		EMEREN GROUP LTD Policy			
File name		EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism			
Compiling department		Internal Audit	Distribution	All departments of the Company	
File number		EM-ELC-07	Version	03.00	Effective date 2023-8-1


EMEREN GROUP LIMITED

Anti-Fraud and Reporting Mechanism

current version :	V3.0
Last Revision Date:	2023-8-1
Latest Update By:	Chris Wang
Audit & Audit Date:	Chris Wang
Approval:	Group CEO Signature: <i>Gemin Liu</i>
Approval Date:	2023. Aug

Revision history

Update	Updated date	Authors	Summary of Major Amendments
1	2023-8-1	Chris Wang	Added bilingual version /Reporting method

	EMEREN GROUP LTD Policy				
File name	EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism				
Compiling department	Internal Audit	Distribution	All departments of the Company		
File number	EM-ELC-07	Version	03.00	Effective date	2023-8-1

Chapter I General Provisions

In order to combat and prevent all kinds of fraud, strengthen corporate governance and internal control of EMEREN GROUP LIMITED (hereinafter referred to as the "Group"), reduce the risks and regulate business practices, ensure the realization of the long-term goals, stable and healthy development of the group, and protect the legitimate rights and interests of the company and shareholders, this regulation is formulated in accordance with the group's business objectives, SEC laws, regulations, securities exchange market and regulations and requirements of regulatory authorities, and in combination with the actual situation of the group.


These regulations mainly define the purposes, concepts, and forms of anti-fraud work; Attribution of responsibility for anti-fraud; Prevention and control of fraud; Report, investigate and report fraud cases; Permanent anti-fraud structure and functions; Guidance and supervision of anti-fraud work; Punishment for fraud; Scope of application of the ordinance.

Anti-fraud work aims to standardize all directors and management and ordinary employees' behavior, strictly abide by the relevant laws, industry standards, norms, rules, and regulations, professional ethics and group to establish a good atmosphere, clean working, and diligent dedication to preventing damage to the group and the interests of the shareholders.

Chapter II Concepts and Forms of Fraud

The term "fraud" in this system refers to the behavior of the company's management, governance, employees, or third parties in order to seek their own interests, using deception and other illegal and illegal means to damage the legitimate economic interests of the group or damage the country or other organizations. And personal interests improper behavior. One of the following situations is fraud:

- (1) Payment, acceptance of bribes or kickbacks;
- (2) Falsification in completion acceptance, project settlement, contract signing, fund management, and procurement, and gaining self-interest in violation of regulations;
- (3) Illegal use of group assets, embezzlement, misappropriation, or theft of group assets and properties;
- (4) Make the group pay for false transactions;
- (5) Forging or altering accounting records, accounting vouchers, project materials, power of attorneys, certificates, etc.;
- (6) Leaking or selling the business or technical secrets of the group;

	EMEREN GROUP LTD Policy				
File name	EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism				
Compiling department	Internal Audit	Distribution	All departments of the Company		
File number	EM-ELC-07	Version	03.00	Effective date	2023-8-1

- (7) Deliberately concealing, misreporting transactions, recording false transactions, including inflated assets, income, and underestimated liabilities, and issuing incorrect financial reports, thereby making financial statements reading or users misunderstanding and making inappropriate investment and financing decisions;
- (8) Conceal or delete important information that should be disclosed outside;
- (9) Engaging in economic activities that violate laws and regulations; such as tax evasion, private use of public power, embezzlement, and insider trading;
- (10) Other fraudulent acts that damage the interests of the group or the country.

Chapter III Responsibility of Anti-fraud


The management of the group shall be responsible for the occurrence of fraud. The management of the group is responsible for establishing, improving, and effectively implementing anti-fraud procedures and controls including fraud risk assessment and fraud prevention, and self-assessment; The audit committee is responsible for coordinating and directing the group's cross-functional and comprehensive anti-fraud efforts; The group has established a permanent organization for anti-fraud work (audit department) to organize and implement cross-departmental, group-wide anti-fraud work. Each business department undertakes the anti-fraud work of its own department.

Chapter IV Prevention and Control of Fraud

The anti-fraud work of the management of the group mainly includes: advocating the corporate culture of integrity and creating an anti-fraud corporate culture environment; Assessing fraud risks and establishing specific control procedures and mechanisms to reduce the chances of fraud; Establishing a permanent organization for anti-fraud work, receive, investigate, report and put forward suggestions on fraud reports, and accept supervision from the board of directors and the audit committee.

Advocating honesty and integrity in enterprise culture includes but is not limited to the following ways:

- (1) The top management insists on leading by example and taking practical actions to comply with the group's systems and norms.
- (2) The Group's anti-fraud policies and procedures and related measures shall be effectively communicated or trained within the Group in various forms (through employee handbook, group rules and regulations issue, publicity or OA bulletin, etc.) to ensure that employees receive training on relevant laws and regulations, professional ethics and understand the concepts involved in the code of conduct; Help employees identify legal and illegal, honest and unethical behavior. All employees must

	EMEREN GROUP LTD Policy				
File name	EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism				
Compiling department	Internal Audit	Distribution	All departments of the Company		
File number	EM-ELC-07	Version	03.00	Effective date	2023-8-1

be aware of the seriousness of the group in preventing fraud and their own responsibility in anti-fraud and strive to improve their anti-fraud mentality and skills;

(3) Conduct anti-fraud training, laws and regulations, and integrity moral education for new employees;

(4) Encourage employees to abide by laws and regulations and engage in acts of integrity and morality in daily work and communication of the Group, and help employees properly deal with conflicts of interest and improper interest temptations in work; And inform all stakeholders directly or indirectly related to the enterprise, including external stakeholders (customers, suppliers, regulators, and shareholders), in appropriate form of the information of the enterprise advocating compliance with the law and the integrity and ethics.


(5) For unethical behavior and dishonest behavior can be reported through the reporting channel for a real name or anonymous report; The group shall formulate and implement effective education and punishment policies.

Assessing fraud risks and establishing specific control mechanisms to reduce the chances of fraud, mainly by the following means:

(1) Management incorporates the fraud risk assessment into the enterprise risk assessment conducted at the beginning of each year (Contains the risk assessment for meeting Section 404 of SOX Act).

Management should identify and assess fraud risks at the group level, business unit level, and key account level, including the importance and possibility of fraud risks. These assessments also include false financial reporting, misappropriation of group assets, and unauthorized or inappropriate income or expenses, and assess the risk of fraud, including board members and senior management.

(2) Implement control measures to reduce the chance of fraud. Management shall establish and adopt measures to identify, prevent and reduce false financial reports or misuse of group assets; All levels and departments of the group shall establish anti-fraud control measures, which may be in different forms, such as approval, authorization, verification, verification, division of rights and responsibilities, work performance review and protection of the group assets. Establish necessary internal control measures in areas with a high risk of fraud, such as fraudulent financial reporting and management overreach, as well as unsolicited procurement and fictitious contracts. These measures include drawing business flow charts and developing management systems that link the risk of business and financial fraud with control measures so as to establish and function a control mechanism at the source of fraud.

	EMEREN GROUP LTD Policy				
File name	EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism				
Compiling department	Internal Audit	Distribution	All departments of the Company		
File number	EM-ELC-07	Version	03.00	Effective date	2023-8-1

The group conducts background checks on those who are to be hired or promoted to important positions, such as educational background, work experience, and criminal record. The background check process should be formally documented and maintained in employee files.


A permanent organization for anti-fraud shall be established, which shall be responsible for receiving reports, investigations, and reports of fraud and putting forward handling suggestions, and shall accept supervision from the audit committee and the board of directors.

Management's ongoing monitoring of fraud shall be integrated into routine control activities, including routine management and monitoring activities, as well as testing activities for compliance with section 404 of the SOX Act.

Chapter V Reporting, Investigation, and Reporting of cases of fraud

The permanent organization for anti-malpractice shall be responsible for establishing Hotlines, e-mail boxes, and mailing addresses for reporting cases of professional ethics and malpractice, and shall publish the hotline numbers, e-mail addresses, and mailing addresses for reporting cases. As a channel for employees at all levels and all social parties having direct or indirect economic relations with the group to reflect and report the group and its personnel's violation of professional ethics, or to report and expose actual or suspected fraud cases; The hotline also receives complaints and tips on accounting, internal control or audit matters. The permanent anti-fraud organization should streamline this process by establishing written procedures and systems for accepting, retaining, and handling allegations, as well as reports by employees and external third parties, whether real or anonymous and keeping a written record for review by senior management, audit committee and board.

The permanent organization for anti-fraud work will evaluate and decide whether to investigate suspicious, accused but unproven reports involving ordinary employees jointly with the legal and human resources departments of the group according to their priorities. If the report involves the senior management of the group, the board of directors and the audit committee of the group may approve the report, and then a special investigation team shall be formed by the permanent organization of anti-fraud work of the group and the management personnel of relevant departments to conduct a joint investigation. In the process external experts may also be involved in the investigation, if necessary; The internal control of the affected business unit shall be evaluated and recommendations for improvement shall be made.

	EMEREN GROUP LTD Policy				
File name	EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism				
Compiling department	Internal Audit	Distribution	All departments of the Company		
File number	EM-ELC-07	Version	03.00	Effective date	2023-8-1

The group anti-fraud permanent office shall file the report materials of the reported and investigated cases in time according to the provisions of filing work. The investigation results of related fraud cases and the work report of the permanent working organization against fraud shall be reported to the board of directors and the audit committee on a quarterly basis according to the nature of the report.


Chapter VI Permanent Organization and Functions of Anti-fraud Work

The group designates the audit department as the permanent organization of the group's anti-fraud work, which is responsible for organizing and implementing the cross-departmental and group-wide anti-fraud work of the group, including taking the lead in organizing all departments of the management to carry out the annual fraud risk assessment; Assist management departments in conducting annual self-assessment of anti-fraud activities; Conduct an independent assessment of the group's anti-fraud efforts; Assist to carry out group anti-fraud publicity activities; The establishment and implementation of anti-fraud control mechanisms by the audit and evaluation group to meet section 404 of SOX Act; Accept and register fraud reports, organize investigation of fraud cases, issue handling opinions and report to the management, audit committee and board of directors. The audit department undertakes the tasks assigned to the permanent anti-fraud body under Chapter V of the ordinance.

As a permanent working institution of the audit committee, the audit department is also responsible for the evaluation report of the audit committee on the group's anti-fraud work plan and development status, and the report on the receipt of reports, investigation results, and handling opinions of fraud cases, and listens to the work guidance of the audit committee and the board of directors.

Auditors should consciously improve against fraud awareness and against fraud technical ability level, keep the due vocational cautiousness, active request and take the initiative to accept the listed securities exchange and regulatory institutions at home and abroad of anti-fraud laws and regulations, industry standards, knowledge, skills training, take the initiative to understand the status of the development of group activities and plans, accounting policies and other relevant rules and regulations.

In view of the fact that relevant organizations outside the Group, such as local government agencies and external audit agencies, may also receive reports of fraud from internal personnel of the group, the audit department shall take the initiative to establish contact, exchange, and carry out necessary cooperation in work with them.

	EMEREN GROUP LTD Policy				
File name	EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism				
Compiling department	Internal Audit	Distribution	All departments of the Company		
File number	EM-ELC-07	Version	03.00	Effective date	2023-8-1


Chapter VII Guidance and Supervision of anti-fraud work

The management of the group shall not only take anti-fraud work as a part of daily management work, but also actively support the daily work of the permanent organization for anti-fraud work, and provide adequate guarantees in terms of budget, personnel allocation, and working conditions preparation.

A meeting shall be held at any time in case of fraud by the Regional President or above, fraud that has a great impact on the normal operation of the group, impact on the normal issuance of the financial report of the group, misstatement, and other fraud incidents or other important issues. The audit department shall provide an evaluation report on the anti-fraud work plan and development of the group, as well as a report on the receipt of reports, investigation results, and handling opinions of fraud cases.

The audit department shall report the anti-fraud work to the audit committee and the board of directors at least once a year. The board of directors and audit committee shall provide guidance, supervision, and necessary participation in the anti-fraud efforts. Specific performance is as follows:

- (1) Take the lead in participating in and urging the management to establish an anti-fraud cultural environment within the group; Supervise the management in accordance with the group's anti-fraud regulations;
- (2) Audit management's anti-fraud procedures and control measures, including management's identification of fraud risks and implementation of anti-fraud measures;
- (3) To examine and verify the annual fraud risk assessment of the audit department and its work plan and report;
- (4) To examine the possibility that management oversteps its control or otherwise exerts undue influence on the financial reporting process;
- (5) Understand the mechanism of employee reporting and supervise its operation and effectiveness;
- (6) To obtain investigation reports and handle opinions on fraud incidents discovered by the management, internal or external audit; Communicate with external auditors about the group's anti-fraud work.
- (7) Inquire into management's receipt and review of reports concerning confirmed or suspected fraudulent or illegal acts, including the nature, status, and final disposition of the fraudulent acts;
- (8) Understand management's feedback on recommendations by internal and external auditors to strengthen anti-fraud controls;

	EMEREN GROUP LTD Policy				
File name	EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism				
Compiling department	Internal Audit	Distribution	All departments of the Company		
File number	EM-ELC-07	Version	03.00	Effective date	2023-8-1

- (9) Deeply participate in or assign related personnel to participate in the investigation of major fraud events or related financial personnel fraud events;
- (10) To review the internal audit plan for fraud risks;
- (11) To hear the report of the audit department on the anti-fraud work of the group management;
- (12) Reviewing the accounting standards, policies, and estimates applied by the management;
- (13) Reviewing the situation of significant unusual transactions and related party transactions carried out by the management.


There shall be written records of relevant discussions and instructions made by the audit committee and the board of directors independently and together; It shall also record in written form the management's inquiries, comments, instructions, and results of implementation, and keep them properly for future reference.

The internal audit department shall consider the risk of fraud when formulating and implementing the annual audit plan. The internal audit department shall play a necessary role in guiding and supervising the anti-fraud work of the group. Meanwhile, its work plan and work results shall communicate with the management as necessary and accept the guidance and supervision of the audit committee and the board of directors.

The audit department may, under the authorization of the audit committee and the board of directors of the group, investigate the reported fraud cases independently or together with the business departments of the group; May also be commissioned by management to conduct special fraud investigations on behalf of management and conduct specific assessments of anti-fraud systems and procedures for specific matters. The investigation report, disposal opinion, and evaluation report made by the audit department shall be reported to the senior management, the board of directors, and the audit committee respectively.

Chapter VIII Punishment for Malpractice

In case of fraud, the group shall evaluate and improve internal control in written reports, take appropriate measures against violators, and report the results to internal and necessary external third parties.

	EMEREN GROUP LTD Policy				
File name	EMEREN GROUP Ltd Anti-Fraud and Reporting Mechanism				
Compiling department	Internal Audit	Distribution	All departments of the Company		
File number	EM-ELC-07	Version	03.00	Effective date	2023-8-1

The audit department shall suggest the management of the group impose corresponding internal economic and administrative discipline punishment on all employees who commit malpractices, no matter whether they reach the level of criminal crimes or not. Those whose acts violate the criminal law shall be transferred to judicial organs for handling according to law.

Chapter IX Scope of application

These regulations apply to Emeren Group Ltd and its subsidiaries. Subsidiaries can formulate their own anti-fraud regulations by referring to this regulation and combining them with the specific situation of the group, but the guiding principles and basic methods of anti-fraud should be the same.

Chapter X Supplementary provisions

The internal audit Dept. have the right to the interpretation and revision of these regulations. These regulations shall be implemented as of the date of promulgation.

Complaint Hotline

The phone number: +86 136 1177 8154
 Email: Xin.wang@emeran.com

Contacts

Director of Compliance: Chris Wang
 Internal Audit Supervision Manager: Peter Deng
 Address: Room 9H, Huamin Hanzun International, No. 728 Yan'an West Road, Changning District, Shanghai