

Modern Slavery Statement

Financial year end 31 December 2022

Introduction

This statement is made pursuant to the UK Modern Slavery Act 2015 (the “Act”) on behalf of Canadian Solar UK Limited and Canadian Solar EMEA GmbH (“Canadian Solar” or “We”). These entities are doing business in the UK and are part of the wider Canadian Solar group. This statement is also made on a voluntary basis on behalf of Canadian Solar UK Limited’s subsidiaries who are not doing business in the UK but who are involved in international sales of solar photovoltaic (PV) modules and related PV products.

We are committed to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to prevent modern slavery in any part of our business and supply chains. This includes closely examining our supply chains to ensure goods imported are not mined, produced or manufactured, wholly or in part, with prohibited forms of labour, such as slave, convict, indentured, forced or indentured child labour.

This statement sets out the actions taken by Canadian Solar to address modern slavery risks in our business and supply chains over the period 1 January 2022 to 31 December 2022. This statement has been prepared pursuant to the reporting criteria of the Act.

This statement describes Canadian Solar’s recent actions to strengthen our policies and performance. It outlines our continued efforts to broaden the scope of our policies, detect the risk of modern slavery and to ensure that we have in place the most appropriate responses to those risks and a strategy to minimise them over time.

Our commitment

Canadian Solar is committed to corporate social responsibility, including the prevention of modern slavery in our business and supply chains. Canadian Solar has a vision to foster sustainable development and make lives better by bringing electricity powered by the sun to people worldwide. To underpin this commitment, we have recently joined the United Nations Global Compact, committing to support and adhere to the Ten Principles of the UNGC on human rights, labour, environment, and anticorruption.

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 informs 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. We are 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.

Canadian Solar welcomes the new and forthcoming legislative developments in this area both at national level in the countries where we operate and at EU level, including the European Commission Proposal for a Regulation Prohibiting Products made with Forced Labour on the EU market, and the related proposal for a Directive on Corporate Sustainability Due Diligence. We are actively preparing for such forthcoming developments to ensure compliance when they become law.

Our structure, business and supply chains

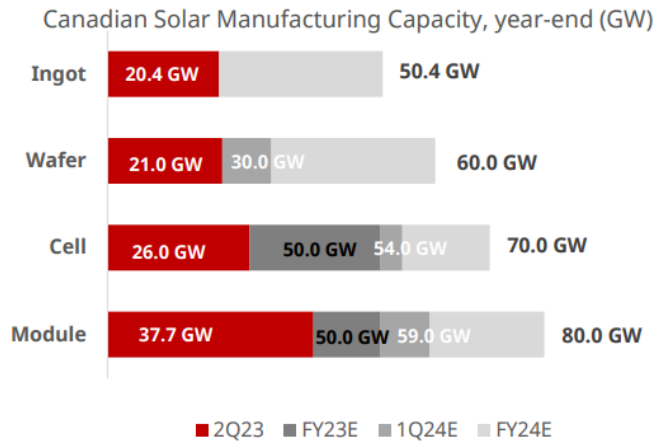
Canadian Solar carries on business in the Europe, Middle East and Africa region (“EMEA”), including in the UK, with our regional hub based in Munich, Germany. It is part of the broader Canadian Solar group which is headquartered in both Canada and China and listed on the NASDAQ as CSIQ since 2006. The Canadian Solar group has over 18,500 employees globally and is present in 25 countries. In financial year 2022, the group shipped 21.1 gigawatts of modules and had an annual net revenue of circa. US\$7.5 billion.

Canadian Solar’s business comprises primarily the sale of solar modules, inverters and other solar power storage products manufactured by Canadian Solar group companies. This business segment is referred to as the CSI Solar business within the wider group. The parent company for the companies in the CSI Solar segment is CSI Solar, Co., Ltd.

The CSI Solar business accounts for the majority of the group’s net revenue (circa. 89% in 2022). The majority of our PV modules and other products are produced in our manufacturing affiliates in China, although the group also have manufacturing entities in Canada, Vietnam and Thailand. Construction of the group’s first production facility in the United States is also underway. Further information, including the names and locations of our group manufacturing subsidiaries, are set out in our Annual Report. CSI Solar currently has customers in more than 150 countries, across the residential, commercial and utility segments.

Our purchasing strategy follows a vertically integrated procurement pattern, controlled at CSI Solar group level. Looking forward, we will continue this strategy of vertical integration.

At group level, Canadian Solar’s key supply chains relate to the procurement of cells, wafers, ingots and polysilicon for the manufacture of PV modules. The Canadian Solar group manufactures modules, cells, wafers and ingots and also purchases cells, wafers, ingots and polysilicon from outside the group. The level of vertical integration together with our forecast for 2023-24 is summarised as follows:



In relation to polysilicon, where this is purchased directly by the Canadian Solar group, it is currently purchased from suppliers incorporated in various provinces in China and in Germany. At EMEA level, Canadian Solar is receiving increasing requests from customers for transparency across this key supply chain, together with related third-party audit rights. Building on the group's experience in other regions, in particular in the US, significant progress has been made in this regard.

Going forward, the group is pursuing a dual strategy to diversify its external suppliers and also to build its in-house manufacturing capabilities.

At group level, in addition to the key supply chain above, we also have external manufacturing supply chains in relation to other raw materials and components, including glass, steel, silver and packaging materials and related services.

The goal of our strategy is to establish sustainable, efficient and ethical supply chains that meet the development needs of our group and the interests of all our stakeholders, among whom we count those workers involved at all stages in the manufacturing process as key.

In respect of the reporting entities covered by this Statement, our key supply chains relate to the procurement of modules and other PV products from within the group and related services, such as transport and logistics and corporate services.

Our policies

Canadian Solar has the following policies and procedures in place in relation to slavery and human trafficking:

- Canadian Solar's Modern Slavery Policy and associated procedures (<http://investors.canadiansolar.com/static-files/9933a290-df48-45ef-9738-c31154bf96d8>). This Policy describes modern slavery as a "crime", commits "to complying with anti-slavery laws and regulations in every jurisdiction in which it conducts business" and "ensuring that modern slavery does not take place anywhere in its business, including through its supply chain" and clearly states

that “Canadian Solar will not tolerate any parties directly or indirectly engaging in modern slavery”.

- Canadian Solar’s Supplier Code of Conduct, which is required to be signed and adhered to by all group suppliers (<https://investors.canadiansolar.com/static-files/ae1534e7-8b4a-4dce-833d-b7a12c5041bb>). This Code transcends the basic requirement of prohibiting modern slavery, extending to broader issues such as human rights, environmental protection, health, safety, and business ethics. Our Code, primarily derived from the Responsible Business Alliance (RBA) Code of Conduct, serves as an integral part of our due diligence process for assessing new suppliers, who are required to adhere to it. Furthermore, we require our suppliers to ensure that their own suppliers to operate in compliance with the Code. In this way, we ensure that not only our direct suppliers but also our indirect suppliers - that is, our suppliers' suppliers - uphold the obligations set forth in the Code.
- We incorporate modern slavery clauses and covenants in our supply contracts, requiring suppliers to comply with applicable modern slavery laws, implement appropriate controls and notify Canadian Solar immediately if they become aware of any modern slavery actions within their supply chains.

In addition, we have the following established group-wide policies and procedures in place which underpin our core values in this area:

- Code of Conduct and Ethics (<https://investors.canadiansolar.com/static-files/88af24b8-0eea-4291-b984-d1b401be2ca2>)
- Anti-Bribery and Anti-Corruption Policy (<https://investors.canadiansolar.com/static-files/a9f5e39a-d849-47cd-99c5-35bbff07fc11>)
- Whistleblower Policy (<http://investors.canadiansolar.com/static-files/6c23cd29-a9d7-4946-a657-6791b69b93c0>)
- Conflict Minerals Policy (<https://investors.canadiansolar.com/static-files/32eba6e4-b40d-4b4c-be76-c979ab487b75>)
- Labor and Human Rights Policy (<https://investors.canadiansolar.com/static-files/20aa7ed9-5f17-4362-89e6-7d46a4d72387>)

Due diligence processes in relation to our business and supply chains

- **Anti-Modern Slavery Efforts in Our Own Operations**

All our global manufacturing entities are required to sign “Statement of Anti-Modern Slavery Risk Management” on an annual basis. As part of this process, our manufacturing group HR directors or managers are required to confirm that their respective manufacturing entities comply with all applicable laws and regulations and company policies related to forced labour, and they must explicitly affirm that their respective

factories are not involved in any activities associated with forced labour. The statement was developed based on the key internationally recognized principles and guidance in this respect, including the Ten Principles of the UN Global Compact (UNGC) and the International Labor Office Indicators of Forced Labor from which UNGC Principles are in part derived. Furthermore, we administer mandatory training on anti-modern slavery (see below):

- **Modern Slavery Risk Assessment and Contractual Assurance from Suppliers**

We extend our anti-modern slavery initiatives to encompass our supply chain. Prior to engaging with any new manufacturing supplier, our central procurement division conducts a modern slavery risk assessment. It also requires our suppliers to provide contractual assurances, verifying that they are not involved in any form of modern slavery, which requires them to investigate their supply chain to ensure their suppliers do not engage in modern slavery.

- **Supplier ESG Audits**

To ensure our group suppliers align with our ESG standards and effectively mitigate ESG risks within our supply chain, we actively oversee our suppliers through an ESG auditing programme. This programme incorporates both onsite and desk audits of our suppliers. Our supplier audits examine a range of areas, including human rights, health, safety and business ethics, all in accordance with our Supplier Code of Conduct. Noncompliance or failure to meet Canadian Solar's standards will result in the termination of the business relationship, particularly if issued warnings are not adequately addressed. To support our suppliers, we provide training on compliance with the Code and consultations on enhancing their practices in line with ESG priorities.

We map our supplier base annually to identify critical suppliers, factoring in purchase expenditures and potential ESG risks associated with a supplier's industry sector, size, and type of work. Based on these criteria, we classify our critical suppliers into three groups, considering both our purchase spend and the supplier's ESG risks. We conduct onsite or desk audits for all our critical suppliers and a subset (5-10%) of our non-critical suppliers each year.

On-site and desktop ESG audits are conducted through supplier questionnaires supported by evidentiary documentation. Canadian Solar reviews the responses and associated documents, on-site or remotely. The audits assess suppliers based on an array of criteria divided into "veto" and "scored" categories. The veto criteria are evaluated on a binary "yes or no" basis, wherein any negative response automatically disqualifies a supplier from conducting business with Canadian Solar. The potential presence of forced or child labour identified through our audit would immediately deem the supplier ineligible to partner with the Canadian Solar group. The business relationship will be terminated with any suppliers who fail to meet our standards within a stipulated timeframe, ranging from 1 to 6 months following the consultation. In 2022, the Canadian Solar group conducted 122 supplier ESG audits, including 17 on-site audits. After

consultations and implementing corrective action plans (CAP), all suppliers passed the final ESG audits.

Parts of our business and supply chains where there is a risk of modern slavery and the steps taken to assess and manage that risk

We recognise that there may be specific risks of modern slavery arising through certain supply chains and that we must take pro-active steps both to prevent such risks materialising, and, in the event any such risks are identified, to take preventative or remedial action. Given the complexity, opaqueness and geographical location of these supply chains, we face challenges in assessing the extent of this very serious risk.

Component products and materials which are identified as having originated in Asia and outside our group are considered to pose an elevated potential risk of modern slavery within our supply chains. To combat this risk, we continue to work with our direct suppliers who are procuring component products in Asia towards improved visibility, review and audit of our indirect suppliers, including the contractual right for us to conduct audits at our supplier's premises. Canadian Solar is committed to ensuring that modern slavery does not take place anywhere in its business, including through its supply chains anywhere in the world. In furtherance of this, we continue to prioritise the development of our processes to scrutinise our supply chains in relation to this issue, alongside our push towards vertical integration, which gives us more oversight over our whole supply chain and our increased supply chain diversification.

Our 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, the Responsible Business Alliance have been engaged to conduct a Validated Assessment Program. This programme is the leading standard for onsite compliance verification conducted by RBA-accredited independent, third-party firms. This on-site audit includes the areas of labour practices (including ensuring there is no forced labour). An RBA VAP audit was conducted at Canadian Solar's factory in Thailand in 2023 by TÜV Rheinland. Our factory was recognized by RBA and earned a Silver-level recognition for the VAP audit, fully in compliance with "Freely Chosen Employment" rules, in other words, no presence of forced labour. Canadian Solar plans to conduct further RBA VAP third-party audits at both our own operations and supply chain.

Canadian Solar also established a group-wide Anti-Slavery Task Force in October 2021. This task force is responsible for developing and disseminating anti-modern slavery policies and procedures. It also oversees the implementation of training programmes and conducts due diligence to ensure the efficacy of our anti-slavery efforts. The task force is comprised of management personnel from several key areas: compliance, HR, legal, procurement, customer service, and safety, quality, and environment.

Training

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 at all levels (particularly our procurement practitioners and front-line staff) to identify potential red flags of modern slavery and the actions required to respond appropriately.

Towards this aim, we implement a mandatory training programme for all our employees, including senior management, and for all new employees as part of their mandatory onboarding compliance training.

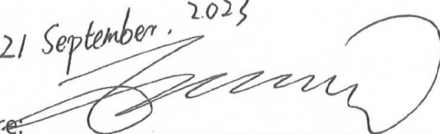
The core of this modern slavery training is an interactive training programme addressing:

- 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 are monitored and recorded.

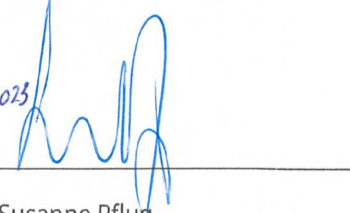
Approval

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 2022. It was approved by the boards of directors of Canadian Solar UK Limited and Canadian Solar EMEA GmbH and has been signed by the undersigned directors on behalf of these entities.

Date: 21 September, 2023
Signature: 

Name: Yan Zhuang

Director, Canadian Solar UK Limited

Date: 21/09/2023
Signature: 

Name: Susanne Pflug

General Manager, Canadian Solar EMEA GmbH