

File Name	Environmental, Social Responsibility and Governance Management System				
Dept.	Internal Control	Distribution	All departments		
File No.	EM-ELC-13	Version	02.00	Effective date	2023-04-15

*Guimin Liu*

## **Emeren Group Ltd**

# **Environmental, Social Responsibility and Governance Management System**

### **Purpose of the ESG Policy Framework**

We believe Environmental, Social and Governance is our corporate responsibility as a renewable Energy business developer and investor as well as an opportunity to promote good business ethics and focus on a more sustainable and resilient future. We are committed to continuously improving our ESG policy to meet or exceed evolving standards and expectations of our shareholders, investors, customers, employees and communities. We aim to be a progressive and leading company on integrated ESG commitments because we believe that sustainability is an essential part of our long-term success as global corporate citizens. Through our protection of the earth and undertaking corporate social responsibilities, we will ultimately realize the long-term sustainable development goals.

Through employee environmental education, compliance risk control, continuous green energy development and technological progress, we will be able to protect environment, reduce natural resources consumption and carbon emissions and better manage our assets, which in turn generates better returns for our shareholders and investors, reduces costs for our customers and partners, and helps our global employees by increasing motivation and productivity. This ESG Policy framework has been prepared to support us in developing ESG commitments, integration into our overall business and investment approach, responsibility of implementation and monitoring and reporting framework.

We attach importance to the protection and improvement of the environment in every aspect of our operations. Incorporate ESG principles into the investment analysis and decision-making process, the company-wide adheres to high standards of integrity and business ethics, while supporting and benefiting society.

### **Emeren Group Sustainability Principles**

We are committed to making sustainability a core component of our business in order to build a more sustainable and resilient future. This includes but is not limited to:

Our concerns, beliefs and behaviors on green business, climate change, carbon emissions, new energy vehicles, etc. Sustainable and Green procurement now and in the future - ecological solutions that we believe can save the planet. The major gains and the way to success for the group, employees, upstream and downstream companies to implement sustainable development.

### **Improve Efficiency and Enhance Value**

As a leading new energy service provider, our mission is to build sustainable businesses and generate attractive risk-adjusted returns to shareholders and investors over the long term, while providing exceptional investment

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and operational services that enhance value on resource conservation. To provide our global customers with increased opportunities to enhance their sustainability endeavors, we focus on sustainability initiatives that increase resource conservation, leverage climate action, improve health and well-being and support local communities.

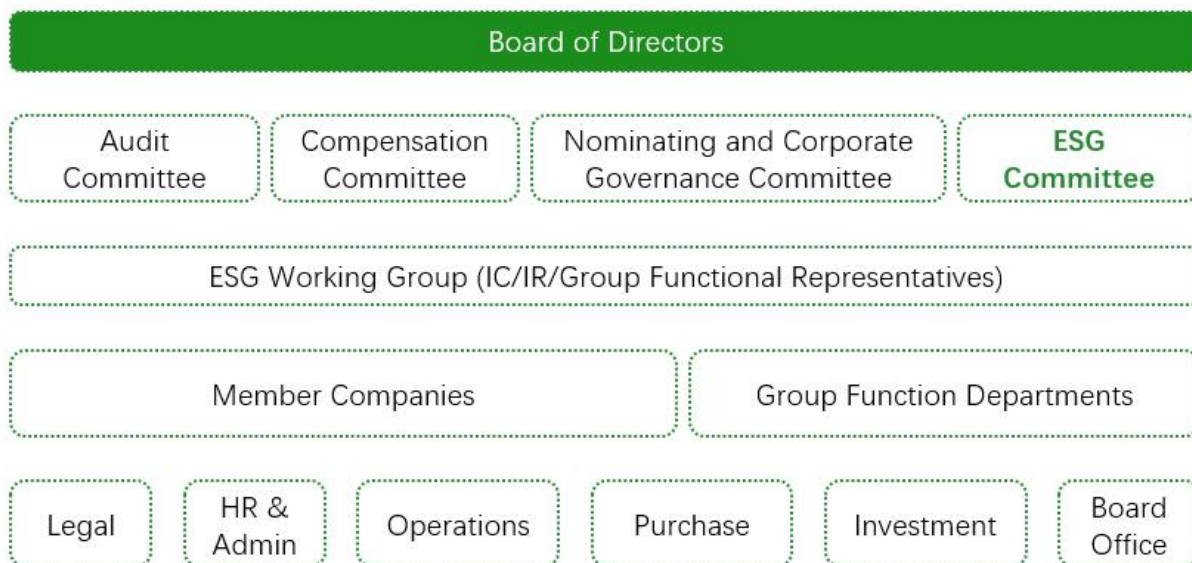
## Govern with High Ethics and Transparency

Emeren Group maintain a zero-tolerance approach to bribery and corruption and require all management and employees to comply with our Code of Process and Business Conduct at all times and provide annual certification. The company is committed to maintaining the highest standards of corporate governance as a means of enhancing corporate performance and accountability. To demonstrate its commitment towards excellence in corporate governance, we have established a series of well-defined policies and processes to protect its stakeholders’ interests. Company will maintain the corporate governance framework to prevent bribery, corruption, political contributions or fraud, ensure cybersecurity, data protection and privacy, and generally uphold ourselves to the fiduciary duty we owe to our shareholders and investors.

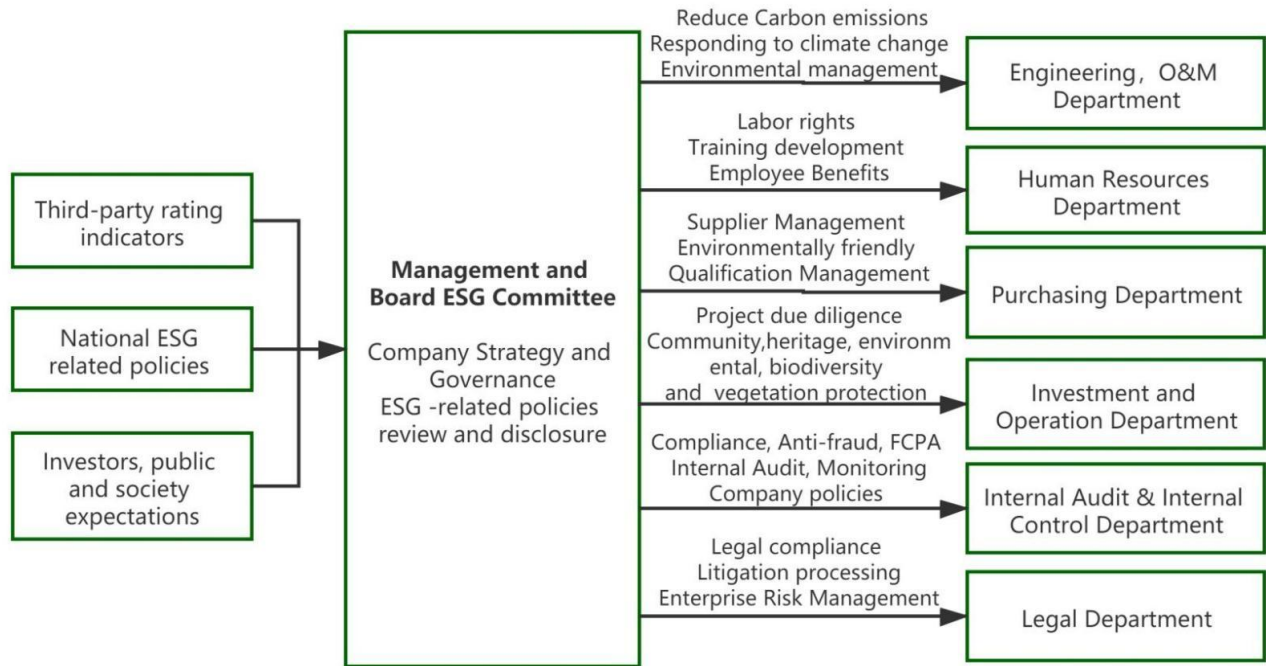
Emeren Group’s leadership team recognizes the importance of strong corporate governance and the maintenance of high standards of accountability to our shareholders and remains firmly committed to seeing that those standards are satisfied through an evolving suite of governance practices that are woven into the fabric of the business. We will continually review and refine its processes in light of best practice, consistent with the needs and circumstances of the group.

## ESG Governance:

The ESG Committee at the group level, nomination of respective members across business activities, and support the implementation of the ESG Policy Framework.



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<p>ESG Committee:</p> <p>Chairman</p> <p>Group CEO</p> <p>Chief ESG Officer</p>	<ol style="list-style-type: none"> <li>1) Identification of ESG risks and opportunities relevant to the Group, and their impact assessment on the Company and provide recommendations to the Board. ESG risks and opportunities includes, but not limited to, key trends in legislation, regulation, litigation and public debate as regard ESG standards of corporate behavior, changes in sustainability policies in different regions and trends in domestic and international markets.</li> <li>2) The ESG and sustainability performance of the Company relative to comparable utilities or other bench marked companies, including on a regional and global basis.</li> <li>3) The adjustment of the strategic planning according to the actual development and changes in the external environment.</li> <li>4) ESG -related policies review and disclosure;</li> <li>5) Compliance with relevant laws and regulations;</li> <li>6) Review the Company's annual Environmental, Social and Governance Report.</li> </ol>
<p>Group CEO and Regional CEO</p>	<p>Be the first responsible for the company's ESG work. Responsible for organizing and formulating the ESG goals of the subsidiary, and proposing specific policies and measures for</p>

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	the ESG strategies and plans; regularly holding corporate environmental protection report meetings and special meetings, implementing the ESG decisions.				
Purchasing and Supply Chain	<p>1) Choose suppliers with good ESG awareness by SQE and encourage them to participate in ESG together. Be responsible for the quality of purchased items and ensure safe operation; try to purchase environmentally friendly materials;</p> <p>2) Conduct qualification review of suppliers of components and engineering materials, and do a good job of acceptance.</p> <p>2) When purchasing materials (including imports), they must understand their environmental performance, safe use, storage and transportation requirements, and obtain written safety technical specifications, safety labels and corresponding qualification certificates.</p> <p>4) According to the characteristics of the stored items, do a good job in the safety management of the warehouse, such as fire prevention, anti-theft, etc.</p> <p>5) In the process of purchasing and supervising the delivery of products from suppliers, the company should take measures to ensure that the suppliers' products comply with national or industry standards and customer requirements, including product specifications, parts, components, and packaging, especially the prohibition of specific materials or use restrictions, reduce the use of harmful substances, reduce or reuse packaging.</p> <p>6) In accordance with national or industry standards and customer requirements, the company conducts inspection and acceptance for purchased goods, including different quality inspection and testing and then do the goods acceptance;</p> <p>7) Monitor Suppliers provide corresponding necessary product specifications, declarations and conformity certificates with products.</p>				
Engineering , Operation and Maintenance	<p>1) Monitoring the climate change of the power station: monitoring and insurance claims processing such as rainstorms, floods, hurricanes, etc.;</p> <p>2) Put damaged and discarded equipment and materials into different collection bins according to their categories and not be thrown into trash cans or mixed with domestic waste, so as to reduce the emission of unorganized harmful gases and reduce air pollution;</p>				

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	<p>3) Ensure that the emission of toxic and harmful gases in the working environment is controlled within the scope prescribed by the state;</p> <p>4) Ensure safe construction; maintain the effective operation of safety standardization, occupational health and environmental management, and do various tasks as required;</p> <p>5) Participate in the construction and acceptance of company construction projects and technical rectification projects, and have the rights to supervise;</p> <p>6) Regularly maintain the facilities to ensure the normal operation of equipment and facilities;</p> <p>7) Accept the inspection and business guidance of the company and the government environmental protection department;</p> <p>8) Improve operation efficiency, reduce environmental pollution, and adopt advanced environmental protection equipment, facilities, and technologies;</p> <p>9) Participate in the ESG accident analysis and be responsible for handling environmental pollution accidents, and report truthfully in a timely manner.</p>				
Internal Control Legal HR	<p>1) Implement national ESG guidelines, policies, laws and regulations, and infiltrate environmental protection work into every work link.</p> <p>2) Conduct regular audits of suppliers to ensure that the products of the company's suppliers meet national or industry regulations and customer requirements.</p> <p>3) Supervise and inspect the implementation of the group's ESG policy;</p> <p>4) Promote the country's relevant ESG regulations and knowledge in the group.</p>				
All employees	<p>1) Every employee should take direct responsibility for the ESG work in his own post.</p> <p>2) Employees and leaders of the enterprise must study and abide by the Environmental Protection Law and the company's ESG policy, and consciously abide by.</p> <p>3) Report any ESG incidents or obvious violations of laws or the ESG requirements to the company's management in a timely manner.</p>				

## **Build Businesses and Invest Responsibly**

Embedding ESG into our investment and decision-making processes helps us to identify and avoid ESG risks and means that we understand and identify how activities can impact material ESG factors and reputation, capital

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value and stakeholders. Company recognize how we can work with the communities where we invest and operate businesses to minimize the environmental impact and seeking the most reliable license of the EPC contractor and supplier to operate safely. E.g. ISO9001 Quality Management System Certification,ISO14001 Environmental Management System Certification,ISO45001 Occupational Health Management System Certification and Construction Engineering Qualification, etc. And we will do supplier SQE work and due diligence to ensure the fairness and effectiveness of supplier selection.

### **Develop and Manage Sustainable Assets**

For development, acquisition or investment decision in line with ESG, Emeren Group teams across power station development,O&M and commission are empowered to prioritize, act, track and monitor the sustainability performance and collaborate with our workforce, partners and communities.

Company will not build or invest in any businesses or projects that involve the following:to the extent feasible, avoid the physical displacement of communities and involuntary resettlement; Activities prohibited by biodiversity conservation legislation of the country in which the project is located or by international conventions relating to the protection of biodiversity resources or cultural resources, such as World Heritage Convention and Convention on Biological Diversity. Projects located within recognized Indigenous Peoples territories that are deemed customary and/or under traditional ownership; Projects that adversely impact cultural heritage sites.

### **Environmental and social risk assessment:**

When considering development projects, company will do evaluation for the nature and scale of the investment in order to identify, minimize or manage adverse risks and impacts linked to legacy land use, land procurement, land contamination, water stress, extreme events and natural hazards that can be exacerbated by climate change, as well as risks to the nearby community, their livelihoods, their health and safety, biodiversity resources and cultural resources.

The climate change is increasingly testing the conventional for-profit business model. To avoid these risks, Emeren Group purchases property insurance and regularly monitored climate change and incorporate climate change risk assessments into our business model that cover physical and transition risk.

### **Promote Well-Being and No forced labor**

Emeren Group focus on introducing well-being concepts such as creating spaces that encourage physical activity, integrating natural lighting, improving access to nature and providing areas for healthy eating and socializing. We aim to incorporate health and well-being throughout its organization and assets in support of its employees, customers and the communities in which we work. By focusing on promoting well-being, we can enhance increase motivation and productivity as well as bring communities together. We have put in place the following process commitments to enable ESG integration as a part of the implementation.

If done well and early enough at the development or refurbishment stage, we know that we can, then, at the operational stage, rely on optimized environmental and energy inputs, that can be conserved to the maximum, tracked and recorded with the view to improve efficiency over time, and that we can help our customers do likewise labor and working conditions: In upholding our commitment to respect human rights, company put in place HR policies for staff and contract workers that meet the requirements of internationally recognized workers’

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rights as per the conventions of the International Labour Organization (ILO):

We declare that we have abide by and would continue in abiding by all provisions of social responsibility standards and local labor laws and regulations, including:

1. Prohibition of using child labor and forced labor, and no cooperation with any suppliers or subcontractors who use child labor or forced labor;
2. Respecting the freedom of employees and prohibition of any form of forced labor:
3. Provision of safe and hygienic working and living conditions to ensure the safety and health of employees.
4. Emeren Group is an equal opportunity employer that is committed to diversity and inclusion in the workplace. In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Emeren Group will be based on merit, qualifications, and abilities. Applicants, paid and unpaid interns, volunteers, and employees will not be discriminated against in the areas of age, marital status, medical condition, physical disabilities, mental disabilities, genetic characteristics, genetic information, veteran status, being a member of the military, national origin, pregnancy, race, color, religion and religious expression, gender, sexual orientation as well as gender identity and gender expression. The Company also does not condone discriminatory behavior towards its business contacts or vendors based on the above listed reasons. In addition, it is the policy of Emeren Group to provide reasonable accommodation to qualified employees who have protected disabilities to the extent required by applicable laws, regulations, and ordinances where a particular employee works.

Emeren Group also prohibits retaliation against individuals who report harassment or discrimination, or who participate in investigations into such conduct. Violations of any of these policies could lead to disciplinary action.

Company aims to contribute to the health and well-being of the end users and occupants of our assets, at all stages of our activities. This means that we actively promote and enable on-site safety during the construction stage of development projects. We purchased high-altitude accident insurance for our employees and all risks insurance for engineering installation. We also promote and strive to enable occupational health and well-being of all users and visitors of our assets at all times, for instance in terms of indoor air quality. Company provides local job opportunities and encourage social initiatives that make sense to our business and through the design and impact of our assets or through participating in community engagement activities that protect natural resources, local infrastructure and surrounding habitats.

### **Measure, Report, Monitor and Review**

Measure, record and report on our ESG considerations in a standard way for each asset when possible, in order for us to continuously report on our related performance across our business. Based on a consolidation and review of data over the first year of implementation of the ESG Policy Framework, we will establish targets for key indicators. Review and monitor at global and local levels to drive effective ESG data collection and track and evaluate compliance levels on a periodic basis.

### **Equipment, material and Resource use:**

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We will minimize its resource use and environmental footprint and minimize its impacts linked to water consumption, emissions and waste generation; new technologies to improve the performance of our assets in terms of land footprint minimization, energy sharing models, resource conservation techniques and water harvesting and recycling initiatives. We will review ESG criteria when selecting materials so which are environmentally friendly, recycled, easily up-cycled, safe and preferably, sourced locally; This approach enables us to incorporate green building standard requirements in most of our assets under planning.

**Proactive ESG Policy Commitment Integration:**

We will integrate these ESG policy commitments across daily operation, project development and construction, O&M and procurement process in our core markets. This will entail the addition of our ESG requirements into its tenders and contracts with its contractors and suppliers. Such requirements shall include that contractors and suppliers follow similar principles. Such requirements shall include, at minima, that contractors and suppliers respect the regulations under which they operate and integrate into their operations business ethics, prevention of the use of child and forced labour, respect for human rights, labour standards and working conditions aligned with good international practices, product/process standards for the protection of the environment, provisions for the protection of their employees’ health and well-being.

**Review and Update**

Our ESG policy commitments which include our ESG Principles, Investment Standards, ESG Considerations and ESG Implementation Process, will be reviewed at least every year from the date of endorsement by our CEO/Chairman on behalf of the Board of Directors. The periodic review shall be conducted in light of any business strategic changes, investors or government requirements on ESG and our evolving aspirations. The ESG Policy shall always be dated and endorsed by our IC Dept and CEO.