

**US PERSON SANCTIONS LAWS RECUSAL POLICY**


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**INTRODUCTION**

CSI Solar Co., Ltd. ("**CSI Solar**") and the corporations, partnerships and other entities controlled, directly or indirectly, by CSI Solar ("**Subsidiary Entities**" and, together with CSI Solar, 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**").

The Company has adopted the Sanctions Laws Compliance Policy (the "**Sanctions Laws Policy**") to supplement the Code by reiterating the Company's commitment to full compliance with all laws, rules and regulations relating to export controls and trade and economic sanctions of the countries, territories and other jurisdictions in which the Company operates or carries on business, including those of Canada, the EU, the UK, Germany and the US, ("**Sanctions Laws**"), and to provide guidelines for such compliance. The Sanctions Laws Policy applies to all directors, officers, employees, including temporary employees, and contract personnel of the Company, wherever located (together, the "**employees**").

The objective of this US Person Sanctions Laws Recusal Policy (the "**Policy**") is to supplement the Sanctions Law Policy to ensure that all employees understand how to conduct themselves in relation to full compliance with applicable Sanctions Laws as they apply to US Persons.

The Company's Legal Department, and in particular the CSI Solar MSS EMEA Legal Department, is responsible for the administration and oversight of this Policy.

This Policy is not intended to be a comprehensive rulebook and cannot address every situation that employees may face. If you have any questions concerning this Policy, you should contact your local Legal Department for advice and direction.

See also the **Sanctions Law Policy**.

## DEFINITIONS

**"At Risk Countries and Regions"** means those countries, territories and other jurisdictions which are not Excluded Territories but which have been identified by the Company's Legal Department as being at risk of economic or trade sanctions. Please see **Annex 1** to the Sanctions Laws Compliance Policy for a current list of At Risk Countries and Regions.

**"CSI Solar MSS EMEA"** means Canadian Solar EMEA GmbH, a wholly-owned German subsidiary of CSI Solar.

**"EU"** means the European Union.

**"OFAC"** means the Office of Foreign Assets Control of the US Department of the Treasury.

**"Sanctioned Activity"** means a relevant transaction or business or other dealing with an Excluded Territory or a Sanctioned Person.

**"Excluded Territories"** means certain countries, territories and other jurisdictions which CSI Solar has chosen not to deal with for multiple reasons including that some such territories are, from time to time, the subject of sanctions under applicable Sanctions Laws, currently: **Belarus, Cuba<sup>1</sup>, Iran, Mali, North Korea, Russia, Sudan<sup>2</sup>, Syria, Crimea region of Ukraine, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic.**

**"SDN"** mean an individual, group or entity designated on OFAC's Specifically Designated Nationals and Blocked Persons List or by operation of law, and an entity that owned fifty percent or more, in the aggregate, by one or more of such individuals, groups or entities.

**"US"** means the United States of America and its territories and possessions.

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<sup>1</sup> Note that different jurisdictions have different – and sometimes inconsistent – rules pertaining to activities in Cuba. Any such activities must be referred to CSI Solar MSS EMEA Legal Department, for review and approval.

<sup>2</sup> Since October 2017, OFAC has no longer treated Sudan as a territory subject to a territory-wide sanctions embargo. Nonetheless, in light of the continuing situation in Sudan's Darfur region, CSI Solar considers it appropriate to retain it in the definition of "Excluded Territories" for the purpose of internal policies.

**“US Person”** means:

- (a) a US citizen or lawful US permanent resident, wherever located;
- (b) anyone physically present in the US, regardless of nationality and duration of presence (eg, on business or for personal pleasure);
- (c) an entity legally organized under US law and its employees, wherever located;
- (d) a foreign branch of a US company (ie, an entity located outside the US that is not separately incorporated); and
- (e) under the Sanctions Laws of the US relating to Cuba and Iran, a non-US entity that is “owned or controlled” by a US person.

**“US Sanctioned Person”** means an individual or entity who is the subject of restrictions or sanctions under applicable Sanctions Laws, including:

- (a) an individual or entity designated on one of the US Government’s restricted party lists, such as OFAC’s Specifically Designated Nationals and Blocked Persons List and the US Department of State’s Nonproliferation Sanctions List,
- (d) an entity that is controlled by, or acting for or on behalf of, the Government of an Excluded Territory, and
- (e) an SDN.

## **BACKGROUND**

### ***Application of US Sanctions Laws***

US Sanctions Laws prohibit a US Person from, directly or indirectly, engaging in transactions or business or other dealings in or with an Excluded Territory or a US Sanctioned Person. Among other things, a US Person may not, directly or indirectly, do any of the following:

- participate in, provide business approvals for, facilitate, assist, advise, or support a transaction or dealing involving an Excluded Territory or a US Sanctioned Person;
- approve any transaction or dealing of any affiliate, regardless of location, involving an Excluded Territory or a US Sanctioned Person;
- export goods, services, technology or software to any destination if there is reason to believe that the intended destination is to an Excluded Territory or a US Sanctioned Person;
- negotiate an agreement to supply goods or services to an Excluded Territory or a US Sanctioned Person;
- finance or assist in securing financing for any transaction or dealing involving an Excluded Territory or a US Sanctioned Person;
- process sales orders involving an Excluded Territory or a US Sanctioned Person;
- refer a business opportunity involving an Excluded Territory or a US Sanctioned Person to another person or entity.

- change business policies or operating procedures of a non-U.S. affiliate or subsidiary for the purpose of enabling that non-U.S. affiliate or subsidiary to engage in transactions or dealings that are otherwise prohibited for a US Person;
- import or deal in (eg, purchase, sell, transport or refinance) goods or services originating from an Excluded Territory unless authorized by the US Government;
- make new investments (eg, loans and extensions of credit) in an Excluded Territory or to a US Sanctioned Person;
- make decisions or recommendations regarding projects in an Excluded Territory or involving a US Sanctioned Person, including decisions or recommendations relating to equipment, tools, technology, services or software relating to such projects;
- arrange transportation or other logistical support for projects in an Excluded Territory or involving a US Sanctioned Person;
- participate in business or financial planning, including budgeting, regarding projects in an Excluded Territory or involving a US Sanctioned Person;
- assist in the collection of receivables from an Excluded Territory or a US Sanctioned Person;
- make decisions or recommendations regarding personnel involved in projects relating to an Excluded Territory or involving a US Sanctioned Person; and
- direct others, whether US Persons or not, to engage in any of the aforementioned prohibited activities.

In addition, Sanctions Laws administered by OFAC prohibit a US Person from, directly or indirectly, purchasing, selling, transporting, swapping, brokering, approving, financing, facilitating or guaranteeing any transaction or business or other dealing by a non-US Person where the transaction or dealing by the non-US Person would be prohibited if undertaken by a US Person or within the US.

US Sanctions Laws do not prohibit a US Person from, directly or indirectly, engaging in transactions or business or other dealings in or with an At Risk Country and Regions provided, however, that the contract partner is not a US Sanctioned Person.

### ***Application of Canadian, UK, German and EU Sanctions Laws***

Canadian, the UK, German and EU Sanctions Laws prohibit certain Sanctioned Activities and apply to all employees in Canada, the UK, Germany and the EU.

## **POLICY AND PROHIBITIONS**

### ***Policy***

The Company and its employees shall comply with all applicable Sanctions Laws and this Policy.

### ***Prohibitions***

US Person employees are banned from and may not participate or be involved in Sanctioned Activities, and must fully recuse themselves from all activities involving Excluded Territories or US Sanctioned Persons.

In furtherance of this prohibition, all non-US Person employees must not allow and must actively prevent US Person employees from any participation or involvement in a Sanctioned Activity or any activity involving an Excluded Territory or a US Sanctioned Person. Among other things, US Person employees may not be copied on emails relating to a Sanctioned Activity or any activity involving an Excluded Territory or a US Sanctioned Person.

If a US Person employee participates or is involved in a Sanctioned Activity or any activity involving an Excluded Territory or a US Sanctioned Person for any reason, this participation, involvement or activity must stop immediately and the US Person employee must immediately notify the CSI Solar MSS EMEA Legal Department.

### ***Salesforce Tools***

Notwithstanding any sales process guidelines, no Salesforce tools (the system itself including any Salesforce Cloud services) shall be used for any transaction or business or other dealing involving an Excluded Territory or a US Sanctioned Person.

## **LIABILITY**

Violations of Sanctions Laws could result in substantial liability for the Company and its employees, including significant monetary penalties, criminal prosecution, imprisonment, loss of licensing privileges and reputational damage.

Any indications of possible non-compliance with this Policy must be reported to the Company's Legal Department as soon as possible.

Any employee who violates this Policy or has direct knowledge of a possible violation of this Policy and fails to report it to the Company's Legal Department or who misleads or hinders any investigation of a possible violation of this Policy will be subject to disciplinary action, including termination of employment.