



Canadian Solar Group UK Tax Strategy

Introduction

In compliance with section 161 and section 19(2) of Schedule 19 Finance Act 2016, Canadian Solar is publishing its tax strategy and approach relevant to Canadian Solar entities organized in the UK for the fiscal year ending December 31, 2017.

Overall Tax Strategy

Canadian Solar's overall tax strategy is to support its business activities by maintaining an appropriate tax rate, complying with the tax laws of the jurisdictions in which it operates, including the UK, and mitigating tax risks.

Approach to risk management and governance

Canadian Solar sees compliance with the tax rules in the jurisdictions in which it operates as the key to managing tax risks. Canadian Solar understands the importance of tax in the context of businesses decisions.

Canadian Solar monitors and reviews its operations in the UK and elsewhere to ensure ongoing compliance with applicable rules and regulations. Compliance includes filing all appropriate tax returns, making all required tax payments in a timely manner and claiming tax relief and incentives where available.

Canadian Solar aligns its transfer pricing policies with the relevant guidance issued by the Organisation for Economic Co-operation and Development (OECD) and by the jurisdictions in which it operates. Canadian Solar applies the arm's length standard to ensure that parties to intercompany transactions are appropriately remunerated.

Canadian Solar's Chief Financial Officer is ultimately responsible for Canadian Solar's overall tax risks; its VP of Global Taxes is responsible for the management of global tax risks. The local finance directors are responsible for the day-to-day management of UK tax risks.

Where appropriate, Canadian Solar seeks professional opinions and advice from independent external advisors on tax matters, including transfer pricing.

Tax Planning

Canadian Solar considers tax implications of all major business decisions and engages in tax planning that is aligned with its commercial and business activities.

Canadian Solar does not engage in inappropriate tax planning and does not condone abusive tax practices.

Relationship with Her Majesty's Revenue & Customs (HMRC)

Canadian Solar seeks to build and maintain relationships with local tax authorities that are constructive and based on the principle of cooperative compliance.

Canadian Solar's UK entities employ the services of professional tax advisors for tax filing and compliance services. When appropriate, these advisors liaise with HMRC on behalf of Canadian Solar's UK companies.