Canadian Solar EMEA Capital Markets, S.A.U.

(*Incorporated in Spain in accordance with the Spanish Companies Act (Ley de Sociedades de Capital))*

€ 100,000,000 Green Medium Term Note Program
Guaranteed by Canadian Solar Inc.

(*A public company continued in British Columbia, Canada under the British Columbia Business Corporations Act and traded on the NASDAQ*)

INFORMATION MEMORANDUM FOR ADMISSION OF MEDIUM TERM NOTES ON THE MARF

Canadian Solar EMEA Capital Markets, S.A.U. (the "**Company**" or the "**Issuer**"), a public limited company (*sociedad anónima*) incorporated under the laws of Spain, with registered office at Avenida del General Perón 27, 6th floor, 28020 Madrid (Spain) registered in the Madrid Commercial Registry, with tax identification number (NIF) A16791311 and legal entity identifier (LEI) code 95980035WQCUU7NYZR42, will request the admission (*incorporación*) to trading of any notes (*bonos*) (the "**Notes**") that may be issued by the Company under the so-called "*Canadian Solar EMEA Green Medium Term Note Program*" (the "**Program**") approved by the Issuer on October 28, 2021, all in accordance with the provisions of this information memorandum (*documento base informativo de incorporación*) (the "**Information Memorandum**") on the Spanish multilateral trading facility for debt securities (*Mercado Alternativo de Renta Fija*) (the "**MARF**"). The Notes issued under the Program will be unconditionally and irrevocably guaranteed by Canadian Solar Inc. (the "**Guarantor**", together with its predecessor entities and its consolidated subsidiaries, "**Canadian Solar**" or the "**Group**") under a parent company guarantee dated November 15, 2021 (the "**Guarantee**"). The Guarantee is subject to certain limitations as detailed in Condition 7.2(a).

The period of validity of this Information Memorandum is 12 months from the date of its admission (*incorporación*) on the MARF. Under the Program and based on the Information Memorandum, the Company may issue the Notes and then will apply for the admission to trading of the Notes on the MARF. The MARF is a multilateral trading facility (MTF) (*sistema multilateral de negociación*) established in Spain in accordance with the *Real Decreto-ley 21/2017, de 29 de diciembre, de medidas urgentes para la adaptación del derecho español a la normativa de la Unión Europea en materia del mercado de valores* (the "**RDL 21/2017**"). Therefore, the MARF is not a regulated market in accordance with the provisions of Directive 2014/65/EU ("**MiFID II**"). This Information Memorandum has been prepared in compliance with the *Circular 2/2018, de 4 de diciembre, sobre incorporación y exclusión de valores en el Mercado Alternativo de Renta Fija* (the "**Circular 2/2018**").

The Final Terms (as defined below) of the Notes will include the specific terms and conditions of each relevant issuance of Notes, which shall determine those terms and conditions not set out in this Information Memorandum and shall include, where applicable, additional obligations to those set out in Conditions 3 and 4. The Notes may qualify as "green bonds" in line with the GBP (as defined below) published by the International Capital Markets Association ("**ICMA**") in accordance with the "second party opinion" issued by Sustainalytics SARL ("**Sustainalytics**") on September 29, 2021 in connection with the EMEA Green Financing Framework (as defined below) of the Guarantor.

Application will be made for the Notes to be listed and admitted to trading on the MARF under this Information Memorandum. The Notes will be represented by book entries and their accounting record will correspond to the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* ("**Iberclear**") together with its member entities (*entidades participantes*).

An investment in the Notes involves certain risks
"*RISK FACTORS*" INCLUDES A DESCRIPTION OF THE RISKS RELATED TO CANADIAN SOLAR AND THE NOTES

This Information Memorandum is not a prospectus (*folleto informativo*) in accordance with Regulation (EU) 2017/1129 (the "Prospectus Regulation") and, therefore, it has not been approved by, or registered with, the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*) (the "CNMV"). The Notes to be issued under the Program and listed on the MARF under this Information Memorandum will have a minimum principal amount of € 100,000 each (or, if the Notes are denominated in a currency other than euro, a minimum equivalent amount in such currency). Any offer of Notes will be exclusively addressed to "qualified investors" as defined in Article 2 (e) of the Prospectus Regulation. Therefore, any offer of the Notes will not require the publication of a prospectus, in accordance with the provisions of Section 34 of the *texto refundido de la Ley del Mercado de Valores* approved by the *Real Decreto Legislativo 4/2015, de 23 de octubre*, as amended (the "Securities Market Act").

Neither the MARF, nor the CNMV, nor Bankinter, S.A. ("Bankinter") has approved or carried out any verification or testing regarding the content of this Information Memorandum or with regard to the content of the documentation and information provided by the Issuer to the MARF in compliance with the Circular 2/2018. The admission of the Information Memorandum by the MARF does not represent a statement or recognition of the fullness, comprehensibility and consistency of the documentation and information provided by the Issuer to the MARF in connection with this Information Memorandum.

SOLE LEAD ARRANGER, PLACEMENT ENTITY AND PAYING AGENT

bankinter.

REGISTERED ADVISOR (*ASESOR REGISTRADO*)

VGM Advisory Partners

The date of this Information Memorandum is November 15, 2021

IMPORTANT NOTICES

The Issuer has appointed Bankinter as Sole Lead Arranger, Placement Entity and Paying Agent (as defined below) in connection with the Program and the Notes. Bankinter does not take any responsibility for the content of this Information Memorandum. Bankinter has entered into a Placement Agreement (as defined below) with the Issuer to offer and sale the Notes but neither Bankinter nor any other entity has accepted any undertaking to underwrite the Notes without prejudice of Bankinter to acquire Notes on its own name.

The Registered Advisor (*asesor registrado*) has verified that the content of this Information Memorandum is compliant with the information requirements established by the MARF and has reviewed that the information disclosed by the Issuer does not omit any relevant data or may mislead potential investors, as required under *Circular 3/2013, de 18 de julio, sobre asesores registrados del Mercado Alternativo de Renta Fija* (the "**Circular 3/2013**"). However, it shall not be assumed that the Registered Advisor has carried out any checks on the accuracy of the information provided by the Issuer.

The Issuer has not authorized anyone to provide information to potential investors different from the information contained in this Information Memorandum, the information contained in the final terms and conditions (*términos y condiciones finales*) of each issuance of Notes (the "**Final Terms**") pursuant to the form attached as Annex III, publicly available information and the information available in the corporate website of the Guarantor (www.canadiansolar.com). Any information or representation not contained, or referred to, in this Information Memorandum must not be relied upon as having been authorized by or on behalf of the Issuer.

Therefore, prospective investors should fully and carefully read this Information Memorandum, including its Annexes, the Final Terms, publicly available information and the information available in the corporate website of the Guarantor (www.canadiansolar.com) prior to any investment decision regarding the Notes. Therefore, prospective investors should not base their investment decision on information other than that contained in this Information Memorandum, in the successive Final Terms and other sources of public information of Canadian Solar.

Restrictions on distribution

This Information Memorandum is not an offer for the sale of Notes nor a solicitation to purchase Notes and no offer of Notes in any country, jurisdiction or territory in which such offer or sale is considered contrary to applicable legislation shall be made.

General

The distribution of this Information Memorandum and any of the Final Terms and the offering, sale, placement or delivery of the Notes may be restricted by law in some jurisdictions. Any person in possession of this Information Memorandum or any Final Terms must be legally advised and comply with those restrictions. For a description of certain restrictions on the sale of the Notes and on the distribution of the Information Memorandum or any Final Terms and other offering materials in connection with the Notes, see *"Subscription and Sale—Selling Restrictions".*

No action has been taken in any country, jurisdiction or territory to permit a public offering of the Notes or the possession or distribution of the Information Memorandum or any Final Terms, or any other offering material in connection with the Notes, in any country or jurisdiction where such action is required for said purpose. Therefore, the Notes cannot be offered or sold, directly or indirectly, nor this Information Memorandum or any Final Terms or any offering material relating to the Notes may be released, published or distributed, in or from any country, jurisdiction or territory, except in compliance with the regulations of the relevant country, jurisdiction or territory.

United States of America

This Information Memorandum or any Final Terms, or any other offering material in connection with the Notes, must not be distributed, directly or indirectly, in (or sent to) the United States of America (the "**United States**" or the "**U.S.**"). The Notes have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes are only being offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

European Union

The Notes will only be directed to "qualified investors" as defined in the Prospectus Regulation, including (i) eligible counterparties, as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 ("**EU MiFID II**") and the Spanish Securities Market Act; and (ii) professional clients, as defined in MiFID II and the Spanish Securities Market Act, or any provision which may replace or supplement it in the future. Therefore, this Information Memorandum has not been registered with any competent authority of any Member State.

Spain

The Notes may not be offered, sold or distributed in Spain, nor may any subsequent resale of the Notes be carried out except (i) in circumstances which do not require the registration of a prospectus in Spain as provided under the Spanish Securities Market Act and the Prospectus Regulation; and (ii) by institutions authorized to provide investment services in Spain under the Securities Market Act and other regulations.

Neither the Information Memorandum nor any Final Terms has been, or will be, registered with the CNMV and, therefore, the Information Memorandum or any Final Terms is not intended to be used for any public offering of Notes in Spain.

United Kingdom

Financial promotion: it has only been communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

General compliance: it has been complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from otherwise involving the United Kingdom.

NOTICE TO CANADIAN INVESTORS

The Notes are not intended to be offered, sold, or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in Canada. The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Information Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable

provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser. Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), any placement entity is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with any Notes issued under the Program.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area ("**EEA**"). For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; (iii) a retail client according to the implementing legislation of MiFID II in any Member State of the EEA (in particular, in Spain, according to the definition of Section 204 of the Securities Market Act and its implementing legislation); or (iv) not a "qualified investor" as defined in Article 2 (e) of the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

PRODUCT GOVERNANCE STANDARDS UNDER EU MiFID II
THE TARGET MARKET SHALL CONSIST EXCLUSIVELY OF ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS.

The Final Terms in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the target market assessment; however, a Distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issuance of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Placement Entity subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Sole Lead Arranger, nor the Placement Entity(ies), nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

FORWARD-LOOKING STATEMENTS

This Information Memorandum may include statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Information Memorandum, including, without limitation, those regarding the Group's future financial position and results of operations, its strategy, plans, objectives, goals and targets, future developments in the markets in which the Group operates or are seeking to operate or anticipated regulatory changes in the markets in which the Group operates or intends to operate. These forward-looking statements can be identified by the use of terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "future", "guidance", "intend", "is/are likely to", "may", "plan", "potential", "predict", "projected", "should" or "will" or the negative of such terms or other similar expressions or terminology.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements speak only as of the date of this Information Memorandum and are not guarantees of future performance and are based on numerous assumptions. The Group's actual results of operations, financial condition and the development of events may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements. Except as required by law, neither the Company nor the Guarantor undertakes any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of anticipated or unanticipated events or circumstances.

Investors should read "*Risk Factors*" of this Information Memorandum for a more complete discussion of the factors that could affect the Group or the Notes.

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1. GENERAL DESCRIPTION OF THE PROGRAM

This general description of the Program contains the basic information about the Program and does not purport to be complete and may be subject to the limitations and exceptions set out below in this Information Memorandum. This section should be read in conjunction with the entire Information Memorandum and the relevant Final Terms of each issuance of Notes.

Issuer:	Canadian Solar EMEA Capital Markets, S.A.U.
LEI code of the Issuer:	95980035WQCUU7NYZR42
Guarantor:	Canadian Solar Inc.
Description:	Canadian Solar EMEA Green Medium Term Note Program.
Instruments:	Notes (bonds).
Size:	Up to € 100,000,000 (or the equivalent in other currencies as at the relevant date of issuance of the Notes) aggregate principal amount of Notes outstanding at any one time.
Currencies:	Notes may be denominated in euro or in any other currency or currencies subject to compliance with all applicable laws and regulations.
Denomination:	The minimum denomination of each Note will be € 100,000 (or, if the Notes are denominated in a currency other than euro, a minimum equivalent amount in such currency).
Issue Price:	Notes may be issued at any price (at their principal amount, or at a premium or discount to their principal amount), as specified in the relevant Final Terms.
Interest:	Notes may be interest-bearing. Interest may accrue at a fixed rate or a floating rate. In addition, Notes may accrue a contingent interest rate (only if so specified in the relevant Final Terms).
Interest Periods:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Notes. If interest is to be calculated in respect of a period which is equal to or shorter than an interest period, it shall be calculated by applying the applicable interest rate to the Notes denomination, multiplying the product by the relevant Day Count Fraction (as defined in Condition 7.7(c)—*"Interest Period"*) (i.e., "Actual/Actual ICMA", "Actual/360" or any other specified in the relevant Final Terms) and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).
Maturities:	Any maturity as indicated in the applicable Final Terms between 1 and 20 years, subject to such minimum or maximum maturity as may be allowed or required from time to time by any relevant competent authority, market operator or any applicable laws or regulations.
Method of issuance:	Notes issued under the Program may be issued in series and each series may comprise one or more tranches of Notes. The Notes may be issued in tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing series.
Form of Notes:	The Notes will be issued in dematerialized book-entry form (*anotaciones en cuenta*).

Registration, clearing and settlement:	The Notes will be registered with the Spanish *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal* ("**Iberclear**"), which is the Spanish central securities depository, with its registered office at Plaza de la Lealtad, 1, 28014, Madrid, Spain. Noteholders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may hold the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") with Iberclear.
Title and transfer:	Title to the Notes will be evidenced by book-entries and each person shown in the central registry managed by Iberclear and in the registries maintained by the respective member entities (*entidades participantes*) of Iberclear as being the holder of the Notes shall be considered the holder of the principal amount of the Notes recorded therein. The Notes will be issued without any restrictions on their free transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant member of Iberclear) upon registration in the relevant registry of each member of Iberclear and/or Iberclear itself, as applicable. Each Noteholder will be treated as the legitimate owner (*titular legítimo*) of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the certificate issued in respect of it) and no person will be liable for so treating the Noteholder.
Status:	The Notes shall constitute (subject to the provisions of Condition 7.3—"*Negative Pledge"*) direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall rank *pari passu*, without preference among themselves except for any applicable legal and statutory exceptions. In particular, upon insolvency (*concurso*) of the Issuer, the obligations of the Issuer under the Notes shall (except for any applicable legal and statutory exceptions) at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer (unless they qualify as subordinated debts under the *texto refundido de la Ley Concursal* approved by the *Real Decreto Legislativo 1/2020, de 5 de mayo* (the "**Spanish Insolvency Law**") or equivalent legal provisions which replace it in the future).
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders, and if so the terms applicable to such redemption.
Negative pledge:	The Notes will contain a negative pledge as set out in Condition 7.3—"*Negative Pledge*".
Other obligations:	Condition 7.4—"*Other obligations"* set out other obligations to be fulfilled by the Issuer, notwithstanding any other obligations that may be included in the Final Terms of any particular issuance of Notes.
Financial covenants:	The Final Terms of each issuance of Notes may include financial covenants in the relevant Final Terms.
Events of default:	See Condition 7.9—*"Events of default"*.

Guarantee:	Under the Guarantee, the Guarantor has unconditionally and irrevocably guaranteed the due payment of all the amounts outstanding under the Notes to be payable by the Issuer. The Guarantee is subject to certain limitations as detailed in Condition 7.2(a)—*"Guarantee"*.
Taxation:	All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Spain or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, only if the withholding or deduction has to be applied as a consequence of the delisting of the Notes, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note in certain circumstances (see Condition 7.5—*"Taxation"*).
Selling restrictions:	See Section 15—"*Subscription and Sale—Selling Restrictions*".
Use of proceeds:	The net proceeds of each issuance of Notes will be used for the financing or refinancing of the business of Canadian Solar. In particular, unless otherwise set out in the relevant Final Terms, it is intended that the net proceeds will be on-lent by the Issuer to, or invested by the Issuer in, other subsidiaries of the Group mainly in the EMEA area for the uses set out in Section 10—"*Use of proceeds*", including the development of Projects to be qualified as Eligible Green Projects.
Rating of the Guarantor:	On September 13, 2021, Axesor Risk Management S.L.U. ("**Axesor**") issued a rating report on the Guarantor based on its own methodology. In its report, Axesor assigned a global risk rating for the Guarantor of "BBB" with stable outlook. This rating focuses on the evaluation of solvency and the associated credit risk in the medium and long term of the Guarantor.
Rating of Notes:	Notes issued under the Program may be rated or unrated. Where the issuance of Notes is rated, its credit rating may not necessarily be the same as the credit rating applicable to the Issuer. The rating, if any, of certain Notes shall be specified in the applicable Final Terms.
Final Terms of Notes:	Upon each issuance of Notes, the relevant Final Terms will be filed with the MARF and made publicly available.
Sole Lead Arranger:	Bankinter, S.A.
Placement Entity:	Bankinter, S.A. The Issuer may from time to time appoint additional placement entities in respect of an issuance of Notes.
Paying Agent:	Bankinter, S.A.
Representation of Noteholders:	It is envisaged that, upon each issuance of Notes under the Program, a syndicate of Noteholders (the "**Syndicate of Noteholders**") will be established, conferring the Noteholders the rights set out in the Spanish Companies Act and in the relevant syndicate regulations (the "**Syndicate Regulations**") substantially in the form set out in Annex IV. SANNE AgenSynd, S.L.U. shall be, at least initially, the commissioner of each of the Syndicates of Noteholders established for any issuance of Notes under the Program ("**SANNE**" or the "**Commissioner**"), unless otherwise is set out in the relevant Final Terms.

Risk factors:	Investing in Notes issued under the Program involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under Section 2.
Governing Law:	The Notes are to be governed by Spanish law and the Guarantee is governed by Ontario, Canada law.
Listing and admission to trading:	Application will be made for the Notes to be listed and admitted to trading on the Spanish multilateral trading facility for debt securities (MARF).
Green Bond Principles (GBP):	According to the second-party opinion issued by Sustainalytics on September 29, 2021 regarding the EMEA Green Financing Framework, the Notes will be considered as Green Bonds if the net proceeds of the Notes are used to finance and/or refinance, in part or in full, Eligible Green Projects. The ICMA describes the four core components of the green bond principles that shall be observed by any issuer of green bonds: (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and (iv) reporting.

2. RISK FACTORS

Investing in the Notes involves substantial risks. Prospective investors should carefully consider all the information set forth in this Information Memorandum, the applicable Final Terms and any documents incorporated by reference into this Information Memorandum, as well as their own personal circumstances, before deciding to invest in any Notes. Prospective investors should have particular regard to, among other matters, the considerations set out in this section.

Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum, or incorporated by reference into, and reach their own views prior to making any investment decision.

The Guarantor and the Company believe that each of the following risk factors, many of which are beyond the control of the Guarantor and the Company or are difficult to predict, may materially affect its financial position and its ability to fulfil its obligations under Notes issued under the Program.

In most cases, the risk factors described are contingencies or exposures which may or may not occur. The Guarantor and the Company cannot express an opinion on the probability that such contingencies or exposures will effectively materialize.

However, the risks described in this Information Memorandum may not be the only risks that Canadian Solar and the Company face. Only those risks that the Guarantor and the Company currently consider to be material and related to the execution of the Program are hereby described. There may be additional risks that the Guarantor and the Company do not currently consider to be material in connection with the Program, or which the Guarantor and the Company are not currently aware of. Consequently, the inability of the Company or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons, which may not be considered significant risks by the Guarantor and the Company and based on information currently available to them or which they may not currently be able to anticipate. The form 20-F filed with the U.S. Securities and Exchange Commission (the "**SEC**") on April 19, 2021 ("*Annual and transition report of foreign private issuers (Sections 13 or 15(d))*") (the "**Form 20-F**"), which is included by means of an SEC website link in this Information Memorandum in Annex II, contains in Item 3 (*Key Information*), Section D (*Risk Factors*), a detailed description of other additional risks that the Guarantor and the Group face in the course of business.

Any of the following risks and uncertainties could have a material adverse effect on the Group's business, prospects, results of operations and financial condition. Each of the risks highlighted below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment. Prospective investors should read the entire Information Memorandum, including its Annexes.

The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to the Group's business, prospects, results of operations and financial condition.

2.1. RISKS RELATED TO THE GUARANTOR AND CANADIAN SOLAR GROUP

2.1.1. Risks related to the industry

Canadian Solar may be adversely affected by volatile solar power market and industry conditions; in particular, the demand for solar power products and services may decline, which may reduce its revenues and earnings.

The Canadian Solar's business is affected by conditions in the solar power market and industry. The solar power market and industry may from time to time experience oversupply. If this occurs, many solar power project developers, solar system installers and solar power product distributors that purchase solar power products, including solar modules from manufacturers like Canadian Solar, may be adversely affected.

Shipments of solar modules carried out by the Group increased moderately in 2019 compared to 2018, and further increased in 2020. The average selling prices for the Group's solar modules declined from the previous year in each of 2018, 2019 and 2020. Over the past several quarters, oversupply conditions across the value chain and foreign trade disputes have affected industry-wide demand and put pressure on average selling prices, resulting in lower revenue for many industry participants. If the supply of solar modules grows faster than demand, and if governments continue to reduce financial support for the solar industry and impose trade barriers for solar power products, demand and the average selling price for the Group's products could be materially and adversely affected.

The solar power market is still at a relatively early stage of development and future demand for solar power products and services is uncertain. Market data for the solar power industry is not as readily available as for more established industries, where trends are more reliably assessed from data gathered over a longer period of time. In addition, demand for solar power products and services in the Group's targeted markets, including Europe, the U.S., Japan, China and Brazil may not develop or may develop to a lesser extent than expected. Many factors may affect the viability of solar power technology and the demand for solar power products, including:

- the cost effectiveness, performance and reliability of solar power products and services, including the Group's solar power projects, compared to conventional and other renewable energy sources and products and services;
- the availability of government subsidies and incentives to support the development of the solar power industry;
- the availability and cost of capital, including long term debt and tax equity, for solar power projects;
- the success of other alternative energy technologies, such as wind power, hydroelectric power, geothermal power and biomass fuel;
- fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil, gas and other fossil fuels;
- capital expenditures by end users of solar power products and services, which tend to decrease when the economy slows; and
- the availability of favorable regulation for solar power within the electric power industry and the broader energy industry.

If solar power technology is not suitable for widespread adoption or if sufficient demand for solar power products and services does not develop or takes longer to develop than expected, the Canadian Solar's revenues may suffer and it may be unable to sustain profitability.

The operating results of Canadian Solar's Global Energy segment and its China energy business within CSI Solar segment (collectively, the "Group's energy business"), and the mix of revenues from the Group's CSI Solar and Global Energy segments may be subject to significant fluctuation due to a number of factors, including the unpredictability of the timing of the development and sale of the Group's solar power projects and its inability to find third party buyers for the Group's solar power projects in a timely manner, on favorable terms and conditions, or at all.

The Canadian Solar's Global Energy segment develops, sells and/or operates and maintains solar power projects primarily in the U.S., Japan, Argentina, Mexico, the EU, Canada, Brazil and Australia. The Group's CSI Solar segment develops, sells and/or operates and maintains solar power projects in China. The Group's solar project development activities have grown over the past several years through a combination of organic growth and acquisitions. After completing their development, the solar power projects are either sold to third party buyers or managed under power purchase agreements ("**PPAs**") or other contractual arrangements with utility companies or grid operators. Revenues from the Group's Global Energy segment decreased by $708.5 million, or 49.6%, to $718.7 million for the year ended December 31, 2019, and then increased by $7.5 million, or 1%, to $726.2 million for the year ended December 31, 2020. As of June 30, 2021, the Global Energy segment recognized net revenues for $751.7 million and the outstanding Company's solar power plants in operation totaled 391 MWp, with a combined estimated net resale value of approximately $390 million to Canadian Solar. The estimated resale value is based on selling prices that Canadian Solar is currently negotiating or transaction prices of similar assets in the relevant markets. However, there is no assurance whether or when the Group will be able to realize their estimated resale value.

The operating results of the Group's energy business may be subject to significant period over period fluctuations for a variety of reasons, including but not limited to, the unpredictability of the timing of the development and sale of the relevant solar power projects, changes in market conditions after commitment to projects, availability of project financing and changes in government regulations and policies, all of which may result in the cancellation of or delays in the development of projects, inability to monetize or delays in monetizing projects or changes in amounts realized on monetization of projects. If a project is canceled, abandoned or deemed unlikely to occur, all prior capital costs will be charged as an operating expense in the quarter in which such determination is made, which could materially adversely affect operating results.

Further, the mix of revenues from the Group's CSI Solar and Global Energy segments can fluctuate dramatically from quarter to quarter, which may adversely affect the Group's margins and financial results in any given period.

Any of the foregoing may lead to the missing of financial guidance for a given period, which could adversely impact the market price for the Guarantor's common stock and liquidity.

The execution of Canadian Solar's growth strategy depends upon the continued availability of third party financing arrangements for customers, which is affected by general economic conditions and interest rates. Tight credit markets could depress demand or prices for solar power products and services, hamper the Group's expansion and materially affect results of operations.

Most solar power projects, including those of the Group, require financing for development and construction with a mixture of equity and third-party funding. The cost of capital affects both the demand and price of solar power systems. A high cost of capital may materially reduce the internal rate of return for solar power projects and therefore put downward pressure on the prices of both solar systems and solar modules, which typically comprise a major part of the cost of solar power projects.

Furthermore, solar power projects compete for capital with other forms of fixed income investments such as government and corporate bonds. Some classes of investors compare the returns of solar power projects with bond yields and expect a similar or higher internal rate of return, adjusted for risk and liquidity. Higher interest rates could increase the cost of existing funding and present an obstacle for future funding that would otherwise spur the growth of the solar power industry. In addition, higher bond yields could result in increased yield expectations for solar power projects, which would result in lower system prices. In the event that suitable funding is unavailable, the Group's customers may be unable to pay for products they have agreed to purchase.

It may also be difficult to collect payments from customers facing liquidity challenges due to either customer defaults or financial institution defaults on project loans. Constricted credit markets may impede the Group's expansion plans and materially and adversely affect its results of operations. The cash flow of a solar power project is often derived from government funded or government backed Feed-in Tariffs ("**FITs**"). Consequently, the availability and cost of funding solar power projects is determined in part based on the perceived sovereign credit risk of the country where a particular project is located.

In light of the uncertainty in the global credit and lending environment, there is no assurance that financial institutions will continue to offer funding to solar power project developers at reasonable costs. An increase in interest rates or a decrease in funding of capital projects within the global financial market could make it difficult to fund solar power systems and potentially reduce the demand for solar modules and/or reduce the average selling prices for solar modules, which may materially and adversely affect the Canadian Solar's business, results of operations, financial condition and prospects.

The future success of Canadian Solar depends partly on Canadian Solar's ability to expand the pipeline of energy business in several key markets, which implies the exposure to a number of risks and uncertainties.

Historically, the Group's module and beyond-pure-module business (which includes sales of solar system kits, battery storage solutions, and other EPC, materials, components and services, and excludes China energy and electricity sale in China) have accounted for the majority of the Group's net revenues. In recent years, the Group has implemented an increase of investment in, and the drawing of management attention towards the energy business, which primarily consists of solar power project development and sale, operating solar power projects and sale of electricity.

While the plan is to continue monetizing the current portfolio of solar power projects in operation, the Group also intends to grow the energy business by developing and selling or operating more solar projects, including those developed by the Group and those acquired from third parties. In this regard, the Group will be increasingly exposed to the risks associated with these activities. Further, the Group's future success largely depends on its ability to expand the solar power project pipeline. The risks and uncertainties associated with the Group's energy business, and its ability to expand the solar power project pipeline, include:

- the uncertainty of being able to sell the projects, receive full payment for them upon completion, or receive payment in a timely manner;
- the need to raise significant additional funds to develop greenfield or purchase late-stage solar power projects, which may not be feasible to obtain on commercially reasonable terms or at all;
- delays and cost overruns as a result of a number of factors, many of which are beyond the Group's control, including delays in regulatory approvals, construction, grid connection and customer acceptance testing;
- delays or denial of required regulatory approvals by relevant government authorities;
- diversion of significant management attention and other resources; and
- failure to execute the project pipeline expansion plan effectively.

If Canadian Solar is unable to successfully expand its energy business, and, in particular, its solar power project pipeline, the Group may be unable to expand its business, maintain its competitive position, improve its profitability and generate cash flows.

Governments may revise, reduce or eliminate subsidies and economic incentives for solar energy, which could cause demand for Canadian Solar products to decline.

Historically, the market for on-grid applications, where solar power supplements the electricity a customer purchases from the utility network or sells to a utility under a FIT, depends largely on the availability and size of government subsidy programs and economic incentives. Until recently, the cost of solar power exceeds retail electricity rates in many locations. Government incentives vary by geographic market. Governments in many countries provided incentives in the form of FITs, rebates, tax credits, renewable portfolio standards and other

incentives. These governments implemented mandates to end-users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. However, these government mandates and economic incentives in many markets either have been or are scheduled to be reduced or eliminated altogether, and it is likely that eventually subsidies for solar energy will be phased out completely. Over the past few years, the cost of solar energy has declined and the industry has become less dependent on government subsidies and economic incentives. However, governments in some of the Group's largest markets have expressed their intention to continue supporting various forms of "green" energies, including solar power, as part of broader policies towards the reduction of carbon emissions. The governments in many of the Group's largest markets, including the United States, Japan and the European Union, continue to provide incentives for investments in solar power that will directly benefit the solar industry. It is reasonable to believe that the near-term growth of the market still depends in large part on the availability and size of such government subsidies and economic incentives.

While solar power projects may continue to offer attractive internal rates of return, it is unlikely that these rates will be as high as they were in the past. If internal rates of return fall below an acceptable rate for project investors, and governments continue to reduce or eliminate subsidies for solar energy, this may cause a decrease in demand and considerable downward pressure on solar systems and therefore negatively impact both solar module prices and the value of the Group's solar power projects. The reduction, modification or elimination of government subsidies and economic incentives in one or more of the Group's markets could therefore materially and adversely affect the growth of such markets or result in increased price competition, either of which could cause the Group revenues to decline and harm its financial results.

Imposition of antidumping and countervailing duty orders or safeguard measures in one or more markets may result in additional costs to the customers of Canadian Solar, which could materially or adversely affect its business, results of operations, financial condition and future prospects.

The solar power industry operators have been, and may be in the future, subject to the imposition of antidumping and countervailing duty orders in several jurisdictions in which the Group sells its products. In the past, the Group has been subject to the imposition of antidumping and countervailing duty orders in the U.S., the EU and Canada and have, as a result, been party to lengthy proceedings related thereto (see Form 20-F, *"Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings"*). The imposition of any new, antidumping and countervailing duty orders or safeguard measures in these markets may result in additional costs to the Group and/or its corresponding customers, which may materially and adversely affect the Group's business, results of operations, financial condition and future prospects.

General global economic conditions may have an adverse impact on the Group's operating performance and results of operations.

The demand for solar power products and services is influenced by macroeconomic factors, such as global economic conditions, demand for electricity, supply and prices of other energy products, such as oil, coal and natural gas, as well as government regulations and policies concerning the electric utility industry, the solar and other alternative energy industries and the environment. As a result of global economic conditions, some governments may implement measures that reduce the FITs and other subsidies designed to benefit the solar industry. A decrease in solar power tariffs in many markets placed downward pressure on the price of solar systems in those and other markets. In addition, reductions in oil and coal prices may reduce the demand for and the prices of solar power products and services. The Group's growth and profitability depend on the demand for and the prices of solar power products and services. If it experiences negative market and industry conditions and demand for solar power projects and solar power products and services weakens as a result, the Canadian Solar's business and results of operations may be adversely affected.

Project development and construction activities of Canadian Solar may not be successful, projects under development may not receive required permits, property rights, EPC agreements, interconnection and transmission arrangements, and financing or construction of projects may not commence or continue as scheduled, all of which could increase costs, delay or cancel a project, and have a material adverse effect on the Group's revenue and profitability.

The development and construction of solar power projects involve known and unknown risks, among others, significant investments for land and interconnection rights, preliminary engineering and permitting, and may require legal and other expenses before feasibility of a project can be determined.

Success in developing a particular project is contingent upon, among other things:

- securing land rights and related permits, including satisfactory environmental assessments;
- receipt of required land use and construction permits and approvals;
- receipt of rights to interconnect to the electric grid;
- availability of transmission capacity, potential upgrade costs to the transmission grid and other system constraints;
- payment of interconnection and other deposits (some of which are non-refundable);
- negotiation of satisfactory engineering, procurement and construction ("**EPC**") agreements; and
- obtaining construction financing, including debt, equity and tax credits.

In addition, successful completion of a particular project may be adversely affected by numerous factors, including:

- delays in obtaining and maintaining required governmental permits and approvals;
- potential challenges from local residents, environmental organizations, and others who may not support the project;
- unforeseen engineering problems; subsurface land conditions; construction delays; cost over runs; labor, equipment and materials supply shortages or disruptions (including labor strikes);
- additional complexities when conducting project development or construction activities in foreign jurisdictions, including compliance with the U.S. Foreign Corrupt Practices Act and other applicable local laws and customs; and
- force majeure events, including adverse weather conditions, pandemics and other events beyond the Group's control.

If the Group is unable to complete the development of a solar power project or it fails to meet any agreed upon system level capacity or energy output guaranteed (including the Group's 25 year power output performance guarantees) or other contract terms, or projects cause grid interference or other damage, the relevant EPC or other agreements related to the project may be terminated and/or the Group may be subject to significant damages, penalties and other obligations relating to the project, including obligations to repair, replace or supplement materials for the project.

The Group may enter into fixed price EPC agreements in which it acts as the general contractor for customers in connection with the installation of their solar power systems. All essential costs are estimated at the time of entering into the EPC agreement for a particular project, and these costs are reflected in the overall fixed price charged to customers for the project. These cost estimates are preliminary and may or may not be covered by contracts with the subcontractors, suppliers and other parties involved in the project. In addition, qualified and licensed subcontractors are required to install most of solar power systems marketed by the Group. Shortages of skilled labor could significantly delay a project or otherwise increase the Group's costs. Should miscalculations in planning a project occur, including those due to unexpected increases in commodity prices or labor costs, or delays in execution occur and the Group is unable to increase the EPC sales price commensurately, the expected margins of Canadian Solar may not be achieved, and its results of operations may be adversely affected.

Developing and operating solar power projects implies an exposition to different risks than producing solar modules.

The development of solar power projects can take many months or years to complete and may be delayed for reasons beyond Canadian Solar's control. It often requires making significant upfront payments for, among other things, land rights and permitting in advance of commencing construction, and revenue from these projects may not be recognized for several additional months following contract signing. Any inability or significant delays in entering into sales contracts with customers after making such upfront payments could adversely affect the Group's business and its results of operations. Furthermore, the Group may become constrained in its ability to simultaneously fund other business operations and invest in other projects.

In contrast to producing solar modules, developing solar power projects requires more attention from the Group's management to negotiate the terms of its engagement and monitor the progress of the projects which may divert management's attention from other matters. The Group's revenue and liquidity may be adversely affected to the extent the market for solar power projects weakens or the Group is not able to successfully complete the customer acceptance testing due to technical difficulties, equipment failure, or adverse weather, and the Group is unable to sell its solar power projects at prices and on terms and timing that are acceptable.

The Group's energy business also includes operating solar power projects and selling electricity to the local or national grid or other power purchasers. As a result, the Group is subject to a variety of risks associated with intense market competition, changing regulations and policies, insufficient demand for solar power, technological advancements and the failure of power generation facilities.

In order to facilitate greater opportunities in solar projects, the Group has recently began establishing investment funds for the purpose of pooling capital to develop, build and accumulate solar power projects. For example, the Japan Green Infrastructure Fund (the "**Fund**") was established in early 2021, partnering with a business unit of Macquarie Group as a minority investor of the Fund. By creating these funds, the Group is subject to a variety of risks and regulations that substantially differ from the risks of the rest of its businesses are subject to, such as the risk that the funds may not generate a sufficient rate of return to satisfy fund investors. If the Group is unable to consistently deliver quality returns, this may impact its ability to attract capital and continue holding the assets acquired by the funds. Canadian Solar may also suffer reputational damage if its funds do not perform in-line with investor expectations.

Canadian Solar faces a number of risks involving PPAs and project level financing arrangements, including failure or delay in entering into PPAs, defaults by counterparties and contingent contractual terms such as price adjustment, termination, buy out, acceleration and other clauses, all of which could materially and adversely affect the Group's energy business, financial condition, results of operations and cash flows.

The Group may not be able to enter into PPAs for solar power projects due to intense competition, increased supply of electricity from other sources, reduction in retail electricity prices, changes in government policies or other factors. There is a limited pool of potential buyers for electricity generated by the Group's solar power plants since the transmission and distribution of electricity is either monopolized or highly concentrated in most jurisdictions. The willingness of buyers to purchase electricity from an independent power producer may be based on a number of factors and not solely on pricing and surety of supply. Failure to enter into PPAs on terms favorable to the Group, or at all, would negatively impact its revenue and decisions regarding the development of additional power plants. The Group may experience delays in entering into PPAs for some solar power projects or may not be able to replace an expiring PPA with a contract on equivalent terms and conditions, or otherwise at prices that permit operation of the related facility on a profitable basis. Any delay in entering into PPAs may adversely affect the Group's ability to enjoy the cash flows generated by such projects. If the Group is unable to replace an expiring PPA with an acceptable new PPA, the affected site may temporarily or permanently cease operations, which could materially and adversely affect the Group's financial condition, results of operations and cash flows.

Substantially all of the electric power generated by the Group's solar power projects will be sold under long term PPAs with public utilities, licensed suppliers or commercial, industrial or government end users. The Group

expects that future projects will also have long term PPAs or similar offtake arrangements such as FIT programs. If, for any reason, any of the purchasers of power under these contracts are unable or unwilling to fulfill their related contractual obligations, they refuse to accept delivery of the power delivered thereunder or they otherwise terminate them prior to their expiration, the Group's assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected. Further, to the extent any of the Group's power purchasers are, or are controlled by, governmental entities, the Group facilities may be subject to legislative or other political action that may impair their contractual performance or contain contractual remedies that do not provide adequate compensation in the event of a counterparty default.

Some of the PPAs that the Group has entered into are subject to price adjustments over time. If the price under any of said PPAs is reduced below a level that makes a project economically viable, the Group's financial condition, cash flow and results of operations could be materially and adversely affected. Further, some of the long term PPAs do not include inflation-based price increases. Certain of the PPAs for projects developed by the Group and those for projects that have been acquired or may be acquired in the future contain or may contain provisions that allow the offtake purchaser to terminate or buy out the project or require the Group to pay liquidated damages upon the occurrence of certain events. If these provisions are exercised, the Group's financial condition, results of operations and cash flows could be materially and adversely affected. Additionally, certain of the Group's project level financing arrangements for projects allow, and certain of the projects that may be acquired in the future may allow, the lenders or investors to accelerate the repayment of the financing arrangement in the event that the related PPA is terminated or if certain operating thresholds or performance measures are not achieved within specified time periods. Certain of the Group's PPAs and project level financing arrangements include, and in the future may include, provisions that would permit the counterparty to terminate the contract or accelerate maturity in the event that the Guarantor owns, directly or indirectly, less than 50% of the combined voting power or, in some cases, if the Guarantor ceases to be the majority owner, directly or indirectly, of the applicable project subsidiary. The termination of any of the Group's PPAs or the acceleration of the maturity of any financing arrangements as a result of a change in control event could have a material adverse effect on the Group's financial condition, results of operations and cash flows.

If the supply of solar wafers and cells increases in line with increases in the supply of polysilicon, then the corresponding oversupply of solar wafers, cells and modules may cause substantial downward pressure on the prices of Canadian Solar's products and reduce its revenues and earnings.

Silicon production capacity has expanded rapidly in recent years. As a result of this expansion, coupled with the global economic downturn, the solar industry has experienced an oversupply of high-purity silicon since the beginning of 2009. This has contributed to an oversupply of solar wafers, cells and modules and resulted in substantial downward pressure on prices throughout the value chain. The average selling price of the Group's solar modules decreased from $0.51 per watt in 2016 to $0.40 per watt in 2017, $0.34 per watt in 2018, $0.29 per watt in 2019 and $0.25 per watt in 2020. Although it is reasonable to believe that there is a relative balance between capacity and demand at low prices due to industry consolidation, increases in solar module production in excess of market demand may result in further downward pressure on the price of solar wafers, cells and modules, including the Group's products. Increasing competition could also result in the Group losing sales or market share. On the other hand, demand for solar products remains strong and may continue to increase, driven by various factors such as the efforts being made by major economies toward clean, renewable energy sources and decarbonization, which could result in increase in the costs of and difficulties in sourcing raw materials to support the increased production levels. As a result, the Group may not be able to keep up with fast growth in the demand for solar products. Accordingly, due to fluctuations in the supply and price of solar power products throughout the value chain, the Group may not be able, on an ongoing basis, to procure silicon, wafers and cells at reasonable costs if any of the above risks materializes. If, on an ongoing basis, the Group is unable to procure silicon, solar wafers and solar cells at reasonable prices or mark up the price of the Group's solar modules to cover its manufacturing and operating costs, the Group's revenues and margins will be adversely impacted, either due to higher costs compared to competitors or due to further write-downs of inventory, or both. In addition, the Group market share could decline if competitors are able to price their products more competitively.

Canadian Solar is subject to numerous laws, regulations and policies at the national, regional and local levels of government in the markets where it conducts business. Any changes to these laws, regulations and policies may present technical, regulatory and economic barriers to the purchase and use of solar power products, solar projects and solar electricity, which may significantly reduce demand for the Group's products and services or otherwise adversely affect its financial performance.

The Group is subject to a variety of laws and regulations in the markets where it conducts business, some of which may conflict with each other and all of which are subject to change. These laws and regulations include energy regulations, export and import restrictions, tax laws and regulations, environmental regulations, labor laws and other government requirements, approvals, permits and licenses. The Group also faces trade barriers and trade remedies such as export requirements, tariffs, taxes and other restrictions and expenses, including antidumping and countervailing duty orders, which could increase the prices of its products and make the Group less competitive in some countries. See risk factor—"*Imposition of antidumping and countervailing duty orders or safeguard measures in one or more markets may result in additional costs to the customers of Canadian Solar, which could materially or adversely affect its business, results of operations, financial condition and future prospects*".

In the countries where the Group conducts business, the market for solar power products, solar projects and solar electricity is heavily influenced by national, state and local government regulations and policies concerning the electric utility industry, as well as policies disseminated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer owned electricity generation, and could deter further investment in the research and development of alternative energy sources as well as customer purchases of solar power technology, which could result in a significant reduction in the potential demand for the Group's solar power products, solar projects and solar electricity.

In the Group's module and beyond-pure-module business, it is expected that the Group's solar power products and their installation will continue to be subject to national, state and local regulations and policies relating to safety, utility interconnection and metering, construction, environmental protection, and other related matters. Any new regulations or policies pertaining to the Group's solar power products may result in significant additional expenses to the Group, its resellers and customers, which could cause a significant reduction in demand for the Group's solar power products.

The Group energy business is subject to numerous national, regional and local laws and regulations. Changes in applicable energy laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If the Group fails to comply with these requirements, it may also be subject to civil or criminal liability and the imposition of fines. Further, national, regional or local regulations and policies could be changed to provide for new rate programs that undermine the economic returns for both new and existing projects by charging additional, non-negotiable fixed or demand charges or other fees or reductions in the number of projects allowed under net metering policies. National, regional or local government energy policies, law and regulation supporting the creation of wholesale energy markets are currently, and may continue to be, subject to challenges, modifications and restructuring proposals, which may result in limitations on the commercial strategies available to the Group for the sale of power.

Regulatory changes in a jurisdiction where the Group is developing a solar power project may make the continued development of the project infeasible or economically disadvantageous and any expenditure that the Group has previously made on the project may be wholly or partially written off. Any of these changes could significantly increase the regulatory related compliance and other expenses incurred by the projects and could significantly reduce or entirely eliminate any potential revenues that can be generated by one or more of the projects or result in significant additional expenses to the Group, its off-takers and customers, which could materially and adversely affect the Group's business, financial condition, results of operations and cash flows.

The Group also faces regulatory risks imposed by various transmission providers and operators, including regional transmission operators and independent system operators, and their corresponding market rules. These regulations may contain provisions that limit access to the transmission grid or allocate scarce transmission

capacity in a particular manner, which could materially and adversely affect the Group's business, financial condition, results of operations and cash flows.

The Group is also subject to the Foreign Corrupt Practices Act of 1977, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act and other anti-corruption laws that prohibit companies and their employees and third party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties and private sector recipients for the purpose of obtaining or retaining business in countries in which it conducts activities. The Group faces significant liabilities if it fails to comply with these laws. It may have direct or indirect interactions with officials and employees of government agencies or state owned or affiliated entities. For example, in China, the Group may contract with and sell electricity to the national grid, a state-owned enterprise. In other countries where the Group develops, acquires or sells solar projects, it needs to obtain various approvals, permits and licenses from the local or national governments. The Group can be held liable for the illegal activities of its employees, representatives, contractors, partners, and agents, even if it does not explicitly authorize such activities. Any violation of the FCPA or other applicable anticorruption laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, which could have a material adverse effect on the Group's business, financial condition, results of operation, cash flows and reputation. In addition, responding to any enforcement action may result in the diversion of management's attention and resources, significant defense costs and other professional fees.

Because the markets in which Canadian Solar competes are highly competitive and evolving quickly, because many of its competitors have greater resources than the Group has or are more adaptive, and because the Group has a limited track record in its energy business, the Group may not be able to compete successfully and may not be able to maintain or increase market share.

In the Group's module and beyond-pure-module business, it faces intense competition from a large number of competitors, including non-China-based companies such as First Solar, Inc., or First Solar, SunPower Corporation, or SunPower, and Maxeon Solar Technologies, Ltd, or Maxeon, and China-based companies such as LONGI Green Energy Technology Co. Ltd., or Longi, Trina Solar Limited, or Trina, JinkoSolar Holding Co., Limited, or Jinko, JA Solar Co., Limited, or JA Solar, and Hanwha Q Cells Co., Ltd., or Hanwha Q Cells. Some of the Group's competitors are developing or are currently producing products based on new solar power technologies that may ultimately have costs similar to or lower than the Group's projected costs. These include products based on thin film photovoltaic ("**PV**") technology, which requires either no silicon or significantly less silicon to produce than crystalline silicon solar modules, such as the ones that the Group produces, and is less susceptible to increases in silicon costs. Some of the Group's competitors have longer operating histories, greater name and brand recognition, access to larger customer bases, greater resources and significantly greater economies of scale than the Group. In addition, some of the Group's competitors may have stronger relationships or may enter into exclusive relationships with some of the key distributors or system integrators to whom the Group sells products. As a result, they may be able to respond more quickly to changing customer demands or devote greater resources to the development, promotion and sales of their products. Some of the Group's competitors have more diversified product offerings, which may better position them to withstand a decline in demand for solar power products. Some of the Group's competitors are more vertically integrated than the Group is, from upstream silicon wafer manufacturing to solar power system integration. This may allow them to capture higher margins or have lower costs. In addition, new competitors or alliances among existing competitors could emerge and rapidly acquire significant market share. If the Group fails to compete successfully, its business will suffer and the Group may not be able to maintain or increase its market share.

In the Canadian Solar's energy business, it competes in a more diversified and complicated landscape since the commercial and regulatory environments for solar power project development and operation vary significantly from region to region and country to country. The Group's primary competitors are local and international developers and operators of solar power projects. Some of the Group's competitors may have advantages over it in terms of greater experience or resources in the operation, financing, technical support and management of solar power projects, in any particular markets or in general.

The Group has a global footprint and develops solar power projects primarily in the U.S., Japan, China, the EU, Brazil, Mexico, Argentina and Australia. There is no guarantee that the Group can compete successfully in the markets in which it currently operates or the ones it plans to enter in the future. For example, in certain of its target markets, such as China, state-owned and private companies have emerged to take advantage of the significant market opportunity created by attractive financial incentives and favorable regulatory environment provided by the governments. State-owned companies may have stronger relationships with local governments in certain regions and private companies may be more focused and experienced in developing solar power projects in the markets where the Group competes. Accordingly, the Group needs to continue to be able to compete against both state-owned and private companies in these markets.

Canadian Solar also provides EPC, Operations and Maintenance ("**O&M**"), System Solutions and Energy Storage ("**SSES**") and asset management services, and faces intense competition from other service providers in those markets.

The Group's business also includes electricity generation and sale. It is reasonable to consider that the primary competitors in the electricity generation markets in which the Group operates are the incumbent utilities that supply energy to its potential customers under highly regulated rate and tariff structures. The Group competes with these conventional utilities primarily based on price, predictability of price, reliability of delivery and the ease with which customers can switch to electricity generated by the Group's solar energy projects.

As the solar power and renewable energy industry grows and evolves, the Group will also face new competitors who are not currently in the market. The Group's failure to adapt to changing market conditions and to compete successfully with existing or new competitors will limit its growth and will have a material adverse effect on its business and prospects.

Canadian Solar faces risks associated with the marketing, distribution and sale of solar power products and services internationally.

The international marketing, sale, distribution and delivery of products and services expose the Group to a number of risks, including:

- fluctuating sources of revenues;
- difficulties in staffing and managing overseas operations;
- fluctuations in foreign currency exchange rates;
- differing regulatory and tax regimes across different markets;
- the increased cost of understanding local markets and trends and developing and maintaining an effective marketing and distribution presence in various countries;
- the difficulty of providing customer service and support in various countries;
- the difficulty of managing sales channels effectively as the Group expands beyond distributors to include direct sales to systems integrators, end users and installers;
- the difficulty of managing the development, construction and sale of solar power projects on a timely and profitable basis as a result of technical difficulties, commercial disputes with customers and changes in regulations, among other factors;
- the difficulties and costs of complying with the different commercial, legal and regulatory requirements in the overseas markets in which the Group operates;
- any failure to develop appropriate risk management and internal control structures tailored to overseas operations;
- any inability to obtain, maintain or enforce intellectual property rights;
- any unanticipated changes in prevailing economic conditions and regulatory requirements; and

- any trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of the Group's products and make it less competitive in some countries.

If the Group is unable to effectively manage these risks, its ability to expand business abroad could suffer.

Revenue sources of the Group have fluctuated significantly over recent years. For example, in 2008, 89.5% of its revenues were attributable to Europe, while only 4.6% and 5.9% were attributable to the Americas and to Asia and other regions, respectively. However, in 2018, Europe and other regions contributed 18.6% while the Americas contributed 39.4% and Asia contributed 42.0% of the Group revenues; in 2019, Europe and other regions contributed 24.4% while the Americas contributed 43.8% and Asia contributed 31.8% of the Group revenues; and in 2020, Europe and other regions contributed 18.3% while the Americas contributed 35.1% and Asia contributed 46.6% of its revenues. As the Group shifts the focus of its operations between different regions of the world, it has limited time to prepare for and address the risks identified above. Furthermore, some of these risks, such as currency fluctuations, will increase as revenue contribution from certain global regions becomes more prominent. This may adversely influence the Group's financial performance.

Canadian Solar's future business depends in part on its ability to make strategic acquisitions, investments and divestitures and to establish and maintain strategic relationships, and its failure to do so could have a material and adverse effect on the Group's market penetration and revenue growth.

The Group frequently looks for and evaluates opportunities to acquire other businesses, make strategic investments or establish strategic relationships with third parties to improve its market position or expand its products and services. When market conditions permit and opportunities arise, the Group may also consider divesting part of its current business to focus management attention and improve operating efficiency. Investments, strategic acquisitions and relationships with third parties could subject the Group to a number of risks, including risks associated with integrating their personnel, operations, services, internal controls and financial reporting into its operations as well as the loss of control of operations that are material to its business. If the Group divests any material part of its business, particularly its upstream manufacturing business or downstream energy business, it may not be able to benefit from the Group's investment and experience associated with that part of the business and may be subject to intensified concentration risks with less flexibility to respond to market fluctuations. Moreover, it could be expensive to make strategic acquisitions, investments, divestitures and establish and maintain relationships, and the Group may be subject to the risk of non-performance by a counterparty, which may in turn lead to monetary losses that materially and adversely affect the Group's business. The Group cannot assure that it will be able to successfully make strategic acquisitions and investments and successfully integrate them into operations, or make strategic divestitures or establish strategic relationships with third parties that will prove to be effective for the Group's business. Inability to do so could materially and adversely affect the Canadian Solar's market penetration, its revenue growth and its profitability.

The significant international operations conducted by Canadian Solar expose it to a number of risks, including unfavorable political, regulatory, labor and tax conditions in the countries where it operates.

The Group intends to continue to extend its global reach and capture market share in various global markets. In doing so, it will be exposed to various risks, including political, regulatory, labor and tax risks. Any government policies that are unfavorable towards international trade, such as capital controls or tariffs, may affect the demand for products manufactured and services rendered by the Group, impact its competitive position, or prevent it from expanding globally. If any new tariffs, legislation, or regulations are implemented, or if existing trade agreements are renegotiated, such changes could adversely affect the Group's business, its financial condition and results of operations. Many perceive globalization to be in retreat and protectionism on the rise, as evidenced by the United Kingdom's departure from the EU and the decisions of the U.S. Government to, among other actions, impose Section 301 and other tariffs on goods imported from China and renegotiate certain trade arrangements, such as the North American Free Trade Agreement (replaced by the United States-Mexico-Canada Agreement). Tensions have continued to escalate in 2020 and 2021, in areas ranging from trade, national security and national and regional politics and have resulted in contentious punitive or retaliatory measures being imposed on businesses and individuals. For instance, following the introduction of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region, or the National Security Law, the U.S. Government concluded that Hong Kong's autonomy had been undermined, and

it implemented measures in response. The tensions surrounding the National Security Law and potential foreign sanctions in response to the National Security Law could negatively affect the economy in Hong Kong in general and the Guarantor's subsidiaries incorporated in Hong Kong, and in addition, could further deteriorate the relationship between United States and China. Sustained tensions between the United States and China could significantly undermine the stability of the global economy in general and the Chinese economy in particular. These recent events have also caused significant volatility in global equity and debt capital markets, which could trigger a severe contraction of liquidity in the global credit markets. If tensions increase among the U.S., China and/or other countries, there may be a material adverse effect on the Group's international operations. Furthermore, the Group may need to make substantial investments in its overseas operations in order to attain longer-term sustainable returns. These investments could negatively impact its financial performance before sustainable profitability is recognized.

Canadian Solar faces risks related to private securities litigation

The Group and certain of its directors and executive officers were named as defendants in class action lawsuits in the U.S. and Canada alleging that the Guarantor's financial disclosures during 2009 and early 2010 were false or misleading and in violation of U.S. federal securities laws and Ontario securities laws, respectively. The lawsuits in the U.S. were consolidated into one class action, which was dismissed with prejudice by the district court in March 2013. The dismissal was subsequently affirmed by the circuit court in December 2013. A settlement of the lawsuit in Canada was achieved and approved by the Ontario Superior Court of Justice on October 30, 2020. The settlement is not an admission of liability or wrongdoing by the Guarantor or any of the other defendants.

There is no guarantee that the Group will not become party to additional lawsuits. If it was involved in a class action suit, it could divert a significant amount of the Group's management's attention and other resources from its business and operations and require the Group to incur significant expenses to defend the suit. In addition, the Group is generally obligated, to the extent permitted by law, to indemnify its directors and officers who are named defendants in these lawsuits. If the Group were to lose a lawsuit, it may be required to pay judgments or settlements and incur expenses in aggregate amounts that could have a material and adverse effect on the Group's financial condition or results of operations.

The Guarantor's quarterly operating results may fluctuate from period to period

The Guarantor's quarterly operating results may fluctuate from period to period based on a number of factors, including:

- the average selling prices of solar power products manufactured and services rendered by the Group;
- the timing of completion of construction of the Group's solar power projects;
- the timing and pricing of project sales;
- changes in payments from power purchasers of solar power plants already in operation;
- the rate and cost at which the Group is able to expand internal production capacity;
- the availability and cost of solar cells and wafers from the Group's suppliers and toll manufacturers;
- the availability and cost of raw materials, particularly high purity silicon;
- changes in government incentive programs and regulations, particularly in the Group's key and target markets;
- the unpredictable volume and timing of customer orders;
- the loss of one or more key customers or the significant reduction or postponement of orders;
- the availability and cost of external financing for on grid and off grid solar power applications;
- acquisition, investment and offering costs;
- the timing of successful completion of customer acceptance testing of the Group's solar power projects;

- geopolitical turmoil and natural disasters within any of the countries in which the Group operates;
- foreign currency fluctuations, particularly in Renminbi, Euros, Japanese yen, Brazilian reals, Australian dollars and Canadian dollars;
- the Group's ability to establish and expand customer relationships;
- changes in the Group's manufacturing costs;
- the timing of new products or technology introduced or announced by the Group's competitors;
- fluctuations in electricity rates due to changes in fossil fuel prices or other factors;
- allowances for credit losses;
- inventory write downs;
- impairment of property, plant and equipment;
- impairment of project assets;
- impairment of investments in affiliates;
- depreciation charges relating to under-utilized assets;
- construction progress of solar power projects and related revenue recognition; and
- antidumping, countervailing and other duty costs and true-up charges.

The Group bases its planned operating expenses in part on its expectations of future revenues. A significant portion of the Group expenses will be fixed in the short term. If its revenues for a particular quarter are lower than expected, the Group may not be able to reduce its operating expenses proportionately, which would harm operating results for the quarter. As a result, the Group's results of operations may fluctuate from quarter to quarter and its interim and annual financial results may differ from its historical performance.

Fluctuations in exchange rates could adversely affect Canadian Solar's business, including its financial condition and results of operations.

The majority of the sales of the Group in 2018, 2019 and 2020 were denominated in U.S. dollars, Renminbi and Euros, with the remainder in other currencies such as Japanese Yen, Brazilian reals, Australian dollars and Canadian dollars. The majority of the Group costs and expenses in 2018, 2019 and 2020 were denominated in Renminbi and were primarily related to the sourcing of solar cells, silicon wafers and silicon, other raw materials, including aluminum and silver paste, toll manufacturing fees, labor costs and local overhead expenses within the People's Republic of China excluding Taiwan and the special administrative regions of Hong Kong and Macau (the "**PRC**"). From time to time, the Guarantor or other companies of the Group enters into loan arrangements with commercial banks that are denominated primarily in Renminbi, U.S. dollars and Japanese yen. Most of the Group cash and cash equivalents and restricted cash are denominated in Renminbi. Fluctuations in exchange rates, particularly between the U.S. dollars, Renminbi, Canadian dollars, Japanese yen, Euros, Brazilian reals, South African rand and Thailand Baht may result in foreign exchange gains or losses. The Group recorded net foreign exchange gain of $6.5 million and $10.4 million in 2018 and 2019, respectively, and net foreign exchange loss of $64.8 million in 2020.

The value of the Renminbi against the U.S. dollars, the Euros and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. No assurances can be made that the policy of the PRC government will not affect, or the manner in which it may affect the exchange rate between the Renminbi and the U.S. dollars or other foreign currencies in the future.

Since 2008, the Group has hedged part of its foreign currency exposures against the U.S. dollars using foreign currency forward or option contracts. In addition to the requirement to provide collateral when entering into hedging contracts, there are notional limits on the size of the hedging transactions that may be entered into with any particular counterparty at any given time. While these contracts are intended to reduce the effects of fluctuations in foreign currency exchange rates, the Group hedging strategy does not mitigate the longer-term

impacts of changes to foreign exchange rates. The Group does not enter into these contracts for trading purposes or speculation, and it is reasonably believed that all these contracts are entered into as hedges of underlying transactions. Nonetheless, these contracts involve costs and risks of their own in the form of transaction costs, credit requirements and counterparty risk. Also, the effectiveness of the Group's hedging program may be limited due to cost effectiveness, cash management, exchange rate visibility and associated management judgment on exchange rate movement, and downside protection. The Group recorded losses on change in foreign currency derivatives of $18.4 million in 2018, $21.3 million in 2019, and a gain on change in foreign currency derivative of $51.2 million in 2020, all of them related to the hedging program. If said hedging program is not successful, or if hedging activities are modified in the future, the Group may experience significant unexpected expenses from fluctuations in exchange rates.

Volatility in foreign exchange rates will hamper, to some extent, the Group's ability to plan pricing strategy. To the extent that the Group is unable to pass along increased costs resulting from exchange rate fluctuations to customers, profitability may be adversely impacted. As a result, fluctuations in foreign currency exchange rates could have a material and adverse effect on the Group's financial condition and results of operations.

A change in the effective tax rate applicable to Canadian Solar can have a significant adverse impact on the business.

A number of factors may adversely impact the Group future effective tax rates, such as the jurisdictions in which the Group profits are determined to be earned and taxed; changes in the valuation of the Group deferred tax assets and liabilities; adjustments to provisional taxes upon finalization of various tax returns; adjustments to the interpretation of transfer pricing standards; changes in available tax credits; changes in stock based compensation expenses; changes in tax laws or the interpretation of tax laws (e.g., in connection with fundamental U.S. international tax reform); changes in U.S. GAAP; and expiration of or the inability to renew tax rulings or tax holiday incentives. A change in the effective tax rate due to any of these factors may adversely influence the Group future results of operations.

Seasonal variations in demand linked to construction cycles and weather conditions may influence Canadian Solar results of operations.

The Group's business is subject to seasonal variations in demand linked to construction cycles and weather conditions. Demand for solar power products and services from some countries, such as the U.S., China and Japan, may also be subject to significant seasonality due to adverse weather conditions that can complicate the installation of solar power systems and negatively impact the construction schedules of solar power projects. Seasonal variations could adversely affect the Group results of operations and make them more volatile and unpredictable.

The Guarantor's future success depends partly on Canadian Solar's ability to maintain and expand solar components manufacturing capacity, which leads to exposure to a number of risks and uncertainties.

The Guarantor's future success depends partly on Canadian Solar's ability to maintain and expand its solar components manufacturing capacity. If the Group is unable to do so, it may be unable to expand its business, maintain its competitive position, and improve profitability. The Group's ability to expand its solar components production capacity is subject to risks and uncertainties, including:

- the need to raise significant additional funds to purchase raw materials and to build additional manufacturing facilities, which may not be available on commercially reasonable terms or at all;
- delays and cost overruns as a result of a number of factors, many of which are beyond the Group control, including delays in equipment delivery by vendors;
- delays or denial of required regulatory approvals by relevant government authorities;
- diversion of significant management attention and other resources; and
- failure to execute the Group expansion plan effectively.

If the Group is unable to maintain and expand its internal production capacity, the Group may be unable to expand its business as planned. Moreover, even if it does maintain and expand its production capacity, it might still not be able to generate sufficient customer demand for solar power products to support the increased production levels.

Canadian Solar may be unable to generate sufficient cash flows or have access to external financing necessary to fund planned operations and make adequate capital investments in manufacturing capacity and solar project development.

The Group's operating and capital expenditures requirements may increase. To develop new products, support future growth, achieve operating efficiencies and maintain product quality, the Group may need to make significant capital investments in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. Operating costs of the Group may increase as it expands its manufacturing operations, hire additional personnel, increase sales and marketing efforts, invest in joint ventures and acquisitions, and continue research and development efforts with respect to its products and manufacturing technologies.

The Group's operations are capital intensive. The Group relies on financing substantially from Chinese banks for manufacturing operations. It cannot be assured that the Group will continue to be able to extend existing or obtain new financing on commercially reasonable terms or at all. See risk factor—"*Canadian Solar's dependence on Chinese banks to extend its existing loans and provide additional loans exposes the Group to funding risks, which may materially and adversely affect its operations*". Also, even though the Guarantor is a publicly-traded company and has successfully issued convertible notes in the past, it may not be able to raise capital via public equity and debt issuances due to market conditions and other factors, many of which are beyond the Guarantor's control. Its ability to obtain external financing is subject to a variety of uncertainties, including:

- the Group's future financial condition, results of operations and cash flows;
- general market conditions for financing activities by manufacturers of solar power products; and
- economic, political and other conditions in the PRC and elsewhere.

If the Group is unable to obtain funding in a timely manner and on commercially acceptable terms, its growth prospects and future profitability may be adversely affected.

Construction of its solar power projects may require the Group to obtain project financing. If the Group is unable to obtain project financing, or if project financing is only available on terms which are not acceptable to it, the Group may be unable to fully execute its business plan. In addition, the Group generally expects to sell its projects to tax oriented, strategic industry and other investors. Such investors may not be available or may only have limited resources, in which case the Group's ability to sell its projects may be hindered or delayed and business, financial condition, and results of operations may be adversely affected. There can be no assurance that the Group will be able to generate sufficient cash flows, find other sources of capital to fund operations and solar power projects, make adequate capital investments to remain competitive in terms of technology development and cost efficiency required by its projects. If adequate funds and alternative resources are not available on acceptable terms, ability to fund the Group's operations, develop and construct solar power projects, develop and expand manufacturing operations and distribution network, maintain its research and development efforts or otherwise respond to competitive pressures would be significantly impaired. The Group's inability to do the foregoing could have a material and adverse effect on its business and results of operations.

Canadian Solar has substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its financial health and its ability to generate sufficient cash to satisfy outstanding and future debt obligations.

The Group has substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its financial health and its ability to generate sufficient cash to satisfy outstanding and

future debt obligations. The Group substantial indebtedness could have important consequences also for its shareholders. For example, it could:

- limit the Group's ability to satisfy debt obligations;
- increase the Group's vulnerability to adverse general economic and industry conditions;
- require the Group to dedicate a substantial portion of its cash flow from operations to servicing and repaying indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures and for other general corporate purposes;
- limit the Group's flexibility in planning for or reacting to changes in businesses and the industry in which it operates;
- place the Group at a competitive disadvantage compared with competitors that have less debt;
- limit, along with the financial and other restrictive covenants of the Group indebtedness, among other things, the Group's ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, the Group may from time to time incur substantial additional indebtedness and contingent liabilities. If additional debt is incurred, the risks as a result of the Group's already substantial indebtedness and leverage could intensify.

The ability to generate sufficient cash to satisfy outstanding and future debt obligations will depend upon the Group's future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond control. No assurance can be made that the Group will be able to generate sufficient cash flow from operations to support the repayment of current indebtedness. If the Group is unable to service its indebtedness, an alternative strategy may have to be adopted, which may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing outstanding indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all. In addition, certain of financing arrangements in force impose operating and financial restrictions on the Group's business, which may negatively affect the Group's ability to react to changes in market conditions, take advantage of business opportunities, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in the business. Any of these factors could materially and adversely affect the Group's ability to satisfy debt obligations.

Canadian Solar must comply with certain financial arrangements and other covenants under the terms of debt instruments and the failure to do so may put it in default under those instruments.

Many of the loan agreements that the Group has entered into include financial covenants and broad default provisions. The financial covenants primarily include interest and debt coverage ratios, debt to asset ratios, contingent liability ratios and minimum equity requirements, which, in general, govern the Group's existing long-term debt and debt that may incurred in the future. These covenants could limit the Group's ability to plan for or react to market conditions or to meet capital needs in a timely manner and complying with these covenants may require curtailing some of the operations and growth plans of the Group. In addition, any global or regional economic deterioration may cause the Group to incur significant net losses or force the Group to assume considerable liabilities, which would adversely impact its ability to comply with the financial and other covenants of outstanding loans. If the Group's creditors refuse to grant waivers for any non-compliance with these covenants, such non-compliance will constitute an event of default which may accelerate the amounts due under the applicable loan agreements. Some of these loan agreements also contain cross default clauses, which could enable creditors under outstanding debt instruments to declare an event of default should there be an event of default on other loan agreements the Group had entered into. No assurance can be made that the Group will be able to remain in compliance with these covenants in the future. It may not be able to cure future violations or obtain waivers of non-compliance on a timely basis. An event of default under any agreement governing existing or future debt, if not cured or waived by creditors, could have a material adverse effect on the Group's liquidity, financial condition and results of operations.

Canadian Solar's dependence on Chinese banks to extend its existing loans and provide additional loans exposes the Group to funding risks, which may materially and adversely affect its operations.

The Group requires significant cash flow and funding to support its operations. As a result, it relies on short-term borrowings to provide working capital for daily operations. Since a significant portion of the Group's borrowings come from Chinese banks, it is exposed to lending policy changes by the Chinese banks. As of December 31, 2020, the Group had outstanding borrowings of $638.9 million with Chinese banks.

If the Chinese government changes its macroeconomic policies and forces Chinese banks to tighten their lending practices, or if Chinese banks are no longer willing to provide financing to solar power companies, including the Group, it may not be able to extend its short-term borrowings or make additional borrowings in the future. As a result, the Group may not be able to fund operations to the same extent as in previous years, which may have a material and adverse effect on the Group's operations.

Cancellations of customer orders may make Canadian Solar unable to recoup any prepayments made to suppliers.

In the past, the Group was required to make prepayments to certain suppliers, primarily suppliers of machinery, silicon raw materials, solar ingots, wafers and cells. Although the Group requires certain customers to make partial prepayments, there is generally a lag between the due date for the prepayment of purchased machinery, silicon raw materials, solar ingots, wafers and cells and the time that customers make prepayments. In the event that the Group's customers cancel their orders, it may not be able to recoup prepayments made to suppliers, which could adversely influence the Group's financial condition and results of operations.

Long-term supply agreements may make it difficult for Canadian Solar to adjust raw material costs should prices decrease. Also, if the Group terminates any of these agreements, it may not be able to recover all or any part of the advance payments made to these suppliers and may be subject to litigation as well.

The Group may enter into long-term supply agreements with silicon and wafer suppliers with fixed price and quantity terms in order to secure a stable supply of raw materials to meet production requirements. If, during the term of these agreements, the price of materials decreases significantly and the Group is unable to renegotiate favorable terms with suppliers, the Group may be placed at a competitive disadvantage compared to competitors, and earnings could decline. In addition, if demand for the Group's solar power products decreases, yet the supply agreements entered into require the Group to purchase more silicon wafers and solar cells than required to meet customer demand, costs associated with carrying excess inventory may be incurred. To the extent that the Group is not able to pass these increased costs on to customers, the Group's business, cash flows, financial condition and results of operations may be materially and adversely affected. If the Group suppliers file lawsuits against it for early termination of these contracts, such events could be costly, may divert management's attention and other resources away from business, and could have a material and adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

Credit terms offered to some of Canadian Solar's customers expose the Group to the credit risks of such customers and may increase its costs and expenses, which could in turn materially and adversely affect revenues, liquidity and results of operations.

The Group offers unsecured short term or medium-term credit to some of its customers based on their creditworthiness and market conditions. As a result, the Group's claims for payments and sales credits rank as unsecured claims, which expose it to credit risk if the Group's customers become insolvent or bankrupt.

From time to time, the Group sells its products to high credit risk customers in order to gain early access to emerging or promising markets, increase market share in existing key markets or because of the prospects of future sales with a rapidly growing customer. There are significant credit risks in doing business with these customers because they are often small, young and high growth companies with significant unfunded working capital, inadequate balance sheets and credit metrics and limited operating histories. If these customers are not able to obtain satisfactory working capital, maintain adequate cash flow, or obtain construction financing for the

projects where the Group's solar products are used, they may be unable to pay for the products for which they have ordered or of which they have taken delivery. The Group's legal recourse under such circumstances may be limited if the customer's financial resources are already constrained or if the Group wishes to continue to do business with that customer. Revenue recognition for this type of customer is deferred until cash is received. If more customers to whom the Group extends credit are unable to pay for the Group's products, the Group's revenues, liquidity and results of operations could be materially and adversely affected.

Supply chain issues, including shortages of adequate raw materials and component supply, cancellation or delay of purchase orders, inflationary pressures and cost escalation could adversely affect the Group's business, results of operations and relationship with customers, particularly given the dependence of the Group on a limited number of suppliers of key elements like silicon wafers and cells.

The Group depends mainly on third-party suppliers for raw materials and components such as solar silicon, ingots, wafer, cell, PV glass, aluminium, silver metallization paste, solar module back sheet, and ethylene vinyl acetate encapsulant. The Group procures these materials for its products from a limited number of suppliers. By way of example, in 2020, a significant portion of the silicon wafers and solar cells used in the Group's solar modules was purchased from third parties, namely Longi and Zhenjiang Rende New Energy Science Technology Co., Ltd. as silicon wafer suppliers and Aiko Solar Energy Co., Ltd ("**Aiko Solar**") and Tongwei Solar Co., Ltd. as solar cells suppliers. The Group's suppliers may not always be able to meet quantity requirements, or keep pace with the price reductions or quality improvements, necessary for the Group to price products competitively. Additionally, they may experience manufacturing delays and increased manufacturing cost that could increase the lead time for deliveries or impose price increases.

The failure of a supplier, for whatever reason, to supply silicon wafers, solar cells, silicon raw materials or other essential components that meet quality, quantity and cost requirements in a timely manner could impair the Group's ability to manufacture products (including its solar modules), increase costs, hinder compliance with supply agreements' terms and may result, ultimately, in cancellation of purchase orders and potential liability for the Group. The impact could be more severe if the Group is unable to access alternative sources on a timely basis or on commercially reasonable terms to deliver products to customers in the required quantities and at prices that are profitable. Further, a significant portion of the Group's manufacturing and suppliers' manufacturing and supply chain are operated in China, and may be subject to potential disruptions due to government-mandated facility closure as a consequence of energy shortage or other causes. Supply may also be interrupted by accidents, disasters or other unforeseen events beyond the Group's control.

The search for alternative sources of supply to face the above problems may increase the Group's manufacturing costs. Likewise, increased integration of manufacturing processes to lower costs could potentially damage the Group's business, results of operations and relationship with customers. In any case, in spite of the possible implementation of remedial courses of action or fallback plans, Canadian Solar may not be able to offset this impact through increases in product pricing or through alternate sources of supply. Problems of this kind could consequentially reduce market share, harm the Group's reputation and cause legal disputes with customers. All of the above mentioned factors could adversely impact the Group's business, results of operations and relationship with customers.

Canadian Solar is developing and commercializing higher conversion efficiency cells, but it may not be able to mass produce these cells in a cost-effective way, if at all.

Higher efficiency cell structures are becoming an increasingly important factor in cost competitiveness and brand recognition in the solar power industry. Such cells may yield higher power outputs at the same cost to produce as lower efficiency cells, thereby lowering the manufactured cost per watt. The ability to manufacture and sell solar modules made from such cells may be an important competitive advantage because solar system owners can obtain a higher yield of electricity from the modules that have a similar infrastructure, footprint and system cost compared to systems with modules using lower efficiency cells. Higher conversion efficiency solar cells and the resulting higher output solar modules are one of the considerations in maintaining a price premium over thin film products. However, while the Group is making the necessary investments to develop higher conversion efficiency solar power products, there is no assurance that it will be able to commercialize some or any of these

products in a cost-effective way, or at all. In the near term, such products may command a modest premium. In the longer term, if competitors are able to manufacture such products and the Group does the same at all or in a cost-effective way, the Group will be at a competitive disadvantage, which will likely influence its product pricing and financial performance.

Canadian Solar may be subject to unexpected warranty expense that may not be adequately covered by its insurance policies.

The Group warrants, for a period up to twelve years, that its solar products will be free from defects in materials and workmanship. The Group also warrants that, for a period of 25 years, its standard polycrystalline modules will maintain the following performance levels:

- during the first year, the actual power output of the module will be no less than 97.5% of the labeled power output;
- from the second year to the 24th year, the actual annual power output decline of the module will be no more than 0.7%; and
- by the end of the 25th year, the actual power output of the module will be no less than 80.7% of the labeled power output.

This warranty against decline in performance has been lengthened to 30 years for bifacial module and double glass module products.

The Guarantor believes that its warranty periods are consistent with industry practice. Due to the long warranty period, however, the Group bears the risk of extensive warranty claims long after products have been shipped and recognized revenue. The Group began selling specialty solar products in 2002 and began selling standard solar modules in 2004. Any increase in the defect rate of its products would require the Group to increase warranty reserves and would have a corresponding negative impact on results of operations. Although the Group conducts quality testing and inspection of its solar module products, these have not been and cannot be tested in an environment simulating the up-to-30-year warranty periods. In particular, unknown issues may surface after extended use. These issues could potentially affect the Group's market reputation and adversely affect its revenues, giving rise to potential warranty claims by customers. As a result, the Group may be subject to unexpected warranty costs and associated harm to financial results as long as 30 years after the sale of its products.

For solar power projects built by the Group, it also provides a limited workmanship or balance of system warranty against defects in engineering, design, installation and construction under normal use, operation and service conditions for a period of up to ten years following the energizing of the solar power plant. In resolving claims under the workmanship or balance of system warranty, the Group has the option of remedying through repair, refurbishment or replacement of equipment. The Group has also entered into similar workmanship warranties with suppliers to back up its warranties.

As part of the Group's energy business, before commissioning solar power projects, the Group conducts performance testing to confirm that the projects meet the operational and capacity expectations set forth in the agreements. In limited cases, the Group also provides for an energy generation performance test designed to demonstrate that the actual energy generation for up to the first three years meets or exceeds the modeled energy expectation (after adjusting for actual solar irradiation). In the event that the energy generation performance test performs below expectations, the appropriate party (EPC contractor or equipment provider) may incur liquidated damages capped at a percentage of the contract price.

Canadian Solar has entered into agreements with a group of insurance companies with high credit ratings to back up its warranties. Under the terms of the insurance policies, which are designed to match the terms of the Group's solar module product warranty policy, the insurance companies are obliged to reimburse the Group, subject to certain maximum claim limits and certain deductibles, for the actual product warranty costs that it incurs under the terms of its solar module product warranty policy. The Group records the insurance premiums

initially as prepaid expenses and amortize them over the respective policy period of one year. However, potential warranty claims may exceed the scope or amount of coverage under this insurance and, if they do, they could materially and adversely affect the Group's business.

Canadian Solar may not continue to be successful in developing and maintaining a cost-effective solar cell, wafer and ingot manufacturing capability.

The Group's annual solar cell, solar wafer and ingot production capacity was 13.3 GW, 8.7 GW and 5.1 GW, respectively, as of June 30, 2021. To remain competitive, the Group intends to expand its annual solar cell, wafer and ingot production capacity to meet expected growth in demand for solar modules it manufactures. In doing so, the Group may face significant product development challenges. Manufacturing solar cells, wafers and ingots is a complex process and the Group may not be able to produce a sufficient quality of these items to meet its solar module manufacturing standards. Minor deviations in the manufacturing process can cause substantial decreases in yield and in some cases result in no yield or cause production to be suspended. The Group will need to make capital expenditures to purchase manufacturing equipment for solar cell, wafer and ingot production and will also need to make significant investments in research and development to keep pace with technological advances in solar power technology. Any failure to successfully develop and maintain cost-effective manufacturing capability may have a material and adverse effect on the Group's business and prospects. For example, the Group has in the past purchased a large percentage of solar cells from third parties. This negatively affected its margins compared with those of its competitors since it is less expensive to produce cells internally than to purchase them from third parties. Because third party solar cell purchases are usually made in a period of high demand, prices tend to be higher and availability reduced.

Although the Group intends to continue direct purchasing of solar cells, wafers and ingots and toll manufacturing arrangements through a limited number of strategic partners, the Group's relationships with its suppliers may be disrupted if it engages in the large-scale production of solar cells, wafers and ingots. If the Group's suppliers discontinue or reduce the supply of solar cells, wafers and ingots to it, through direct sales or through toll manufacturing arrangements, and the Group is not able to compensate for the loss or reduction by manufacturing its own solar cells, wafers and ingots, the Group's business and results of operations may be adversely affected.

Canadian Solar may not achieve acceptable yields and product performance as a result of manufacturing problems.

The Group needs to continuously enhance and modify its solar module, cell, wafer and ingot production capabilities in order to improve yields and product performance. Microscopic impurities such as dust and other contaminants, difficulties in the manufacturing process, disruptions in the supply of utilities or defects in the key materials and tools used to manufacture solar modules, cells, ingots and wafers can cause a percentage of the solar modules, cells, ingots and wafers to be rejected, which would negatively affect manufacturing yields. The Group may experience manufacturing difficulties that cause production delays and lower than expected yields.

Problems in the Group facilities, including but not limited to production failures, human errors, weather conditions, equipment malfunction or process contamination, may limit the Group's ability to manufacture products, which could seriously harm operations. Canadian Solar is also susceptible to floods, tornados, droughts, power losses and similar events beyond control that would affect the Group's facilities. A disruption in any step of the manufacturing process will require the Group to repeat each step and recycle the silicon debris, which would adversely affect production yields and manufacturing cost.

If Canadian Solar is unable to attract, train and retain technical personnel, its business may be materially and adversely affected.

The Group's future success depends, to a significant extent, on its ability to attract, train and retain technical personnel. Recruiting and retaining qualified technical personnel, particularly those with expertise in the solar power industry, are vital to the Group's success. There is substantial competition for qualified technical personnel, and there can be no assurance that the Group will be able to attract or retain sufficient qualified

technical personnel. If the Group is unable to attract and retain qualified employees, its business may be materially and adversely affected.

Canadian Solar's dependence on a limited number of customers and lack of long-term customer contracts in solar modules business may cause significant fluctuations or declines in its revenues.

The Group sells a substantial portion of solar module products to a limited number of customers, including distributors, system integrators, project developers and installers/EPC companies. The Group top five customers by revenues collectively accounted for approximately 31.9%, 24.2% and 21.2% of its net revenues in 2018, 2019 and 2020, respectively. It is reasonable to anticipate that the Group's dependence on a limited number of customers will continue for the foreseeable future. Consequently, any of the following events may cause material fluctuations or declines in revenues:

- reduced, delayed or cancelled orders from one or more of the Group's significant customers;
- the loss of one or more of the Group's significant customers;
- a significant customer's failure to pay for products on time; and
- a significant customer's financial difficulties or insolvency.

As the Group continues to expand its business and operations, the Group's top customers continue to change. Assurance cannot be provided whether the Group will be able to develop a consistent customer base.

There are a limited number of purchasers of utility-scale quantities of electricity and entities that have the ability to interconnect projects to the grid, which exposes Canadian Solar and its utility scale solar power projects to additional risk.

Since the transmission and distribution of electricity is either monopolized or highly concentrated in most jurisdictions, there are a limited number of possible purchasers for utility-scale quantities of electricity in a given geographic location, normally transmission grid operators, state and investor-owned power companies, public utility districts and cooperatives. As a result, there is a concentrated pool of potential buyers for electricity generated by the Group's solar power plants, which may restrict its ability to negotiate favorable terms under new PPAs and could impact the ability of the Group to find new customers for the electricity generated by said solar power plants should this become necessary. Additionally, these possible purchasers may have a role in connecting projects to the grid to allow the flow of electricity. Furthermore, if the financial condition of these utilities and/or power purchasers deteriorates, or government policies or regulations to which they are subject and which compel them to source renewable energy supplies change, demand for electricity produced by the Group's plants or the ability to connect to the grid could be negatively impacted. In addition, provisions in PPAs which the Group has entered into or applicable laws may provide for the curtailment of delivery of electricity for various reasons, including preventing damage to transmission systems, system emergencies, force majeure or economic reasons. Such curtailment could reduce revenues to the Group from the corresponding PPAs. If PPAs cannot be entered into on terms favorable to the Group, or at all, or if the purchaser under the relevant PPA were to exercise its curtailment or other rights to reduce purchases or payments under the PPAs, revenues and decisions regarding development of additional projects in the energy business may be adversely affected.

Product liability claims against Canadian Solar could result in adverse publicity and potentially significant monetary damages.

The Group, along with other solar power product manufacturers, is exposed to risks associated with product liability claims if the use of solar power products results in injury or death. Since the Group's products generate electricity, it is possible that users could be injured or killed by said products due to product malfunctions, defects, improper installation or other causes. Although the Group carries limited product liability insurance, the Group may not have adequate resources to satisfy a judgment if a successful claim is brought against them. The successful assertion of product liability claims against them could result in potentially significant monetary damages and require the Group to make significant payments. Even if the product liability claims against the Group are determined in its favor, significant damage to the reputation of the Group may be caused.

Canadian Solar may be exposed to infringement, misappropriation or other claims by third parties, which, if determined adversely to Canadian Solar, could require it to pay significant damage awards.

The Group's success depends on its ability to develop and use its technology and know-how and sell solar power products and services without infringing the intellectual property or other rights of third parties. The validity and scope of claims relating to solar power technology patents involve complex scientific, legal and factual questions and analyses and are therefore highly uncertain. The Group may be subject to litigation involving claims of patent infringement or the violation of intellectual property rights of third parties. Defending intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of technical and management personnel. Additionally, the Group uses both imported and China made equipment in its production lines, sometimes without sufficient supplier guarantees that use of such equipment does not infringe third party intellectual property rights. This creates a potential source of litigation or infringement claims. An adverse determination in any such litigation or proceedings to which the Group may become a party could subject it to significant liability to third parties or require the Group to seek licenses from third parties, pay ongoing royalties, redesign products or subject it to injunctions prohibiting the manufacture and sale of its products or the use of its technologies. Protracted litigation could also defer customers or potential customers or limit their purchase or use of the Group's products until such litigation is resolved.

Compliance with environmental laws and regulations can be expensive, and non-compliance with these regulations may result in adverse publicity and potentially significant monetary damages, fines and the suspension or even termination of Canadian Solar's business operations.

The Group is required to comply with all national and local environmental regulations. Its business generates noise, wastewater, gaseous wastes and other industrial waste in operations and the risk of incidents with a potential environmental impact has increased as the Group's business has expanded. The Guarantor believes that the Group substantially complies with all relevant environmental laws and regulations and have all necessary and material environmental permits to conduct business as it is presently conducted. However, if more stringent regulations are adopted in the future, the costs of complying with these new regulations could be substantial. If the Group fails to comply with present or future environmental regulations, substantial fines may be imposed, together with other measures such as suspension of production or cease of operations.

The Group's solar power products must comply with the environmental regulations of the jurisdictions in which they are installed, and expenses may be incurred to design and manufacture the products to comply with such regulations. If compliance is unduly expensive or unduly difficult, the Group may lose market share and its financial results may be adversely affected. Any failure by the Group to control the use or to restrict adequately the discharge, of hazardous substances could lead to potentially significant monetary damages, fines or suspensions of the Group's business operations.

Canadian Solar faces risks related to natural disasters, health epidemics, such as COVID-19, and other catastrophes, which could significantly disrupt operations.

The Group's business could be materially and adversely affected by natural disasters or other catastrophes, such as earthquakes, fire, floods, hail, windstorms, severe weather conditions, environmental accidents, power loss, communications failures, explosions, terrorist attacks and similar events. The Group's business could also be materially and adversely affected by public health emergencies, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus, Ebola virus, the 2019 novel coronavirus or other local health epidemics in China and elsewhere and global pandemics. If any of the Group's employees is suspected of having contracted any contagious disease, the Group may, under certain circumstances, be required to quarantine those employees and the affected areas of operations. As a result, operation in part or all of the Group facilities may have to be temporarily suspended. Furthermore, authorities may impose restrictions on travel and transportation and implement other preventative measures in affected regions to deal with the catastrophe or emergency, which may lead to the temporary closure of the Group's facilities and declining economic activity at large. A prolonged outbreak of any health epidemic or other adverse public health developments, in China or elsewhere in the world, could have a material adverse effect on the Group's business operations.

In early February 2020, the World Health Organization declared the outbreak of the coronavirus COVID-19 a Public Health Emergency of International Concern. In an effort to limit the spread of the disease, the national Chinese authorities took various emergency measures, including extending the Lunar New Year holiday, implementing travel bans, closing factories and businesses, and placing quarantine restrictions on high-risk areas. These measures prevented many of the Group's employees from going to work for several weeks during the first quarter of 2020, which adversely impacted the Group's business operations during that time. While the majority of the Group's employees have since resumed their normal working functions, any further outbreaks resulting in prolonged deviations from normal daily operations could further negatively impact the Group's business. Due to the widespread nature and severity of COVID-19 as well as the measures taken to limit its spread, the Chinese economy was adversely impacted particularly in the first quarter of 2020 and beyond. Further, the spread of COVID-19 has caused severe disruptions in the EU and the U.S. and global economies and financial markets and could, in the long term, potentially create widespread business continuity issues of an as-yet unknown magnitude and duration. In addition, COVID-19 has severely impacted global supply chains, causing significant uncertainties and increases to shipping prices and timelines to those businesses that rely upon the global logistical infrastructure, such as the Group's. To the extent that COVID-19 or any health epidemic harms the Chinese and global economies in general, the Group's results of operations could be adversely affected.

Canadian Solar may not be successful in establishing its brand name in important markets and the products it sells under its brand name may compete with the products it manufactures on an original equipment manufacturer, or OEM, basis for its customers.

The Group sells its products primarily under its own brand name but also on an OEM basis. In certain markets, the Group's brand may not be as prominent as other more established solar power product vendors, and there can be no assurance that the brand names "Canadian Solar," or "CSI" or any of other possible future brand names will gain acceptance among customers. Moreover, because the range of products that the Group sells under its own brands and those it manufactures for its OEM customers may be substantially similar, it may end up directly or indirectly competing with its OEM customers, which could negatively affect the Group's relationship with them.

Failure to protect Canadian Solar's intellectual property rights in connection with new solar power products may undermine its competitive position.

As the Group develops and brings to market new solar power products, it may need to increase expenditures to protect intellectual property. Failure to protect the Group's intellectual property rights may undermine its competitive position. As of February 28, 2021, the Group held 1,982 patents and had 734 patent applications pending in the PRC for products that contribute a relatively small percentage of the Group net revenues. The Group holds 13 U.S. patents, including 2 design patents, and 6 European patents, including 5 design patents. The "Canadian Solar" trademark has been registered in the U.S., Australia, Canada, Europe, South Korea, Japan, the United Arab Emirates, Hong Kong, Singapore, India, Argentina, Brazil, Peru and more than 20 other countries and the "Canadian Solar" trademark has been applied for registration in a number of other countries. As of February 28, 2021, the Group had 89 registered trademarks and 15 trademark applications pending in the PRC, and 106 registered trademarks and 38 trademark applications pending outside of China. These intellectual property rights afford only limited protection and the actions that may be taken to protect these rights as new solar power products are developed may not be adequate. Policing the unauthorized use of proprietary technology can be difficult and expensive. In addition, litigation, which can be costly and divert management attention, may be necessary to enforce the Group's intellectual property rights, protect its trade secrets or determine the validity and scope of the proprietary rights of others.

Canadian Solar has limited insurance coverage and may incur significant losses resulting from operating hazards, product liability claims or business interruptions.

The Group's operations involve the use, handling, generation, processing, storage, transportation and disposal of hazardous materials, which may result in fires, explosions, spills and other unexpected or dangerous accidents causing personal injuries or death, property damages, environmental damages and business interruption. Although the Group currently carries third party liability insurance against property damage, the policies for this

insurance are limited in scope and may not cover all claims relating to personal injury, property or environmental damage arising from incidents on the Group's properties or relating to its operations. Any occurrence of these or other incidents which are not insured under the Group's existing insurance policies could have a material adverse effect on business, financial condition or results of operations.

The Group is also exposed to risks associated with product liability claims in the event that the use of its solar power products results in injury. See risk factor—"*Product liability claims against Canadian Solar could result in adverse publicity and potentially significant monetary damages*". Although the Group carries limited product liability insurance, there may not be adequate resources to satisfy a judgment if a successful claim is brought against the Group.

In addition, the normal operation of the Group's manufacturing facilities may be interrupted by accidents caused by operating hazards, power supply disruptions, equipment failure, as well as natural disasters. While the Group's manufacturing plants in China and elsewhere are covered by business interruption insurance, any significant damage or interruption to these plants could still have a material and adverse effect on the results of operations.

If Canadian Solar's internal control over financial reporting or disclosure controls and procedures are not effective, investors may lose confidence in the Group's reported financial information, which could lead to a decline in its share price.

The Guarantor is subject to the reporting obligations under U.S. securities laws. As required by Section 404 of the Sarbanes-Oxley Act of 2002, the SEC has adopted rules requiring every public company to include a management report on its internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of its internal control over financial reporting. In addition, an independent registered public accounting firm must report on the effectiveness of the Group's internal controls over financial reporting. As of December 31, 2020, the Group's management concluded that internal control over financial reporting was effective. However, it cannot be assured that material weaknesses in the Group's internal controls over financial reporting will not be identified in the future. Any material weaknesses in internal controls could cause the Group not to meet its periodic reporting obligations in a timely manner or result in material misstatements in its financial statements. Material weaknesses in the Group's internal controls over financial reporting could also cause investors to lose confidence in reported financial information, leading to a decline in the market price of the Guarantor's common shares.

The Guarantor announced that its module and systems business and principal China subsidiary, CSI Solar Co., Ltd., has submitted application documents to pursue an initial public offering in China, which could be time-consuming and costly. If CSI Solar Co., Ltd. is listed, fluctuations in its share price could adversely affect the price of the Guarantor's common shares, or vice versa. If CSI Solar Co., Ltd. fails to be listed, the Guarantor's ability to strengthen its market position could be adversely affected.

In June 2021, the Guarantor announced that its module and systems business and principal China subsidiary, CSI Solar Co., Ltd. ("**CSI Solar**") had submitted the application documents for its potential initial public offering and listing on the Science and Technology Innovation Board (the "**STAR Market**") of the Shanghai Stock Exchange. The completion of the proposed CSI Solar IPO is subject to the review process by the Shanghai Stock Exchange and the registration process by the China Securities Regulatory Commission.

The process of listing a company on the public exchanges in the PRC can be time-consuming and expensive, potentially requiring significant time, resources and focus from the management team. Due to the complexity of conducting an initial public offering in the PRC, including the factors that are beyond the Guarantor's control, the Guarantor cannot assure that it would be able to complete the offering in accordance with the anticipated timeline, or at all. If CSI Solar fails to complete the proposed listing on the STAR Market, the Guarantor may need to seek other sources of funds to realize its business strategy, which funds may not be available to the Guarantor at commercially reasonable terms, or at all. Any such inability to obtain funds may impair the Guarantor's ability to grow CSI Solar's business, which could have a material adverse effect on the Guarantor's consolidated operating results and on the price of its ADSs.

If CSI Solar is listed in China, it will be subject to the listing and securities law regime of the PRC, and will result in increased legal, accounting and other compliance expenses that it did not incur as a private company. Furthermore, the stock exchanges in China and Nasdaq have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases, including different levels of retail and institutional participation. As a result of these differences and given the fact that CSI Solar will remain one of the Group significant subsidiaries, fluctuations in the price of the shares of CSI Solar due to circumstances peculiar to the PRC capital markets or otherwise could materially and adversely affect the price of the Guarantor's common shares, or vice versa.

The audit report included in the Guarantor's annual report on Form 20-F was prepared by auditors who are not inspected by the U.S: Public Company Accounting Oversight Board and, as a result, investors may be deprived of the benefits of such inspection.

The independent registered public accounting firm that issues the audit reports included in the Guarantor's annual reports filed with the SEC, as auditors of companies that are traded publicly in the U.S. and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is required by the laws of the U.S. to undergo regular inspections by the PCAOB to assess its compliance with the laws of the U.S. and professional standards. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. Because Canadian Solar has substantial operations within the PRC and the Guarantor auditors are located in the PRC, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, the Guarantor's independent registered public accounting firm is not currently inspected fully by the PCAOB. This lack of PCAOB inspections in the PRC prevents the PCAOB from regularly evaluating the Guarantor's independent registered public accounting firm's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

On May 24, 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or the CSRC, and the Ministry of Finance which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations in the United States and China. On inspection, it appears that the PCAOB continues to be in discussions with the Mainland China regulators CSRC and the Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB in relation to the audit of and audit Chinese companies that trade on U.S. exchanges. On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. The joint statement reflects a heightened interest in this issue. However, it remains unclear what further actions the SEC and PCAOB will take and its impact on Chinese companies listed in the U.S. On April 21, 2020, the SEC and the PCAOB issued another joint statement reiterating the greater risk that disclosures will be insufficient in many emerging markets, including China, compared to those made by U.S. domestic companies. In discussing the specific issues related to the greater risk, the statement again highlights the PCAOB's inability to inspect audit work paper and practices of accounting firms in China, with respect to their audit work of U.S. reporting companies. On June 4, 2020, the U.S. President issued a memorandum ordering the President's Working Group on Financial Markets to submit a report to the President within 60 days of the memorandum that includes recommendations for actions that can be taken by the executive branch and by the SEC or PCAOB on Chinese companies listed on U.S. stock exchanges and their audit firms, in an effort to protect investors in the United States. However, it remains unclear what further actions the SEC and PCAOB will take and the impact of those actions on Chinese companies listed in the United States.

Inspections of other firms that the PCAOB has conducted outside the PRC have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability of the PCAOB to conduct full inspections of auditors in the PRC makes it more difficult to evaluate the effectiveness of the Guarantor's independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside the PRC that are subject

to PCAOB inspections. Investors may lose confidence in the Guarantor's reported financial information and procedures and the quality of its financial statements.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national laws, in particular the laws of China, in June 2019, a bipartisan group of lawmakers introduced bills in both houses of the U.S. Congress, which if passed, would require the SEC to maintain a list of issuers for which the PCAOB is not able to inspect or investigate an auditor report issued by a foreign public accounting firm. The proposed Ensuring Quality Information and Transparency for Abroad-Based Listings on our Exchanges (EQUITABLE) Act prescribes increased disclosure requirements for these issuers and, beginning in 2025, the delisting from U.S. national securities exchanges of issuers included on the SEC's list for three consecutive years. On May 20, 2020, the U.S. Senate passed S. 945, the Holding Foreign Companies Accountable Act, or the HFCAA. The HFCAA was approved by the U.S. House of Representatives on December 2, 2020. On December 18, 2020, the president of the United States signed into law the HFCAA. In essence, the HFCAA requires the SEC to prohibit foreign companies from listing securities on U.S. securities exchanges if a company retains a foreign accounting firm that cannot be inspected by the PCAOB for three consecutive years, beginning in 2021.

In August 2020, the President's Working Group on Financial Markets, or the PWG, released the Report on Protecting United States Investors from Significant Risks from Chinese Companies. The PWG recommends that the SEC take steps to implement the recommendations outlined in the report. In particular, to address companies from non-cooperating jurisdictions, or NCJs, such as China, that do not provide the PCAOB with sufficient access to fulfill its statutory mandate the PWG recommends enhanced listing standards on U.S. securities exchanges. This would require, as a condition to initial and continued exchange listing, PCAOB access to work papers of the principal audit firm for the audit of the listed company. Companies unable to satisfy this standard as a result of governmental restrictions on access to audit work papers and practices in NCJs may satisfy this standard by providing a co-audit from an audit firm with comparable resources and experience where the PCAOB determines it has sufficient access to audit work papers and practices to conduct an appropriate inspection of the co-audit firm. There is currently no legal process under which such a co-audit may be performed in China. To reduce market disruption, the new listing standards could provide for a transition period until January 1, 2022 for currently listed companies. The other recommendations in the report include, among other things, requiring enhanced and prominent issuer disclosures of the risks of investing in certain NCJs such as China. The measures in the PWG Report are presumably subject to the standard SEC rulemaking process before becoming effective. On August 10, 2020, the SEC announced that SEC Chairman had directed the SEC staff to prepare proposals in response to the PWG Report, and that the SEC was soliciting public comments and information with respect to these proposals. Under the PWG recommendations, if the Guarantor fails to meet the new listing standards before the deadline specified thereunder due to factors beyond its control, the Guarantor could face possible de-listing from the Nasdaq Stock Market, deregistration from the SEC, and other risks, which may materially and adversely affect, or effectively terminate, the Guarantor's ADS trading in the United States. It is unclear when the SEC will complete its rulemaking and when such rules will become effective and what, if any, of the PWG recommendations will be adopted.

Enactment of the HFCAA and any additional rulemaking efforts to increase U.S. regulatory access to audit information could cause investor uncertainty for affected issuers, including the Guarantor's, the market price of its shares could be adversely affected, and the Guarantor could be delisted if it is unable to cure the situation to meet the PCAOB inspection requirement in time. It is unclear if and when any of such proposed legislations will be enacted. Furthermore, there have been recent media reports on deliberations within the U.S. government regarding potentially limiting or restricting China-based companies from accessing U.S. capital markets. If any such deliberations were to materialize, the resulting legislation may have a material and adverse impact on the stock performance of China-based issuers listed in the United States.

If additional remedial measures are imposed on the big four PRC-based accounting firms, including the Guarantor's independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC, with respect to requests for the production of documents, the Guarantor could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the mainland Chinese affiliates of the "big four" accounting firms (including the mainland Chinese affiliate of the Guarantor's independent registered public accounting firm). A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the Chinese accounting firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the Chinese accounting firms reached a settlement with the SEC whereby the proceedings were stayed. Under the settlement, the SEC accepted that future requests by the SEC for the production of documents would normally be made to the CSRC. The Chinese accounting firms would receive requests matching those under Section 106 of the Sarbanes-Oxley Act of 2002, and would be required to abide by a detailed set of procedures with respect to such requests, which in substance would require them to facilitate production via the CSRC. The CSRC for its part initiated a procedure whereby, under its supervision and subject to its approval, requested classes of documents held by the accounting firms could be sanitized of problematic and sensitive content so as to render them capable of being made available by the CSRC to US regulators.

Under the terms of the settlement, the underlying proceeding against the four PRC-based accounting firms was deemed dismissed with prejudice at the end of four years starting from the settlement date, which was on February 6, 2019. Despite the final ending of the proceedings, the presumption is that all parties will continue to apply the same procedures: i.e. the SEC will continue to make its requests for the production of documents to the CSRC, and the CSRC will normally process those requests applying the sanitization procedure. The Guarantor cannot predict whether, in cases where the CSRC does not authorize production of requested documents to the SEC, the SEC will further challenge the four PRC-based accounting firms' compliance with U.S. law. If additional challenges are imposed on the Chinese affiliates of the "big four" accounting firms, the Guarantor could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

In the event that the SEC restarts administrative proceedings, depending upon the final outcome, listed companies in the U.S. with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in their financial statements being determined to not be in compliance with the requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against the firms may cause investor uncertainty regarding China-based, U.S.-listed companies and the market price of their shares may be adversely affected.

If the Guarantor's independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and the Guarantor was unable to timely find another registered public accounting firm to audit and issue an opinion on its financial statements, its financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of the Guarantor's common shares from Nasdaq, or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the Guarantor's common shares in the U.S.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Accordingly, investors may be deprived of the benefits of such regulatory actions on the Guarantor's accounting firm and its subsidiaries in the PRC. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border

supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law amended in 2019, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection or other similar activities within the PRC territory. No entity or individual may provide documents or information related to securities business activities to overseas entities without prior consent of the competent PRC securities regulatory authority. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase the difficulties investors face in protecting their interests.

Logistical challenges, including global freight capacity shortages, port congestions or significant increases in freight costs, could continue to increase the selling costs of the Group or cause delays in the Group's order fulfilment, and the Group's business, financial condition and results of operations may be adversely affected.

The Group's ability to transport products to customers in a timely and cost-effective manner has been, and may continue to be, adversely affected by the current global shortage of freight capacity, delays at ports and other issues that otherwise affect third-party logistics service providers. These issues could prevent the timely or proper delivery of products to customers or require the Group to locate alternative ports or warehousing providers to avoid disruption to customers, which may negatively impact the Group's business prospects and relationship with customers. These interruptions and the availability of alternative transportation routes can be affected by the ability of the cargo vessel to call on or depart from ports on a timely basis or at all, rules and regulations applicable to the cargo industry, change in worldwide cargo fleet capacity, weather events, global and regional economic and political conditions, environmental and other regulatory developments. The Group's ability to plan its pricing strategy may be impacted and to the extent the Group is unable to pass along the increased costs to its customers, the Group's financial condition and results of operations could be adversely affected.

In addition, interruptions, failures or price increases in logistics services can result from events that are beyond the Group's control, such as inclement weather, natural disasters, the COVID-19 pandemic, other pandemics or epidemics, accidents, transportation disruptions, including special or temporary restrictions or closings of facilities or transportation networks due to regulatory or political reasons, or labor unrest or shortages.

The potential initiation of an anti-circumvention investigation and extension of the current safeguard measures in the United States could adversely affect the Group.

Canadian Solar's exports to the United States could be adversely impacted by (i) the possibility that the U.S. Department of Commerce (USDOC) could initiate (and reach an affirmative determination) in an anti-circumvention investigation of crystalline silicon photovoltaic (CSPV) cells and modules products from Thailand and/or Vietnam; and/or (ii) the U.S. Government's extension of the safeguard measures currently in place against imports of CSPV cells and modules.

U.S. law provides that the USDOC may find that circumvention exists when (among other things) merchandise subject to an antidumping duty (AD) or countervailing duty (CVD) order is completed or assembled in third countries with the end result of AD/CVD duty avoidance. Specifically, with respect to the existing Solar I China AD/CVD orders (i.e., CSPV solar cells manufactured in China), the USDOC may find that (i) certain CSPV cells and/or modules produced in Thailand and Vietnam fall within the scope of the AD/CVD orders; and (ii) the collection of AD and/or CVD deposits (at ad valorem rates determined during the investigation) is appropriate to prevent evasion of AD/CVD duties. The USDOC's investigation will examine, inter alia, whether (i) the production process in Thailand and Vietnam is "minor or insignificant"; and (ii) the value of the merchandise produced in China is a significant portion of the value of the product exported to the United States.

The USDOC is currently examining anti-circumvention petitions submitted by an anonymous group called "A-SMACC". If the USDOC decides to initiate the investigation(s), then AD/CVD deposits could be collected on U.S. imports entering the United States as of the publication of the USDOC's initiation notice in the Federal Register. Furthermore, with an affirmative finding by the USDOC, the Group's imports from Thailand and Vietnam would

essentially be treated as if they were of Chinese origin and subject to potentially very high AD/CVD deposit rates. The Group produces a significant portion of its products from facilities in Thailand and Vietnam. As such, the application of AD/CVDs to the Group's products produced in Thailand and Vietnam would adversely impact the Group's ability to remain competitive in the U.S. market—one of the Group's main markets—and risk significant harm to the Group's financial condition and operations.

In addition, the U.S. Government is now assessing and must decide prior to February 7, 2022 whether to extend the safeguard measures currently in place against nearly all U.S. imports of CSPV cells and modules, including imports from Thailand and Vietnam. The U.S. International Trade Commission (USITC), in August 2021, instituted an investigation to determine whether the safeguard measures imposed on CSPV products continue to be necessary to prevent or remedy serious injury, and whether there is evidence that the domestic industry is making a positive adjustment to import competition. In the event of an affirmative finding by the USITC, President Biden will have the discretion to extend the safeguard measure, alter it, or terminate it based on these findings. In accordance with U.S. law, President Biden may not increase the current level of the safeguard tariff (i.e., 18% ad valorem), but the President could decide to extend the safeguard measure for up to four years at lower tariff rates. The potential extension of the safeguard measures also risks significant harm to the Group's financial condition and operations.

2.1.2. Risks related to doing business in China

The enforcement of the labor contract law and increases in labor costs in the PRC may adversely affect Canadian Solar's business and profitability.

The Labor Contract Law came into effect on January 1, 2008 and was later revised on December 28, 2012; the Implementation Rules was promulgated and became effective on September 18, 2008. The Labor Contract Law and the Implementation Rules imposed stringent requirements on employers with regard to executing written employment contracts, hiring temporary employees, dismissing employees, consultation with the labor union and employee assembly, compensation upon termination and overtime work, collective bargaining and labor dispatch business. In addition, under the Regulations on Paid Annual Leave for Employees, which came into effect on January 1, 2008, and their Implementation Measures, which were promulgated and became effective on September 18, 2008, employees who have served for more than one year with an employer are entitled to a paid vacation ranging from five to fifteen days, depending on their length of service, subject to certain exceptions. Employees who waive such vacation time at the request of the employer must be compensated for each vacation day waived at a rate equal to three times their normal daily salary, subject to certain exceptions. According to the Interim Provisions on Labor Dispatching, which came into effect on March 1, 2014, the number of dispatched workers used by an employer shall not exceed 10% of its total number of workers. In addition, according to the PRC Social Insurance Law promulgated in October 2010 and revised in 2018, effective as of December 29, 2018, employees shall participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers shall, together with their employees or separately, pay for the social insurance premiums for such employees.

Furthermore, as the interpretation and implementation of these new laws and regulations are still evolving, it cannot be assured that the Group's employment practice will at all times be deemed fully in compliance, which may cause the Group to face labor disputes or governmental investigation.

The increase or decrease in tax benefits from local tax bureau could affect total PRC taxes payments by Canadian Solar, which could have a material and adverse impact on the Group's financial condition and results of operations.

The Enterprise Income Tax Law, or the EIT Law, came into effect in China on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018. Under the EIT Law, both foreign invested enterprises and domestic enterprises are subject to a uniform enterprise income tax rate of 25%. The EIT Law provides for preferential tax treatment for certain categories of industries and projects that are strongly supported and encouraged by the state. For example, enterprises qualified as a "High and New Technology Enterprise," or HNTE, are entitled to a 15% enterprise income tax rate provided that they satisfy other applicable statutory requirements.

Certain of the Guarantor's PRC subsidiaries, such as CSI New Energy Holding Co., Ltd., or CSI New Energy Holding, Canadian Solar Manufacturing (Luoyang) Inc., or CSI Luoyang Manufacturing, were once HNTEs and enjoyed preferential enterprise income tax rates. These benefits have, however, expired. In 2020, only Suzhou Sanysolar Materials Technology, CSI Cells, Canadian Solar Manufacturing (Changshu), Changshu Tegu New Material Technology, CSI New Energy Development (Suzhou) (formerly known as Suzhou Gaochuangte New Energy Development), Canadian Solar Sunenergy (Suzhou) Co., Ltd. (merged with CSI Cells in 2020) and Changshu Tlian were HNTEs and enjoyed preferential enterprise income tax rates.

There are significant uncertainties regarding Canadian Solar's tax liabilities with respect to its income under the EIT Law.

The Guarantor is a British Columbia, Canada company with a substantial portion of its manufacturing operations in China. Under the EIT Law and its implementation regulations, enterprises established outside China whose "de facto management body" is located in China are considered PRC tax resident enterprises and will generally be subject to the uniform 25% enterprise income tax rate on their global income. Under the implementation regulations, the term "de facto management body" is defined as substantial and overall management and control over aspects such as the production and business, personnel, accounts and properties of an enterprise. The Circular on Certain Issues Relating to the Identification of China-controlled Overseas-registered Enterprises as Resident Enterprises on the Basis of Actual Management Organization, or Circular 82, effective as of January 1, 2008, further provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled offshore incorporated enterprise is located in the PRC. The criteria include whether (a) the premises where the senior management and the senior management bodies responsible for the routine production and business management of the enterprise perform their functions are mainly located within the PRC, (b) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in the PRC, (c) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC and (d) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. Although Circular 82 only applies to offshore enterprises controlled by enterprises or enterprise groups located within the PRC, the determining criteria set forth in Circular 82 may reflect the tax authorities' general position on how the "de facto management body" test may be applied in determining the tax resident status of offshore enterprises. It is unclear under PRC tax law whether the Group has a "de facto management body" located in China for PRC tax purposes. As of April 19, 2021, the Group has not been notified or informed by the PRC tax authorities that it is considered a PRC resident enterprise for the purpose of EIT Law. However, as the tax resident status of an enterprise is subject to the determination by the PRC tax authorities, uncertainties remain with respect to the interpretation of the term "de facto management body" as applicable to the Group offshore entities. Therefore, there is a risk that the Guarantor and certain of its non-PRC subsidiaries may be treated as tax resident in the PRC.

Restrictions on currency exchange may limit Canadian Solar's ability to receive and use its revenues effectively

Certain of the Group revenues and expenses are denominated in Renminbi. If said revenues denominated in Renminbi increase or the Group's expenses denominated in Renminbi decrease in the future, a portion of the Group revenues may require conversion into other currencies to meet foreign currency obligations. Under China's existing foreign exchange regulations, the Group's PRC subsidiaries are able to pay dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, it cannot be assured that the PRC government will not take further measures in the future to restrict access to foreign currencies for current account transactions.

Foreign exchange transactions by the Guarantor's PRC subsidiaries under most capital accounts continue to be subject to significant foreign exchange controls and require the approval of or registration with PRC governmental authorities. In particular, if the Guarantor's PRC subsidiaries are financed by means of additional capital contributions, the approval of or the record-filing with, certain government authorities, including the Ministry of Commerce or its local counterparts, is required. If the Guarantor's PRC subsidiaries obtain foreign debt through medium and long-term loan or through issuance of bonds, foreign debt approval may also be required to be obtained from the National Development and Reform Commission of PRC, or the NDRC. These

limitations could affect the ability of the Guarantor's PRC subsidiaries to obtain foreign exchange through equity financing.

Uncertainties with respect to the Chinese legal system could materially and adversely affect Canadian Solar

The Group conducts a significant portion of its manufacturing operations through its subsidiaries in China. These subsidiaries are generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly foreign owned enterprises and joint venture companies. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since these laws and regulations are relatively new and the PRC legal system is still developing, the implementation and enforcement of many laws, regulations and rules may be inconsistent, which may limit legal protections available to the Group. In addition, any litigation in China may be protracted and may result in substantial costs and divert the Group's resources and the attention of its management.

On March 15, 2019, the PRC National People's Congress approved the 2019 PRC Foreign Investment Law, which came into effect on January 1, 2020 and replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law, and the Wholly Foreign-invested Enterprise Law. On December 26, 2019, the PRC State Council approved the Implementation Rules of Foreign Investment Law, which came into effect on January 1, 2020 and replaced implementation rules and ancillary regulations of the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law, and the Wholly Foreign-invested Enterprise Law. The 2019 PRC Foreign Investment Law and its Implementation Rules embody an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since the 2019 PRC Foreign Investment Law is relatively new, substantial uncertainties exist with respect to its interpretation and implementation. The 2019 PRC Foreign Investment Law specifies that foreign investments shall be conducted in line with the "negative list" and obtain relevant approval to be issued by or approved to be issued by the State Council from time to time. A Foreign Invested Enterprise (FIE) would not be allowed to make investments in prohibited industries in the "negative list," while the FIE must satisfy certain conditions stipulated in the "negative list" for investment in restricted industries. It is uncertain whether the solar power industry, in which the Guarantor's subsidiaries operate, will be subject to the foreign investment restrictions or prohibitions set forth in the "negative list" to be issued in the future, although it is not subject to the foreign investment restrictions set forth in the currently effective 2020 Negative List. There are uncertainties as to how the 2019 PRC Foreign Investment Law and the Implementation Rules would be further interpreted and implemented. It cannot be assured that the interpretation and implementation of the 2019 PRC Foreign Investment Law made by the relevant governmental authorities in the future will not materially impact the viability of the Guarantor's current corporate structure, corporate governance and business operations in any aspect.

2.2. RISKS RELATED TO THE NOTES

There may be no active trading market for the Notes

Notes issued under the Program will be new securities which may not be widely distributed and for which there may be no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and/or the Guarantor. Although applications are to be made for the Notes to be listed and admitted to trading on the MARF, there is no assurance that such applications will be accepted, that any particular Note issuance will be so admitted or that an active trading market will develop. Accordingly, there can be no assurance as to the development or liquidity of any trading market for any particular Note issuance, in which case the ability to sell the Notes may be limited.

The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes or other debt securities, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Group's operating results, financial condition or prospects.

Moreover, these are fixed-income securities and their market price is subject to potential fluctuations, mainly due to the evolution in interest rates. Consequently, the Issuer cannot guarantee that the Notes will be traded at a market price that is equal to or higher than the subscription price.

Future sales of Notes on the MARF could negatively affect the Notes' market price

Sales of a substantial number of Notes on the MARF after their admission to trading, or the perception that such sales might occur, could adversely affect the market price of the Notes and/or the Company's ability to raise capital in the future.

The Issuer and/or the Guarantor may not be able to obtain the funds required to repurchase Notes upon an early redemption derived from a Change of Control or any event of mandatory redemption.

The relevant Final Terms shall contain provisions relating to certain events that give rise to the early redemption of the Notes. In particular, as set out in Condition 7.8(b)(i)—"*Optional early redemption by the Noteholders upon a Change of Control*", and if so specified in the relevant Final Terms as being applicable, upon the occurrence of a Change Control, each Noteholder will have the option (but not the obligation) of requesting the early redemption of all of its Notes at their principal amount, including the accrued and unpaid interest up to the redemption date by the Issuer. Additionally, as set out in Condition 7.9—"*Events of default*", upon an Event of Default (as defined in Condition 7.9), in certain circumstances the Notes could be immediately due and payable. In such events, the Issuer and/or the Guarantor may not be able to obtain, promptly or at all, the funds required to repurchase Notes.

The Notes may be redeemed by the Issuer prior to maturity

The Issuer may, at its option and in certain circumstances as detailed in Condition 7.8(b)—"*Early redemption*", redeem the Notes prior to their Maturity Date. Such redemption may take place at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and/or may forego a capital gain in respect of the Notes that would have otherwise arisen bur for such redemption.

Notes issued under the Program may not be suitable for all types of qualified investors

Each potential qualified investor in the Notes issued under this Program should determine the appropriateness of such investment in the light of their own circumstances. In particular such investors should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the benefits and risks of their investments, and the information contained in this Information Memorandum.
- Have access to and knowledge of appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the Notes, and the impact that such investment will have on their portfolio.
- Have a thorough understanding of the terms of the Notes, as well as the performance of the financial markets in which they participate.

- Evaluate possible economic scenarios, interest rate variations and other factors that may affect to the investments and the ability to take risks.

This may restrict the array of potential investors in the Notes and, consequently, lead to a more limited marketability of the Notes, which may be detrimental for the ability to transfer them in the market.

The amount of the Guarantee is limited and in certain cases Noteholders may bear substantial losses in connection the Notes.

Although the Notes issued under the Program will be unconditionally and irrevocably guaranteed by the Guarantor, the Guarantee is limited up to an amount of € 125,000,000 (see Condition 7.2(a)—"*Guarantee*"). This limited amount of the Guarantee may cause Noteholders to bear substantial losses in their investment in the Notes with regard to principal and interest in certain circumstances such as in the event that the Issuer issues Notes up to the maximum nominal amount of the Program and a general failure of payment by the Issuer under the Notes occurs over an extended period of time.

The value of the Guarantee and the amount received under its enforcement will depend on a number of factors, including, but not limited to, the enforceability of the Guarantee by means of an orderly procedure or the financial condition of the Guarantor at the time of enforcement of the Guarantee. In addition, there may be other circumstances that would prevent, delay or otherwise impede the enforcement of the Guarantee (see risk factor—"*The Guarantor is a British Columbia, Canada company and, as such, is subject to Canadian insolvency laws which may differ from bankruptcy law in jurisdictions with which the Noteholders are familiar*").

In the event that the proceeds obtained from the enforcement of the Guarantee are not sufficient to repay all amounts due under the Notes, the Issuer shall remain liable to the Noteholders for the remainder of the amounts due and not recovered in the enforcement of the Guarantee and the Issuer might not be able to pay those amounts (see risk factor—"*The Issuer is a finance subsidiary that has no revenue-generating operation of its own and depends on cash received from the Group to be able to make payments on the Notes*").

The time period to enforce the Guarantee is limited and, therefore, Noteholders may lose their investment in the Notes if they do not enforce the Guarantee within such limited period of time.

Although the Notes issued under the Program will be unconditionally and irrevocably guaranteed by the Guarantor, the Guarantee shall be valid and effective until 180 days from the relevant Maturity Date of the Notes (the "**Termination Date**") (see Condition 7.2(a)—"*Guarantee*"). However, such limitation on the term of the Guarantee shall not apply where a written demand for payment from the Commissioner on behalf of the Noteholders has been made to the Guarantor prior the Termination Date (see Section 8.8—*"Summary of the Guarantee"*). This limited period of time may cause Noteholders not to enforce timely the Guarantee, in particular in jurisdictions other than Canada, which may cause Noteholders to lose all or part of their investment in the Notes in terms of principal and/or interest.

Payments by the Guarantor under the Notes are effectively subordinated to the rights of secured creditors and any liabilities of the Group's subsidiaries.

Although the Notes are referred to as "unsubordinated notes" of the Issuer, any payment by the Guarantor under the Notes will be effectively subordinated to the Group's secured financings and any other secured indebtedness. In the event of any distribution or payment of the Group's assets in any foreclosure, dissolution, bankruptcy, liquidation, reorganization or other winding-up, the Group assets that secure such indebtedness will be available to pay obligations on the Notes by the Guarantor only after the secured indebtedness has been repaid in full. To the extent such collateral is not sufficient to satisfy such indebtedness, the Group's secured creditors will have a claim against the Group that will rank effectively *pari passu* with any payment by the Guarantor under the Notes.

In addition, any payment by the Guarantor under the Notes will be structurally subordinated to all indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Group's subsidiaries, including the Issuer. In the event of a dissolution, bankruptcy, liquidation, reorganization or other

winding up of any of the Group's subsidiaries (including the Issuer), holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets or funds are made available for distribution to the Guarantor, except to the extent that the Guarantor is recognized as a creditor of that subsidiary (as it would be in the event of payments by the Guarantor in respect of the Notes), in which case the Guarantor's claims would still be subordinate to any security interests in the assets of that subsidiary (including the Issuer) and any indebtedness of that subsidiary senior to that held by the Guarantor. It cannot be assured that there will be sufficient assets remaining to pay amounts by the Guarantor due on any or all of the Notes then outstanding.

The Guarantee and the main terms and conditions of the Notes in relation to the Guarantor set out in Section 7—*"Terms and Conditions of the Notes"* do not prohibit the Guarantor from incurring unsubordinated debt and only partially limit it from incurring secured debt (see Condition 7.3—*"Negative Pledge"*), nor do they prohibit any of the Group's subsidiaries from incurring additional liabilities, except as it may be provided in respect of the Issuer in the Final Terms.

The Issuer is a finance subsidiary that has no revenue-generating operation of its own and depends on cash received from the Group to be able to make payments on the Notes.

The Issuer is a finance subsidiary, conducts no business operations of its own, and has not engaged in, and is envisaged that it will not engage in, any activities other than the issuance of notes, the on-lending of the proceeds from any such issuance to the Group and the servicing of its obligations under the Notes, and associated activities related thereto and other activities related to future permitted debt issuances, in accordance with the Issuer's corporate purpose. The Issuer has currently no subsidiaries and its only material assets and only sources of revenue will be its right to receive payments from the Group pursuant any funding made thereto as a result of being a finance subsidiary. The ability of the Issuer to make payments on the Notes is, therefore, dependent on the payments received from Canadian Solar. Canadian Solar, however, may not be permitted to make distributions, move cash, or advance loans to the Issuer to make payments in respect of its indebtedness, including the Notes. Applicable laws and regulations, including tax laws, in particular any withholding taxes that may be borne by the Issuer in some jurisdictions, may also limit the amounts that Canadian Solar is permitted to pay to the Issuer. If the payments from the Group are not made, for whatever reason, the Issuer may not have any other sources of funds available to it that would permit it to make payments on the Notes. In such event, Noteholders would have to rely upon claims for payment under the Guarantee, which are subject to the risks and limitations described herein.

Exchange rate risks and exchange controls may cause Noteholders to receive less interest or principal that expected, or no interest or principal.

The Issuer or, subsidiarily, the Guarantor (as the case may be) will pay principal and interest on the Notes in the currency specified in the Final Terms. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency of the Notes or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency of the Notes would decrease (i) the Investor's Currency- equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal, as a result of any eventual measures impeding, limiting or imposing conditions on the Investor's Currency exchangeability or capital repatriation.

The decisions of the Syndicate of Noteholders may be contrary to those of individual Noteholders

The terms and conditions of the Notes issued under the Program may include certain provisions regarding the Syndicate of Noteholders assemblies, which may take place to resolve matters regarding the interests of the Noteholders. Such provisions establish certain majorities which shall bind all Noteholders, including those who have not attended nor voted in the assembly, or who have voted against the majority, being bound by the decisions taken in a meeting of Noteholders validly called and held. Therefore, it is possible that the Syndicate of Noteholders takes decisions with which an individual Noteholder does not agree or which may economically prejudice such Noteholders, but to which all Noteholders are bound.

Since the Notes will be registered with Iberclear, Noteholders shall rely on their procedures

The Notes will be registered with Iberclear. Consequently, no global or definitive bearer notes or global registered or individual registered note certificates have been or will be issued in respect of the Notes. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within Iberclear's account-based system. Noteholders are therefore dependent on the functionality of Iberclear's account-based system. Title to the Notes will be evidenced by book-entries and each person shown in the central registry managed by Iberclear and in the registries maintained by the respective members entities (*entidades participantes*) in Iberclear as being the holder of the Notes shall be considered the holder of the principal amount of the Notes recorded therein.

The Issuer will discharge its payment obligation under the Conditions by making payments through Iberclear. Noteholders must rely on the procedures of Iberclear and its members entities to receive payments. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holders of the Notes according to book-entries and registries as described in the previous paragraph. In addition, the Issuer has no responsibility for the proper performance by Iberclear or its members entities of its obligations under their respective rules and operating procedures.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

Axesor assigned the Guarantor on September 13, 2021 a credit rating of "BBB" with stable outlook. Axesor is established in the European Union and registered under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (CRA Regulation). A list of registered credit rating agencies is published at the European Securities and Market Authority's website: www.esma.europa.eu.

Ratings from rating agencies are a way to measure risk. In addition, including to the extent that any credit rating agencies assign credit ratings to the Notes, ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

The risk of changes to the Guarantor's or the Notes' (to the extent any is assigned) credit rating is that it can be revised upward or downward, suspended or even withdrawn by the rating agency. The downward revision, suspension or withdrawal of the credit rating by the rating agencies could alter the price of the Notes in the perception of the markets and hinder Canadian Solar's access to debt markets and impair its ability to obtain financing. Moreover, in the market investors demand higher returns on higher risk and should assess the likelihood of a downward variation in the credit rating of the Guarantor or the Notes (to the extent any is assigned), which could lead to a loss of liquidity in the Notes purchased in the market and a loss in value.

The Issuer is a Spanish company and, as such, is subject to Spanish Insolvency Law

The Issuer is a Spanish company subject to the Spanish Insolvency Law. Without prejudice to any Noteholders' right of payment by the Guarantor under the Guarantee, investors may lose all or part of their investment in the Notes as a result of the application of mandatory provisions under the Spanish Insolvency Law. In addition, such laws may differ from insolvency laws in other countries with which investors may be more familiar.

According to the classification and order of priority of debt claims laid down in the Spanish Insolvency Law, in the event of insolvency (*concurso*) of the Issuer, the Issuer's obligations under the Notes shall rank behind privileged credits, but ahead of subordinated credits –except if the Notes could be classified as subordinated in accordance with the Spanish Insolvency Law– and would not have any preference among them. In any case, eventual reductions of amount or ranking of credit rights of Noteholders under the Notes that may apply pursuant to the Spanish Insolvency Law (e.g., by virtue to a debt write-off or as a consequence of liquidation in the context of an insolvency proceeding) shall not operate as a cap regarding any amounts that Noteholders may recover under the Guarantee.

In addition, as a result of the Covid-19 health crisis, the Spanish Government has approved various extraordinary resolutions. These extraordinary resolutions include, among others, Law 3/2020, of September 18, on procedural and organizational measures to address Covid-19 in the field of the Administration of Justice (*Ley 3/2020, de 18 de septiembre, de medidas procesales y organizativas para hacer frente al COVID-19 en el ámbito de la Administración de Justicia*) ("**Law 3/2020**"), as amended, which has introduced several temporary measures that impact pre-insolvency and insolvency proceedings.

In line with what other countries have done as a result of the Covid-19 health crisis, Law 3/2020 has established that an insolvent debtor is not obliged to file an insolvency petition until December 31, 2021, even if the debtor has already filed the communication informing about the existence of negotiations with creditors to achieve a refinancing agreement, an out-of-court payment agreement or accession to an early proposal for a composition agreement, as provided for in the Insolvency Law. In addition, Law 3/2020, as amended, also establishes that creditors' requests submitted from March 14, 2020 onwards, seeking a declaration to open insolvency proceedings, will not be admitted for processing until December 31, 2021. It also establishes that requests filed by the debtor prior to that date will be given priority, even if the creditors' requests are filed before the debtor's. Although a debtor is temporarily not obliged to file for insolvency during the above mentioned period, this can technically still be done if so decided by the debtor.

Noteholders may have difficulty bringing legal actions and enforcing judgments obtained against the Guarantor.

The Guarantor is a corporation organized under the laws of British Columbia, Canada and a substantial portion of its assets are located in Canada and other jurisdictions outside of the EU. A substantial portion of its current business operations is conducted in the PRC. In addition, a majority of the Guarantor's directors and officers are nationals and residents of countries other than the EU countries. As a result, it may be difficult for Noteholders to effect service of process upon these persons. It may also be difficult for Noteholders to bring actions and enforce judgments against the Guarantor and its officers and directors.

The Guarantor is a British Columbia, Canada company and, as such, is subject to Canadian insolvency laws which may differ from bankruptcy law in jurisdictions with which the Noteholders are familiar.

The Notes will be guaranteed by the Guarantor. As the Guarantor continued under the laws of British Columbia, Canada, an insolvency proceeding relating to the Guarantor may involve Canadian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of jurisdictions with which the Noteholders are familiar. As a result, Noteholders may not enjoy the same types of protection in connection with payments under the Notes as may be available under the laws of other jurisdictions.

The ability of Noteholders to enforce remedies as against the Guarantor will be subject to certain bankruptcy and insolvency law limitations in the event that the Guarantor becomes subject to bankruptcy, insolvency, receivership, liquidation, reorganization or similar proceedings. For example, both the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") and the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") provide for a stay of proceedings that may prevent the exercise of rights and enforcement of remedies and may prohibit the payments of claims without leave of the court.

Pursuant to proceedings under such legislation, among other things, the assets of an insolvent debtor may be sold, and the proceeds distributed to creditors in accordance with their priority on a pro rata basis, or an insolvent

debtor may prepare and file a proposal or a plan of compromise or arrangement, as the case may be, for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a proposal or plan, if accepted by the requisite majorities of each affected class of creditors and if approved by the court, would affect all creditors within any such class who may not otherwise be willing to accept the proposal or plan. Claims of Noteholders in respect of the Guarantee may be compromised in such a proposal or plan.

A secured creditor may exercise remedies to enforce its security, including the appointment of a receiver either privately pursuant to its security or by way of court order pursuant to the BIA and/or provincial legislation. Typically, a court order appointing a receiver will include a general stay of proceedings that may prevent the exercise of remedies while realization steps are taken by the secured creditor or court-appointed receiver.

Moreover, in BIA, CCAA, receivership, or similar proceedings, the court may, subject to certain conditions, create court-ordered priority charges on the assets of the debtor to secure new financing, pay professional fees, post-filing amounts owing to critical suppliers, key employees, or other claims that may be necessary for insolvency proceedings. The creation of such priority claims may increase the value of secured claims ranking in priority to claims of unsecured creditors and may reduce the value of the estate available to unsecured creditors.

Under bankruptcy and insolvency laws, creditors are paid pro rata in accordance with their priorities, with the claims of secured creditors ranking ahead of the claims of unsecured creditors. No security is given by the Guarantor to secure its obligations under the Guarantee and as a result, claims in respect of the Guarantee will likely be classified as unsecured claims.

Accordingly, there can be no assurance:

- that payments pursuant to the Guarantee would be made following commencement of, or during, such proceedings;
- whether or when the Noteholders could exercise their rights in respect of the Guarantee; and
- whether and to what extent Noteholders would be compensated for any delay in payment or would recover the full amount owing to them.

In addition, bankruptcy and insolvency laws, and certain provincial civil laws, may be relied on by stakeholders to set aside certain payments or settlements made by the Guarantor to Noteholders if the payment or settlement was made at a time when the Guarantor was insolvent, or had the effect of making the Guarantor insolvent, or made with a view to defeating the claims of other creditors.

Notes issued, if any, as "Green Bonds" may not be a suitable investment for all investors seeking exposure to green assets.

As part of the EMEA Green Financing Framework (as defined below) subject of a second-party opinion issued by Sustainalytics (see "*Green Bonds*" below), the Company has established the Program for the main purpose of issuing Notes to be qualified as "green bonds" (the "**Green Bonds**").

Although the Issuer or the Guarantor may state at the time of issue of any Green Bonds its intention to use the net proceeds in a certain manner (such as to finance or refinance Eligible Green Projects), and to report on the allocation of funds to its investors on an annual basis until full allocation, it would not be an event of default under the Notes if the Issuer or the Guarantor were to fail to comply with such intention.

In addition, no assurance is given by the Issuer, the Guarantor or the Placement Entity(ies) that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any "green", "environmental", "sustainable" or other equivalently-labelled segment investment criteria or guidelines with which such investor or its investments are required to comply, in particular with regard to any Eligible Green Projects.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, no assurance is or can be given (whether by the Issuer, the Guarantor, the Placement Entity(ies) or any other person) to investors that any Projects (as defined below) or uses the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such "green" or other equivalently-labelled performance objectives.

Any failure to apply the proceeds of any issue of Green Bonds in connection with Eligible Green Projects, or any failure to meet, or continue to meet the eligibility criteria, or the withdrawal of any second-party opinion or any such Green Bonds no longer being construed as "green", "environmental", "sustainable" or other equivalently-labelled segment may have a material adverse effect on the value of such Green Bonds or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Prospective investors must determine for themselves whether any proposed Green Bonds meet their requisite investment criteria and conduct any other investigations they deem necessary to reach their own conclusions as to the merits of investing in any such Green Bonds. Additionally, any second-party opinion does not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released.

The value of and return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks or future discontinuance of benchmarks.

EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. Regulation (EU) No. 2016/1011 (the "**Benchmark Regulation**") was published in the Official Journal of the European Union on 29 June 2016 and has applied from 1 January 2018 (with the exception of provisions specified in Article 59 thereof, related to, mainly, critical benchmarks, that have applied since 30 June 2016).

The Benchmark Regulation could have a material impact on any Notes bearing floating interest linked to EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark.

In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary license, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. The discontinuation of a "benchmark" could have a material adverse effect on the value of, and return on, any Note linked to such benchmark.

Risks relating to Spanish withholding tax

In order to apply the withholding tax exemption to payments made to Spanish taxpayers of Corporate Income Tax and non-resident investors acting both through and without a permanent establishment in Spain, it will be necessary to comply with the procedure set out in Section 44 of the *Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos* approved by the *Real Decreto 1065/2007, de 27 de julio*, as amended (the "**RD 1065/2007**"). This Section 44 sets out the reporting obligations applicable to preference shares and debt instruments issued under the *Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*, as amended (the "**Law 10/2014**"). The procedures apply to interest deriving from preferred securities

(*participaciones preferentes*) and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than 12 months.

According to Section 44.4 of the RD 1065/2007, interest payments made by the Issuer in respect of securities originally registered with a clearing system based in Spain (such as Iberclear) will be paid by the Issuer gross, without deduction of Spanish withholding tax (currently at a rate of 19%), provided that the member entities of Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear provide the Issuer, in a timely manner, with a duly executed and completed statement (a "**Payment Statement**"), in accordance with Section 44.4 of the RD 1065/2007, with the following information: (i) identification of the Notes; (ii) the date on which the relevant payment is made; (iii) total amount of the income paid by the Issuer; (iv) amount of income corresponding to taxpayers of Personal Income Tax; and (v) amount of income that shall be paid on its gross amount.

If the member entities of Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer the previous business day of each revenues' maturity date, such payment will be made net of Spanish withholding tax applicable at that time.

Should this occur, affected beneficial owners would receive a refund of the amount withheld, with no need for action on their part, if the member entities of Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear submit a duly executed and completed Payment Statement to the Issuer no later than the tenth calendar day of the month immediately following the relevant payment date.

Upon failure of the relevant member entities of Iberclear to comply with these requirements, or to remedy such noncompliance, regarding a Payment Statement, in a timely manner and in accordance with Section 44.4 of the RD 1065/2007, investors who are entitled to exemption on income under the Notes may have to carry out additional actions before the Spanish tax authorities for a tax refund to receive the full amount of accrued payments under the Notes and, ultimately, may receive a lower amount than they are entitled to under the Notes due to such exemptions to withholding tax neither being duly enforced nor claimed.

3. PERSONS RESPONSIBLE

Mr. Julio Fournier Fisas and Mr. Ismael Guerrero Arias, acting on behalf of and representing the Issuer, as joint directors (*administradores mancomunados*) of the Company, and with the acknowledgement and acceptance of the Guarantor, are responsible for the entire content of this Information Memorandum and are expressly authorized to execute and grant any public or private documents as may be necessary for the proper admission of the Program and issuance of the Notes.

Mr. Julio Fournier Fisas and Mr. Ismael Guerrero Arias hereby declare that the information contained in this Information Memorandum is, to their knowledge and after executing the reasonable diligence to ensure that it is as stated, compliant with the facts and does not omit any relevant fact likely to affect the content of this Information Memorandum.

4. DUTIES OF THE COMPANY'S REGISTERED ADVISOR ON THE MARF

The Issuer has appointed VGM Advisory Partners, S.L.U. ("**VGM**" or the "**Registered Advisor**") as the Company's registered advisor (*asesor registrado*) in the MARF. The Registered Advisor is domiciled in Madrid, Spain, with registered office at Calle de Serrano 68, 2º Dcha., 28001 Madrid, and its tax identification number (NIF) is B-86790110. VGM is registered with the Commercial Registry of Madrid (*Registro Mercantil de Madrid*) and with the MARF in its registry of registered advisors (*Registro de Asesores Registrados del Mercado*) pursuant to the *Instrucción Operativa 4/2014, de 17 de febrero*, in accordance with section 2 of the *Circular 3/2013, de 18 de julio, sobre asesores registrados del Mercado Alternativo de Renta Fija*.

The Issuer shall have, at all times as long as there are outstanding Notes, a designated registered advisor registered with the MARF. The Registered Advisor undertakes to collaborate with the Issuer in complying with the obligations related to the listing of the Notes on the MARF, acting as specialist liaison between both the MARF and the Issuer, and as a mean to facilitate its insertion and development in the new trading regime of the Notes.

Therefore, VGM shall provide the MARF with any periodically information as may be required and the MARF, in turn, may request from VGM any information it may deem necessary regarding the actions to be carried out and its corresponding obligations, being authorized to perform as many actions as necessary, where appropriate, in order to verify the information provided.

VGM shall assist the Issuer in relation to (i) the admission to trading of the Notes; (ii) its compliance with the obligations and duties of the Issuer before the MARF; (iii) the preparation and presentation of financial and business information required by the MARF's regulations; and (iv) the review of any such information to ensure it complies with the applicable regulatory requirements.

With respect to the request for the admission to trading of the Notes on the MARF, VGM has:

(i) verified that the Issuer complies with the requirements of the MARF's regulations for the admission to trading of the Notes; and

(ii) assisted the Issuer in the preparation of the Information Memorandum, reviewed all the information provided by the Issuer to the MARF in connection with the request for the admission to trading (*incorporación*) of the Notes on the MARF and checked that the information provided by the Issuer complies with the requirements of applicable regulations and does not leave out any relevant information that could lead to confusion among prospective investors.

Once the Notes are admitted to trading, the Registered Advisor shall:

(i) review the information that the Issuer prepares periodically for the MARF or on a one-off basis and verify that this information meets the content and deadlines requirements set out in the regulations;

(ii) advise the Issuer on any events that might affect compliance with the obligations undertaken when listing the Notes to trading on the MARF, and on the best manner of treating such events to avoid any breach of said obligations;

(iii) inform the MARF of any facts that may constitute a breach by the Issuer of its obligations in the event that it appreciates a potential material breach by the Issuer that had not been rectified following its advice; and

(iv) manage, deal with and answer any query and request for information from the MARF regarding the situation of the Issuer, progress of its activity, level of compliance with its obligations and any other data the MARF may deem relevant.

For the above purposes, the Registered Advisor shall perform the following actions:

(i) maintain regular and necessary contact with the Issuer and analyze any exceptional situations that may arise concerning the evolution of the price, trading volumes and other relevant circumstances regarding trading of the Notes;

(ii) sign any declarations which, in general, have been set out in the regulations as a consequence of the admission to trading of the Notes on the MARF, as well as with regard to the information required from companies with Notes listed on the MARF; and

(iii) forward to the MARF without delay any communication received from the Issuer in response to any queries and requests for information that MARF may have.

5. INFORMATION ON THE ISSUER

History

The Issuer is Canadian Solar EMEA Capital Markets, S.A.U., a limited liability company (*sociedad anónima*) duly incorporated on August 5, 2021 under the laws of Spain, under which it now operates.

The Issuer is registered with the Commercial Register of Madrid and its tax identification number is A16791311. It is domiciled in Spain with its registered office and principal place of business at Avenida del General Perón 27, 6th floor, 28020 Madrid (Spain).

Principal activities

The principal activity of the Issuer is to finance the business operations of the Group in EMEA. The Issuer may, from time to time, obtain financing, including through loans or issuing other securities, which securities may rank *pari passu* with the Notes (see Condition 7.3—*"Negative Pledge"*). To achieve its objectives, the Issuer may raise funds primarily by issuing debt instruments in the capital and money markets.

Organizational structure

The Issuer is a wholly-owned subsidiary of the Guarantor through a number of its subsidiaries (see "*Organizational Structure of the Group in EMEA*" below). At the date of this Information Memorandum, the issued share capital of the Issuer is € 60,000 divided into 60,000 ordinary fully paid-up shares with a nominal value of € 1 each.

Directors

At the date of this Information Memorandum, the Issuer is managed by Mr. Julio Fournier Fisas and Mr. Ismael Guerrero Arias as joint directors (*administradores mancomunados*).

Absence of financial statements

Since the Company was incorporated on August 2021 and registered with the Commercial Registry on September 2021, as of the date of this Information Memorandum, the Issuer has not prepared any annual or interim financial information.

6. INFORMATION ON THE GUARANTOR AND THE GROUP

6.1. *History*

The Guarantor is Canadian Solar Inc. The Guarantor was incorporated under the laws of the Province of Ontario, Canada in October 2001. It changed its jurisdiction by continuing under the Canadian federal corporate statute, the Canada Business Corporations Act, effective June 1, 2006. In July 2020, it filed articles of continuance to change its jurisdiction from the federal jurisdiction of Canada to the provincial jurisdiction of the Province of British Columbia. The Guarantor's common shares have been listed on the Nasdaq since November 2006 under the symbol "CSIQ". The principal executive office and principal place of business of the Guarantor is located at 545 Speedvale Avenue West, Guelph, Ontario, Canada N1K 1E6. Its website is www.canadiansolar.com. The information on the website does not form part of this Information Memorandum unless that information is expressly incorporated by reference into this Information Memorandum.

6.2. *Consolidated financial data*

The following statements of operations data for the years ended December 31, 2019 and 2020 and balance sheet data as of December 31, 2019 and 2020 have been derived from the audited consolidated balance sheets of the Guarantor and subsidiaries as of December 31, 2020, the related audited consolidated statements of operations, comprehensive income, changes in equity, and cash flows, for the year ended December 31, 2020, the related notes and the financial statement schedule (collectively, the "**Guarantor's Financial Statements**"). Investors should read the following selected consolidated financial data in conjunction with the Guarantor's Financial Statements, which are included by means of an SEC website link in the Form 20-F attached as Annex II. Additionally, investors should read the Guarantor's financial results for the quarter ended June 30, 2021, which are included in the form 6-K furnished to the SEC on August 12, 2021 ("*Report of foreign private issuer pursuant to Rule 13a-16 or 15d-16 under the Securities Exchange Act of 1934*") (the "**Form 6-K**") and available included by means of an SEC website link in this Information Memorandum in Annex I.

The Guarantor's Financial Statements are prepared and presented in accordance with U.S. generally accepted accounting principles ("**U.S. GAAP**").

- **Consolidated statements of operations data of Canadian Solar**

	For the years ended December 31,	
	2020	**2019**
GUARANTOR'S CONSOLIDATED STATEMENTS OF OPERATIONS DATA	**Audited (in thousands of U.S. dollars)**	
Total net revenues	3,476,495	3,200,583
Total cost of revenues	2,786,581	2,482,086
Gross profit	**689,914**	**718,497**
Total operating expenses, net	469,484	459,618
Income from operations	**220,430**	**258,879**
Other expenses, net	(85,946)	(79,206)
Income before income taxes and equity in earnings of earnings of unconsolidated investees	**134,484**	**179,673**
Net income	**147,246**	**166,555**
Net income attributable to Canadian Solar Inc.	146,703	171,585

- **Consolidated balance sheets of Canadian Solar**

	As of December 31,	
	2020	2019
GUARANTOR'S CONSOLIDATED BALANCE SHEETS	**Audited (in thousands of U.S. dollars)**	
ASSETS		
Current assets:		
Cash and cash equivalents	1,178,752	668,770
Restricted cash	458,334	526,723
Accounts receivable	408,958	436,815
Inventories	695,981	554,070
Project assets – current	747,764	604,083
Other current assets	696,033	462,475
Total current assets	**4,185,822**	**3,252,936**
Restricted cash	2,629	9,927
Property, plant and equipment, net	1,157,731	1,046,035
Intangible assets, net	22,429	22,791
Project assets non-current	389,702	483,051
Solar power systems, net	158,262	52,957
Investments in affiliates	78,291	152,828
Other non-current assets	541,988	446,682
Total assets	**6,536,854**	**5,467,207**
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	1,202,285	933,120
Long-term borrowings on project assets—current	198,794	286,173
Accounts and notes payable	1,225,378	1,130,592
Other payables	508,839	446,454
Other current liabilities	453,059	295,658
Total current liabilities	**3,588,355**	**3,091,997**
Long-term borrowings	446,090	619,477
Convertible notes	223,214	0
Other non-current liabilities	386,410	330,675
Total liabilities	**4,644,069**	**4,042,149**
Equity:		
Common shares	687,033	703,806
Retained earnings	940,304	793,601
Other equity	(56.915)	(104,273)
Total Canadian Solar Inc. shareholders' equity	**1,570,422**	**1,393,134**
Non-controlling interests	322,363	31,924
Total equity	**1,892,785**	**1,425,058**
Total liabilities and equity	**6,536,854**	**5,467,207**

6.3. *Credit rating of the Guarantor*

On September 13, 2021, Axesor issued a rating report on the Guarantor, based on its own methodology. In its report, Axesor assigned a global risk rating for the Guarantor of "BBB" with stable outlook. This rating focuses on the evaluation of solvency and the associated credit risk in the medium and long term of the Guarantor.

Axesor is established in the European Union and registered under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (CRA Regulation). A list of registered credit rating agencies is published at the European Securities and Market Authority's website: www.esma.europa.eu.

6.4. *Business overview*

Canadian Solar is one of the world's largest solar power companies and head of the Group, a leading vertically-integrated provider of solar power products, services and system solutions with operations in North America, South America, Europe, South Africa, the Middle East, Australia and Asia. The Guarantor is a British Columbia, Canada company and conducts most of its manufacturing operations in China and Southeast Asia.

The Group solar segment business involves the design, development, manufacturing and sale of a wide range of solar power products, including solar ingots, wafers, cells, modules and other materials, components and services (including EPC). Its solar power products include standard solar modules and specialty solar products. Its products include an array of solar modules built to general specifications for use in a wide range of residential, commercial and industrial solar power generation systems. Specialty solar products consist of customized solar modules that customers incorporate into their own products and complete specialty products, such as portable solar home systems. The Group sells its products primarily under the "Canadian Solar" brand name.

Canadian Solar competitive advantage is driven by its strong brand, which has been rated the number one "most bankable brand" by Bloomberg New Energy Finance over the past four consecutive annual bankability surveys. Canadian Solar also have one of the most globally diverse end markets, shipping to over 70 countries on an average quarter, including the U.S., Japan, China, Vietnam, Brazil, Spain, Australia, Germany, Mexico, Canada and the Netherlands. The Group's customers are primarily distributors, system integrators, project developers and installers/EPC companies, but its markets are over-indexed to premium markets and segments, such as the distributed generation segment which accounted for 54% of the Group's total shipments in 2020. This was significantly higher than the share of the distributed generation segment overall, which accounted for 38% of the global market.

In recent years, the Group has increased its investment in, and management attention on, the energy business. Its Global Energy segment primarily comprises solar power project development and sale, solar power projects operation, asset management services and sales of electricity globally outside of China, and its CSI Solar segment comprises solar power project development and sale, solar power projects operation, and sale of electricity in China. While Canadian Solar plans to continue to monetize its current portfolio of solar power projects in operation, it also intends to grow its energy business by building up the project pipeline.

In March 2015, the Guarantor acquired Recurrent Energy, LLC, or Recurrent, a leading solar energy developer with solar power projects located principally in California and Texas, and thereby significantly increased its solar project pipeline.

In October 2017, our Japanese subsidiary sponsored the listing of the Canadian Solar Infrastructure Fund on the Tokyo Stock Exchange. It currently remains as the largest publicly listed solar infrastructure fund in Japan, which is one of Canadian Solar's key markets.

As of June 30, 2021, the Guarantor's project backlog (formerly called late-stage, utility-scale, solar project pipeline), which refers to projects that have passed their Cliff Risk Date and are expected to be built in the next one to four years, totaled approximately 4.1 gigawatt peak, or GWp, with 744 megawatt peak, or MWp, in North America, 2,100 MWp in Latin America, 427 MWp in Asia Pacific excluding China, 455 MWp in EMEA, and 403 MWp in China. The Cliff Risk Date depends on the country where a project is located and is defined as the date

on which the project passes the last of the high-risk development stages (usually receipt of all required environmental approvals, interconnection agreements, FITs and PPAs).

As of June 30, 2021, the Group's project pipeline (formerly called its early-to-mid-stage, utility-scale, solar project pipeline) totaled 16.4 GW. In addition to its project backlog and project pipeline, as of June 30, 2021, the Group had 1,668 MWp of solar projects in construction; and a portfolio of solar power projects in operation totaling 391 MWp with an estimated resale value of approximately $ 390 million.

Canadian Solar is one of the first movers in developing and supplying energy storage solutions and projects. Given the exponential market opportunities driven by rapid technology improvements, declining battery storage costs, rising penetration of renewable energy and accelerating retirements of fossil fuel capacity, Canadian Solar has been developing technology and expertise in battery storage solutions over the past few years, strategically positioned the Group both in solar plus battery storage as well as in stand-alone storage opportunities. Canadian Solar has a unique advantage in tapping into the large energy storage market opportunities given its strong position as a global leader both in module manufacturing as well as a solar project development. Thus, both the Solar and Global Energy segments have focused strategically on their respective energy storage businesses.

The battery storage system integration team, currently under CSI Solar, focuses on delivering bankable, end-to-end, integrated battery storage solutions for utility scale, commercial and industrial, as well as residential applications. These systems solutions will be complemented with long-term service agreements, including future battery capacity augmentation services.

As of June 30, 2021, the Global Energy division's battery storage project development backlog and pipeline totaled 19.3 GWh, 800 MWh of backlog, 1,501 MWh in construction and 3 MWh in operation. As of June 30, 2021, the CSI Solar division's battery storage system integration pipeline totaled 6.6 GWh, 1,400 MWh in high probability forecast, and 861 MWh contracted or in construction. Contracted/in construction projects are expected to be delivered within the next 12 to 18 months. Forecast projects include those that have more than 75% probability of being contracted within the next 12 months, and the remaining pipeline includes projects that have been identified but have a below 75% probability of being contracted.

The Guarantor believes that Canadian Solar offers one of the broadest crystalline silicon solar power product lines in the industry. The Group's product lines range from modules of medium power output to high efficiency, high-power output multi-crystalline and mono-crystalline modules, as well as a range of specialty products. Canadian Solar currently sells its products to a diverse customer base in various markets worldwide, including the U.S., Japan, China, Vietnam, Brazil, Spain, Australia, Germany, Mexico, Canada and the Netherlands. The Group's customers are primarily distributors, system integrators, project developers and installers/EPC companies.

Canadian Solar employs a flexible vertically integrated business model that combines internal manufacturing capacity with direct material purchases of both cells and wafers. The Guarantor believes this approach has benefited the Group by lowering the cost of materials of its solar module products. The Guarantor also believes that this approach provides the Group with greater flexibility to respond to short-term demand increases.

As of June 30, 2021, Canadian Solar had 19.7 GW of total annual solar module manufacturing capacity, 13.3GW of cell, 8.7 of wafer and 5.1 of ingot. The Group intends to use substantially all of the silicon wafers that it manufactures to supply its own solar cell plants and to use substantially all of the solar cells that the Group manufactures to produce its own solar module products. The Group also intend to use some of the solar modules it produces in its energy projects. The Group's solar module manufacturing costs in China, including purchased polysilicon, wafers and cells, decreased from 20.4 cents per watt in December 2018 to 18.8 cents per watt in December 2019, and increased to 21.9 cents per watt in December 2020. Despite the recent increase, the Group expects to continue to decrease the manufacturing costs for its production of wafers, cells and modules in the long run.

Canadian Solar intends to continue to focus on reducing its manufacturing costs by improving solar cell conversion efficiency, enhancing manufacturing yields and reducing raw material costs.

6.5. *Products and services*

The Group business consists of the following two business segments:

- The CSI Solar segment, and
- The Global Energy segment.

The CSI Solar Segment involves the design, development, manufacturing and sale of a wide range of solar power products, including solar modules, solar system kits, battery energy storage solutions, China energy (including solar projects, EPC services and electricity revenue in China), and other materials, components and services (including EPC).

The Global Energy Segment primarily consists of global solar and energy storage power projects (excluding China), O&M and asset management services, global electricity revenue (excluding China), as well as other development services.

Products offered in the CSI solar segment

Standard solar modules

The standard solar modules are arrays of interconnected solar cells in weatherproof encapsulation. The Group produces a wide variety of standard solar modules, ranging from 3W to over 665W in power and using mono-crystalline or multi-crystalline cells in several different design patterns, including shingled cells. Canadian Solar introduced the industry's first module product using 166mm wafers, in comparison with the conventional 156.75mm wafers. Canadian Solar also first introduced the highest power 665W module using 210mm wafers in mass production. The Group mainstream solar modules include CS7N (132 half-cells, 210mm wafer), CS7L (120 half-cells, 210mm wafer), CS6W (144 half-cells, 182mm wafer), CS3Y (156 half-cells, 166mm wafer), CS3W (144 half-cells, 166mm wafer), CS3N (132 half-cells, 166mm wafer), CS3L (120 half-cells, 166mm wafer), BiHiKu7 (bifacial module, 210mm wafer), BiHiKu6 (bifacial module, 182mm wafer), BiHiKu5 (bifacial module, 166mm wafer), BiHiKu (bifacial module, 166mm wafer), and HiDM CS1Y all-black modules. The mainstream modules are designed for residential, commercial and utility applications. The small modules are for specialty applications.

Canadian Solar launched its Quartech modules in March 2013. Quartech modules use 4-busbar solar cell technology which improves module reliability and efficiency. CS6P (6 × 10 cell layout) Quartech modules have power output between 255 W and 270 W, which enables the Group to offer customers modules with high power. The Group launched and started shipping Dymond modules in October 2014. Dymond modules are designed with double-glass encapsulation, which is more reliable for harsh environments and ready for 1500V solar systems.

The Group launched and started shipping SmartDC modules in September 2015. SmartDC modules feature an innovative integration of its module technology and power optimization for grid-tied PV applications. By replacing the traditional junction-box, SmartDC modules eliminate module power mismatch, mitigate shading losses and optimize power output at module-level. SmartDC modules also provide module-level data to minimize operational costs and to permit effective system management.

In March 2016, Canadian Solar launched its new Quintech SuperPower mono-crystalline modules. Quintech SuperPower mono-crystalline modules are made of cells with PERC technology and significantly improve module efficiency and reliability. CS6K (6 × 10 cell layout aligned with mainstream dimensions) Quintech SuperPower mono modules have a power output between 285 W and 300 W with high efficiency and high reliability. The Group started commercial production of Quintech CS6K and CS6U modules in 2016. These modules have features such as 5 busbar cells, standardized module dimensions and cell and module improvements, resulting in higher wattage production and better performance. These modules are intended for broad base introduction, which covers mono-crystalline cells, multi-crystalline cells and mono-crystalline PERC cells.

At the beginning of 2015, Canadian Solar started commercial production of Onyx cells with its in-house developed black silicon technology, Onyx technology. Onyx technology employs a nano-texturing process to make the multi-crystalline cell almost fully black, increasing cell efficiency and module wattage at the same time. The Group started increasing the production volume of Onyx cells in 2016, which have been incorporated into its Quartech and Quintech module families.

In July 2016, Canadian Solar launched the 1500V System Voltage crystalline solar module portfolio. The 1500V System Voltage crystalline module provides a robust and cost-efficient system solution by adding more modules in a string, which decreases the number of combiner boxes, direct current homeruns and trenching. This unique product design improves the overall system performance and efficiency and reduces labor cost and installation time.

In 2017, Canadian Solar launched the Ku module series which results in an improvement in failure redundancy with innovative cell matrix interconnection technology. The module power output is enhanced by up to 10 Watt per module while reducing the module working temperature. Canadian Solar developed P4 cell technology, which is multi-crystalline PERC technology. The combination of P4 cell and Ku module technologies enable the Group to offer customer higher wattage and more reliable multi crystalline module products. Canadian Solar also launched and shipped HDM (High Density Module) product to some markets this year. The HDM offers high wattage, high module efficiency and pleasant aesthetics for residential applications.

In 2018, Canadian Solar launched the BiKu modules which are bifacial designed and can generate additional electricity from the backside of the module. These modules have more shading tolerance and a much lower hot spot risk thanks to the innovative design on the bifacial cell and double glass module. At the end of 2018, Canadian Solar began the mass production of the HiKu module, the first commercially available multi-crystalline module exceeding 400 watts with significant leveraged cost of energy, or LCOE, advantages. In 2018, the Group launched the HiDM module, which is an upgrade of the HDM module and uses shingled cells to increase both module wattage and efficiency. Canadian Solar also launched P5 technology, which is based on casted mono technology developed in house, and will boost cell and module efficiencies close to mono while retaining all the advantages of multi technology, such as LID, LeTID and lower cost.

In 2019, Canadian Solar continued to expand its high-power module product portfolio based on 166mm wafers. In July 2019, the Group started to mass-produce BiHiku modules. BiHiKu is a bifacial module utilizing its 166mm P4 (multi PERC) cells which have a front side power output exceeding 400 watts. In addition to modules utilizing the 166mm P4 (multi PERC) cells, Canadian Solar launched HiKu and BiHiKu modules using 166mm P5 (casted mono) and mono PERC cells. The Group's CS3L (120 half-cells, 166mm wafer) mono PERC modules can achieve power output exceeding 360 watts, which is suited for residential applications, and its CS3W (144 half-cells, 166mm wafer) mono modules can reach wattage up to 445 watts. By the end of August 2019, Canadian Solar converted 100% of its cell production capacity into PERC and by the end of the year, over one-third of its module capacity was for HiKu and BiHiKu. The Group's 166mm wafer module products are becoming its new "standard" products. For the residential market, Canadian Solar ramped up the all-black version of its HiDM module with appealing aesthetics and high module efficiency. The Group's full-cell modules such as CS6K and CS6U are gradually being phased out and replaced by Ku, BiKu and HiDM modules. In 2019, Canadian Solar also officially phased out all the double glass mono-facial modules due to the introduction of the more competitive bifacial modules.

In 2020, Canadian Solar continued to launch high power modules using bigger wafers. In July 2020, the Group introduced CS3Y (156 half-cells, 166mm wafer) module to the market. The power wattage of the HiKu series modules is further enhanced to 490W to accommodate the needs of its customers. Several new technologies were first used in this new module and were further used in the HiKu6 and HiKu7 modules launched later. Smaller gap between cells brings the blank area down by 70% on the module surface, and helps to increase the module efficiency by 0.3%. HTR (Hetero ribbon) and flexible welding process further facilitates the smart interconnection without causing additional microcracks, especially on bigger modules. In November 2020, Canadian Solar began mass production of CS6W (144 half-cells, 182mm wafer) module. The module power of CS6W is up to 550W. HiKu7, the power module with the highest power output, was then brought to market in December 2020, including HiKu7L (120 half-cells, 210mm wafer), and HiKu7N (132 half-cells, 210mm wafer). The module power

of HiKu7L reaches 595W while HiKu7N reaches 665W, the highest power output in the market. 210mm wafer-based modules HiKu7 will be its standard offering in the coming years. For the residential market, the Group brought HiDM-all black modules and HiKu3L-all black module with appealing aesthetics to its customers. Canadian Solar also introduced HiKu-Lite module with less weight for loading-limited installation locations. The Group is among the first few companies to supply light weight modules in Japan.

Canadian Solar's standard solar modules are designed to endure harsh weather conditions and to be transported and installed easily. The Group sells its standard solar modules primarily under its brand name.

Energy solution products

Canadian Solar's non-module, energy solution products are mainly solar inverters and energy storage systems for utility, commercial, residential and specialty product applications.

The Group's solar string inverters are grid-tied, converting direct current electricity from its solar modules. Canadian Solar's inverter products cover typical power ranges from 1.5kW to 125kW power levels and are certified and available broadly in many regions globally.

Canadian Solar's Maple solar system is an economical, safe and clean energy solution for families who burn kerosene for lighting. The Maple solar system includes a solar panel, energy-efficient light-emitting diode, or LED, lights, Li-ion batteries and multiple cell phone charger plugs. It can be used as a regular light at home or for camping, as an SOS signal in emergency, and as a mobile power bank for consumer electronics, such as mobile phones or other 5 V DC electronic devices.

Solar system kits

A solar system kit is a ready-to-install package consisting of solar modules produced by Canadian Solar and components, such as inverters, racking system and other accessories, supplied by third parties. The Group began selling solar system kits in 2010. In 2020, Canadian Solar sold them primarily to customers in Japan and China.

EPC services

Canadian Solar started to provide EPC services in 2018, covering China.

Battery storage solutions

Canadian Solar's battery storage solutions team focuses on delivering bankable, end-to-end, integrated battery storage solutions for utility scale, commercial and industrial, as well as residential applications. These systems solutions will be complemented with long-term service agreements, including future battery capacity augmentation services. See Form 20-F, *"Item 4. Information on the Company—B. Business overview—Sales, Marketing and Customers—CSI Solar Segment—Battery Storage Solutions"* for a description of the status of the battery storage solutions in China.

China solar project development and sale

Canadian Solar develops, builds and sells solar power projects in China. The Group has a team of experts who specialize in project development, evaluations, system designs, engineering, managing, project coordination and organizing financing. The Group's project sales team actively identifies and pursues suitable buyers for its solar power projects. See Form 20-F, *"Item 4. Information on the Company—B. Business overview—Sales, Marketing and Customers—CSI Solar Segment—Solar Project Development and Sale"* for a description of the status of the solar power projects in China.

Operating China solar power plants and sales of electricity

Canadian Solar operates certain of its solar plants in China and generates income from the sale of electricity. Although most of the Group's solar power projects are developed for sale, Canadian Solar may operate them for

a period of time before they are sold. As of June 30, 2021, the Group had a fleet of solar power plants in operation in China with an aggregate capacity of approximately 202 MWp.

Products and services offered in the Global Energy Segment

Solar project development and sale

Canadian Solar develops, builds and sells solar power projects. The Group's solar project development activities have grown over the past several years through a combination of organic growth and acquisitions. The global solar power project business develops projects primarily in U.S., Japan, the EU, Brazil, Mexico and Australia. Canadian Solar's has a team of experts who specialize in project development, evaluations, system designs, engineering, managing, project coordination and organizing financing. The Group's project sales team actively identifies and pursues suitable buyers for its solar power projects. See Form 20-F, *"Item 4. Information on the Company—B. Business overview—Sales, Marketing and Customers—Global Energy Segment—Solar Project Development and Sale"* for a description of the status of the solar power projects.

Operating solar power plants and sales of electricity

Canadian Solar operates certain of its solar plants and generates income from the sale of electricity. Although most of the solar power projects are developed for sale, Canadian Solar may operate them for a period of time before they are sold. The Group has been optimizing its operating model to increasingly retaining minority ownership interest in its own projects. As of June 30, 2021, Canadian Solar had a fleet of solar power plants in operation (excluding China) with an aggregate capacity of approximately 189 MWp.

O&M services

In 2020, Canadian Solar provided O&M services primarily in North America, Japan, Australia and United Kingdom. O&M services include inspections, repair and replacement of plant equipment and site management and administrative support services for solar power projects in operation. As of June 30,2021, Canadian Solar manages over 2 GW of operational projects under long-term O&M agreements, and an additional 2 GW of contracted projects that will be operated and maintained by the Company once they are placed in operation. Canadian Solar's target is to reach 11 GW of projects under O&M agreements by 2025.

Asset management services

In 2020, Canadian Solar provided asset management services primarily in the North America and Japan.

Battery storage solutions

Canadian Solar's energy storage project development is now fully integrated within the main solar development teams. Given the segment's large and growing pipeline, it is uniquely positioned to capture utility-scale energy storage projects, both co-located with solar PV as well as stand-alone opportunities. See Form 20-F, *"Item 4. Information on the Company—B. Business overview—Sales, Marketing and Customers—Global Energy Segment—Battery Storage Solutions"* for a description of the status of the battery storage solutions.

Fund formation

Canadian Solar established investment funds for the purpose of pooling capital to develop, build and accumulate solar power projects. The Group currently owns a 15% stake in the Canadian Solar Infrastructure Fund, the largest listed Japanese infrastructure fund on the Tokyo Stock Exchange. The Group also established the Brazilian Participation Fund for Infrastructure projects. Similar project investment vehicles in certain European countries are also currently underway. Through launching these localized vehicles, Canadian Solar is building up its expertise in designing investment vehicles in local markets that will help maximize the value of its project assets. In addition, Canadian Solar established in early 2021 the Fund, partnering with a business unit of Macquarie Group as a minority investor and financial advisor of the Fund to raise JPY22 billion ($ 213.2 million) of committed

capital that will be used to develop, build and accumulate new solar projects in Japan. Once the projects are acquired, the Fund will contract the Group to provide asset management services to the projects.

6.6. *Supply chain management*

CSI Solar Segment

The CSI Solar segment depends on Canadian Solar's ability to obtain a stable and cost-effective supply of polysilicon, solar ingots, wafers and cells. The Group's silicon wafer agreements set forth price and quantity information, delivery terms and technical specifications. While these agreements usually set forth specific price terms, most of them also include mechanisms to adjust the prices, either upwards or downwards, based on market conditions. Over the years, Canadian Solar has entered into a number of long-term supply agreements with various silicon and wafer suppliers in order to secure a stable supply of raw materials to meet Canadian Solar's production requirements. Under these supply agreements with certain suppliers, and consistent with historical industry practice, Canadian Solar makes advance payments prior to scheduled delivery dates. These advance payments are made without collateral and are credited against the purchase prices payable by Canadian Solar. In 2020, Canadian Solar purchased a significant portion of the silicon wafers used in its solar modules from third parties. The Group's largest silicon wafer supplier was Longi, which Canadian Solar has silicon wafer purchase agreement with through 2022. The Group plan to continue to diversify its external wafer and polysilicon suppliers.

Canadian Solar purchases solar cells from a number of international and local suppliers primarily in China, in addition to manufacturing its own solar cells and having toll manufacturing arrangements with its solar cell suppliers. The Group's solar cell agreements set forth price and quantity information, delivery terms and technical specifications. These agreements generally provide for a period of time during which the Group can inspect the product and request the seller to make replacements for damaged goods. Canadian Solar generally requires the seller to bear the costs and risks of transporting solar cells until they have been delivered to the location specified in the agreement. In 2020, the Group's largest supplier of solar cells was Aiko Solar. As Canadian Solar expand its business, the Group expects to increase its solar cell manufacturing capacity and diversify its solar cell supply channel to ensure Canadian Solar has the flexibility to adapt to future changes in the supply of, and demand for, solar cells.

For risks relating to the long-term agreements with the Group's raw material suppliers, see risk factor—"*Long-term supply agreements may make it difficult for Canadian Solar to adjust raw material costs should prices decrease. Also, if the Group terminates any of these agreements, it may not be able to recover all or any part of the advance payments made to these suppliers and may be subject to litigation as well*".

The CSI Solar segment also supplies part of the solar modules used in its own solar power projects development in China.

Global Energy Segment

The CSI Solar segment supplies part of the solar modules used in the Global Energy segment.

6.7. *Manufacturing, construction and operation*

CSI solar segment

Canadian Solar assembles its solar modules by interconnecting multiple solar cells by tabbing and stringing them into a desired electrical configuration. Canadian Solar lay the interconnected cells, laminate them in a vacuum, cure them by heating and package them in a protective lightweight anodized aluminum frame. Canadian Solar seals and weatherproofs its solar modules to withstand high levels of ultraviolet radiation, moisture and extreme temperatures.

The Group selectively use automated equipment to enhance the quality and consistency of its finished products and to improve the efficiency of its manufacturing processes. Key equipment in its manufacturing process includes automatic laminators, simulators and solar cell testers. The design of the assembly lines provides flexibility to adjust the ratio of automated equipment to skilled labor in order to maximize quality and efficiency.

For solar power projects development in China, Canadian Solar generally constructs solar projects through CSI New Energy Development (Suzhou) Co., Ltd. (formerly known as Suzhou Gaochuangte New Energy Development Co., Ltd.), a subsidiary of CSI Solar.

Global energy segment

Canadian Solar develops, constructs, maintains, sells and/or operates solar power and energy storage projects primarily in U.S., Japan, Argentina, Mexico, the EU, Canada, Brazil and Australia. The Group engages in all aspects of the development and operation of solar power and energy storage projects, including project selection, design, permitting, engineering, procurement, construction, installation, monitoring, operation and maintenance. For the solar power and energy storage projects that the Group develops, Canadian Solar has the option of either using its own engineering and operation teams or hiring third-party contractors to build and operate the projects prior to sale.

The solar power and energy storage projects development process primarily consists of the following stages:

- *Market due diligence and project selection*. Canadian Solar searches for project opportunities globally with the goal of maintaining a robust and geographically diversified project portfolio. Its business team closely monitors the global solar power and energy storage projects market and gathers market intelligence to identify project development opportunities. The development team prepares market analysis reports, financial models and feasibility studies to guide the Group in evaluating and selecting solar power and energy storage projects. As Canadian Solar considers undertaking new solar power and energy storage projects, the Group weighs a number of factors including location, local policies and regulatory environment, financing costs and potential internal rate of returns.
- *Project financing*. Canadian Solar typically includes project financing plans in its financial models and feasibility studies. The Group finances its projects through its working capital and debt financing from local banks or international financing sources that require Canadian Solar to pledge project assets.
- *Permitting and approval*. Canadian Solar either obtains the permits and approvals necessary for solar projects itself or it acquires projects that have already received the necessary permits and approvals. The permitting and approval process for solar power and energy storage projects varies from country to country and often from region to region within a country.
- *Project design, engineering, procurement and construction*. Its engineering team generally designs solar power and energy storage projects to optimize performance while minimizing construction and operational costs and risks. The engineering design process includes the site layout and electrical design as well choosing the appropriate technology, in particular module and inverter types. The Group uses solar modules produced by it and by third-party manufacturers, and procures inverters and other equipment from third-party suppliers.

As of September 30, 2021, the Group operates and maintains solar power plants primarily in Japan, Argentina, Australia and Brazil. Canadian Solar enters into grid-connection agreements and/or PPAs with the local grid companies. After a project is connected to the grid, the Group regularly inspects, monitors and manages the project site with the intention to maximize the utilization rate, rate of power generation and system life of the project.

Canadian Solar operates a monitoring center in Guelph, Ontario, Canada, which adopts the global monitoring platform (CSEye) to manage system alarms and reports. Its proprietary algorithms analyze the performance of the third party power plants that the Group operates and maintains on a daily basis and identify potential problems. For example, they raise alarms when inverters or strings are under-performing.

6.8. *Quality control and certifications*

Canadian Solar has registered its quality control system according to the requirements of ISO 9001:2008 standards. TUV Rheinland Group, a leading international service company that documents the safety and quality of products, systems and services, audits the Group's quality systems. Canadian Solar inspects and tests incoming raw materials to ensure their quality. The Group monitors its manufacturing processes to ensure quality control and it inspects finished products by conducting reliability and other tests.

The Group also maintains various international and domestic certifications for its solar modules. For example, Canadian Solar has obtained IEC61215/61730 certifications for sales of its modules in Europe, UL1703 and UL61730 certifications for sales of its modules in North America, and other necessary certifications for sales of the Group's modules in Japan, South Korea, India, Brazil, Australia, Taiwan, and Great Britain and under several solar programs in China, including Top Runner. The IEC certification is issued by Verband Deutscher Elektrotechniker, or VDE, and the UL certification by Canadian Standards Association, or CSA. All of its modules launched in the past years satisfy the latest standards, including IEC 61215, IEC61730 and UL 1703, and have achieved high California Energy Commission, or CEC, PVUSA test condition ratings. All have passed additional extended stress program qualifications such as salt mist testing, ammonia testing, PID testing, as well as extra-standard or "3-times" testing programs from PVEL and VDE. Earlier this year, Canadian Solar also achieved successfully all required steps for a new competitive carbon footprint certification for the French market special tender requirements.

Canadian Solar's PV test laboratory is accredited by CNAS according to ISO 17025 quality management standard, and has been approved into various Data Acceptance Program by the CSA, the VDE, Intertek Satellite Lab in the U.S. and the China Quality Certification Center, or CQC, in China. The PV test laboratory allows the Group to conduct some product certification testing in-house, which decreases time-to-market and certification costs, as well as exhaustive product and component reliability research to drive improvements in product durability.

6.9. *Sales by location*

The following table sets forth, for the periods indicated, certain information relating to the Group's total net revenues derived from its customers categorized by their geographic locations for the periods indicated:

	For the years ended December 31,			
	2020		2019	
GUARANTOR'S CONSOLIDATED NET REVENUES BY GEOGRAPHY	Total net revenues Audited (in thousands of U.S. dollars)	Percentage of revenues (%)	Total net revenues Audited (in thousands of U.S. dollars)	Percentage of revenues (%)
Asia	1,620,840	46.6	1,018,083	31.8
Americas	1,221,105	35.1	1,402,041	43.8
Europe and others	634,550	18.3	780,459	24.4
Total	**3,476,495**	**100.0**	**3,200,583**	**100.0**

6.10. *Environmental matters*

The Guarantor believes the Group has obtained the environmental permits necessary to conduct the business currently carried on by Canadian Solar at its existing manufacturing facilities. However, there may be a degree of uncertainty due to possible changes in regulations or the inability to anticipate or clarify environmental requirements in China (see Form 20-F, *"Item 3. Key Information—D. Risk factors—Risks Related to Doing Business in China"*). Canadian Solar has also conducted environmental studies in conjunction with its solar power projects to assess and reduce the environmental impact of such projects. Its major operations are certified under ISO14001 environmental and ISO45001 Occupational Health and Safety standards, which required that the Group implements and operates according to various procedures that demonstrate waste reduction, energy conservation, injury reduction and other environmental, safety and health objectives.

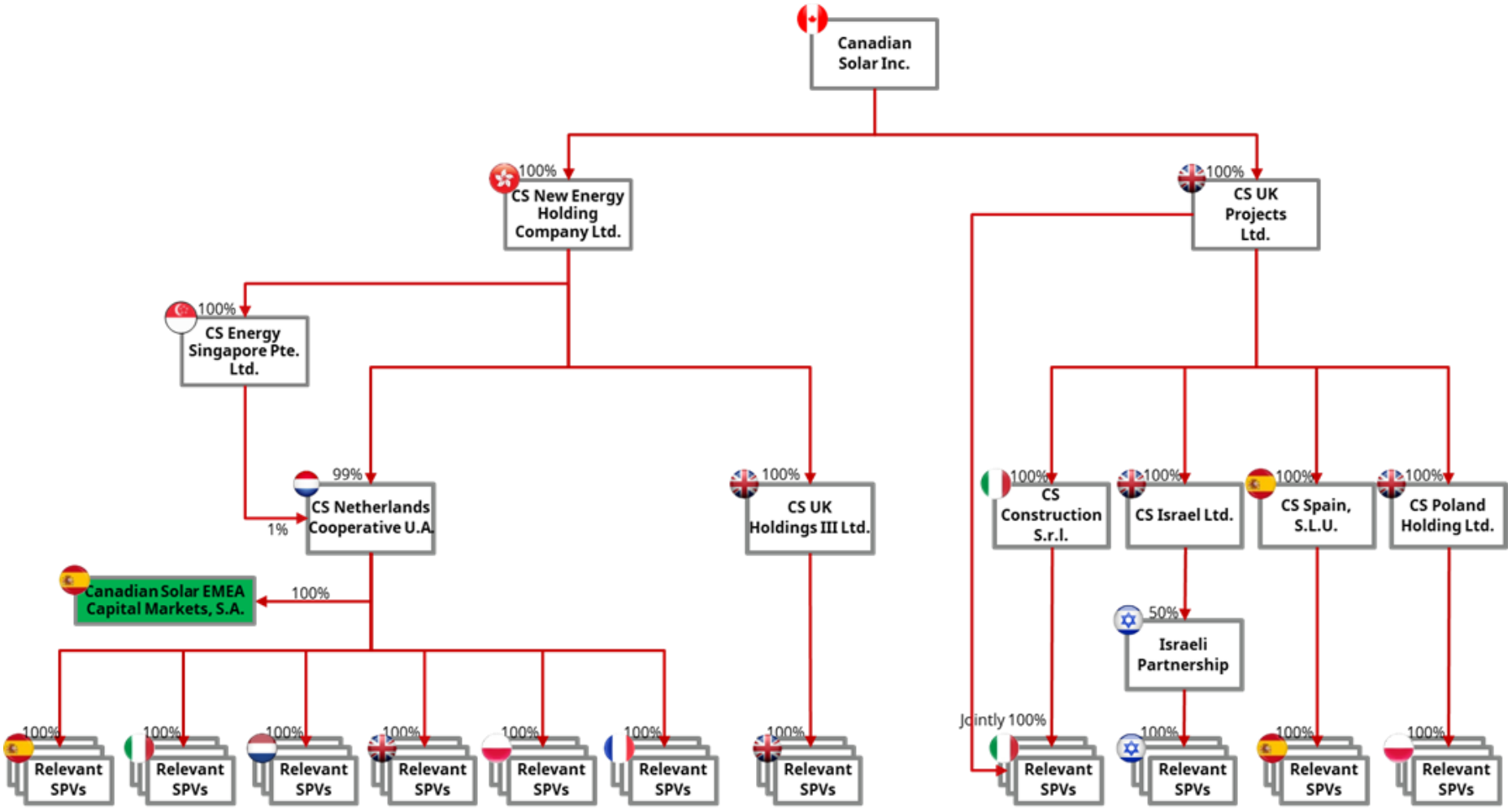
Canadian Solar has finished establishing its internal ISO14064:2018 GHG (Green House Gas) quantification and reporting system under guidance of 3rd party Société Générale de Surveillance (SGS), to identify, quantify and report its GHG emissions and removals at the organization level, setting up solid ground for continuous GHG emissions reduction.

The Group's products must comply with the environmental regulations of the jurisdictions in which they are installed. Canadian Solar makes efforts to ensure that its products comply with the EU Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).

Canadian Solar operations are subject to regulation and periodic monitoring by local environmental protection authorities. If the Group fails to comply with present or future environmental laws and regulations, the Group could be subject to fines, suspension of production or cessation of operations.

6.11. *Organizational structure of the Group in EMEA*

The following table sets out the abbreviated corporate structure chart of the Guarantor's main companies in the EMEA area as of the date of this Information Memorandum.



7. TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the "**Conditions**") which will be applicable to the Notes together with the provisions of the relevant Final Terms, which may complete any information in this Information Memorandum.

1. Form, denomination and title

(a) Form and denomination

The Notes will be issued in dematerialized book-entry form (*anotaciones en cuenta*) in the aggregate nominal amount, specified denomination and specified currency shown in the relevant Final Terms provided that the minimum denomination shall be € 100,000 (or its minimum equivalent amount in any other currency as at the Issue Date of the relevant Notes).

(b) Registration, clearing and settlement

The Notes will be registered with the Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal ("**Iberclear**"), which is the Spanish central securities depository, with its registered office at Plaza de la Lealtad, 1, 28014, Madrid, Spain. Noteholders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may hold the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") with Iberclear. Iberclear will manage the settlement of the Notes, notwithstanding the Issuer's commitment to assist, when appropriate, on the settlement of the Notes through Euroclear and Clearstream, Luxembourg.

The information concerning the International Securities Identification Number of the Notes (the "**ISIN**") will be stated in the Final Terms.

(c) Title and transfer

Title to the Notes will be evidenced by book-entries and each person shown in the central registry managed by Iberclear and in the registries maintained by the respective member entities (*entidades participantes*) of Iberclear as being the holder of the Notes shall be considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the "**Noteholder**" of a Note means (i) the person in whose name such Note is for the time being registered in the Spanish central securities depository managed by Iberclear or, as the case may be, in the accounting book of the relevant member of Iberclear Member; and (ii) when appropriate, owners of a beneficial interest in the Notes.

One or more certificates attesting to the relevant Noteholder's holding of the Notes in the relevant registry will be delivered by the relevant member of Iberclear or, where the Noteholder is itself a member of Iberclear, by Iberclear (in each case, in accordance with the requirements of Spanish law and the relevant procedures of the member of Iberclear or, as the case may be, Iberclear's procedures) to such Noteholder upon request.

The Notes will be issued without any restrictions on their free transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant member of Iberclear) upon registration in the relevant registry of each member of Iberclear and/or Iberclear itself, as applicable. Each Noteholder will be treated as the legitimate owner (*titular legítimo*) of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the certificate issued in respect of it) and no person will be liable for so treating the Noteholder.

2. Guarantee and status

(a) **Guarantee**

Under the Guarantee, the Guarantor has unconditionally and irrevocably guaranteed the due payment of all the amounts outstanding under the Notes to be payable by the Issuer. The obligations of the Guarantor in that respect are contained in the Guarantee, which is subject to (i) a maximum aggregate amount of liability of the Guarantor (i.e. € 125,000,000); and (ii) a time limitation (i.e., a 180-day duration after the relevant Maturity Date of the Notes). A copy of the Guarantee is available electronically upon request made by any Noteholder to the Commissioner. In addition, Section 8.8 contains a summary of the Guarantee.

(b) **Status**

The Notes shall constitute (subject to the provisions of Condition 7.3—"*Negative Pledge"*) direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall rank *pari passu*, without preference among themselves except for any applicable legal and statutory exceptions. In particular, upon insolvency (*concurso*) of the Issuer, the obligations of the Issuer under the Notes shall (except for any applicable legal and statutory exceptions) at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer (unless they qualify as subordinated debts under the Spanish Insolvency Law or equivalent legal provisions which replace it in the future).

The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by the laws of bankruptcy and other laws affecting the rights of creditors generally and subject to Condition 7.3—"*Negative Pledge"*, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.

3. Negative pledge

In connection with any Relevant Indebtedness, the Issuer and the Guarantor will neither create, nor grant nor allow the granting or creation of any Security Interest in favor of any third party, upon the whole or any part of its undertaking, assets or revenues, present or future to secure any Relevant Indebtedness, unless:

(i) the beneficiary of the relevant Security Interest is any company of the Group;

(ii) the relevant Security Interest is created by operation of law;

(iii) it is a Security Interest constituted as of the date of this Information Memorandum;

(iv) it is a Security Interest approved by the majority of the Noteholders;

(v) the relevant Security Interest is also granted in favor of the Notes; or

(vi) the fair market value of the undertaking, assets or revenues over which such Security Interest is created or granted, individually or in the aggregate, does not exceed € 50 million excluding any Security Interest constituted as of the date of this Information Memorandum.

4. Other obligations

The following obligations are to be fulfilled by the Issuer, notwithstanding any other obligations that may be included in the Final Terms of any particular issuance of Notes.

(a) **Transactions with related parties**

The Issuer shall neither execute nor underwrite any contract or transaction with any Related Party, unless:

(i) it is a Permitted Related Party Transaction, or

(ii) it complies with all the following requirements: (a) is made on an arm's length basis, (b) occurs in the ordinary course of business of the relevant entity, and (c) meets the requirements of Spanish

law (in particular, approved pursuant to Section 231 bis of the Spanish Companies Act as the case may be).

(b) **Financial information**

The Issuer shall publish on the website of MARF and provide the Commissioner as soon as they become available, and in any event within 180 calendar days immediately after the end of each Financial Year, commencing with the Financial Year ending on 31 December 2021, a copy of:

(i) the audited individual financial statements of the Issuer;

(ii) a reference or website link to the Consolidated Annual Financial Statements; and

(iii) the Guarantor's Certificate, if Condition 7.6—*"Financial covenants"* is so specified as applicable in the relevant Final Terms.

(c) **Other information**

(i) The Issuer undertakes to publish by means of a notice of other relevant information (*otra información relevante–OIR*) in the MARF's website and to provide the Commissioner with information, if any, regarding any relevant change that may materially affect the Issuer or the Notes (e.g., dividends, corporate restructuring, litigation, arbitration etc.), which may adversely and materially affect the structure, financial situation and solvency of the Issuer.

Without prejudice to the foregoing, the Issuer undertakes to provide the Commissioner with such additional information, if any, as may be reasonably required by the Commissioner regarding the circumstances of the relevant changes referred to in the preceding paragraph.

The Issuer undertakes to report any breach of the obligations described in this section 4(c)(i) within 5 Business Days of its occurrence.

(ii) The Issuer undertakes to provide to the Commissioner with (i) any annual report of the Issuer on the monitoring of the environmental, social and governance policies (*informe de información no financiera*) (the "**ESG Policies**") if so required under Spanish law; and (ii) any applicable substantial updates and developments relating to the Issuer's ESG Polices.

(iii) The Issuer shall inform and provide the Commissioner (who shall make it available to the Noteholders at least at the offices specified for that purpose) all the information that the Commissioner (on the behalf of the Noteholders) shall reasonably request regarding compliance with any Environmental Laws, Anticorruption Laws and Anti-Money Laundering Laws applicable to the Issuer and the Guarantor.

5. Taxation

(a) **Gross up**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Spain or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, only if the withholding or deduction has to be applied as a consequence of the delisting of the Notes, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(i) by or on behalf of a Noteholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by

which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or

(ii) to, or to a third party on behalf of, a Noteholder in respect of whom withholding is to be levied as a consequence of the Issuer having not received, within the time period established by applicable law, the relevant duly executed and completed certificate required in order to comply with the Law 10/2014 as well as the RD 1065/2007 (each, as amended from time to time), and any other implementing regulation; or

(iii) to, or to a third party on behalf of, a Noteholder, in respect of whose Notes the Issuer (or an agent acting on behalf of the Issuer) has not received the information as might be necessary under the applicable law or regulation to allow payments on such Note to be made free and clear from withholding tax or deduction on account of taxes levied by the Kingdom of Spain, including when the Issuer does not receive such information concerning such Noteholder's identity and tax residence as may be required in order to comply with the procedures that may be implemented;

(iv) to, or to a third party on behalf of, a Noteholder who is able to deduct or credit the withholding tax. Credit means a credit against, relief or remission for, or repayment of any type of tax; or

(v) any combination of items (i) through (iv) above.

(b) **Taxing jurisdiction**

If the Issuer becomes subject at any time to any taxing jurisdiction other than Spain, references in these Conditions to Spain shall be construed as references to Spain and/or such other jurisdiction.

6. Financial covenants

Each issuance of Notes may include financial covenants in the relevant Final Terms.

7. Interest and other calculations

(a) **Interest**

The Notes might be issued with fixed or floating interest rate (the "**Interest Rate**") as determined in the relevant Final Terms. In addition, Notes may accrue a contingent interest rate if so specified in the relevant Final Terms (see Condition 7.7(f)—*"Contingent interest rate"*).

(b) **Accrual of interest**

Interest Rate shall accrue interest from the Issue Date of each issuance of Notes. Each Note will cease to bear interest when such Note is redeemed or repaid pursuant to Condition 7.8—"*Redemption and Purchase"* or Condition 7.9—"*Events of Default"*.

(c) **Interest Period**

The interest period corresponding to any interest payment date (the "**Interest Payment Date**") of each issuance of Notes, which shall be monthly, quarterly, semi-annually or annually (the "**Interest Period**"). If applicable, the existence of any irregular periods will be set forth in the relevant Final Terms.

If interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, it shall be calculated by applying the Interest Rate to the Notes denomination, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) where:

(i) "**Day Count Fraction**" means in respect of any period the number of days in the relevant period, from and including the date on which interest begins to accrue up to but excluding the date on

which it falls due, divided by the number of days in the Regular Period in which the relevant period falls; and

(A) If "**Actual/Actual ICMA**" is so specified in the relevant Final Terms, "Actual/Actual ICMA" shall have the meaning set out in the ISDA Definitions (as defined below).

(B) If "**Actual/360**" is so specified in the relevant Final Terms, "Actual/360" shall have the meaning set out in the ISDA Definitions.

(C) If any other convention is so specified in the relevant Final Terms, the convention shall have the meaning set out in the relevant Final Terms.

(ii) "**Regular Period**" means each period from and including the Issue Date of each issuance of Notes or any Interest Payment Date to (but excluding) the next Interest Payment Date.

(d) **Special provisions regarding floating Interest Rate**

If floating Interest Rate is specified in the relevant Final Terms, the Interest Rate shall be the sum of the Reference Rate plus the Margin. Notwithstanding the foregoing, the Final Terms may also include a Maximum Interest Rate or a Minimum Interest Rate. In that event, the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

"Margin" shall have the meaning given in the relevant Final Terms.

In case the Reference Rate is not available on the Relevant Screen Page, the Paying Agent will (i) request each of the Reference Banks to provide a quotation of the Reference Rate on the Interest Determination Date to prime banks in the Relevant Financial Center interbank market in an amount that is representative for a single transaction in that market at that time; and (ii) determine the arithmetic mean of such quotations; and if fewer than two such quotations are provided as requested, the Paying Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Paying Agent) quoted by major banks in the principal financial center of the specified currency, selected by the Paying Agent, at approximately 11:00 a.m. (Central European Time) on the first day of the relevant Interest Period for loans in euros to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time.

(e) **Payments**

(i) *Principal and interest:* payments of principal and interest shall be made by transfer to a Euro account of the relevant Noteholder or to an account in the currency in which the Notes are issued (or other account to which the relevant currency may be credited or transferred) or maintained by or on behalf of the Noteholder with a banking institution that has access to the TARGET2 system, details of which appear on the records of Iberclear or, as the case may be, the Iberclear Member at the close of business on the day immediately preceding the relevant payment date or any other termination date for payment of interest or principal, as the case may be. Noteholders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments in respect of the relevant Notes. Neither the Issuer, nor the Paying Agent, nor the Placement Entity(ies) of each issue will have any responsibility or liability for the records relating to payments made in respect of the Notes.

(ii) *Payments subject to fiscal laws*: all payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7.5—*"Taxation"*. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(iii) *Payments on business days*: if any of the relevant dates set out in the previous paragraphs is not a Business Day, payment will be made on the next day that is a Business Day, unless that day falls in the following month, in which case payment will be made on (A) the first immediately preceding Business Day; or (B) if such relevant date is the Maturity Date (or any optional redemption date as

applicable) on the first immediately following Business Day, without affecting the calculation of interest in both events.

(f) **Contingent interest rate**

In addition to the Interest Rate (fixed or floating, as applicable), the Notes may accrue a contingent interest rate if so specified in the relevant Final Terms.

If so specified, the Final Terms will establish the following:

(i) "**Contingency**": evolution of a specified magnitude or ratio as specified in the relevant Final Terms.

(ii) "**Contingent Interest Rate**": if applicable, the contingent interest rate shall be payable on the dates specified in the relevant Final Terms.

8. Redemption and purchase

(a) **Final redemption**

Unless previously purchased and cancelled or redeemed as herein provided, the Notes will be redeemed at their principal amount (or if applicable, at the Redemption Amount stated in the Final Terms) on the relevant Maturity Date.

(b) **Early redemption**

All Notes in respect of which any notice of redemption is given under this Condition 7.8(b) shall be redeemed on the date specified in such relevant notice.

(i) *Optional early redemption by the Noteholders upon a Change of Control*

If a Put Option (as defined below) is specified in the relevant Final Terms as being applicable, upon the occurrence of a Change of Control each Noteholder will have the option (but not the obligation) of requesting the early redemption of all or part of its Notes (a "**Put Option**") at 100% of the Optional Redemption Amount (Put), including the accrued and unpaid interest up to the Optional Redemption Date (Put).

Upon the occurrence of a Change of Control and within the next 10 Business Days, the Issuer may release a notice in which it will describe the transaction(s) that caused the Change of Control to the Commissioner and to the MARF (in the case that any Notes were outstanding and marketable in such market and its internal regulation as well as its circulars required so) (the "**Change of Control Notice**").

In the case that any Noteholder is willing to exercise such option, each Noteholder may individually notify the Issuer through the Commissioner, within the Change of Control Exercise Period (as defined below) its decision to exercise such option, including the bank account details where the payment shall be completed by the Issuer. In such scenario, the Issuer shall fulfil any additional requirement in each case the applicable law stipulates and pay through the Paying Agent the Optional Redemption Amount (Put) of the Notes owned by each Noteholder which exercises the Put Option, including the accrued and unpaid interest up to the Optional Redemption Date (Put), within the period of 20 Business Days after the due date of the Change of Control Exercise Period.

Unless otherwise specified in the relevant Final Terms, upon redemption or purchase pursuant to this Condition 7.8(b)(i) of a principal amount of Notes representing a percentage over the outstanding aggregate principal amount of Notes of the corresponding issuance that is equal to or greater than a specific percentage set out in the Final Terms, as the case may be (a "**Put Option Trigger**"), then the Issuer may, on giving not less than 30 nor more than 60 calendar days' notice to the Noteholders, redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at the principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

(ii) *Redemption at the option of the Issuer*

If a Call Option (as defined below) is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer (a "**Call Option**") in whole, but not in part, on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders through the Commissioner and the MARF, or such other period as may be specified in the relevant Final Terms. The Optional Redemption Amount (Call) will be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms.

Additionally, any Call Option determined as applicable in the relevant Final Terms may be subject to the fulfillment of one or more conditions precedent at the Issuer's discretion, provided that such Call Option is in compliance with any applicable regulations and requirements of the MARF and Iberclear. Any relevant condition precedent would be determined in the relevant Final Terms or in the above mentioned notice to be made by the Issuer.

(iii) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) through the Commissioner and by means of the corresponding public notice in the MARF's website, or such other period as may be specified in the relevant Final Terms at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Issuer or (if the Guarantee were called) the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 7.5—"*Taxation"* as a result of any change in, or amendment to, the laws or regulations of Spain or (in the case of a payment to be made by the Guarantor) Canada, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the relevant Issue Date of the Notes; and

(B) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it.

Prior to the publication of any notice of redemption pursuant to first paragraph above, the Issuer shall deliver to the Commissioner a certificate signed by two directors of the Issuer (or two authorized officers of the Guarantor, as the case may be) stating that the obligation referred to in (A) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Commissioner shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (B) above in which event it shall be conclusive and binding on Noteholders.

(c) **Purchase**

Subject to compliance with applicable laws and regulations, each of the Issuer or any other company of the Group, may at any time purchase Notes in the following conditions:

(A) through a tender offer directed to all Noteholders of the relevant issuance of Notes at any price; or

(B) on the open market at any price.

Such Notes may be held, re-sold, or, at the option of the relevant purchaser, cancelled and while held by or on behalf of the Issuer or any other company of the Group as treasury shares, shall not entitle the Noteholder to vote at any meetings of the relevant Syndicate of Noteholders, if any, and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Syndicate of Noteholders or for the purposes of Section 8.5—*"Representation of Noteholders"*.

(d) **Cancellation**

All Notes so redeemed or purchased (other than, at the discretion of the Issuer, the Guarantor or any other company of the Group, as applicable, those purchased pursuant to Condition 7.8(c)—*"Purchase"*) shall be cancelled and may not be reissued or resold.

9. EVENTS OF DEFAULT

Upon the occurrence (or the occurrence and continuance, as applicable) of any of the following events as described below (an "**Event of Default**"), the Commissioner (in the name and on behalf of the Noteholders) shall, if so decided by the Absolute Majority of the Noteholders, declare and give notice to the Issuer that the Notes are immediately due and payable, including principal and interest:

(a) **Non-payment**: the Issuer fails to pay any amount due in respect of the Notes on the relevant due date and such failure continues for a period of 3 Business Days from the due date for payment.

(b) **Breach of other obligations**: there is a breach of the obligations set forth in Condition 7.3—*"Negative Pledge"* and Condition 7.4—*"Other obligations"* (either by the Issuer or the Guarantor, as applicable).

(c) **Breach of financial covenants:** in case of breach of any financial covenants applicable exclusively to an issuance of Notes, if so provided in the relevant Final Terms, as indicated in Condition 7.6—*"Financial covenants"*, the Event of Default shall be applicable exclusively to such issuance of Notes (and the redemption obligation) unless the Event of Default implies the incurrence of another Event of Default not applicable exclusively to such issuance of Notes.

In paragraphs (b) and (c) above, the Issuer or the Guarantor, as applicable, shall be entitled to remedy such breach within 3 Business Days after notice of such breach having been provided to the Issuer by the Commissioner by means of email with acknowledgement of receipt.

(d) **Cross default**:

(i) Any Indebtedness of the Issuer or the Guarantor in an individual or aggregate amount exceeding an amount equivalent to 3% of the Total Assets as shown on the latest Consolidated Annual Financial Statements available is not fully satisfied when due or early accelerated before its original due date as a result of a default under the relevant agreement within 90 calendar days of its due date; or

(ii) Any present or future guarantee for any Indebtedness of the Issuer or the Guarantor in an individual or aggregate amount exceeding 3% of the Total Assets as shown on the latest Consolidated Annual Financial Statements available is declared by a judicial or arbitration body or similar authority, due before its corresponding due date and not paid, in each case, as a result of a default under the relevant guarantee or agreement.

(e) **Insolvency, winding up or analogous event**: either the Issuer or the Guarantor (i) becomes insolvent or is unable to pay its Indebtedness as it falls due in an amount that, individually or in the aggregate, equals or exceeds an amount equivalent to 3% of the Total Assets as shown on the latest Consolidated Annual Financial Statements available; (ii) appoints a receiver or liquidator, or receiver or liquidator is appointed, or application for any such appointment is made by the Issuer or the Guarantor as applicable; (iii) takes any acquittance or stay action for a readjustment or deferment of all of its debts generally or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a general moratorium in respect of all of its debts given by it, (iv) ceases to carry on all or substantially all of its business (in each case, otherwise than for the purposes of or pursuant to an arm's length disposal to one or more third parties, an amalgamation, a reorganization or a restructuring, in each case whilst solvent); (v) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution (otherwise than for the purposes of or pursuant to an amalgamation, reorganization or restructuring whilst solvent permitted under the Program); or (vi) any event occurs which under the laws

of any applicable jurisdiction with that has an analogous effect to any of the events referred to in items (i) to (v) above.

(f) **Non-admission of the Notes to MARF**: in case that any Notes issued under the Program (i) are not admitted to trading on the MARF within 30 Business Days from the Issue Date, or (ii) cease to be admitted to trading on the MARF and such cessation is not remedied within 30 Business Days.

(g) **Audit qualification, adverse opinion or rejection of opinion**: if the Auditor (i) qualifies; (ii) sets an adverse opinion; or (iii) rejects to provide the audit opinion in connection with the Consolidated Annual Financial Statements for any Financial Year, and such audit qualification, adverse opinion or rejection of opinion is a consequence of an inability to continue the business as a going concern or is a result of inadequate, misleading or inaccurate provision of information, disclosure or access.

(h) **Unlawfulness or invalidity**: (i) it is unlawful for the Issuer or the Guarantor (as applicable) to perform or comply with any of its obligations under or in respect of the Notes or the Guarantee; (ii) any obligation of the Issuer under the Notes or (prior to the Termination Date) the Guarantor under the Guarantee cease to be legal, valid, binding or enforceable; or (iii) the Guarantee is not in full force and effect (prior to the Termination Date).

(i) **Status of the Notes**: payments under the Notes cease to rank *pari passu* as set out in Condition 7.2(b)—*"Status"*.

10. DEFINITIONS

In these Conditions the following defined terms shall have the meanings set out below:

"**Absolute Majority**" means the favorable vote by more of one half of the outstanding Notes, unless it has been expressly determined that the Notes under several issuances of Notes are fungible among themselves, in which case the referred majority will be computed over the aggregate nominal amount of those fungible Notes.

"**Anticorruption Laws**" means, with respect to any person, any and all laws, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes, case law or treaties related to corruption or bribery applicable to such person, including, to the extent applicable to such person, any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, including the Spanish Criminal Code.

"**Anti-Money Laundering Laws**" means, in relation to any jurisdiction in which the Group conducts business, anti-money laundering laws and regulations, and anti-money laundering regulations, rules or guidelines enacted thereunder or issued, administered or enforced by any governmental agency, including financial record keeping and reporting requirements applicable in such jurisdiction, including, in particular but without limitation:

(i) The Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC; and

(ii) The Spanish Prevention Money Laundering and Terrorism Financing Act and its implementing regulations.

"**Auditor**" means the Guarantor's auditor from time to time.

"**Business Day**" means any day on which the TARGET2 system is open other than (i) a Saturday, (ii) a Sunday, and (iii) a holiday according to the TARGET2 calendar.

"**Change of Control**" shall have occurred if one or more individuals or legal entities, acting individually or in concert, acquires control of the Guarantor and/or the Issuer (other than, in the case of the Issuer, another subsidiary of the Guarantor); and for these purposes "***control***" shall mean (i) the acquisition or control of more than 50% of the Voting Rights or (ii) the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by

ownership of share capital, the possession of Voting Rights, contract or otherwise and "controlled" shall be construed accordingly.

"**Change of Control Exercise Period**" means the period of 30 and 60 calendar days from the date of the Change of Control Notice in which each Noteholder may individually notify the Issuer through the Commissioner its decision to exercise the Put Option of the Notes upon the occurrence of a Change of Control.

"**Commissioner**" means the *comisario del sindicato de obligacionistas* as this term is defined under the Spanish Companies Act.

"**Guarantor's Certificate**" means the certificate to be issued by the Guarantor's Chief Financial Officer (CFO) which shall contain (i) Consolidated Equity, (ii) EBITDA, (iii) Finance Charges and EBITDA to Finance Charges Ratio, and (iv) Total Liabilities, Total Assets, and Total Liabilities to Total Assets Ratio; all of them calculated in relation to the Consolidated Annual Financial Statements for the corresponding Financial Year.

In connection with the Guarantor's Certificate, unless otherwise specified in the relevant Final Terms:

"**EBITDA**" means, in respect of any Financial Year, the net income specified on the consolidated statement of operations in the Consolidated Annual Financial Statements:

(i) After adding back:

(a) income tax expenses;

(b) depreciation and amortization; and

(c) interest expenses; and

(ii) before taking into account interest income; and

(iii) before taking into account any items treated as exceptional or extraordinary items, including but not limited to:

(a) gains or losses on change in fair value of derivatives;

(b) foreign exchange gains or losses;

(c) investments income or losses; and

(d) equity earnings (loss) of unconsolidated investees.

"**EBITDA to Finance Charges Ratio**" means, in respect of any Financial Year, the ratio of EBITDA to Finance Charges.

"**Consolidated Equity**" means, in the Consolidated Annual Financial Statements, all and any consolidated equity, share capital, and analogous instruments considered as equity under the laws of the relevant jurisdiction applicable to the Guarantor, but excluding any amounts recorded in the Consolidated Annual Financial Statements as attributable to goodwill.

"**Finance Charges**" means, for any Financial Year, interest expenses as stated in the Consolidated Annual Financial Statements.

"**Total Assets**" means, for any Financial Year, all assets of the Group as detailed in the Consolidated Annual Financial Statements.

"**Total Liabilities**" means for any Financial Year, all liabilities of the Group as detailed in the Consolidated Annual Financial Statements.

"Consolidated Annual Financial Statements" means the annual audited consolidated financial statements of the Guarantor corresponding to each Financial Year and any other related ancillary documents that must be prepared on an annual basis in accordance with the regulations applicable to the Guarantor in force from time to time.

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms.

"**Environmental Laws**" means any applicable law relating to the environment, the conservation or protection of natural resources and the treatment or emission of hazardous materials.

"**EURIBOR**" means, in respect of any specified period, the interest rate benchmark known as the Euro Interbank Offered Rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed on the Relevant Screen Page.

"**Event of Default**" means any of the events of default set out in Condition 7.9—"*Events of default"*.

"**Financial Year**" means the accounting period starting on January 1 and ending on December 31 of each calendar year.

"**Guarantor**" means Canadian Solar Inc., a British Columbia corporation with Tax ID 861218014 and publicly-traded on the NASDAQ.

"**Group**" means Canadian Solar Inc., its predecessor entities and its consolidated subsidiaries (including the Issuer).

"**Indebtedness**" means, at any given time, long-term and short-term indebtedness, whether to financial entities or by means of the issuing of bonds, promissory notes, debentures, debentures convertible into shares or similar instruments, and any other kind of indebtedness (whether they entail a cost for the company or not, and whether they are short or long-term instruments), including credits, discounts or factoring with recourse (in the case of financial leases, the outstanding principal at any given time shall be deemed debt) and excluding the operational leases, renting, factoring without recourse and any debt that is convertible to shares on a mandatory basis.

"**Interest Commencement Date**" means the Issue Date of Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

"**Interest Determination Date**" shall have the meaning given in the relevant Final Terms.

"Interest Payment Date" means any date or dates specified as such in the relevant Final Terms.

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**Interest Rate**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms.

"**ISDA Definitions**" means the 2006 ISDA Definitions (as supplemented, amended and updated as of the date of issuance of the Notes as published by the International Swaps and Derivatives Association, Inc.).

"**Issue Date**" shall have the meaning ascribed to it in the relevant Final Terms.

"**Margin**" shall have the meaning given in the relevant Final Terms.

"**Maturity Date**" shall have the meaning ascribed to it in the Final Terms.

"**Maximum Interest Rate**" has the meaning given in the relevant Final Terms.

"**Minimum Interest Rate**" has the meaning given in the relevant Final Terms.

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms.

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms.

"**Optional Redemption Date (Call)**" shall have the meaning given in the relevant Final Terms.

"**Optional Redemption Date (Put)**" shall have the meaning given in the relevant Final Terms.

"**Permitted Related Party Transactions**" means in relation to the Issuer (i) any cash management arrangements; (ii) any payment in connection with the provision of services to any company of the Group; (iii) any loan to or by any company of the Group; and (iv) any agreement of similar nature, entered into by the Issuer as lender and/or creditor or borrower and/or debtor, in the ordinary course of business or in accordance with its corporate purpose, to provide or receive cash management services among any company of the Group.

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Paying Agent in the market that is most closely connected with the EURIBOR.

"**Reference Rate**" means EURIBOR or any other reference rate as specified in the relevant Final Terms.

"**Related Party**" means (i) any of the shareholders (owning at least 10% of the share capital of the relevant company), directors or senior managers, of any company of the Group, all of them either directly or through companies; (ii) any company over which any company of the Group exercises "control" as such term is construed in Section 42(1) of the Spanish Commerce Code, or holds a stake equal to or higher than 25% of the share capital of the relevant company, either directly or indirectly, and (iii) any of the related parties to the directors or senior managers of any Issuer's subsidiary as defined in the Spanish Companies Act.

"**Relevant Financial Center**" shall have the meaning ascribed to it in the Final Terms.

"**Relevant Indebtedness**" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures or other debt securities which, as of the date of the incurrence of such indebtedness, are quoted, listed or ordinarily dealt in on any stock exchange, over the counter market or internationally recognized debt securities market, other than such indebtedness which by its terms will mature within a period of one year from its date of issuance.

"**Relevant Screen Page**" means page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or any other screen page as specified in the relevant Final Terms.

"**Security Interest**" means any in-rem security interest (*derecho real*), including, but not limited to, mortgage, charge, pledge, lien or other in-rem security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction. For the avoidance of doubt, any guarantee granted on a personal basis is not included within the scope of this definition.

"**Spanish Commerce Code**" means the *Código de Comercio* approved by the *Real Decreto de 22 de agosto de 1885*, as amended.

"**Spanish Companies Act**" means the *texto refundido de la Ley de Sociedades de Capital* approved by the *Real Decreto Legislativo 1/2010, de 2 de julio*, as amended.

"**Spanish Criminal Code**" means the *Código penal* approved by the *Ley Orgánica 10/1995, de 23 de noviembre*, as amended.

"**Spanish Prevention Money Laundering and Terrorism Financing Act**" means the *Ley 10/2010, de 28 de abril, de prevención del blanqueo de capitales y de la financiación del terrorismo*, as amended.

"**Syndicate of Noteholders**" means the *sindicato de obligacionistas* as this term is described under the Spanish Companies Act.

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system or any successor thereto.

"**Voting Rights**" means the rights to vote in the general shareholders meeting (regardless of whether at such time the shares have or could have voting rights due to any externality) of the Guarantor.

8. OTHER INFORMATION OF THE PROGRAM

8.1. *Term of the Program and Note issuance*

The term of the Program is of one year from the registration date (*fecha de incorporación*) of the Information Memorandum in the MARF. The Notes may be issued and subscribed on any day during the one-year term of the Program. However, the Issuer might not issue any Note under the Program.

8.2. *Maturity of the Notes*

The maturity of the Notes will be specified in the applicable Final Terms of each issuance of Notes between 1 and 20 years, subject to such minimum or maximum maturity as may be allowed or required from time to time by any relevant competent authority, market operator or any applicable laws or regulations.

8.3. ***Method of issuance***

Notes issued under the Program may be issued in series and each series may comprise one or more tranches of Notes. The Notes may be issued in tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing series.

8.4. ***Fungibility in the event of further issuances of Notes***

The Issuer may issue further notes with the same terms and conditions as the Notes issued under the Program, which may if is so stated in the relevant final terms of the relevant issuance of notes be fungible with the relevant Notes.

In addition, any issuance of Notes may be fungible with any other issuance of Notes under the Program. For this purpose, the relevant Final Terms may state any previous issuances of Notes with which the relevant issuance of Notes is fungible. In the event of the Issuer's bankruptcy, where there are issuances of Notes fungibles with others, Noteholders of Notes previously issued will not have a priority in rights over Noteholders of Notes subsequently issued.

8.5. ***Representation of Noteholders***

It is envisaged that, upon each issuance of Notes under the Program, a Syndicate of Noteholders will be established, conferring the Noteholders the rights set out in the Spanish Companies Act and in the Syndicate Regulations substantially in the form set out in Annex IV. In accordance with Spanish law, the Notes issued under the Program will not grant the Noteholders any present and/or future political rights over the Issuer or the Guarantor.

SANNE shall be, at least initially, the Commissioner of each of the Syndicates of Noteholders established for any issuance of Notes under the Program, unless otherwise is set out in the relevant Final Terms.

SANNE may at any time resign as the Commissioner as long as it previously notifies the Issuer in writing at least 60 calendar days in advance. In such notice, the Commissioner shall expressly specify the date on which such resignation shall take effect. Neither the resignation nor the replacement of the Commissioner will have any effect until the appointment by the Issuer of the substitute Commissioner takes place. The effective start of operations of the substitute Commissioner shall match the resignation or the replacement.

The Commissioner will not make any express or implied representations or warranties as to the information or facts or as to any other document that may be provided to the Noteholders. The Commissioner's liability is exempted as regards (i) the holding of the meetings of the Syndicate of Noteholders, (ii) the proposals submitted to vote, (iii) its involvement in such meetings and (iv) the actions that it carries out when using the powers vested on it pursuant to those resolutions; notwithstanding the liability regime established in Section 421.7 of the Spanish Companies Act.

8.6. ***Governing law and jurisdiction of the Notes***

The Notes will be governed by the laws of Spain. In particular, the Notes will be governed by the Spanish Companies Act, the Securities Market Act, and their respective implementing or concordant regulations.

The courts and tribunals of the city of Madrid (Spain) have exclusive jurisdiction to settle any disputes arising from or in connection with the Notes (including disputes regarding any non-contractual obligation arising from or in connection with the Notes).

8.7. ***Prescription***

Claims for principal and interest in respect of the Notes shall become void unless made within a period of 5 years after the date on which the relevant payment first becomes due.

8.8. *Summary of the Guarantee*

Under the Guarantee dated November 15, 2021, the Guarantor has unconditionally and irrevocably guaranteed the due payment of all the amounts outstanding under the Notes to be payable by the Issuer, whether by lapse of time, by acceleration, redemption, at maturity or otherwise, including, without limitation, all principal, interest, fees, costs and expenses, liabilities, causes of action, and other obligations under the Notes (together, the "**Guaranteed Obligations**").

The obligations of the Guarantor under the Guarantee constitute unsubordinated and unsecured obligations of the Guarantor and shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application. See risk factor—*"Payments by the Guarantor under the Notes are effectively subordinated to the rights of secured creditors and any liabilities of the Group's subsidiaries"*.

(a) **Limitations of the Guarantee**

The Guarantee is subject to certain limitations:

(i) Maximum guaranteed amount:

The maximum aggregate liability of the Guarantor under the Guarantee is limited to € 125,000,000 (see risk factor—"*The amount of the Guarantee is limited and in certain cases Noteholders may bear substantial losses in connection the Notes*").

(ii) Duration of the Guarantee:

The Guarantee is valid and effective until 180 days from the relevant Maturity Date of the Notes. However, such limitation on the term of the Guarantee shall not apply where a written demand for payment from the Commissioner on behalf of the Noteholders has been made to the Guarantor prior the Termination Date (see risk factor—"*The time period to enforce Guarantee is limited and, therefore, Noteholders may lose their investment in the Notes if they do not enforce the Guarantee within such limited period of time*").

(b) **Enforcement of the Guarantee**

The Guarantor shall pay any amount due under the Guarantee within 5 Business Days of the receipt by the Guarantor of a written demand for payment from the Commissioner on behalf of the Noteholders to the Guarantor which states the Issuer's default to the Guaranteed Obligations and the relevant amounts of the Guaranteed Obligations due by the Issuer, in its sole discretion, without need of any further supporting documentary evidence or formality. See risk factor—*"The Guarantor is a British Columbia, Canada company and, as such, is subject to Canadian insolvency laws which may differ from bankruptcy law in jurisdictions with which the Noteholders are familiar"*.

(c) **Governing law and jurisdiction**

The Guarantee and any claim, controversy, dispute or cause of action based upon, arising out of or relating to the Guarantee shall be governed by, and construed in accordance with, the laws of the Province of Ontario (Canada) and the federal laws of Canada applicable therein and the Guarantor irrevocably attorned to the jurisdiction of the courts of Ontario (Canada).

8.9. *Placement of Notes*

The Issuer has appointed Bankinter as Sole Lead Arranger of the Program and has initially appointed Bankinter as the Placement Entity as well. During the term of the Program, the Issuer may appoint at any time other Placement Entities, in relation with the respective issues of Notes, all of which will be stated, as the case may be, in the Final Terms of each issuance of Notes.

In addition, the Issuer reserves the right at any time to vary or terminate the relationship with the Placement Entity(ies) and to appoint other Placement Entities. Notice of any such change shall promptly be communicated to MARF and published in the MARF's website by means of the corresponding notice.

The Issuer and Bankinter have entered into a placement agreement (*contrato de colocación*) on November 15, 2021 (the "**Placement Agreement**") relating to the Program under which the Notes will be offered by the Issuer to the Placement Entity for the placing of the Notes to qualified investors as defined in the Prospectus Regulation, including (i) eligible counterparties, as defined in MiFID II and the Spanish Securities Market Act; and (ii) professional clients, as defined in MiFID II and the Spanish Securities Market Act, or any provision which may replace or supplement it in the future. Under the Placement Agreement, the Placement Entity has not assumed any underwriting commitments in connection with the Notes issued under the Program.

The Final Terms of each issuance of Notes shall be determined by agreement between the Issuer and the Placement Entity(ies) by means of a form of accession letter attached as annex to the Placement Agreement.

8.10. ***Paying agent***

The paying entity in connection with the Notes will be Bankinter, S.A. (the "**Paying Agent**"). The tax identification number of the Paying Agent is A-28157360 and its registered office is located at Paseo de la Castellana, 29, 28046 Madrid.

The Paying Agent will act solely as agent of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. Notice of any change of the Paying Agent shall be promptly communicated to MARF and published in the MARF's website by means of the corresponding notice.

The financial service of the debt in relation to each issuance of Notes will be carried out by the Paying Agent. On each Payment Date and without the need for Noteholders to take any action in relation to the economic rights derived from their Notes, the Paying Agent will pay the corresponding amounts to the own- or third-party accounts, as appropriate, of the Iberclear members.

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor agent and additional or successor agents provided that so long as the Notes are listed on a multilateral trading facility, secondary market, there will be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant multilateral trading facility or secondary market.

Additionally, should any issuance of Notes be denominated in a currency other than the Euro, the Paying Agent will have the right, but not the obligation, to not provide the financial services of the relevant issuance of Notes and the Issuer will have the responsibility to engage with an auxiliary paying agent to provide the financial services of the relevant issuance of Notes.

8.11. ***Depositary entities***

Although Iberclear will be the entity entrusted with the book-keeping (*registro contable*) of the accounting records corresponding to the Notes, the Issuer has not designated a depository entity for the Notes. Each subscriber or acquirer of the Notes shall appoint, among Iberclear's participating entities, the entity which shall act as depositary of the Notes.

Holders of the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank, SA/NV or Clearstream Banking, Société Anonyme, Luxembourg, as appropriate.

8.12. ***Liquidity agreement***

The Issuer has not entered into any liquidity agreement with any entity regarding the Notes to be issued under the Program.

8.13. *Publication of the Information Memorandum*

This Information Memorandum will be published on the website of the MARF (www.bmerf.es).

9. TAXATION

The following summary is a general description of certain tax considerations relating to the Notes. It does not constitute tax advice and does not intend to be a complete analysis of all tax considerations relating to the Notes, as applicable, whether in Spain or elsewhere, and does not deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and under the tax laws of Spain of acquiring, holding and disposing of Notes and receiving payments of under the Notes. Furthermore, this summary does not take into account the regional special tax regimes in force in the Spanish autonomous regions (*Comunidad Autónoma*) .

This summary is based upon the law as currently in effect and is subject to any change in law that may take effect after this date. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

References in this section to Noteholders include the beneficial owners of the Notes. Investors should also note that the appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisors in relation to the tax consequences for them of any such appointment.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Information Memorandum:

(i) *Personal Income Tax* (the "**PIT**") *regulation*:

Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio (the "**PIT Law**"), as well as those contained in articles 74 et seq. of the *Reglamento del Impuesto sobre la Renta de las Personas Físicas* approved by the *Real Decreto 439/2007, de 30 de marzo*, as amended.

(ii) *Corporate Income Tax* (the "**CIT**") *regulation*:

Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades as well as articles 60 et seq. of the *Reglamento del Impuesto sobre Sociedades* approved by the *Real Decreto 634/2015, de 10 de julio*, as amended.

(iii) *Non-Resident Income Tax* (the "**NRIT**") *regulation*:

Texto refundido de la Ley del Impuesto sobre la Renta de no Residentes approved by *Real Decreto Legislativo 5/2004, de 5 de marzo*, as amended (the "**NRIT Law**") and those contained in the *Reglamento del Impuesto sobre la Renta de no residentes* approved by the *Real Decreto 1776/2004, de 30 de julio*, as amended.

(iv) *Wealth Tax regulation*:

Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio.

(v) *Inheritance and Gift Tax* (the "**IGT**") *regulation*:

Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones and its regulations contained in the *Reglamento del Impuesto sobre Sucesiones y Donaciones* approved by the *Real Decreto 1629/1991, de 8 de noviembre*.

All the above is without prejudice to any regional tax regimes approved by the autonomous regions which may be applicable, or any other regimes that could be applicable due to the particular circumstances of the investor.

Furthermore, those regulations included in the First Additional Provision (*Disposición Adicional Primera*) of Law 10/2014, on the regulation, supervision and solvency of credit institutions, and the RD 1065/2007, which approves the general regulation on the actions and procedures of tax management and audit measures and procedures and implements the common rules governing tax application procedures, must also be taken into consideration.

The Notes will be represented in book-entry form and their admission to MARF will be requested, regarding that such circumstances are transcendent for tax purposes.

In any case, given that this summary is not a thorough description of all the tax considerations, it is recommended for investors to consult with their own legal or tax advisors, who may render tailored advice in view of their specific circumstances. Additionally, investors and potential investors should take into consideration the changes in legislation or interpretation criteria that may take place in the future.

9.1. *Investors that are individuals with tax residency in Spain*

Personal Income Tax

Payments of both interest periodically received and the net income obtained as a result of the transfer, redemption, exchange or reimbursement of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of section 25.2 of the PIT Law and must be included in the PIT taxable savings base for the financial year when the interest are received or the sale, redemption or reimbursement takes place. The PIT will be paid at the rate in force from time to time for taxable savings, which is currently at 19% up to € 6,000.00; 21% from € 6,000.01 up to € 50,000.00; 23% from € 50,000.01 up to € 200,000.00; and 26% from € 200,000.01 upwards.

The income obtained by means of the interest periodically received shall be determined by their gross amount, including the withholding on account of the PIT that, if applicable, would have been applied.

In the event of transfer, redemption, exchange or reimbursement of the Notes, the income obtained shall be calculated by the difference between the redemption, reimbursement or transfer value (reduced by ancillary transfer expenses, provided that they are adequately justified) and the acquisition or subscription value of the Notes (increased by ancillary acquisition expenses). When calculating the net income, expenses related to the management and deposit of the Notes will be deductible, excluding those pertaining to discretionary or individual portfolio management.

Negative income derived from the transfer of the Notes, in the event that the Noteholder had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in the PIT base as and when the remaining homogeneous securities are transferred.

Generally, income derived from the Notes will be subject to withholding tax on account of the PIT at the current rate of 19%. Any withheld amounts may be credited against individuals' final liability of the PIT. In any event, the individual Noteholder may credit the withholding tax applied against his or her final liability of the PIT for the relevant tax year.

Regarding the withholding agent, it will depend on the nature of the income:

- On the interest paid, the Issuer.
- On the income obtained in the amortization or reimbursement of the Notes, the Issuer will be obliged to make the relevant withholding tax. However, in the event that a financial entity is entrusted to carry out these transactions the obliged to withhold taxes will be the financial entity.

- On the income obtained in the transfer of the Notes, when channeled through one or more financial institutions, the bank, savings bank or financial institution acting on behalf of the transferor.
- In other cases, the notary public who must necessarily intervene in the transaction.

Wealth Tax

Individuals with tax residency in Spain will be subject to the wealth tax (the "**Wealth Tax**") which imposes a tax on their net wealth (i.e. property and rights regardless of the place where the assets are located or where the rights may be exercise) in excess of € 700,000 held on the last day of any year.

Spanish tax resident individuals whose net worth is above € 700,000 (without prejudice to any other amounts set out by each autonomous region) and who hold Notes on the last day of any year would therefore be subject to the Wealth Tax for such year at marginal rates varying between 0.2% and 3.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues (*Ministerio de Hacienda*) on an annual basis.

However, those rates may vary depending on the autonomous region of residency of the investor. As such, prospective Noteholders should consult their tax advisors.

Inheritance and Gift Tax

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the IGT in accordance with the applicable Spanish regional or state rules (subject to any regional tax exemptions being available to them). The applicable effective tax rates can range between 0% and 81.6% subject to any specific regional rules, depending on relevant factors (such as previous net wealth, family relationship among transferor and transferee or applicable tax laws approved by autonomous regions).

9.2. ***Investors that are entities with tax residency in Spain***

Corporate Income Tax

Payments of both interests periodically received and the income derived from the transfer, redemption, exchange or reimbursement of the Notes will be subject to the CIT at the general flat tax rate of 25% in accordance with the rules established for such tax. Such income will be exempt from withholding tax on account of the CIT providing that the Notes (i) are registered by way of book-entries (*anotaciones en cuenta*); and (ii) are traded on a Spanish official secondary market of securities, or on a multilateral trading facility such as the MARF. No withholding on account of the CIT will be imposed on interest payments or income derived from the redemption or repayment of the Notes provided that certain requirements are met, including that the member entities of Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and complete Payment Statement, as defined below. See Section 9.5—"*Information about the Notes in connection with payments*".

In the event that any of these exemptions were not applicable, this income would be subject to Spanish withholding tax at the rate currently in force of 19%. Withheld amounts may be credited against entities' final liability of the CIT.

Wealth Tax

Legal entities are not subject to the Wealth Tax.

Inheritance and Gift Tax

Legal entities are not subject to the IGT. Thus, legal entities with tax residency in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the IGT and must include the market value of the Notes in their taxable income for purposes of the CIT.

9.3. *Investors that are not tax resident in Spain*

Non-residents Income Tax for investors not resident in Spain acting through a permanent establishment

If the Notes form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those set forth above for Spanish taxpayers of the CIT.

Ownership of the Notes by investors who are not resident in Spain for tax purposes will not in itself create the existence of a permanent establishment in Spain.

Non-residents Income Tax for investors not resident in Spain not acting through permanent establishment

Both interest payments periodically received and the income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from the NRIT and therefore no withholding on account of the NRIT will be levied on such income provided certain requirements are met.

In order to be eligible for the exemption from the NRIT, certain requirements must be met, including that, in respect of payments from the Notes carried out by the Issuer, the member entities of Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and complete Payment Statement, as set forth in Section 44 of the regulations approved by the RD 1065/2007. See Section 9.5—"*Information about the Notes in connection with payments*".

If the member entities of Iberclear fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income under the Notes, the Issuer will withhold Spanish withholding tax at the then-applicable rate (the current rate is 19%) on such payment of income on the Notes. Noteholders not resident in Spain for tax purposes and entitled to exemption from the NRIT but where the Issuer does not timely receive the information about the Notes in accordance with the procedure described in detail under "*9.5 – Information about the Notes in connection with payments*." would have to apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law.

In case the Noteholder is resident in a country that has entered into a double taxation treaty with the Kingdom of Spain that establishes a reduced withholding rate or an exemption on interest, such reduced rate or exemption would apply provided that the Noteholder fulfills the requirements established in the treaty for its application.

Wealth Tax

Notwithstanding the provisions included in the double tax treaties entered into by Spain, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above € 700,000 and who hold Notes on the last day of any year would be subject to Wealth Tax for such year at marginal rates varying between 0.2% and 3.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues (*Ministerio de Hacienda*) on an annual basis. However, non-Spanish individuals will be exempt from Wealth Tax in respect of Notes which income is exempt from the NRIT.

Individuals that are not resident in Spain for tax purposes may apply the rules approved by the Autonomous Region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

Non-Spanish resident legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax

Non-Spanish tax resident individuals who acquire ownership or other rights over Notes by inheritance, gift or legacy, will be subject to the IGT in accordance with the applicable Spanish regional and state rules, unless they reside in a country for tax purposes with which Spain has entered into a double tax treaty in relation to the IGT. In such case, the provisions of the relevant double tax treaty will apply.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to the IGT in accordance with Spanish legislation. As such, prospective investors should consult their tax advisors.

Notwithstanding the foregoing, if the deceased, the heir or the donee are residents of a Member State of the European Union or of the European Economic Area, depending on the specific case, the regulations approved by the corresponding autonomous region may be applicable, following specific rules. As such, prospective investors should consult their tax advisors. Likewise, in its judgments of February 19, March 21 and March 22, 2018, the Spanish Supreme Court, based on the European right to the free movement of capital, has declared that the application of the regional rules corresponding to the relevant autonomous region according to the law should be extended in some circumstances to deceased heirs or donees who are resident outside of the European Union or of the European Economic Area.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the IGT. Such acquisitions will be subject to the NRIT (as described above), except as provided in any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the Noteholder.

9.4. *Indirect taxation in the acquisition and transfer of the Notes*

Whatever the nature and residence of the investors, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax (*Impuesto sobre transmisiones patrimoniales onerosas*) and Stamp Duty-variable fee (*Impuesto sobre actos jurídicos documentados, cuota variable*), in accordance with the *texto refundido de la Ley del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados* approved by the *Real Decreto Legislativo 1/1993, de 24 de septiembre,* as amended, and exempt from Value Added Tax (*Impuesto sobre el valor añadido*) in accordance with Section 20.Uno.18(l) of the *Ley 37/1992, de 28 de diciembre*.

9.5. *Information about the Notes in connection with payments*

As described in previous sections, to the extent that the conditions set forth in Law 10/2014 are met, income in respect of the Notes for the benefit of non-Spanish tax resident Noteholders, or for the benefit of Spanish taxpayers of the CIT, will not be subject to Spanish withholding tax, provided that the member entities of Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner (the business day prior to each interest maturity date or, in the case of securities issued at a discount or stripped, on the business day prior to each redemption date for securities issued at a discount or stripped, on the business day prior to each redemption date for securities issued at a discount or stripped), with a duly executed and complete Payment Statement, in accordance with section 4 of Section 44 of the regulations approved by the RD 1065/2007, containing the following information:

- Identification of the Notes.
- Total amount of the income paid by the Issuer.

- Amount of the income corresponding to individuals residents in Spain that are taxpayers of the PIT.
- Amount of the income that must be paid on a gross basis.
- Date of payment of the income.

If the member entities of Iberclear fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner (the business day prior to each interest maturity date or, in the case of securities issued at a discount or stripped, on the business day prior to each Interest Payment Date for securities issued at a discount or stripped, on the business day prior to each redemption date for securities issued at a discount or stripped) in respect of a payment of income made by the Issuer under the Notes, such payment will be made net of Spanish withholding tax, at the current rate of 19%.

If this were to occur, affected Noteholders will receive a refund of the amount withheld, with no need for action on their part, if the member entities of Iberclear submit a duly executed and completed Payment Statement to the Issuer no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, Noteholders may apply directly to the Spanish tax authorities for any refund to which they may be entitled.

9.6. *Payments made by the Guarantor*

In the opinion of the Guarantor, any payments of principal and interest made by the Guarantor under the Guarantee should be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Canada or any political subdivision or authority thereof or therein having power to tax provided that (A) no portion of the interest is "participating debt interest", which is defined in the Income Tax Act (Canada) (the "**Tax Act**") as interest all or any portion of which is (i) contingent or dependent on the use of or production from property in Canada, or (ii) computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class of shares of the capital stock of a corporation, and (B) the Noteholder at all relevant times, for the purposes of the application of the Tax Act, (i) is not resident and is not deemed to be resident in Canada, (ii) deals at arm's length with the Guarantor and the Issuer, (iii) is entitled to receive all payments (including any interest and principal) on the Notes as beneficial owner, (iv) does not use or hold the Notes in or in the course of carrying on a business in Canada, (v) is not an insurer that carries on an insurance business in Canada and elsewhere, and (vi) is not, and does not deal at arm's length with, a "specified shareholder" (as defined in subsection 18(5) of the Tax Act) of the Guarantor or the Issuer. A "specified shareholder" for these purposes generally includes a person who (either alone or together with persons with whom that person is not dealing at arm's length for the purposes of the Tax Act) owns or has the right to acquire or control 25% or more of the corporation's shares determined on a votes or fair market value basis.

10. USE OF PROCEEDS

The net proceeds of the issue of Notes under the Program will be used for the financing or refinancing of the business of Canadian Solar to foster its growth and pursue its business plan. In particular, unless otherwise is set out in the relevant Final Terms of an issuance of Notes, it is intended that the referred net proceeds will be on-lent by the Issuer to, or invested by the Issuer in, other companies of the Group mainly in EMEA area, for use by such companies either:

(i) to purchase, finance and/or refinance, in whole or in part, solar energy and storage facilities, and to fund the construction, maintenance, refurbishment and/or repowering of those solar energy and energy storage facilities in Spain, Italy, United Kingdom and other jurisdictions in EMEA region and/or other OECD countries which the relevant Canadian Solar company envisages to develop and operate, retaining a significant stakeholding in them (the "**Projects**") in the long term. The goal is to allocate funds for the development of Projects to be qualified as Eligible Green Projects, in which case the relevant Notes will be identified as Green Bonds, and its features duly detailed, in the applicable Final Terms;

(ii) for general corporate purposes of any companies of the Group; and/or

(iii) as otherwise specified, in respect of any particular issue of Notes, in the applicable Final Terms.

11. GREEN BONDS

In September 2021, the Guarantor has developed the Canadian Solar EMEA Green Financing Framework (the "**EMEA Green Financing Framework**") under which Canadian Solar Inc., or any of its subsidiaries (including the Company), will issue green financing instruments including green bonds, project finance, green loans, and other financial instruments (collectively, "**Green Financing Instruments**"), and use the proceeds to finance or refinance, in whole or in part, existing or future renewable energy generation and battery storage projects which qualify as "**Eligible Green Projects**" that are expected to create positive environmental impact.

After reviewing the EMEA Green Financing Framework, Sustainalytics has confirmed by means of its report (second-party opinion) dated September 29, 2021 (the "**Report**") that the EMEA Green Financing Framework is aligned with (i) the four core components of the GBP and the GLP (as these terms are defined in "*Use of proceeds*"); and (ii) the reasonable assurance (which is the highest level of assurance) on the Canadian Solar's commitments and general guidelines and on the contribution of the green instruments to sustainability, particularly for: avoidance of CO2 emissions, connection of renewable energy production units to the general network, and improvement of networks in terms of demand-size management, balancing services, energy efficiency and access to electricity.

The ICMA and the Loan Market Association ("**LMA**") respectively describe the four core components of the green bond principles published by the ICMA (edition June 2021) (the "**GBP**") and of the green loan principles published by the Loan Market Association (edition February 2021) (the "**GLP**") that shall be observed by any issuer of green bonds and green loans: (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and (iv) reporting.

As part of the EMEA Green Financing Framework, the Company has established the Program for the main purpose of issuing Notes to be qualified as Green Bonds. "Green bonds" are defined as fixed-income financial instruments that exclusively finance or refinance sustainable projects aligned within the GBP, edition June 2021. The GBP are voluntary process guidelines that recommend transparency and disclosure of the use of the proceeds, and promote integrity in the development of the green financing market by clarifying the approach for issuance of green financing instruments. Further information regarding GBP and Green Bonds could be consulted upon the Q&A document available at the ICMA's website (link), and in the Voluntary Process Guidelines for Issuing Green Bonds (edition of June 2021), available at link.

In connection with a given issue under the Program, Sustainalytics or any other reputed sustainability rating agency or sustainability consulting firm may issue other specific second-party opinions or verifications (whether or not requested by the Issuer or the Guarantor) attesting that the Eligible Green Projects and/or the Green Bonds have been defined in accordance with the categorization of eligibility for green projects and/or green bonds, or the suitability of the Green Bonds as an investment in connection with certain environmental and sustainability projects. Any second-party opinion does not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released.

Canadian Solar intends to report on the allocation of funds privately to its investors on an annual basis until full allocation. Allocation reporting will include the list of Eligible Green Projects funded as well as the funds allocated to each project, the balance of unallocated funds, and the share of funds used for refinancing vs. financing.

12. ADMISSION TO TRADING OF THE NOTES

Application will be made for the Notes to be listed and admitted to trading on the MARF. The Issuer hereby undertakes to carry out all the necessary actions for the Notes to be listed and admitted to trading on the MARF within 30 calendar days from the date of issuance of the Notes and, in any case, during the period of validity of the Program. For these purposes, the date of issuance of the Notes is the same as the date of payment. In the event of not meeting such deadline, the reasons for the delay will be notified to the MARF through the

publication of a regulatory announcement (*otra información relevante*), regardless of any possible contractual liability that the Issuer may incur.

The MARF is a multilateral trading facility (MTF) (*sistema multilateral de negociación*) established in Spain in accordance with the RDL 21/2017. Therefore, the MARF is not a regulated market in accordance with the provisions of MiFID II.

The MARF will inform of the admission (*incorporación*) to trading of the Notes through its website (www.bmerf.es).

This Information Memorandum has been prepared in compliance with the Circular 2/2018.

Neither the MARF, nor the CNMV, nor the Placement Entity has approved or carried out any verification or testing regarding the content of this Information Memorandum or with regards to the content of the documentation and information provided by the Issuer to the MARF in compliance with the Circular 2/2018. The admission of the Information Memorandum by the MARF does not represent a statement or recognition of the fullness, comprehensibility and consistency of the documentation and information provided by the Issuer to the MARF in connection with this Information Memorandum.

The Issuer hereby expressly declares that it is aware of the necessary requirements and conditions for the admission, permanence and delisting of the Notes on the MARF, according to the applicable regulations and the requirements of the MARF, and expressly agrees to comply with them.

The clearance and settlement of the Notes will be performed through Iberclear. The Issuer hereby expressly declares that it is aware of the requirements for registration and settlement on Iberclear.

13. COSTS FOR LEGAL, FINANCIAL AND AUDITING SERVICES, AND OTHER SERVICES PROVIDED TO THE ISSUER REGARDING THE PROGRAM.

The estimated costs for all legal, financial and auditing services, and other services provided to the Issuer in relation to the Program amount to a total of € 250,000 approximately excluding taxes and including the fees of the MARF and Iberclear.

14. AUTHORIZATION

On October 28, 2021, the joint directors of the Issuer resolved to establish the so-called "*Canadian Solar EMEA Green Medium Term Note Program*".

Additionally, on November 6, 2021, the Board of Directors of the Guarantor resolved to approve the establishment of the Guarantee over the Notes that may be issued under Program and also resolved to delegate powers to carry out the relevant actions to be performed by the Guarantor in relation to the Program and agreements and documents thereof.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes, at each time.

15. SUBSCRIPTION AND SALE

Summary of placement agreement

Pursuant to the Placement Agreement between the Issuer and the Placement Entity has represented, warranted and agreed, and each further Placement Entity (if any) appointed under the Program will be required to represent, warrant and agree, the following selling restrictions in connection with the Notes issued under the Program.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes are only being offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

The Placement Entity has represented, warranted and agreed, and each further Placement Entity (if any) appointed under the Program will be required to represent, warrant and agree, except as permitted by the Placement Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the relevant Notes within the United States or to, or for the account or benefit of, U.S. persons, and such Placement Entity will have sent to each entity to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes, any offer or sale of Notes within the United States by any entity (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Canada

The Placement Entity has represented, warranted and agreed, and each further Placement Entity appointed under the Program will be required to represent, warrant and agree that, the Notes are not intended to be offered, sold, or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in Canada. The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Information Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser. Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), any placement entity is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with any Notes issued under the Program.

Prohibition of Sales to EEA Retail Investors

The Placement Entity has represented, warranted and agreed, and each further Placement Entity appointed under the Program will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

Spain

The Placement Entity has represented, warranted and agreed, and each further Placement Entity appointed under the Program will be required to represent, warrant and agree that, the Notes may not be offered, sold or distributed in Spain, nor may any subsequent resale of the Notes be carried out except (i) in circumstances which do not require the registration of a prospectus in Spain as provided under the Spanish Securities Market Act and the Prospectus Regulation; and (ii) by institutions authorized to provide investment services in Spain under the Securities Market Act and other regulations.

Neither the Information Memorandum nor any Final Terms has been, or will be, registered with the CNMV and, therefore, the Information Memorandum or any Final Terms is not intended to be used for any public offering of Notes in Spain.

United Kingdom

The Placement Entity has represented, warranted and agreed, and each further Placement Entity appointed under the Program will be required to represent, warrant and agree that, (i) financial promotion: it has only been communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (ii) general compliance: it has been complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from otherwise involving the United Kingdom.

General

The Placement Entity has represented, warranted and agreed, and each further Placement Entity appointed under the Program will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Information Memorandum or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Information Memorandum or any Final Terms or any related offering material comes are required by the Issuer and the Placement Entity to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Information Memorandum or any Final Terms or any related offering material, in all cases at their own expense.

Selling restrictions may be modified with the agreement of the Issuer. Any such modification will be set out in the Final Terms issued in respect of the relevant issuance of Notes to which it relates.

As the persons responsible for the Information Memorandum on behalf of the Issuer:

_____	_____
Julio Fournier Fisas	Ismael Guerrero Arias
Joint director (*administrador mancomunado*)	Joint director (*administrador mancomunado*)

As proof of acknowledgement and acceptance by the Guarantor of the terms of the Information Memorandum:

_____	_____
Julio Fournier Fisas	Ismael Guerrero Arias
Authorized representative	Authorized representative

ANNEX I: Guarantor's financial results for the quarter ended June 30, 2021

The Guarantor's financial results for the quarter ended June 30, 2021, included in the Form 6-K, are available at link.

ANNEX II: Form 20-F of the Guarantor for the Financial Year 2020.

The Form 20-F of the Guarantor for the Financial Year 2020 is available at link.

ANNEX III: Form of Final Terms

FORM OF FINAL TERMS

[**RESTRICTION ON DISTRIBUTION—GENERAL**—The distribution of these Final Terms and the offering, sale, placement or delivery of the Notes may be restricted by law in some jurisdictions. Any person in possession of these Final Terms must be legally advised and comply with those restrictions. For a description of certain restrictions on the sale of the Notes and on the distribution of the Information Memorandum or any Final Terms and other offering materials in connection with the Notes, see *"Subscription and Sale—Selling Restrictions"*.][1]

[**UNITED STATES OF AMERICA**—These Final Terms must not be distributed, directly or indirectly, in (or sent to) the United States of America (the "**United States**"). The Notes have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes are only being offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.][1]

[**UNITED KINGDOM**—Financial promotion: it has only been communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

General compliance: it has been complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from otherwise involving the United Kingdom.][1]

[**NOTICE TO CANADIAN INVESTOR**— The Notes are not intended to be offered, sold, or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in Canada. The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the Information Memorandum (including any amendment thereto) and these Final Terms contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser. Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), any placement entity is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Notes.][1]

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS**—The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area ("**EEA**"). For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; (iii) a retail client according to the implementing legislation of MiFID II in any Member State of the EEA (in particular, in Spain, according to the definition of Section 204 of the Securities Market Act and its implementing legislation); or (iv) not a "qualified investor" as defined in Article 2 (e) of the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) 1286/2014 (as amended,

1 Square brackets or wording to be removed as appropriate for each issuance.

the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1]

[**PRODUCT GOVERNANCE STANDARDS UNDER EU MiFID II—THE TARGET MARKET SHALL CONSIST EXCLUSIVELY OF ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS**—Solely for the purposes of [the/each] manufacturer's product approval process in respect of the Notes, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is "eligible counterparties" and "professional clients" only, each as defined in [Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 ("**EU MiFID II**") and in its implementing regulations (in particular, in Spain the Securities Market Act and its implementing regulations)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a Distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

Canadian Solar EMEA Capital Markets, S.A.U.

(*Incorporated in Spain in accordance with the Spanish Companies Act (Ley de Sociedades de Capital))*

Final Terms dated [•]
[*Description of note issuance*]
[Issue of [*aggregate nominal amount*] Notes]
Guaranteed by Canadian Solar Inc.

(A public company continued in British Columbia, Canada under the British Columbia Business Corporations Act and traded on the NASDAQ)

Under the € 100,000,000 Green Medium Term Note Program

In accordance with the information memorandum (documento base informativo de incorporación) dated November 15, 2021 and admitted (incorporado) on the Spanish multilateral trading facility for debt securities (Mercado Alternativo de Renta Fija)

Unless otherwise indicated, terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Information Memorandum (*documento base informativo de incorporación*) dated November 15, 2021 [and the supplement dated [•] to Information Memorandum] ([together,] the "**Information Memorandum**") relating to the € 100,000,000 Green Medium Term Note Program (the "**Program**") approved by Canadian Solar EMEA Capital Markets, S.A.U. (the "**Company**" or the "**Issuer**") on October 28, 2021. This document constitutes the final terms and conditions (*términos y condiciones finales*) of the Notes (the "**Final Terms**") described herein and must be read in conjunction with the Information Memorandum. The Information Memorandum and these Final Terms has been prepared in compliance the *Circular 2/2018, de 4 de diciembre, sobre incorporación y exclusión de valores en el Mercado Alternativo de Renta Fija.* Full information on the Issuer, the Guarantor (Canadian Solar Inc.) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Information Memorandum. The Information Memorandum has been admitted (*incorporado*) on the Spanish multilateral trading facility for debt securities (*Mercado Alternativo de Renta Fija*) (the "**MARF**") and has been published on its website at www.bmerf.es.

1. INTERPRETATION

(a) **Construction:** any time of day is a reference to Central European Time (CET) and any singular number includes the plural and vice versa.

(b) **Days:** unless expressly provided for to the contrary, all references made in these Final Terms to a day are references to a calendar day.

2. PERSONS RESPONSIBLE

[Mr./Mrs.] [•] [and [Mr./Mrs.] [•]], acting on behalf of and representing the Issuer, [as [•] of the Company/by virtue of [•]], and with the acknowledgement and acceptance of the Guarantor, [is/are] responsible for the content of these Final Terms which complement the Information Memorandum and [is/are] expressly authorized to execute and grant any public or private documents as may be necessary for the proper issuance and admission of the Notes on the MARF.

[Mr./Mrs.] [•] [and [Mr./Mrs.] [•]] hereby declare[s] that (i) the information contained in these Final Terms is, to [his/her/their] knowledge and after executing the reasonable diligence to ensure that it is as stated, compliant with the facts and does not omit any relevant fact likely to affect its content; and (ii) the Notes issued under these Final Terms [*together with the total amount of Notes issued under the Program*] are within the maximum nominal amount (€ 100,000,000) of the Program.

3. FINAL TERMS OF THE NOTES

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable should be deleted). Italics denote directions for completing the Final Terms.*]

1. Issuer:	Canadian Solar EMEA Capital Markets, S.A.U.
2. Guarantor:	Canadian Solar Inc.
3. Instruments:	Notes (bonds).
4. Currency:	[•]
5. Aggregate nominal amount:	[•]
6. Aggregate effective amount:	[•]
7. Series number:	[[•]/Not applicable]
8. Tranche number:	[[•]/Not applicable]
9. Fungible:	[[•]/Not applicable] *(If applicable, state name and ISIN of fungible issuance(s))*
10. Denomination:	[•] *(No Notes may be issued which have a minimum denomination of less than € 100,000 (or its equivalent, as a minimum, in any another currency)*
11. Issue price:	[•] per cent. of the aggregate nominal amount [plus accrued interest from [•].] *(in the case of fungible issues only, if applicable)*
12. Number of Notes:	[•]
13. Issue Date:	[•]
14. Interest Commencement Date:	[Issue Date/Not Applicable]
15. Disbursement date:	[Issue Date]
16. Maturity Date:	[•]
17. Interest Rate:	[[•] per cent. fixed interest rate *(see paragraph 23 below*)] [[•][•] [EURIBOR/[•]] +/– [•] per cent. floating interest rate (*see paragraph 24 below)*] [[•] [contingent interest] *(see paragraph 25 below)*]
18. Redemption/payment basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed through a unique payment (bullet) on the maturity date at [•] per cent. of their nominal amount.
19. Early redemption options:	[Put Option] [Call Option] Redemption for tax reasons *(see paragraph 26 below)*
20. Form of the Notes:	Book-entry form (*anotaciones en cuenta*)
21. Registration, clearing and settlement:	[Spanish *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal* (Iberclear)/ [•]]
22. Guarantee:	Under the Guarantee, the Guarantor has unconditionally and irrevocably guaranteed the due payment of all the amount outstanding under the Notes to be payable by the Issuer. The Guarantee is subject to certain limitations as detailed in Condition 7.2(a)—*"Guarantee"* of the Information Memorandum.

PROVISIONS RELATING TO THE INTEREST RATE:	
23. Fixed interest rate:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
Interest Rate:	[●] per cent. per annum [payable [annually/semi-annually/quarterly /monthly] in arrear] on each Interest Payment Date
Interest Payment Date(s):	[●] in each year
Day Count Fraction:	[[Actual/Actual ICMA]/[Actual/360]/[●]] (see Condition 7.7)
[●]	[●]
24. Floating interest rate:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
Interest Period(s):	[●]
Interest Payment Dates:	[●]
Reference rate:	[●]
Relevant Screen Page:	[EURIBOR01/[●]]
Relevant Financial Center:	[●]
Interest Determination Date	[●]
Interest Payment Date(s):	[●] in each year
Margin:	[●]
Minimum Interest Rate:	[●] per cent. per annum
Maximum Interest Rate:	[●] per cent. per annum
Day Count Fraction:	[[Actual/Actual ICMA]/[Actual/360]/[●]] (see Condition 7.7)
[●]	[●]
25. Contingent interest rate:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
Contingency(ies):	[●] [●]
Contingent Interest Rate(s):	[●] [●]
[●]	[●]
[●]	[●]
PROVISIONS RELATING TO REDEMPTION:	
26. Early redemption options:	Applicable as stated below:
Put Option:	[Applicable (see Condition 7.8(b)(i))/Not Applicable] [Put Option Trigger: [●]%] *(if applicable)*
Call Option:	[Applicable (see Condition 7.8(b)(ii))/Not Applicable] [Condition(s) precedent: [[●]/to be determined in the relevant notice to Noteholders if any]] (*if applicable)*
Redemption for tax reason:	Applicable (see Condition 7.8(b)(iii))
EVENTS OF DEFAULT	
27. Events of default:	Non-payment Breach of other obligations Breach of financial covenants Cross default Insolvency, winding up or analogous event

27. Events of default:	Non-admission of the Notes to MARF Audit qualification, adverse opinion or rejection of opinion Unlawfulness or invalidity Status of the Notes *See Condition 7.9*
FINANCIAL COVENANTS:	
28. Financial covenants: [●]: [●]: [●]	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* [●] [●] [●]
OTHER OBLIGATIONS:	
29. [**Other obligations:**] [●]	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* [●]
REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS:	
30. Reasons of the offer:	[See Section 10—"*Use of proceeds"* in the Information Memorandum/*give details*]
31. Estimated net proceeds:	[●]
OPERATIONAL INFORMATION:	
32. ISIN Code of the Notes:	[●]
33. Placement Entity(ies):	[Bankinter, S.A./[●]/[●]]
34. Sole Lead Arranger:	[Bankinter, S.A.]
35. Paying Agent:	[Bankinter, S.A.]
36. Registered advisor (*asesor registrado*):	[VGM Advisory Partners, S.L.U.]
37. Method of distribution:	Discretionary placement by the Placement Entity(ies) with the prior agreement of the Issuer, to qualified investors, as defined in the Information Memorandum.
OTHER INFORMATION:	
38. Listing and admission to trading: Admission to trading: Estimate of total expenses related to admission to trading:	 [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Spanish multilateral trading facility for debt securities (MARF) [with effect from [•]/within 30 days following the Issue Date/*other time period*].] *(when documenting a fungible issue need to indicate that original Notes are already admitted to trading)* [●]
39. Governing law:	The Notes are governed by Spanish law (*ley común*) and the Guarantee is governed by Ontario, Canada law.
40. Ratings:	[Not Applicable/The Notes to be issued [have been/are expected to be] rated/The following ratings reflect ratings assigned to Notes of this type issued under the Program generally]: [[•]: [•]] [[•]: [•]]

38. Ratings:	*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issuance has been specifically rated, that rating)* *(Insert one (or more) of the following options, as applicable)* [[●] *(insert legal name of particular credit rating agency entity providing rating)* is established in the EU and registered under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (CRA Regulation). A list of registered credit rating agencies is published at the European Securities and Market Authority's website: www.esma.europa.eu. [●] (*insert legal name of particular credit rating agency entity providing rating*) is established in the EU and has applied for registration under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (CRA Regulation), although notification of the registration decision has not yet been provided. [●] *(insert legal name of particular credit rating agency entity providing rating)* is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (CRA Regulation). [●] *(insert legal name of particular credit rating agency entity providing rating)* is not established in the EU but the rating it has given to the Notes is endorsed by [●] *(insert legal name of credit rating agency)*, which is established in the EU and registered under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (CRA Regulation). A list of registered credit rating agencies is published at the European Securities and Market Authority's website: www.esma.europa.eu. [●] *(insert legal name of particular credit rating agency entity providing rating)* is not established in the EU but is certified under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (CRA Regulation). [●] *(insert legal name of particular credit rating agency entity providing rating)* is not established in the EU and is not certified under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]
41. Representation of Noteholders: Commissioner: Syndicate Regulations:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* [SANNE AgenSynd, S.L.U./[●]] [Available at [●]/Not applicable]
42. [●]	[●]
[●]	[●]

4. RESOLUTIONS AND APPROVALS UNDER WHICH THE NOTES HAVE BEEN CREATED OR ISSUED

The resolutions and approvals by which the Notes have been issued are those set forth below:

- Resolutions of the Board of Directors of the Guarantor adopted on November 6, 2021.
- Resolutions of the joint directors (*administradores mancomunados*) of the Issuer adopted on October 28, 2021.
- [Resolutions of the joint directors (*administradores mancomunados*) of the Issuer adopted on [●].]
- [●]

As the persons responsible for these Final Terms on behalf of the Issuer:

_____	_____
[*full name*]	[*full name*]
[*title*]	[*title*]

As proof of acknowledgement and acceptance by the Guarantor of these Final Terms:

_____	_____
[*full name*]	[*full name*]
[*title*]	[*title*]

ANNEX IV: Template of Noteholders Syndicate Regulations

REGLAMENTO DEL SINDICATO DE BONISTAS	NOTEHOLDERS SYNDICATE REGULATIONS
A continuación, se recoge el Reglamento de cada Sindicato de Bonistas de la Emisión de bonos de Canadian Solar EMEA Capital Markets, S.A.U., denominada "**[•]**" (la "**Emisión**")	The Regulations that follow correspond to each Syndicate of Noteholders of the Notes that compose the "**[•]**" (the "**Issuance**").
Por consiguiente, deberá entenderse que este Reglamento aplica a cada Sindicato de Bonistas.	Therefore, it must be understood that these Regulation apply to each Syndicate of Noteholders.
En caso de discrepancia la versión española prevalecerá.	In the case of discrepancy, the Spanish version shall prevail.
TÍTULO I: CONSTITUCIÓN, DENOMINACIÓN, OBJETO, DOMICILIO Y DURACIÓN DEL SINDICATO DE BONISTAS.	**TITLE I: INCORPORATION, NAME, PURPOSE, ADDRESS AND DURATION OF THE SYNDICATE OF NOTEHOLDERS.**
Artículo 1. – Constitución	**Article 1. – Incorporation**
Con sujeción a lo dispuesto en el Capítulo IV del texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio (la "**Ley de Sociedades de Capital**"), una vez se suscriban y desembolsen los Bonos, quedará constituido un sindicato de los titulares de los Bonos (los "**Bonistas**") que integran la Emisión.	In accordance with the provisions of Chapter IV of the *texto refundido de la Ley de Sociedades de Capital* approved by the *Real Decreto Legislativo 1/2010, de 2 de julio* (the "**Spanish Companies Act**"), once the Notes have been fully subscribed and paid-up, a Syndicate of the owners of the Notes (the "**Noteholders**") shall be constituted to include the Issuance.
Este Sindicato se regirá por el presente Reglamento, por la Ley de Sociedades de Capital, por las disposiciones de los estatutos sociales de Canadian Solar EMEA Capital Markets, S.A.U. (el "**Emisor**") y demás disposiciones legales vigentes que le sean aplicables.	This Syndicate shall be governed by these Regulations, by the Spanish Capital Companies Act, by the applicable provisions of the articles of association of Canadian Solar EMEA Capital Markets, S.A.U. (the "**Issuer**"), and other applicable legislation that may result applicable.
Artículo 2. – Denominación	**Article 2. – Name**
El Sindicato se denominará "**[**SINDICATO DE BONISTAS DE LA EMISIÓN DE BONOS DE CANADIAN SOLAR EMEA CAPITAL MARKETS, S.A.U.**]**".	The Syndicate shall be named "**[**SYNDICATE OF NOTEHOLDERS OF THE ISSUANCE OF NOTES OF CANADIAN SOLAR EMEA CAPITAL MARKETS, S.A.U.**]**".
Artículo 3. – Objeto	**ARTICLE 3. – Purpose**
El Sindicato tendrá por objeto la representación y defensa de los legítimos intereses de los Bonistas frente al Emisor mediante el ejercicio de los derechos que le reconocen las leyes por las que se rigen y el presente Reglamento, para ejercerlos y conservarlos de forma colectiva, y bajo la representación que se determina en las presentes normas.	This Syndicate is formed for the purpose of representing and protecting the lawful interests of the Noteholders before the Issuer, by means of exercising the rights granted by the applicable laws and the present Regulations, to exercise and preserve them in a collective way and under the representation determined by these Regulations.
Artículo 4. – Domicilio	**ARTICLE 4. – Address**
El domicilio del Sindicato se fija en **[•]**.	The address of the Noteholders Syndicate shall be located at **[•]**.
La Asamblea General de Bonistas podrá, sin embargo, reunirse, cuando se considere oportuno, en otro lugar de la ciudad de **[**Madrid**]**, expresándose así en la convocatoria.	However, the Noteholders General Meeting is also authorized to convene, when considered appropriate, in any other place in **[**Madrid**]** that is specified in the meeting announcement.

Artículo 5. – Duración	**Article 5. – Duration**
El Sindicato estará en vigor hasta que los Bonistas se hayan reintegrado de cuantos derechos derivados de los Bonos por principal, intereses o cualquier otro concepto les correspondan, o se hubiese procedido a la amortización de la totalidad de los Bonos de acuerdo con sus términos y condiciones.	This Syndicate shall be in force until the Noteholders have been reimbursed for any rights deriving from the Notes they may hold for the principal, interest or any other concept, or until the amortization of all the Notes takes place according to the applicable terms and conditions.
TÍTULO II: RÉGIMEN DEL SINDICATO	**TITLE II: SYNDICATE'S REGIME**
Artículo 6. – Órganos del sindicato	**Article 6. – Syndicate management bodies**
El gobierno del Sindicato corresponderá: (i) A la Asamblea General de Bonistas (la "**Asamblea General**"). (ii) Al Comisario de la Asamblea General de Bonistas (el "**Comisario**").	The Management bodies of the Syndicate are: (i) The General Meeting of Noteholders (the "**General Meeting**"). (ii) The Commissioner of the General Meeting of Noteholders (the "**Commissioner**").
Artículo 7. – Naturaleza jurídica	**Article 7. – Legal nature**
La Asamblea General, debidamente convocada y constituida, es el órgano de expresión de la voluntad de los Bonistas, con sujeción al presente Reglamento, y sus acuerdos vinculan a todos los Bonistas en la forma establecida por las Leyes.	The General Meeting, duly called and constituted, is the body that expresses the will of the Noteholders, subject to the provisions of these Regulations, and its resolutions are binding for all Noteholders as established by Law.
Artículo 8. – Legitimación para convocatoria	**Article 8. – Convening meetings**
La Asamblea General será convocada por el Administrador o Administradores del Emisor o por el Comisario, siempre que cualquiera de ellos lo estime conveniente. Sin perjuicio de lo anterior, el Comisario deberá convocarla cuando lo soliciten por escrito de forma fehaciente, y expresando el objeto de la convocatoria y los puntos del orden del día, los Bonistas que representen, por lo menos, (i) la vigésima parte del importe total de la Emisión que no esté amortizada o (ii) el mínimo que legalmente se establezca. En este caso, la Asamblea General deberá convocarse para ser celebrada dentro de los 45 días siguientes a aquél en que el Comisario hubiere recibido la solicitud válida al efecto.	The General Meeting shall be convened by the Sole Director or Directors of the Issuer or by the Commissioner, whenever they may deem it convenient. Notwithstanding the above, the Commissioner shall convene a General Meeting when Noteholders holding at least (i) one-twentieth of the entire non-amortized amount of the Issuance, or (ii) the minimum established by law. In such case, the General Meeting shall be held within 45 days following the receipt by the Commissioner of a valid written notice for this purpose.
Artículo 9. – Forma de convocatoria	**Article 9. – Procedure for convening meetings**
La convocatoria de la Asamblea General se hará, por lo menos (i) 15 días antes de la fecha fijada para su celebración, o (ii) con el plazo mínimo que legalmente se establezca mediante (a) anuncio en la página web del Emisor, en caso de existir, y hecho relevante en MARF, o (b) anuncio que se publicará en el "Boletín Oficial del Registro Mercantil" y, si se estima conveniente, en uno o más periódicos de mayor difusión nacional o internacional o (c) notificación a los Bonistas de conformidad con los términos y condiciones de los Bonos.	The General Meeting shall be announced at least (i) 15 days before the date set for the meeting, or (ii) within the term established by law by (a) notice published in the website of the Issuer, if any, and relevant fact in MARF, or (b) notice published in the Official Gazette of the Mercantile Registry and, if appropriate, in one or more newspapers of significant national or international circulation, or (c) notice to the Noteholders in accordance with the terms and conditions of the Notes.

El plazo se computará a partir de la fecha de la publicación del anuncio o de la fecha en que hubiere sido remitido el anuncio al último obligacionista, según cual fuere la forma de la convocatoria. No se computarán en el plazo ni el día de la publicación del anuncio o de remisión de la convocatoria ni el de la celebración de la asamblea de obligacionistas.	The term shall count from the date on which the notice is published or from the date on which the notice is communicated to the last Noteholder, as applicable. The term shall not include the day on which the notice is published or communicated, nor the day on which the General Meeting takes place.
En todo caso, se expresará en el anuncio el nombre de la sociedad y la denominación del Sindicato, el lugar y la fecha de reunión, tanto en primera como en segunda convocatoria debiendo mediar entre ambas, al menos, 24 horas, los asuntos que hayan de tratarse y la forma de acreditar la titularidad de los Bonos para tener derecho de asistencia a la Asamblea General.	In any case, the notice shall contain the name of the company and the Syndicate, the place and date of the meeting, at both first and second calls, with at least a 24-hour period between one call and the other, the matters to be discussed and the way in which the ownership of the Notes shall be credited in order to have the right to attend the General Meeting.
No obstante, la Asamblea General se entenderá convocada y válidamente constituida para tratar de cualquier asunto de la competencia del Sindicato, siempre que estén presente debidamente representados los Bonistas titulares de todos los Bonos en circulación y los asistentes acepten por unanimidad la celebración de la Asamblea y el orden del día.	However, the General Meeting shall be deemed validly constituted to transact any business within the remit of the Syndicate if Noteholders representing all of the outstanding Notes are present or duly represented, and provided that they unanimously approve the holding of such meeting and the agenda.
Artículo 10. – Derecho de asistencia	**Article 10. – Right to attend meetings**
Tendrán derecho de asistencia a la Asamblea General los Bonistas que lo sean, con 5 días de antelación, por lo menos, a aquél en que haya de celebrarse la reunión.	Noteholders who have been so at least 5 days prior to the date on which the meeting is scheduled, shall have the right to attend the meeting.
El Administrador o Administradores del Emisor, el Comisario y el Agente de Pagos (*Paying Agent*) de la Emisión tendrán derecho de asistencia a la Asamblea General aunque no hubieren sido convocados.	The Sole Director or the Directors of the Issuer, the Commissioner, and the Paying Agent under the Issuance shall have the right to attend the meeting even if they have not been requested to attend.
Artículo 11. – Derecho de representación	**Article 11. – Right to be represented**
Todo Bonista que tenga derecho de asistencia a la Asamblea General podrá hacerse representar por medio otro obligacionista. Además, todo Bonista con derecho a asistencia podrá, en su caso de no poder delegar su representación en otro bonista, hacerse representar por el Comisario, aunque en ningún caso podrá hacerse representar por los administradores de la Sociedad, aunque sean obligacionistas. La representación deberá conferirse por escrito y con carácter especial para cada Asamblea General.	All Noteholders having the right to attend the meetings also have the right to be represented by another Noteholder. Furthermore, every Noteholder may, in case it cannot delegate its representation in another noteholder, be represented by the Commissioner, but under no circumstances shall be represented by the directors of the company, even if they are Noteholders. Appointment of a proxy must be issued in writing for each individual meeting.
Artículo 12. – Adopción de acuerdos	**Article 12. – Approval of resolutions**
Los acuerdos se adoptarán por mayoría absoluta (esto es, más de la mitad) de los votos emitidos.	The resolutions shall be approved by an absolute majority (i.e. more than a half) of the votes issued.

Por excepción: (i) las decisiones sobre la declaración de vencimiento anticipada de los Bonos como consecuencia de la verificación de alguno de los Supuestos de Vencimiento (*Events of Default*) han de ser adoptadas por Mayoría Absoluta de Bonistas; y (ii) las modificaciones del plazo o de las condiciones del reembolso del valor nominal de los Bonos han de ser adoptadas por Mayoría Reforzada de Bonistas. Se entiende por "**Mayoría Absoluta**" el voto favorable de más de la mitad de los derechos de voto correspondientes al importe nominal agregado de los Bonos en circulación, salvo que se haya declarado expresamente la fungibilidad de los Bonos de esta Emisión con la de una o varias Emisiones distintas, en cuyo caso la mayoría referida se calculará sobre el importe nominal agregado de los Bonos para los que se haya declarado su carácter fungible. Se entiende por "**Mayoría Reforzada** " el voto favorable de, al menos, dos terceras partes de los derechos de voto correspondientes al importe nominal agregado de los Bonos en circulación, salvo que se haya declarado expresamente la fungibilidad de los Bonos de esta Emisión con la de una o varias Emisiones distintas, en cuyo caso la mayoría referida se calculará sobre el importe nominal agregado de los Bonos para los que se haya declarado su carácter fungible. Para aquellos casos en que se exija una Mayoría Reforzada de Bonistas, se exigirá la asistencia de, al menos, dos terceras partes de los Bonos en circulación para la válida constitución de la Asamblea. **Artículo 13. – Derecho de voto** En las reuniones de la Asamblea General se conferirá derecho a un voto por cada importe nominal de Bonos igual a [100.000 €], o el valor nominal no amortizado presente o representado. En todo caso, si así se previera en la correspondiente convocatoria de la Asamblea de Bonistas, el voto podrá ejercitarse a través de medios de comunicación a distancia, incluyendo la correspondencia postal o por medios telemáticos siempre que (a) se garantice debidamente la identidad del Bonista que ejerce el derecho de voto y (b) éste quede registrado en algún tipo de soporte.	As an exception: (i) the decisions on the declaration of an event of default of the Notes as a consequence of the verification of any of the Events of Default shall be approved by an Absolute Majority of Noteholders; and (ii) the amendment of the term or the reimbursement of the principal amount of the Notes shall be approved by a Qualified Majority of Noteholders. It is understood by "**Absolute Majority**" the favorable vote by more of one half of the outstanding Notes, unless it has been expressly determined that that the Notes under several Issues are fungible among them, in which case the referred majority will be computed over the aggregate nominal amount of those fungible Notes. It is understood by "**Qualified Majority**" the favorable vote by at least two thirds of the outstanding Notes, unless it has been expressly determined that that the Notes under several Issuances are fungible among them, in which case the referred majority will be computed over the aggregate nominal amount of those fungible Notes. For those decisions which require a Qualified Majority of Noteholders will require a quorum of at least two thirds of the outstanding Notes for the valid conveyance of the General Meeting. **Article 13. – Voting rights** At General Meetings, one vote shall be conferred to each nominal amount of Notes equivalent to [€ 100,000], or to the outstanding principal amount present or represented. In any case, if indicated in the announcement of the General Meeting of Noteholders, the vote may be conducted by means of remote communication, including ordinary post or telematic means, as long as (a) the identity of the Noteholder exercising this voting right is duly verified, and (b) it is recorded by some means of support.

Artículo 14. - Presidencia de la Asamblea General La Asamblea General estará presidida por el Comisario, o la persona que éste designe legalmente quien dirigirá los debates, dará por terminadas las discusiones cuando lo estime conveniente y dispondrá que los asuntos sean sometidos a votación. No obstante, si el Comisario, por causas ajenas a su voluntad, no pudiera asistir a la Asamblea General, ésta podrá designar a la persona encargada de la presidencia. Asimismo, los asistentes podrán designar, en su caso, a una persona que actuará como secretario de la Asamblea.	**Article 14. - Chairman of the General Meeting** The Commissioner, or the person legally appointed by it, shall serve as chairman of the General Meeting and shall chair the discussions. He/she shall have the right to bring the discussions to an end when considered appropriate and shall arrange for matters to be put to the vote. Notwithstanding, if the Commissioner, for reasons not attributable to it, is not able to attend the General Meeting, the General Meeting may designate the person that should act as chairman Furthermore, given the case, the attendants shall appoint a person to act as secretary of the General Meeting.
Artículo 15. – Lista de asistencia El Comisario formará, antes de entrar a discutir el orden del día, la lista de los asistentes, expresando el carácter y representación de cada uno y el saldo vivo de los Bonos propios o ajenos con que concurren.	**Article 15. – Attendance list** Before addressing the agenda items, the Commissioner shall prepare the attendance list, stating the nature and representation of each of the Noteholders present and the outstanding amount under the Notes both directly owned and/or represented at the meeting.
Artículo 16. – Facultades de la Asamblea General. La Asamblea General podrá acordar lo necesario para la mejor defensa de los legítimos intereses de los mismos frente al Emisor; modificar, de acuerdo con el Emisor, los términos y condiciones de los Bonos, pudiendo ser dichas modificaciones esenciales o no esenciales; destituir o nombrar Comisario; ejercer, cuando proceda, las acciones judiciales correspondientes y aprobar los gastos ocasionados por la defensa de los intereses de los Bonistas.	**Article 16. – Power of the General Meeting** The General Meeting may pass resolutions necessary to i) defend the lawful interests of Noteholders before the Issuer; ii) modify, in accordance with the Issuer, the terms and conditions of the Notes, being those modifications essential or non-essential; iii) dismiss or appoint the Commissioner; iv) exercise, when appropriate, the corresponding legal claims and to approve the expenses incurred in the defence of the Noteholders' interests.
Artículo 17. – Impugnación de los acuerdos Los acuerdos de la Asamblea General podrán ser impugnados por los Bonistas conforme a lo dispuesto en la Ley de Sociedades de Capital para la impugnación de acuerdos sociales.	**Article 17. – Challenge of resolutions** The resolutions of the General Meeting may be challenged by the Noteholders in accordance with provisions of the Spanish Capital Companies Act regarding the challenge of corporate resolutions.
Artículo 18. – Actas El acta de la sesión podrá ser aprobada por la propia Asamblea General, acto seguido de haberse celebrado ésta, o, en su defecto, y dentro del plazo de 15 días, por el Comisario y al menos un Bonista designado al efecto por la Asamblea General.	**Article 18. – Minutes** The minutes of the meeting shall be approved by the General Meeting, after the meeting has been held or, alternatively, within a period of 15 days by the Commissioner and at least one Noteholder appointed for such purpose by the General Meeting.
Artículo 19.– Certificaciones Las certificaciones de las actas de los acuerdos de la Asamblea General serán expedidas por el Comisario.	**Article 19. – Certificates** The certificates of the minutes of the resolutions of the General Meeting shall be issued by the Commissioner.

Artículo 20. – Ejercicio individual de acciones	**Article 20. – Individual exercise of claims**
Los Bonistas sólo podrán ejercitar individualmente las acciones judiciales o extrajudiciales que corresponda cuando no contradigan los acuerdos adoptados previamente por el Sindicato, dentro de su competencia, y sean compatibles con las facultades que al mismo se hubiesen conferido.	The Noteholders will only be entitled to individually exercise judicial or extra judicial claims if such claims do not contradict the resolutions previously adopted by the Syndicate, within its powers, and if compatible with the faculties conferred upon the Syndicate.
TITULO III: DEL COMISARIO	**TITLE III: THE COMMISSIONER**
Artículo 21. – Naturaleza jurídica del Comisario	**Article 21. – Nature of the Commissioner**
Incumbe al Comisario ostentar la representación legal del Sindicato y actuar de órgano de relación entre éste y el Emisor, de acuerdo con lo establecido en la ley.	The Commissioner shall bear the legal representation of the Syndicate and shall serve as provided on the Law as the liaison between the Syndicate and the Issuer.
Artículo 22. – Nombramiento y duración del cargo	**Article 22. – Appointment and duration of the office**
El Emisor designa a SANNE AgenSynd, S.L.U. como Comisario, sin perjuicio de que la Asamblea General pueda destituir al Comisario designado y nombrar a otra persona si lo considera oportuno. La retribución del Comisario será fijada por el Emisor.	Notwithstanding the appointment of SANNE AgenSynd, S.L.U. as Commissioner by the Issuer, the General Meeting shall remove the appointed Commissioner and appoint other person if it deems necessary. The remuneration of the Commissioner shall be established by the Issuer.
Artículo 23. – Facultades	**Article 23. – Powers**
Serán facultades del Comisario:	The Commissioner shall have the following powers:
1º Tutelar los intereses comunes de los Bonistas.	1st. To protect the common interest of the Noteholders.
2° Convocar y presidir, en su caso, las Asambleas Generales.	2nd. To convene and act as chairman of the General Meeting, if applicable.
3° Informar a la Sociedad Emisora de los acuerdos del Sindicato.	3rd. To inform the Issuer of the resolutions passed by the Syndicate.
4° Vigilar el pago de los intereses y del principal.	4th. To control the payment of the principal and the interest.
5° Llevar a cabo todas las actuaciones que estén previstas realice o pueda llevar a cabo el Comisario de acuerdo con los términos y condiciones de los Bonos.	5th. To carry out all those actions provided for under the terms and conditions of the Notes or which may be carried out by the Commissioner.
6° Ejecutar los acuerdos de la Asamblea General.	6th. To implement the resolutions of the General Meeting.
7° Ejercitar las acciones que correspondan contra el Emisor, los administradores o liquidadores.	7th. To exercise claims against the Issuer, the directors or liquidators.
8° Aceptar, en nombre y representación de los Bonistas, cualesquiera garantías, incluyendo garantías reales, otorgadas a favor de los mismos y firmar cualesquiera otros documentos públicos o privados relacionados con dichas garantías quesea necesarios para su buen fin.	8th. To accept, on behalf of the Noteholders, any guarantees, including any security, granted in their favour and sign any other documents, public or private, related to such guarantees that may be necessary.
9º En general, las que le confiere la Ley y el presente Reglamento.	9th. In general, the powers granted to the position by Law and the present Regulations.

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