

COMPENSATION COMMITTEE CHARTER

Charter (the “*Charter*”) of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Canadian Solar Inc. (the “*Company*”)

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PURPOSE

The purpose of the Committee is to assist the Board in discharging the Board’s responsibilities relating to compensation of the Company’s employees, including reviewing and evaluating and, if necessary, revising the compensation plans, policies and programs of the Company. The Committee shall ensure that compensation programs are designed to encourage high performance, promote accountability and assure that employee interests are aligned with the interests of the Company’s shareholders.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise such other powers and carry out such other responsibilities as may be delegated to it by the Board from time to time consistent with the Company’s Articles and Bylaws, as amended from time to time (the “*Constitutional Documents*”). The powers and responsibilities delegated by the Board to the Committee in this

Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers and responsibilities delegated to the Committee hereunder) shall be at the Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

MEMBERSHIP

The Committee shall be composed of at least two directors, as determined by the Board, none of whom shall be an employee of the Company and each of whom shall:

- be an “*independent director*” as defined under Rule 5605(a)(2) of the Nasdaq Stock Market;
- be a “*non-employee director*” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”);
- be an “*outside director*” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended; and
- have experience, in the business judgment of the Board, that would be helpful in addressing the matters delegated to the Committee.

In affirmatively determining whether a director is eligible to serve on the Committee, the Board shall consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to such director's ability to be independent from management in connection with the duties of a member of the Committee. Such factors include:

- the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director, and
- whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

The members of the Committee, including the Chair of the Committee (the “**Chair**”), shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. The Committee members shall serve for such term or terms as the Board may determine. Committee members may, at any time, resign or be removed from the Committee, with or without cause, by the Board. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

If the Committee fails to satisfy the composition requirement of Rule 5605(d)(2)(A) of the Nasdaq Stock Market because there is a vacancy or a Committee member ceases to be independent due to circumstances beyond his or her reasonable control, the Company shall again satisfy such requirement on or before the earlier of:

- the date of its next annual shareholders meeting, and
- one year from the date that the Committee failed to satisfy such requirement,

provided that, if the date of the next annual shareholders meeting is less than 180 days after the occurrence of the event that caused the Committee to fail to satisfy such requirement, the Company shall again satisfy such requirement on or before 180 days after the date that the Committee failed to satisfy such requirement.

MEETINGS AND PROCEDURES

The Chair (or, in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's Constitutional Documents that are applicable to the Committee.

The Committee shall meet on a regularly scheduled basis at least twice per year or more frequently as the Committee deems necessary or desirable. Any meeting of the Committee may be conducted in person or via teleconference where every member participating can hear each other.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management or any other person whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may exclude from its meetings any persons it deems appropriate, including any non-management director who is not a member of the Committee. In addition, the Committee shall exclude the Chief Executive Officer of the Company (the "*CEO*") from its meetings when his or her compensation is discussed and determined.

The Chair shall report to the Board regarding the activities of the Committee at appropriate times and as otherwise requested by the Chairman of the Board.

DUTIES AND RESPONSIBILITIES

Definition of Officer

Officer means the president, principal financial officer, principal accounting officer, any vice-president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs a similar policy-making function. In the case of the Company, **Officer** is any employee of the Company and its subsidiaries at the A, B2 or B1 level.

Compensation Philosophy

The Committee shall, at least annually, review the compensation philosophy of the Company to ensure that it promotes shareholder interests, supports Company objectives and provides appropriate rewards and incentives for employees of the Company.

CEO Corporate Goals and Objectives

The Committee shall, at least annually, review and approve corporate goals and objectives relating to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives and determine and approve the compensation of the CEO based on such evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the CEO in past years. The Committee shall have sole authority to determine the CEO's compensation.

Compensation Arrangements for other Officers

The Committee shall, at least annually, review and approve the compensation arrangements for all other officers. The Committee may, at its discretion, review the compensation arrangements of the other employees of the Company and its subsidiaries and make recommendations with respect thereto to the Board or management of the Company.

Employment, Severance and Termination Arrangements of Officers

The Committee shall review and approve the employment agreements and severance or termination arrangements of all officers.

Operation of Employee Benefit Plans

The Committee shall oversee and periodically review the operation of the employee benefit plans of the Company, including bonus, incentive compensation, stock option, pension and welfare plans, and shall have responsibility for:

- setting performance targets under all performance-based compensation plans;
- certifying that the performance targets used for all performance-based compensation plans have been met before any awards are granted to or exercised by officers under such plans;
- granting awards to officers under all performance-based compensation plans and equity compensation plans, including stock option plans;
- approving all amendments to, and terminations of all awards under, all performance-based compensation plans and equity compensation plans, including stock option plans; and
- repurchasing securities from terminated employees.

Company personnel shall be responsible for the day-to-day administration of the employee benefit plans of the Company.

Director Compensation and Benefits

The Committee shall review all director compensation and benefits for service on the Board and Board committees at least once a year and recommend any changes to the Board as necessary.

Perquisite Policies

The Committee shall review and provide oversight of the policies of the Company concerning perquisites.

Change of Control Policies

The Committee shall periodically review the Company's policies with respect to change of control or "parachute" payments, if any; and shall review, and approve and, when appropriate, recommend to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.

Indemnification and Insurance

The Committee shall review and approve officer and director indemnification and insurance matters.

Employee Loans

The Committee shall review and approve any employee loans in an amount equal to or greater than US\$60,000.

Annual Evaluation and Review

The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

The Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

The Committee shall periodically report to the Board its findings and actions.

OUTSIDE ADVISORS

The Committee may, in its sole discretion, retain or receive advice from the Company's regular legal counsel, other independent counsel, compensation and benefits consultants and other experts or advisors (the "*Compensation Advisors*") that the Committee believes to be desirable or appropriate. The Committee shall not be bound by the advice or recommendations of the Compensation Advisors retained by it and shall exercise its own judgment in fulfilling its responsibilities.

The Committee shall be directly responsible for the retention, compensation and oversight of the work of the Compensation Advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the Compensation Advisors.

Before retaining any Compensation Advisors, other than in-house legal counsel, the Committee shall take into account the following factors:

- the provision of other services to the Company by the person that employs the Compensation Advisors;
- the amount of fees received from the Company by the person that employs the Compensation Advisors, as a percentage of the total revenue of the person that employs such Compensation Advisors;
- the policies and procedures of the person that employs the Compensation Advisors that are designed to prevent conflicts of interest;
- any business or personal relationship of the Compensation Advisors with a member of the Committee;
- any stock of the Company owned by the Compensation Advisors; and
- any business or personal relationship of the Compensation Advisors or the person employing the Compensation Advisors with an executive officer of the Company.

Except as described below, before retaining any Compensation Advisors, other than in-house legal counsel, the Committee shall also conduct the independence assessment outlined in this Charter but may retain and receive advice from any Compensation Advisors who are not independent provided that the Committee has taken into account the factors described in the preceding paragraph.

The Committee is not required to conduct an independence assessment for any Compensation Advisors that act in a role limited to the following activities for which no public disclosure is required:

- consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favour of any executive officers or directors of the Company and that is available generally to all salaried employees; or

- providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the Compensation Advisors and about which the Compensation Advisors do not provide advice.