

COMPENSATION COMMITTEE CHARTER
of the Compensation Committee
of Canadian Solar Inc.

This Compensation Committee Charter was adopted by the Board of Directors (the “Board”) of Canadian Solar Inc. (the “Company”) on November 8, 2006, and shall become effective immediately upon the completion of the Company’s initial public offering of its common shares in the United States and elsewhere (the “Effective Time”).

I. Purpose

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

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s Articles and Bylaws, as amended from time to time (the “Constitutional Documents”). The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers and responsibilities delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

II. Membership

The Committee shall be composed of at least two directors, as determined by the Board, none of whom shall be an employee of the Company and each of whom shall (1) be a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended, (2) be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended, and (3) has experience, in the business judgment of the Board, that would be helpful in addressing the matters delegated to the Committee. In addition, at least a majority of the members of the Committee shall satisfy the independence requirements of the Nasdaq Global Market within 90 days after the Effective Time, and all of the members of the Committee shall satisfy the independence requirements of the Nasdaq Global Market within one year after the Effective Time.

The members of the Committee, including the Chair of the Committee, shall be appointed by the Board on the recommendation of the Nomination and Corporate Governance Committee. Committee members may be removed from the Committee, with or without cause, by the Board. Any action duly taken by the Committee shall be valid and

effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. Meetings and Procedures

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

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

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

The Committee may retain any independent counsel, compensation and benefits consultants and other experts or advisors that the Committee believes to be desirable or appropriate. The Committee may also utilize the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such persons retained by the Committee and for ordinary administrative services of the Committee that are necessary or appropriate in carrying out its duties.

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

IV. Duties and Responsibilities

1. The Committee shall, at least annually, review the compensation philosophy of the Company.

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

CEO in past years. The Committee shall have sole authority to determine the CEO's compensation.

3. The Committee shall, at least annually, review and approve all compensation for all other officers (as such term is defined in Rule 16a-1 promulgated under the 1934 Act), directors and all other employees of the Company or its subsidiaries with a base salary greater than or equal to US\$150,000.

4. The Committee shall make recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans and equity-based plans and shall review and approve all officers' employment agreements and severance arrangements.

5. The Committee shall manage and annually review all annual bonus, long-term incentive compensation, stock option, employee pension and welfare benefit plans (including *employee stock purchase plan, long-term incentive plan, management incentive plan and others*), and with respect to each plan shall have responsibility for:

- (i) general administration;
- (ii) setting performance targets under all annual bonus and long-term incentive compensation plans as appropriate;
- (iii) certifying that any and all performance targets used for any performance-based equity compensation plans have been met before payment of any executive bonus or compensation or exercise of any executive award granted under any such plan(s);
- (iv) approving all amendments to, and terminations of, all compensation plans and any awards under such plans;
- (v) granting any awards under any performance-based annual bonus, long-term incentive compensation and equity compensation plans to executive officers or current employees with the potential to become the CEO or an executive officer, including stock options and other equity rights (*e.g., restricted stock, stock purchase rights*);
- (vi) approving which executive officers are entitled to awards under the Company's stock option plan(s); and
- (vii) repurchasing securities from terminated employees.

All annual plan reviews should include reviewing the plan's administrative costs, reviewing current plan features relative to any proposed new features, and assessing the performance of the plan's internal and external administrators if any duties have been delegated.

6. The Committee shall establish and periodically review policies concerning perquisite benefits.

7. The Committee shall periodically review the Company's policies with respect to change of control or "parachute" payments, if any.

8. The Committee shall manage and review executive officer and director indemnification and insurance matters.

9. The Committee shall manage and review any employee loans in an amount equal to or greater than sixty-thousand dollars (US\$60,000.00).

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

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

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