorded.

In addition, every year each employee of the Canadian Solar undertakes training to ensure currency of competence in Canadian Solar's:

- Code of conduct and ethics
- Anti-Bribery and Anti-Corruption requirements
- Procurement Policy
- Whistle blower Policy, and
- Prevention of Modern Slavery Policy.

Training is standardised, and all attendances are recorded.

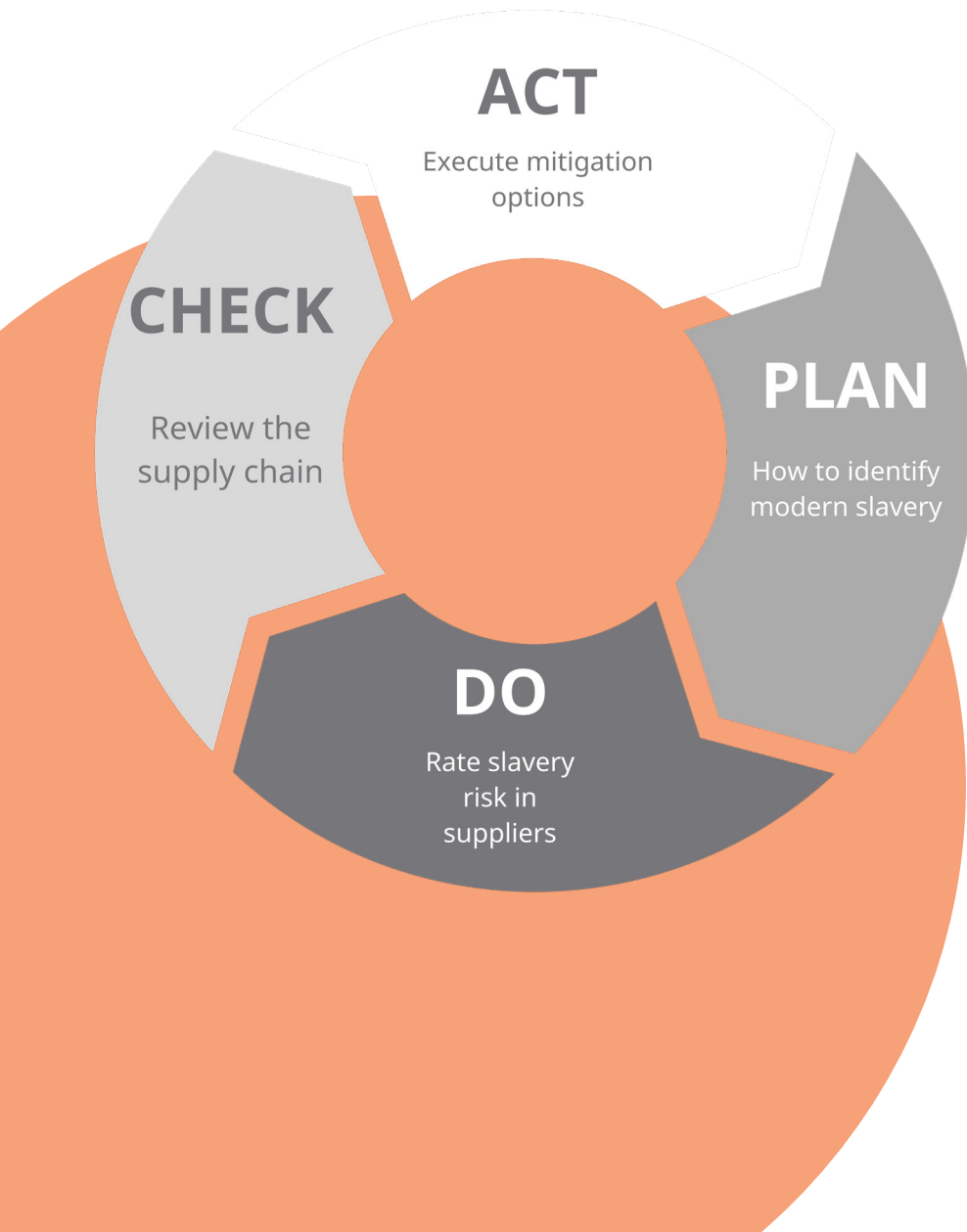
EFFECTIVENESS

Canadian Solar acknowledges that it will continue to face modern slavery risks and its efforts to mitigate these risks will change over time. In order to assess the effectiveness of its measures, Canadian Solar will report on several key performance indicators including the number of:

- PQQs completed, and steps taken to work together with our key suppliers to mitigate modern slavery risks wherever possible;
- Training sessions undertaken for employees to increase awareness of modern slavery and competence evaluation undertaken to verify effectiveness of training;
- Suppliers that have agreed to undertake modern slavery improvements following Canadian Solar's risk assessment; and
- Annual reviews of supplier responses to Canadian Solar's PQQ to monitor improvement.



LOOKING AHEAD



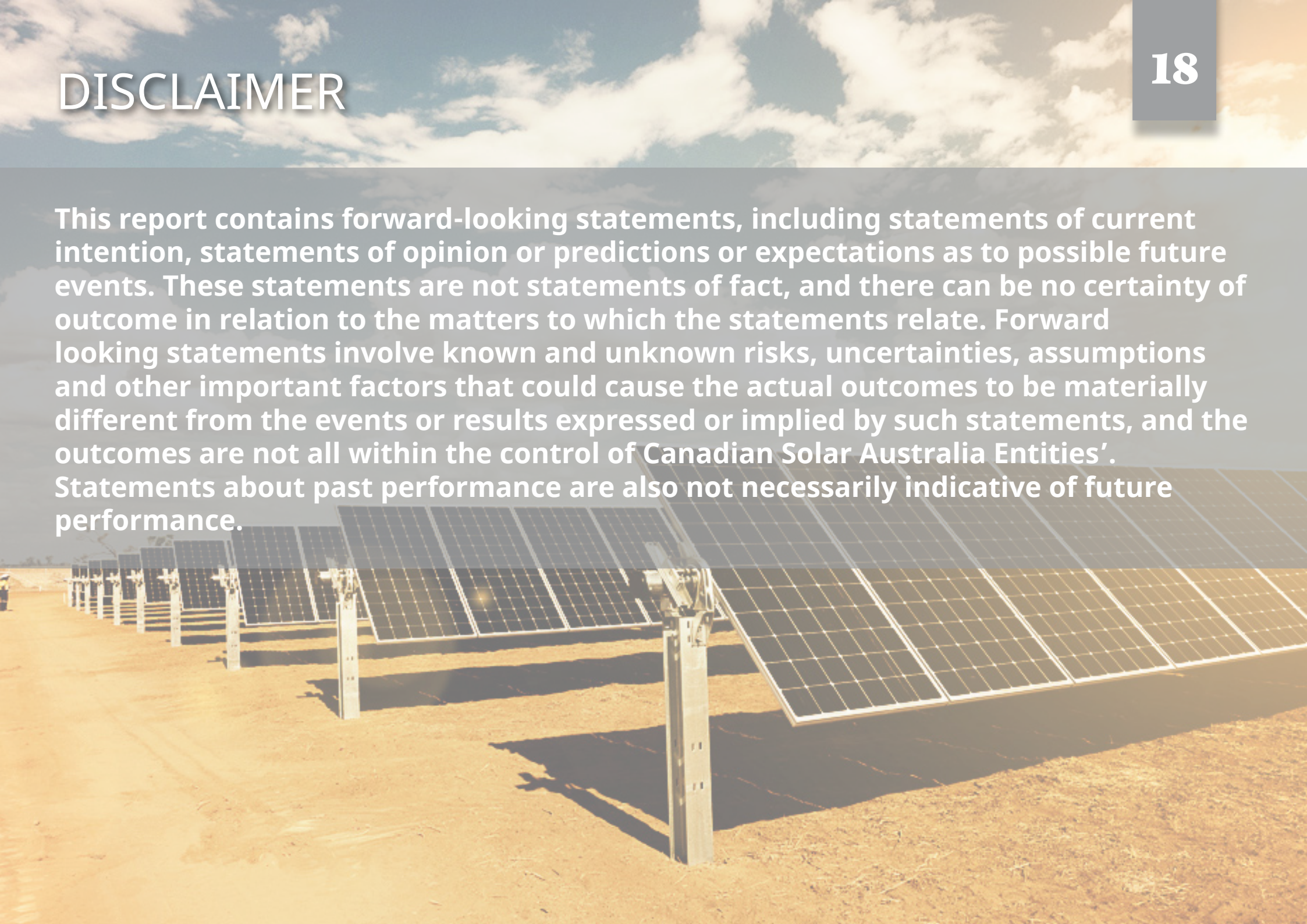
Over the next year, Canadian Solar's key focus areas will include:

- Canadian Solar is seeking to grow its battery storage and inverter businesses, which currently make up less than 2% of Australian sales. The manufacturing process of batteries is well known to include areas of high risk for modern slavery practices such as forced labour and child labour. Canadian Solar will undertake a focused review of the suppliers providing key inputs to Canadian Solar batteries and inverter systems and seek to partner with them over the coming years to mitigate our shared risks.
- Investigating best methods to continue Canadian Solar's supply chain mapping to reach second and third tier suppliers within its supply chain, particularly any risks identified in solar cell and wafer suppliers
- Systemising PQQ implementation to reach suppliers identified in subsequent risk mapping and ensure annual updates
- Collaborating with an Asia Pacific not for profit energy industry organisation to share information and collaborate on continuous improvement measures in relation to managing modern slavery risks
- Reviewing and updating our suite of risk-related policies and governance control measures;
- Ongoing training to board members, staff and counterparties on modern slavery risk identification, reporting and mitigation; and
- Engaging further with counterparties to improve identification and management of modern slavery risks.

DISCLAIMER

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This report contains forward-looking statements, including statements of current intention, statements of opinion or predictions or expectations as to possible future events. These statements are not statements of fact, and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements, and the outcomes are not all within the control of Canadian Solar Australia Entities'. Statements about past performance are also not necessarily indicative of future performance.



MODERN SLAVERY POLICY

Slavery is a crime and a violation of fundamental human rights. It takes various forms, such as servitude, forced and compulsory labour, forced marriage, debt bondage and human trafficking. Whether affecting adults or children, all forms of slavery involve the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. Canadian Solar is committed to acting ethically, with transparency, and with integrity in all our business dealings and relationships. Consequently, Canadian Solar is committed to implement and enforce effective systems and controls to ensure modern slavery is not taking place anywhere in Canadian Solar's business or in any of Canadian Solar's supply chains.

Canadian Solar will prepare and release a modern slavery statement which complies with Canadian Solar's disclosure obligations under Australian modern slavery legislation.

The prevention, detection and reporting of modern slavery in any part of our business (including supply chains of Canadian Solar and supply chains of customers and joint venture parties of Canadian Solar) is the responsibility of every person working for or with Canadian Solar. All Canadian Solar's employees, directors, officers, agency workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners must avoid any activity that might lead to, or suggest, a breach of this policy.

Canadian Solar expects the same high standards from all of its contractors, suppliers and other business partners. As part of its contracting processes, Canadian Solar includes specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery, servitude or debt bondage, whether adults or children. Canadian Solar expects that its suppliers will hold their own supply chains to the same high standards.

Canadian Solar will not tolerate parties engaging in or condoning the use of slavery. Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct. Canadian Solar may terminate its relationship with other individuals and organisations working on Canadian Solar's behalf if they breach this policy.

This policy applies to all persons working for or on behalf of Canadian Solar in any capacity, including employees, directors, officers, agency workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners. Further detail regarding Canadian Solar's specific requirements and actions surrounding Modern Slavery may be found in CORP-PRO-026 Modern Slavery Procedure.

Signature:



Name: Haydn Fletcher

Position: Director - MSS/AUCT

Date: 11th May 2020

Signature:



Name: David Krsevan

Position: General Manager - AUCS

Date: 11th May 2020



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