XFUSION

2023
Environmental Development Report
xFusion Digital Technologies Co., Ltd.

Contents

Report Profile

Overview

This report is a environmental development report (the "Report") issued by xFusion Digital Technologies Limited ("xFusion","the Company" or "we"), which aims to comprehensively describe the Company's environmental management initiatives and performance in 2022, objectively disclose the Company's management and effectiveness in environmental and sustainable development, respond to the concerns and expectations of stakeholders and the public.

Reporting Scope

This Report covers information and data for the period from January 1st to December 31st, 2022 (the "Reporting Period" or the "Year"), with some information and data going back to 2021 or extending to 2023. The Report covers the Company and subsidiaries, including research centers, regional departments and supply centers.

Basis of Reporting

The Report has been prepared following the requirements of the environmental section of the GRI Sustainability Reporting Standards ("GRI Standards") issued by the Global Sustainability Standards Board ("GSSB").

Preparing Process

The content of the Report was determined according to a systematic process. The procedures include working group formation, stakeholder interviews, determination of the boundaries of the environmental development report, collection of relevant materials and data, framework definition, report preparation, report design, and departmental and senior level review to complete the preparation.

Access and Feedback

To view or download the Report online, please visit the Company's website www.xfusion.com.cn for an electronic version of the Report.

We value suggestions and comments from our stakeholders and welcome and encourage readers to contact us through the following methods. Your suggestions and comments will help us to further improve the Report and enhance our green performance.

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Corporate Profile

Who is xFusion?

The digital economy has become the main driver of economic and social development, and computing power, as an important productivity of digital-driven economic development, will influence every industry and be closely related to every person in the future. xFusion Digital Technologies Co., Ltd. is a leading global provider of computing power infrastructure and computing power services, focusing on developing computing power, adhering to the core values of "customer-centric, struggle-oriented, long-term hard work and all-win cooperation", continuously creating value for customers and partners, and accelerating the digital transformation of the industry. In November 2021, we established headquarter of xFusion in Zhengzhou, with 11 research centers, 7 regional departments and multiple supply centers worldwide.

xFusion always insists on scientific and technological innovation to lead the product and company development. We own more than 3,000 invention patents and provides products including general-purpose servers, AI servers, operating systems, databases and other computing power infrastructure products and services. As a TOP3 enterprise in China's server market share, xFusion adheres to the concept of "co-creating, cooperating and sharing" and collaborates with upstream and downstream of the industry chain to bring together more than 7,000 cooperative partners to promote the ecological development of the computing industry and build a harmonious industry.

Provide leading digital infrastructure
to build an
infinite digital world

Honors and Awards

During the Reporting Period, xFusion had won several honors and awards.

Honor / Award	Issuing Institution
xFusion was awarded for the 4th Batch Green Design Demonstration Enterprise for Industrial Products	Ministry of Industry and Information Technology
xFusion energy-saving technology was selected as the National Recommended Catalogue of Energy-saving Technology and Equipment in Industry and Information Technology (2022 Edition)	Ministry of Industry and Information Technology
xFusion product was awarded "AAAA" certificate by DC-Tech (Data Center Rating Assessment Certification)	China Academy of Information and Communication Research
xFusion receives Open Data Center Council (ODCC) "Sincere Help" Award	Open Data Center Council
xFusion receives Open Data Center Council (ODCC) "Excellent Partner" Award	Open Data Center Council
xFusion's FusionOS practice for replacing centOS OS wins Second Prize in ICT China 2022 Case Innovative Application Category	China Communications Enterprise Association
xFusion's Liquid-Cooled FusionPoD Cabinet Server construction practice wins Third Prize in ICT China 2022 Case - Innovative Application Category	China Communications Enterprise Association

A Message from the Director of Environmental Committee

> xFusion aims at the digital transformation of the industry. Driven by innovation, we promote energy conservation, carbon reduction, and environmental protection in a technical, measured, and orderly manner and realize a virtuous cycle of commercial value, environmental responsibility, and joint development.

Human society evolves with the transformation of the intelligent community. Computing power becomes the main engine for the continuous forward development of the digital world. In 2022, the construction of the computing power network has been accelerated comprehensively, the emergence of computing power applications has been accelerated, and the scale of computing power industry has been growing. But in the new stage of digital transformation, the huge digital gap results in explosive data growth. The global demand for computing power will increase 8 times in the next five years. In 2020, the global server energy consumption accounted for 1% of the total global energy consumption, and this ratio will increase to 3% in 2025. The contradiction between demand and the strategic goal of "carbon peak, carbon neutral" of computing power industry is a significant challenge.

Green Orientation

As the world's leading computing power infrastructure and computing power service provider, xFusion aims to promote the digital transformation of the industry. We take innovation as the drive, and encourage energy conservation, carbon reduction, and environmental protection in a technical, measured and orderly manner, implementing environmental responsibility into all aspects of the production and operation, and actively explored the path model of energy conservation and carbon reduction in the industry. Looking back at the past year, we have been trying to move steadily forward, strengthening R&D and continuous innovation around computing services and computing infrastructure design. We look forward to releasing computing power potential and striving to create a stable, efficient, and environmental computing base for our customers.

Green Computing Power

Products are the core competitiveness of xFusion. xFusion is committed to providing green and low-carbon computing products and services to help the low-carbon development of the digital economy. We have gathered the world's top talents and technologies, established innovation platforms such as xFusion XLab, and continued to promote R&D innovation around the green, energy-saving, and carbon- reducing computing products. Our mainstream products have been selected in the National Recommended Catalogue of Energy-saving Technology and Equipment in Industry and Information Technology (2022 Edition). And our commercial FusionPoD Liquid-Cooled product achieves PUE <1.06, which is the best in the industry. At the same time, we introduce green design in the whole life cycle of product and carry out carbon footprint assessments. We have also established a comprehensive recycling policy and system to provide partners with guidance on product disassemble and recycling, encouraging and promoting resource cycling in the industry. In 2022, all of our products passed the China Environmental Labeling Certification, and the recyclable application rate of product materials reached 93%, much higher than the industry average.

Green Operation

We seriously value the impact of our operations on the environment. In 2022, we established a green operation system covering R&D, production, and office internally, and optimized and improved green operation management system. We have also conducted a comprehensive carbon emissions verification for the first time, which has clarified our carbon emission base, grasped the key sources of carbon emission, and further identified our potential regarding carbon emission reduction. Through green

operations, we build up xFusion's environmental and sustainable competitiveness and drive the green transformation of the whole industry.

Green Cooperation

Cooperation is a core value that xFusion adheres to. The success of xFusion is inseparable from the support of business partners along the industrial chain. And the collaboration with our partners are essential to the environmental development of xFusion. We integrate the concept of environmental development into the business, providing a green supply chain. At present, environmental sustainability requirements are reflected in all aspects of our upstream and downstream partners, from selection, certification and procurement to evaluation. We provide environmental development training for our partners to realize the joint improvement of xFusion and our partners. Meanwhile, as a leading company in the industry, we are also committed to joining industry green development organizations and participating in industry green development activities to achieve our mission of promoting industry-wide progress, reform, and development.

2022 was a significant year for xFusion. Management team and all employees have been working hard and striving to achieve stable development of the Company's business, while continuing to focus on the environmental and efficient development of the industry chain. In the future, we will continue to uphold the mission and vision of "Provide leading digital infrastructure to build an infinite digital world", and always respond to the demands for sustainable development, and take a stronger step to create a new era of green development belonging to computing power and xFusion!

Ruiqi Fan
xFusion Digital Technology Co., Ltd.
Director the Environmental Committee & President of Product Line

Powerful Company Development

Remarkable Green Operation

Qualitative Environmental Protection

Measured Carbon Reduction

Environmental-Related Trends in the Industry

As one of the three major IT infrastructure hardware, computing infrastructure mainly provides computing and application services for customers, accounting for more than 80% of the value of the infrastructure hardware. In digital economy, computing power empowers thousands of industries, deeply integrates with industries and scenarios and accelerates the innovation and development of the computing power industry. The exponential expansion of data drives the explosive growth of downstream industries' demand for computing power infrastructure. At the same time, the high energy-consuming property of computing power makes the data center providing computing power a significant user of energy consumption and carbon emission. The excessive growth rate of data centers has put urgent pressure on the carbon emission targets of the environment.

At the end of 2021, the National Development and Reform Commission, the Central Network Information Office, the Ministry of Industry and Information Technology, and the National Energy Administration jointly researched and formulated the "Implementation Plan for Implementing the Requirements of Carbon Peak and Carbon Neutral Goals to Promote Green and High-Quality Development of Data Centers and New Infrastructure such as 5G", which specifies the green and low-carbon development goals for the data center industry in 2025. Nowadays, various countries have issued environmental development policies for the data center industry, such as the DC0I Data Center Optimization Initiative, FDCCI U.S. Federal Data Center Consolidation Program, and FITARA Federal Government Information Technology Procurement Reform Act in the U.S.; the Green Data Center Technology Roadmap in Singapore; the European Union's White Paper on the Status of Energy Efficiency in European Data Centers; and Japan's Green Growth Strategy" in Japan. As global policies and plans continue to be introduced, the demand for environmental and low-carbon data centers is increasing. In providing customers with high-quality and efficient computing products and services,

reducing power consumption and carbon emissions has become an enormous challenge facing the computing power industry today.

The demand for green development is not only for data centers but also for business partner's environmental requirements. Along with the expansion of Internet enterprises and cloud service business scale, the promotion of digitalization strategy, and the rise of financial technology, the future market scale of China's computing power infrastructure will increase significantly. As the leading force in the market of computing power infrastructure, cloud servers will show explosive growth, and low-carbon requirements will also be enhanced. The "Three-Year Action Plan for the Development of New Data Center (2021-2023)" issued by the Ministry of Industry and Information Technology in July 2021 proposes that traditional data centers are accelerating and promoting the development of new data centers, building an intelligent computing power ecosystem with new data centers as the core, and playing a critical role for the digital economy, raising the environmental protection standards of Internet enterprises, cloud services, and other industries, meaning that the environmental transformation of computer power industry has become imperative.

Environmental development aims at efficiency, harmony, and sustainability, which is also an important initiative to drive economic growth. With the various of domestic and international policies and the increase in downstream customers' green standards, the computing power infrastructure industry must vigorously drive environmental development practices and commit to deepening environmental protection into all aspects of the enterprise management system. The changes in policies and standards are the governance goal of xFusion as an outstanding company, which is also the social responsibility of a leading company in the industry. In the future, we will always focus on the purpose of carbon reduction to build xFusion's environmental and sustainable competitiveness.

Stakeholder Engagement

Promoting environmental protection is the responsibility and commitment of xFusion as a leading company in the computing power industry under the background of dual carbon strategy. xFusion firmly believes that promoting environmental development is an inevitable choice to realize commercial value, customer value, and social benefits.

During the Reporting Period, we always paid attention to the demands of the government and regulators, customers, partners, society, and other relevant parties in environmental protection, obtained the needs and opinions of stakeholders promptly in daily communication, responded, and continuously improved our own environmental development management and operation level. Through a systematic analysis of the impact of stakeholders in the environmental protection work, we identified the critical concerns of various stakeholders and provided guidance and support for the Company's environmental protection work plans and decision-making.

Stakeholder Analysis

Government and regulator	Client	Partner	Society
•Green Governance	•Green Governance	•Green Governance	•Green Social Responsibility
•Green Products	•Green Products	•Green Products	
•Green Operations		•Green Operations	

The government's compliance requirements for environmental protection, customers' requirements for carbon reduction of products, partners' demand for green technology and green supply chain upgrades, and requirements of society to raise the awareness of green environment are all essential considerations for xFusion to integrate the concept of environmental development into business processes.

Focusing on production, operation, products, industry chain, and future planning, the Report will systematically summarize the environmental management and industrial practice highlights of xFusion in 2022, focusing on four chapters: green governance, green computing power, green operation, and green win-win. With the green development direction of "making servers greener and more efficient", xFusion will help the application of low-carbon computing power in various industries, continue to create value for customers and partners, accelerate the digital transformation of the industry, and work hard to achieve the global climate target and create a bright future of green computing power.

Environmental Governance and Responsibility

Environmental issues, such as extreme weather, melting glaciers, and plastic pollution, have become increasingly prominent. A significant increase in e-waste emissions has become apparent. Environmental problems endanger the balance of natural ecosystems, impact human health, and even threaten the future survival of human beings. The relationship between human beings and the natural environment has become the most concerned issue in the world, and the signing of the Paris Agreement in 2015 has opened a new phase of responding to climate change.

As the world's leading provider of infrastructure and computing power services, xFusion has always actively fulfilled its social responsibility, adhering to the principle of green development in corporate governance, empowering ecological and environmental protection with digital, and contributing to the sustainable development of the environment.
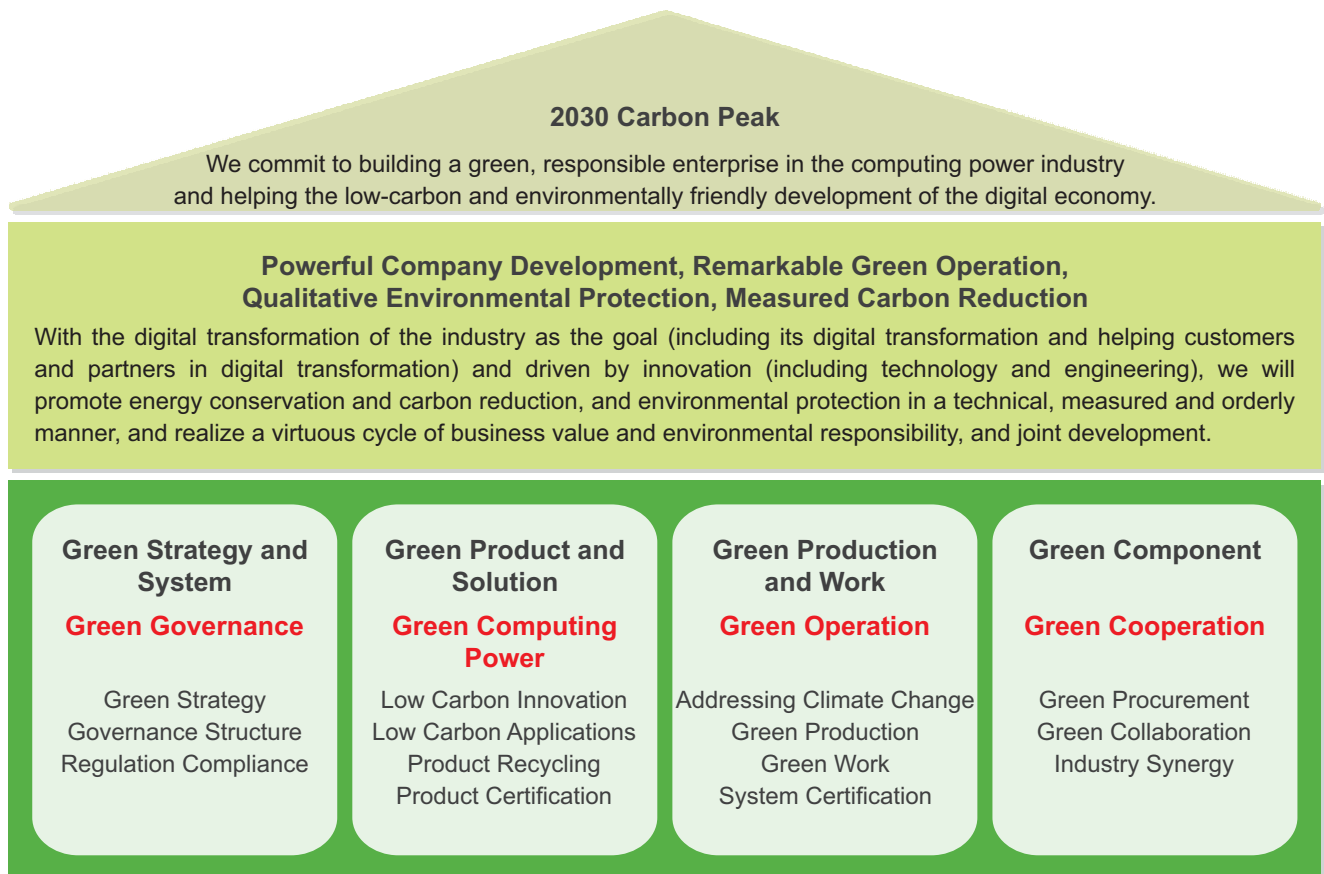
1.1 Environmental Strategy

While adhering to the business philosophy of "customer-oriented, struggle-oriented, long-term hard work and win-win cooperation", xFusion has firmly established environmental development management, insisted on technical, measured, and orderly manner of energy conservation, emission reduction, and environmental protection, and strive to achieve a virtuous cycle and joint development of commercial value and environmental responsibility. During the Reporting Period, we released the "Green Low-Carbon Cycle Development Strategy (2022-2025)" and "Green Environmental Policy (Trial) of xFusion" to build the competitiveness of xFusion's environmental and sustainable development.
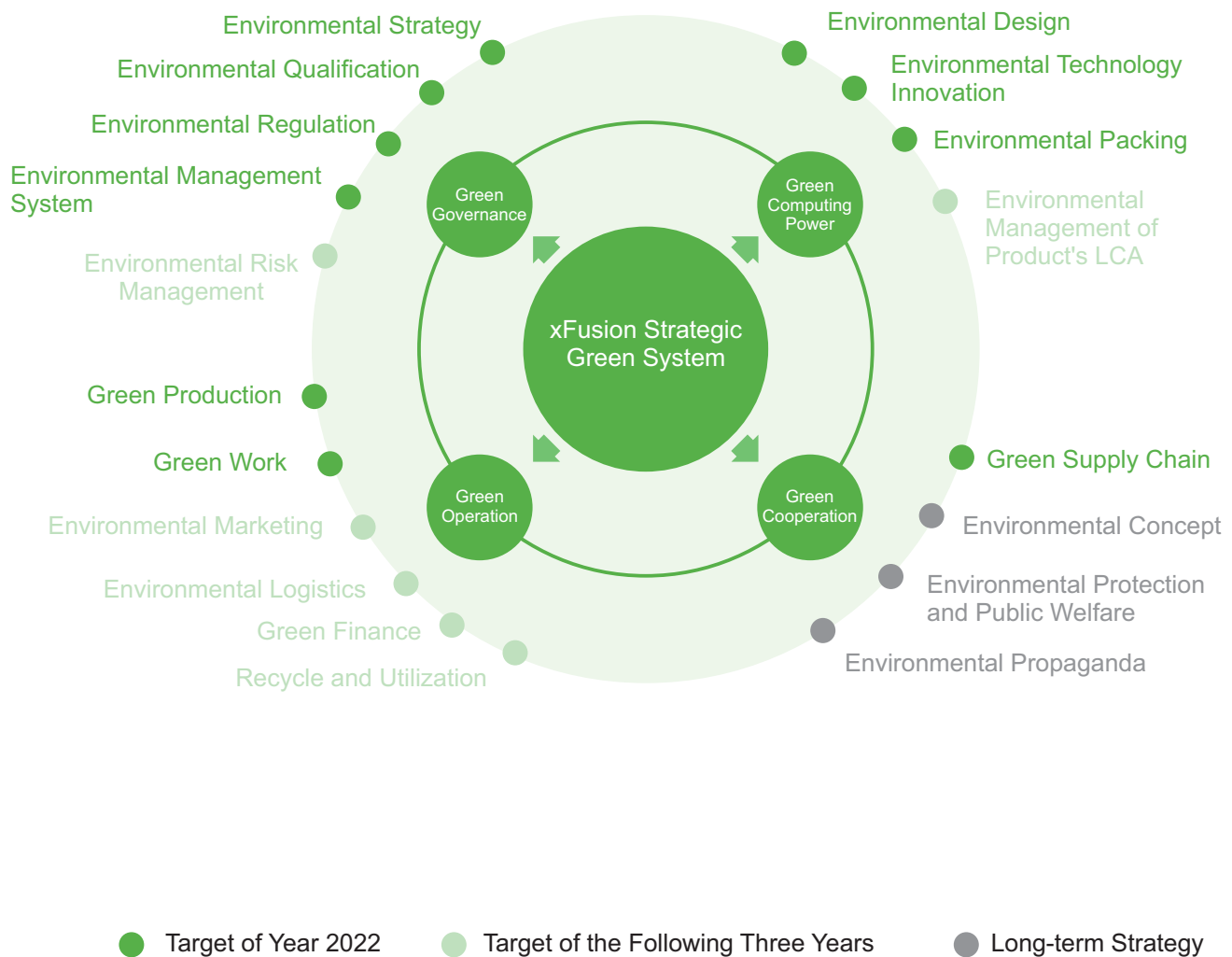
Strategic System and Objectives

Facing the future, xFusion is commit to building a green, responsible enterprise in the computing power industry and helping the digital economy's low-carbon and environmentally friendly development. We strive to achieve peak carbon emissions by 2030 while the company's business scale jumps through the continuous improvement of green governance, green computing power, green operation, and green cooperation, and lay an excellent foundation to continue steadily promoting carbon reduction and achieving carbon neutrality in the next phase.

xFusion's Environmental Development Strategy System

2030 Carbon Peak

We commit to building a green, responsible enterprise in the computing power industry and helping the low-carbon and environmentally friendly development of the digital economy.

Powerful Company Development, Remarkable Green Operation, Qualitative Environmental Protection, Measured Carbon Reduction

With the digital transformation of the industry as the goal (including its digital transformation and helping customers and partners in digital transformation) and driven by innovation (including technology and engineering), we will promote energy conservation and carbon reduction, and environmental protection in a technical, measured and orderly manner, and realize a virtuous cycle of business value and environmental responsibility, and joint development.

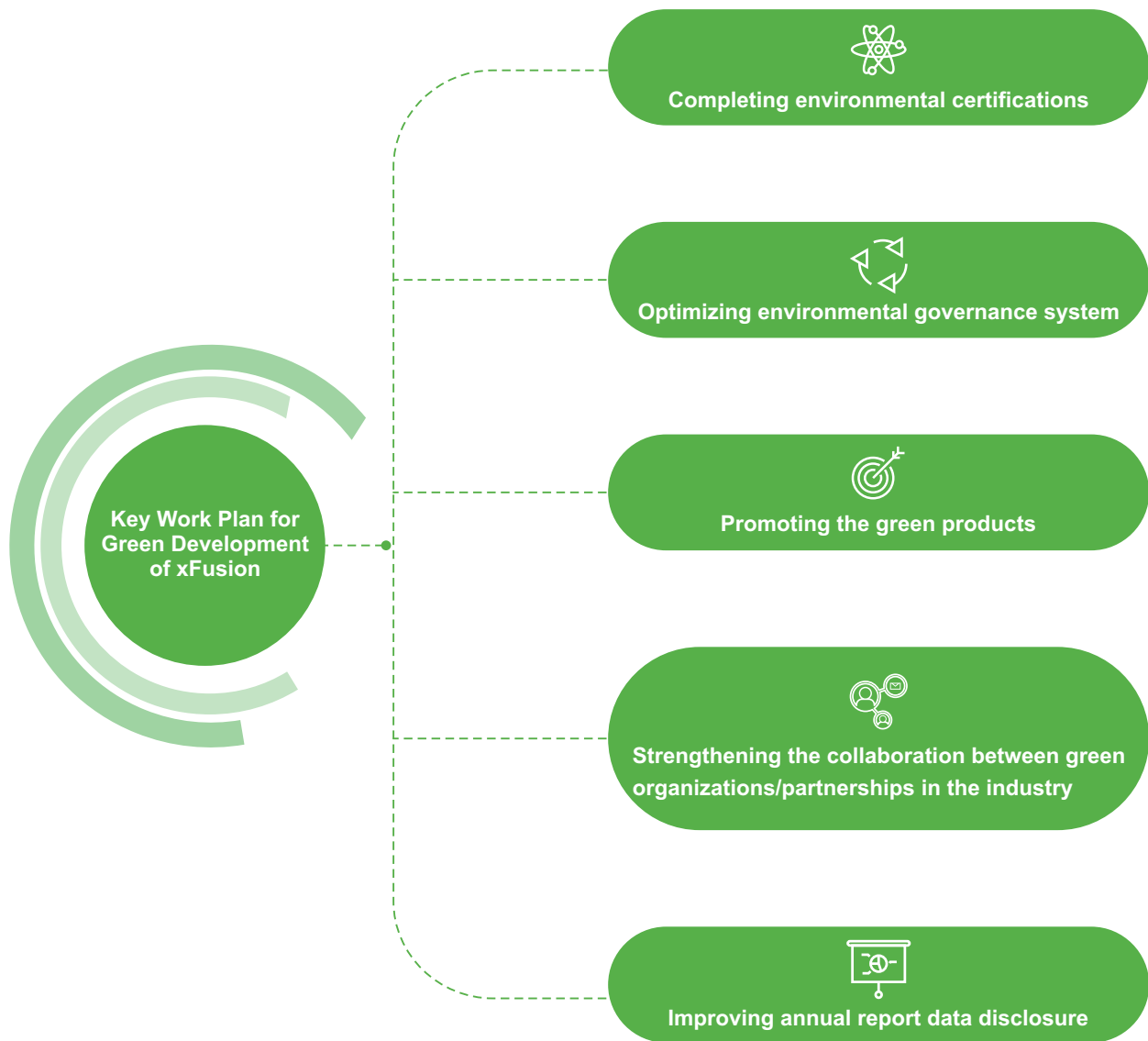| **Green Strategy and System**	**Green Product and Solution**	**Green Production and Work**	**Green Component**
Green Governance	**Green Computing Power**	**Green Operation**	**Green Cooperation**
Green Strategy Governance Structure Regulation Compliance	Low Carbon Innovation Low Carbon Applications Product Recycling Product Certification	Addressing Climate Change Green Production Green Work System Certification	Green Procurement Green Collaboration Industry Synergy

Work Plan

Considering climate change, environmental issues, the requirements of the United Nations Framework Convention on Climate Change and China's "3060" strategy, and following the objectives and directions of the strategic framework, xFusion has built a green work system focusing on green governance, green computing power, green operation, and green cooperation, and has formulated critical work plans respectively.

Environmental Strategy

Environmental Qualification

Environmental Regulation

Environmental Management System

Environmental Risk Management

Green Production

Green Work

Environmental Marketing

Environmental Logistics

Green Finance

Recycle and Utilization

Environmental Design

Environmental Technology Innovation

Environmental Packing

Environmental Management of Product's LCA

Green Supply Chain

Environmental Concept

Environmental Protection and Public Welfare

Environmental Propaganda

Green Governance

Green Computing Power

xFusion Strategic Green System

Green Operation

Green Cooperation

● Target of Year 2022　　● Target of the Following Three Years　　● Long-term Strategy

In the future, the green work system will be continuously enriched and improved with the development of the Company's business, accomplishing xFusion to become a leading green enterprise in the computing power industry.

To promote the strategic system in more detailly, we have also formulated an essential work plan, considering the Company's current level of environmental-related developments.
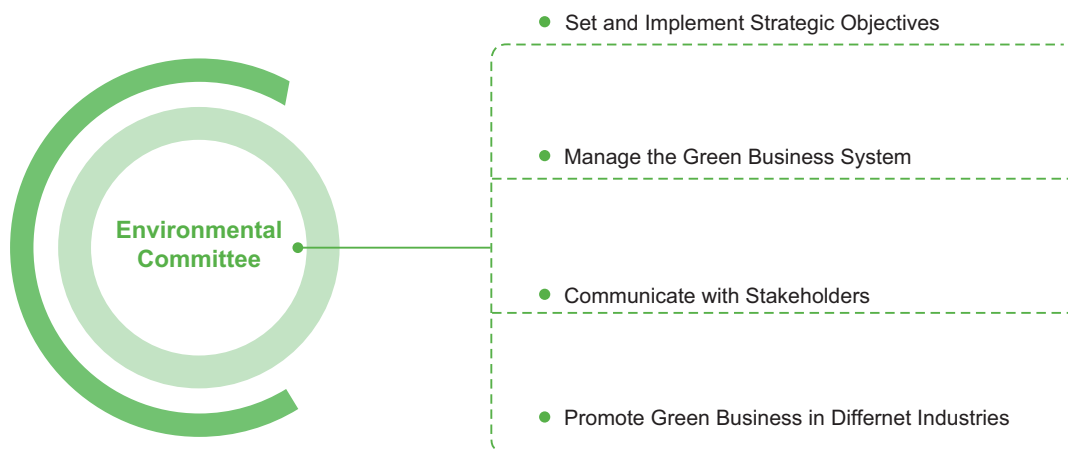

Key Work Plan for Green Development of xFusion

- Completing environmental certifications
- Optimizing environmental governance system
- Promoting the green products
- Strengthening the collaboration between green organizations/partnerships in the industry
- Improving annual report data disclosure

Under the guidance of the Company's environmental strategy, various environment protection initiatives have been implemented in the daily operation of xFusion and have significantly demonstrated the effectiveness of environmental protection.

In the future, as a leading enterprise in the industry, xFusion will adhere to the national development concept of innovation, coordination, green, openness, and sharing, vigorously promote environmental and low-carbon development, take environmental development as a long-term and sustainable goals, and will continually develop in a sustainable direction, cooperate and work together with all partners in the industry to create a better society.

1.2 Governance Structure

To better promote the environmental strategy, establish an effective environmental management system to guide the work, build the Company's competitiveness, promote the effective implementation of the environmental strategy, and respond to the demands of stakeholders promptly, xFusion established a Environmental Committee in early 2022 to hold regular work meetings and organize temporary work meetings as needed for important and urgent matters. At the same time, the Company set up an executive team to implement the Company's environmental issues.

Specific responsibilities of the Environmental Committee and Environmental Executive Team are listed below.

Environmental Committee

- Set and Implement Strategic Objectives
- Manage the Green Business System
- Communicate with Stakeholders
- Promote Green Business in Differnet Industries

- Integrate Environmental Strategies into Company's Operation
- Participate in Establishing Environmental Business
- Support the Environmental Committee
- Respond to Stakeholders' Demands
- Prepare Annual Reports and Environmental Reports

Environmental Executive Team

The Company's Environmental Committee and Environmental Executive Team members come from various departments of the Company, covering Strategy and Business Development, Product Lines, Quality Operations and Process IT, Human Resources, Procurement Management, Supply and Manufacturing Management, Legal Affairs, Marketing, and Solution Sales, and Public and Government Affairs. Each department has worked together to establish the Company's environmental development system and implement environmental development initiatives into the Company's daily operation and management.

Composition of xFusion Environmental Committee and Environmental Executive Team

Environmental Committee /Environmental Executive Team

- Strategy & Business Development
- Product Line
- Quality & Process IT Department
- Human Resources Department
- Procurement Management Department
- Supply & Manufacturing Management Department
- Legal Department
- Marketing & SolutionsSales
- Public & Government Affairs Department

1.3 Compliance Management

xFusion always attaches great importance to complying with global and Chinese laws, regulations, and industry standards related to environmental protection, and implements them into the company's various environmental protection policies to ensure the compliant operation and green development of the company.

We follow national laws and regulations such as "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" and "Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution". At the same time, to meet the requirements of overseas markets, we also strictly comply with international regulations such as "EU RoHS (2011/65/EU&(EU)2015/863) & UK RoHS", "(EU)2015 /863 (RoHS 2 Amendment)", "COMMISSION REGULATION(EU) 2019/424" and other international policies. Based on the laws and regulations, xFusion has formulated several internal policies for each aspect of the Company's operation, continuously improving and updating the rule. Please refer to "Appendix II" for the list of environmental-related laws and regulations and internal policies applicable to xFusion.

Since its establishment, the Company has never had any major or above environmental accidents.

Innovation and Application

As the impact of human society on the global climate deepens, the nation attaches great importance to the adverse effects of carbon emissions on the environment and community. it puts forward the concept of sustainable development and the requirements for protecting the ecological environment. In August 2022, the Ministry of Industry and Information Technology, the Development and Reform Commission, and other departments jointly released the Action Plan for Green and Low Carbon Development in the Information and Communication Industry (2022-2025), which proposes to strengthen the construction of information infrastructure support guarantee, focus on promoting the energy efficiency level of critical facilities and the level of green energy use in the industry, and improve the industry's ability to empower the whole society to supply energy-saving and carbon-reducing technologies, and the industry's environmental and low-carbon monitoring and management capabilities.

xFusion values environmental and low-carbon transformation of the Company. Also, the Company considers the transformation as an essential factor driving the development. It has penetrated the concept of environmental strategy into all dimensions of the Company's production and operation management to unify industrial and ecological productivity through value innovation, thus achieving a win-win situation for the economy, society, and ecology.

2.1 Low-carbon Innovation

Led and promoted by national policies and industry development trends, xFusion adopts environmental concepts from design to products through continuous technological innovation, striving to reduce the carbon footprint of products and empowering customers to build green data centers together.

R&D Process

35

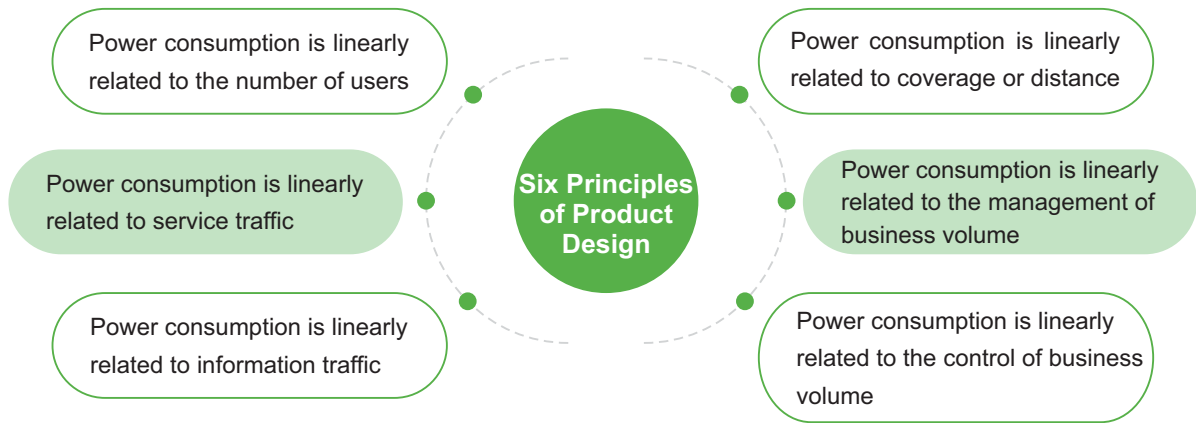environmental protection related patents have been declared

31

patents have been granted

xFusion has gathered global top talents and technologies, invested thousands of outstanding engineers in computing power industry, and set up multiple R&D centers worldwide. The R&D centers are located in 6 major cities in China, including Shenzhen, Zhengzhou, Beijing, Hangzhou, Xi'an, and Chengdu, as well as international cities with outstanding Computing ability. The Company declared 35 environmental-related patents during the Reporting Period and obtained 31 other patents.

xFusion attaches great importance to low-carbon product innovation, making it one of the Company's main tasks. The Company has compiled eight volumes of "Energy Saving and Emission Reduction Design Guide" to guide R&D personnel in fundamental principles and systems, hardware, software, heat dissipation, power supply, environmental design, green structural design, and field specification design. By considering the five primary elements, xFusion carries out low-carbon initiatives.
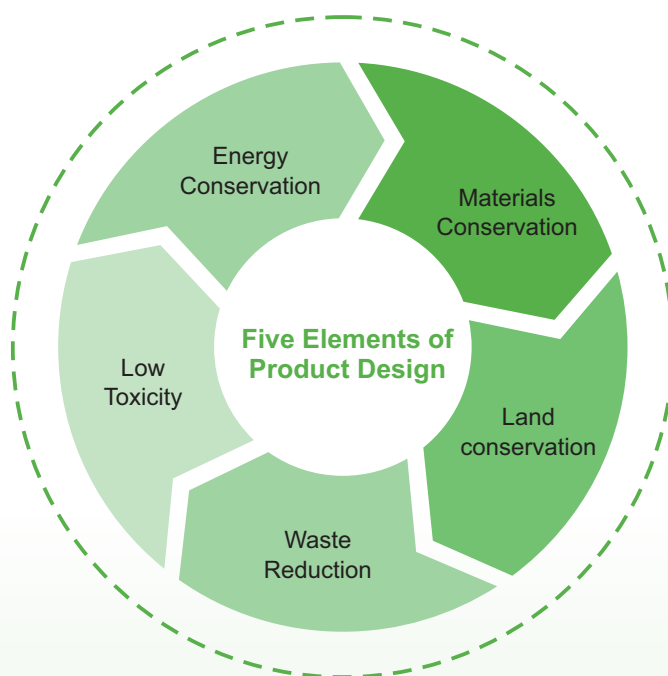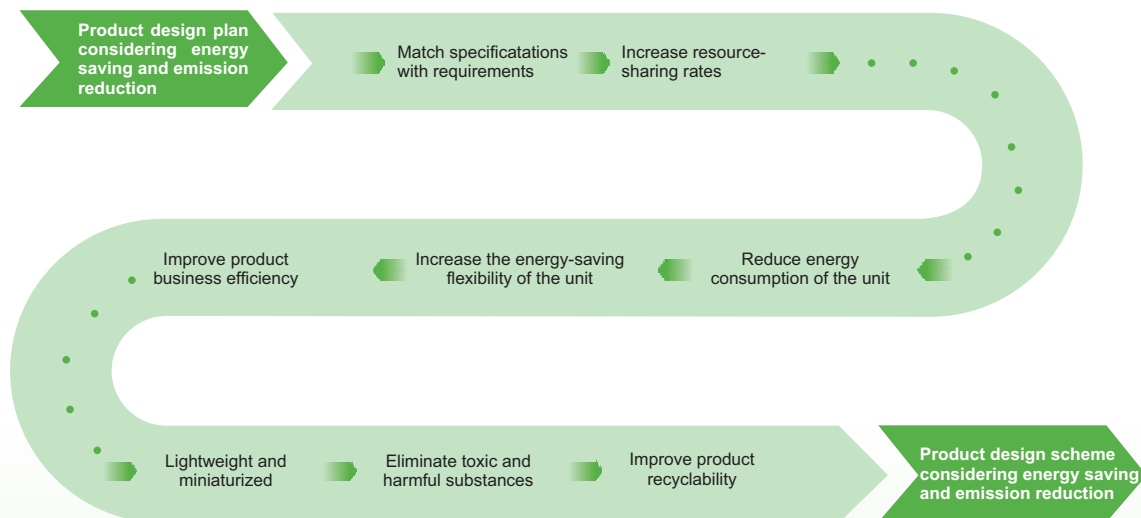
Based on the overall guiding principle of "using energy according to demand and making the best use of energy", our product's energy-saving design follows six basic principles.

Power consumption is linearly related to the number of users

Power consumption is linearly related to coverage or distance

Power consumption is linearly related to service traffic

Six Principles of Product Design

Power consumption is linearly related to the management of business volume

Power consumption is linearly related to information traffic

Power consumption is linearly related to the control of business volume

We integrate sustainability concepts into the complete life cycle management of product design, R&D, production, packaging, service, market recycling, and supply chain. In particular, we have established a comprehensive strategy and R&D process to achieve high-performance, high-quality, green, and low-carbon products.

Product Design Dimension

Product design plan considering energy saving and emission reduction

Match specificatations with requirements

Increase resource-sharing rates

Improve product business efficiency

Increase the energy-saving flexibility of the unit

Reduce energy consumption of the unit

Lightweight and miniaturized

Eliminate toxic and harmful substances

Improve product recyclability

Product design scheme considering energy saving and emission reduction

Innovative Technologies

The rapid development of the digital economy brings new opportunities for global industrial transformation and upgrading consumption. However, data centers, as the "hearts" of the digital economy, are also the primary energy consumption industry accounting for 1% of global electricity consumption. With the rapid development of artificial intelligence applications, the scale of power consumption of a single rack is gradually increasing, and the increase in power consumption density brings new challenges to data center cooling systems. The demand for green computing technology innovation is constantly rising. During the Reporting Period, xFusion introduced several green computing innovations to improve energy efficiency and reduce power consumption, significantly cutting carbon emissions.

Full Liquid Cooling Technology

xFusion has developed an innovative full liquid cooling solution, which enables a closed liquid cooled cabinet to take all the heat of the server by liquid: 90% of the heat is taken away by board-level water cooling, and 10% of the heat is taken away by cabinet-level air-liquid heat exchange through the water. Servers based on this technology can effectively reduce cooling power consumption by 20% and achieve a cooling PUE as low as 1.06. Applying this technology to 33 kW cabinet power equipment can reduce cooling energy consumption by 53,000 kWh per year, equivalent to a reduction of 30 tons of CO_2 emissions.

In November 2022, xFusion liquid-cooled servers were awarded the world's first pPUE (partial Power Usage Effectiveness) energy efficiency certification by TÜV SÜD after nearly a year of scientific PUE evaluation methods and rigorous application scenario testing. The credential reflects the excellent performance of this technology in terms of cooling efficiency and demonstrates the eminence of commercial liquid-cooled servers deployed in the industry.

pPUE Energy Efficiency Label Certification

Dynamic Energy Management Technology DEMT 2.0

Dynamic Energy Management Technology DEMT 2.0 is based on the hardware and software synergy. The technology promotes energy-saving innovation from the perspective of systemic energy saving to solve the problem of energy wastage caused by the non-full-load operation state of data center server scenarios and low server utilization. The first highlight of DEMT 2.0 is the component energy efficiency-seeking technology, in which components adjust their parameters according to the load status to achieve optimal energy efficiency. Meanwhile, processors adjust CPU frequency according to the memory occupancy rate to reduce energy consumption waste. The second is the whole machine energy efficiency-seeking technology, which automatically configures BIOS parameters and dynamically adjusts energy efficiency according to the primary working mode of CPU occupancy. The third is to link data center cooling business through collaborative network management AI to achieve energy efficiency optimization. According to statistics, the electricity cost generated by a single server for 3-5 years is approximately equal to the price of the server itself, and a customer with 10,000 units in scale can save the CAPEX of 400 servers per year. Intelligent DEMT 2.0 energy-saving technology can increase our whole machine energy efficiency ratio by 18%.

● Dynamic FM Technology

Adjust the operating frequency of the CPU according to the actual service load.

● Hibernation Technology

Hibernate memory, hard disks, and PSUs with low load according to the actual service load.

● DTS Technology

Using the Margin relationship between CPU performance and temperature, the fan speed is controlled within the Margin value range to reduce the power consumption of the whole machine.

● MPC-PID Technology

Through the AI algorithm dynamic adjustment, according to load, temperature, performance, and fan speed, to find the lowest collection power consumption point.

● Loss Reduction Technology

xFusion has three major power supply technologies: bridgeless PEC, multiphase magnetic integration, and interleaved parallel connection, which effectively increases the heat dissipation width of the processor and achieves the purpose of high efficiency and energy saving.

VC Cooling and Counter-rotating Fan Technology

xFusion has independently developed VC cooling and counter-rotating fan technology, which can ensure the regular operation of the whole server under 45℃ ambient temperature.

- **VC Heat Dissipation Technology:** The Company's conjoined VC heat sink adopts vacuum equalized heat cooling technology with a thermal conductivity 20 times higher than pure copper, which can conduct heat from the core parts of the product to the heat sink and eliminate it with higher thermal conductivity and more quickly. At the same time, the temperature difference between the two processors before and after the ventilation path is adjusted to within five degrees celsius through the heat pipe of the conjoined balanced heat, keeping the heat dissipation power consumption lower.

- **Counter-rotating Fan Technology:** This technology provides the air pressure required by the system at low power and reduces noise utilizing a high-pressure wing-shaped counter-rotating fan blade that mimics the shape of an aircraft wing. With the support of this technology, we can make our products work with lower and more energy-saving power to dissipate heat in the same server room environment.

Environmental R&D Tools

xFusion attaches great importance to the development, introduction, and application of advanced production tools to better implement the concept of low-carbon development and integrate the environmental concept into product development and production. By the end of 2022, we had purchased 123 commercial design tools and developed 78 product development tools independently. For example, we use PDM and ERP systems to control the environmental attributes of materials and screen raw materials by IEC62474, RoHS report, and MSDS to ensure the selection and use of environmentally friendly materials. Moreover, we use GCTC environmental report generation software, management system analyzing device process reliability and SDPTrack safety design review to optimize and enhance environmental R&D and design capability and efficiency. The Company has also implemented a product lifecycle evaluation system. It has taken the initiative to carry out product lifecycle carbon footprint, greenhouse gas verification reports, and product environmental suitability evaluation reports with the help of advanced tools developed independently. It has formulated targeted improvement measures based on the evaluation results.

By the end of 2022,

123
commercial design tools have been purchased

78
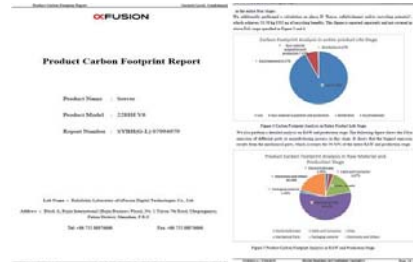auxiliary tools have been independently developed

Carbon Footprint Assessment

Based on the strict ISO 14067 carbon footprint assessment methodology and ISO 14040/ISO 14044 life cycle assessment methodology, xFusion uses the internationally renowned SimaPro software to conduct carbon footprint assessment of significant products and issue assessment reports to grasp the total carbon emissions of product's life cycle for targeted optimization and improvement.
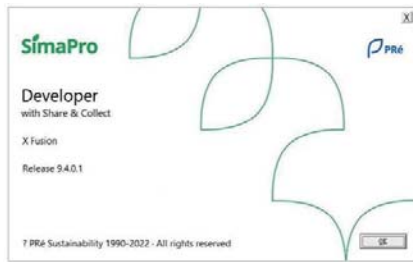
SimaPro Carbon Footprint Assessment Software   xFusion Carbon Footprint Assessment Report

Environmental Lab Construction

To continuously improve the Company's R&D and technology, xFusion inaugurated the XLab in June 2022 at Dongguan Songshan Lake. The lab contains nine core labs: Data Center Lab, Device and Process Lab, System Verification Lab, Hardware and Media Lab, Smart Manufacturing Lab, Basic Software Lab, Thermal Design Lab, Reliability Lab, and Green Energy Lab. Among them, we designed the Green Energy Lab, Thermal Design Lab, and Data Center Lab to further implement the concept of environmental and sustainable development based on the original routine, performance, and reliability testing to upgrade the Company's products for environmental optimization and quantitative analysis of energy consumption, consumables and environmental adaptability of the design solutions proposed by the design team. In the future, XLab will jointly conduct technological innovation and industrialization with local enterprises and research institutions in Dongguan to continuously improve research development and green technology, aiming to achieve its best for developing the information technology industry and ecological cooperation.

XLab of xFusion

2.2 Low-carbon Applications

With the rapid development of the digital economy, the total amount of data in society is proliferating. The demand for data resource storage, computing, and application has increased significantly, which urgently needs to promote the environmental and high-quality development of data centers. Industry statistics also show that with application demand growth, power consumption in server rooms indicates a rapid rise, with electricity costs accounting for up to 57% of data center lifecycle investment and electricity consumption of up to 40% for cooling systems. In 2021, The National Development and Reform Commission, together with the Central Network Information Office, the Ministry of Industry and Information Technology, the National Energy Administration, and three other departments, jointly issued the "Implementation Plan for the National Integrated Big Data Center Collaborative Innovation System Computing Power Hub", officially launch the East Data West Computing Project, develop data center clusters, and guide data center intensification, scale, and green development. Based on the project, providing green and low-carbon computing products for the industry, reducing power consumption during server usage, and helping construct green data centers are also the main goals of xFusion's development.

Green Products

All products have passed the China Environmental Labeling Certification and China Energy Conservation Certification and meet the requirements of the EU RoHS Directive, Eco-design Directive, POPs regulations, and other green regulations. The environmental performance indexes of products are among the top levels in the industry, and the mainstream products have been selected as "National Industrial and Information Technology and Equipment Recommended Directory (2022 version)".

Rack Server FusionServer V6

Applying energy-saving technologies improves the energy efficiency of the whole machine by 18% on average compared with the industry.

- Supporting on-demand intelligent speed regulation can operate at higher temperatures with the same performance and save more cooling energy.

- With self-developed three primary power supply patented technology, power density is 33% higher than the industry; loss is 12.5% lower than the industry.

- The industry's original fan & CPU lowest total power computing technology automatically calculates the lowest point of the whole machine power consumption under the lossless performance state to achieve a total machine power consumption 3%-5% lower than the industry average.

- FDM patent and other integrated most potent centralized management technology increase operation and maintenance efficiency by 30%, further reducing the indirect carbon emissions of the operation and maintenance process.

Liquid-cooled Server FusionPoD

Applying cold plate type complete entire cabinet liquid-cooled solution, whole cabinet cooling PUE will be as low as 1.06 reducing 15% TCO relative to the traditional IT infrastructure in five years.

- 100% liquid-cooled solution frees air conditioning and chilled water units, reducing power consumption of server room cooling equipment, with a cooling PUE as low as 1.06.

- Cabinet built-in high-efficiency power supply frame and lithium, UPS-free reduces two power conversions and increases power efficiency by more than 6%.

- Configure BBU power supply supporting PowerTurbo intelligent peak-shaving increases the power supply capacity of a single cabinet by an additional 30%.

- With the same computing power, liquid-cooled data centers have 3/4 less floor space than traditional data centers, further reducing data center cooling energy consumption.

- Industry's first three-bus (power, network, and liquid cooling) design and full blind mating with ultimate intelligence ,surporting cable-free design in the cabinet, increase server deployment efficiency thrice.

High-density Server FusionServer X6000

Supported by the most robust heat dissipation capability, it achieves the most effective computing power in the most negligible space layout, better energy efficiency with the same computing power and performance, and significantly reduces OPEX.

- An architecture integrates power and management functions in the nodes with multiple nodes sharing power supplies, fans, management networks, and storage modules.

- Large size VC continuous heat sink, the thickness of the thermal substrate is reduced by more than 20%, while the thermal area is increased by 5%, and the effective thermal conductivity reaches 15 times that of pure copper, supporting a significant increase in the power of self-researched high-density power supplies.

- An innovative cable backplane model supports the highest specification processor cooling by integrating a high-speed connection system backplane, storage bus, and hard disk backplane. Also, it optimizes the ventilation condition mechanism.

- High-frequency modular design increases power supply power density by 33% compared to the industry average. The high conversion rate achieves the industry's highest conversion efficiency of 96.5%, significantly reducing the power consumption of servers and data centers.

- An integrated design achieves high-density power port output, miniaturization of PDU size, and increases the number of PDU power support by 22%.

Empowering Customers

Energy saving and carbon reduction are significant not only for the computing power infrastructure industry, but also essential to thousands of enterprises in various industries. xFusion is committed to helping our customers achieve the goal of reducing carbon emissions by improving efficiency and reducing energy consumption.

Network Department Project

xFusion applied dynamic energy-saving technology to FusionServer 5288. It helped our partner, the network department of a carrier's local company, deploy and operate 698 such servers to increase the customer's business support guarantee capability and meet business development needs. Servers with dynamic energy-saving technology can save 841.0 kWh of power and 260.7 kg of standard coal in combined energy consumption per year. If the partner deploys 10,000 servers and further energy-saving initiatives on system and data center levels, the server will save approximately 20.39 million kWh of electricity and 6,322 tons of standard coal per year in combined energy consumption. FusionServer 5288 has helped the Company's data center improve energy efficiency by 10%, reducing annual electricity consumption by approximately 367,000 kWh and saving about 113.7 tons of standard coal. The data center also achieved a 15% and 30% improvement in business efficiency and operations and maintenance efficiency, respectively.

The server can save
841.0 kWh
of electricity per year

Saved
260.7 Tons
of standard coal in comprehensive energy consumption

Reduced annual electricity consumption by about
367,000 kWh

Saved annual comprehensive energy consumption of about
113.7 Tons
of standard coal

Cloud Resource Pooling Project

The business support center of a local company of operator selected the xFusion high-density server applying VC cooling and counter-rotating fan technology to build an efficient, flexible, secure, and reliable private cloud network. Within a year of deploying the technology, our servers have saved 50% of space compared to traditional servers and increased the computing power of a single cabinet by more than 100%, helping the customer to improve the deployment of server room operation and maintenance with excellent efficiency. At the same time, our server energy efficiency has increased by 10% on average compared to the industry, achieving energy savings of 15,000 kWh per year for our customers and saving 4.6 tons of standard coal in total energy consumption.

Saved
50%
of space compared with
traditional servers

Increased the computing power of
a single cabinet by more than
100%

Saved
15,000
kWh
in actual energy consumption

Saved
4.6 Tons
of standard coal in comprehensive
energy consumption

Cloud computing Project

A cloud computing company's primary business is to provide computing and storage business services for government, enterprises, financial institutions, and other customers. Previously, the Company's data center used air-cooled technology, with a PUE of more than 1.35. xFusion full liquid cooling technology can enable a single power consumption of 33kW entire carbon liquid-cooled server to save 5% of energy consumption, which can hold 14,454 kWh per year and reduce total energy consumption by about 4.5 tons of standard coal. In addition, with the same computing power, based on the increase of single cabinet computing power and the reduction of cooling and distribution space requirements, the server room area can be saved by 70%, thus reducing the demand for cooling and distribution energy and realizing the reduction of PUE in the data center server room. By deploying xFusion entire carbon liquid-cooled server products, the Company's cloud computing company has achieved annual power savings of approximately 48.22 million kWh, yearly energy savings of roughly 15,000 tons of standard coal, an increase in data center room capacity to 15%, and a reduction in PUE to 1.15. At the same time, with our help, the customer's overall operating expenses are expected to be reduced by 20% over five years.

Cloud computing company saved about
48.22 million kWh
of electricity annually

Saved
15,000 Tons
of standard coal annually

PUE dropped to
1.15

Closet outing rate increased to
15%
in data center

2.3 Product Recycling

In August 2022, the State Ministry of Industry and Information Technology, together with the Development and Reform Commission, the Ministry of Finance, the Ministry of Ecology and Environment, and six other ministries and commissions jointly issued the "Action Plan for Environmental Low-carbon Development in the Information and Communication Industry (2022-2025) ", which requires the industry to carry out green product design, production and use while improving the level of recycling of used information and communication equipment. The published action plan indicates that establishing a comprehensive recycling system is essential for computing power infrastructure to achieve low-carbon goals and a crucial step in the computing power industry's environmental and low-carbon development. During the Reporting Period, xFusion starts with constructing a recycling system and scheme to strengthen product recycling and reuse and boost the green growth of the industry.

Recycling System

To maximize the value of the products, xFusion breaks through the traditional mindset to manage the life cycle of servers. We realize that with the acceleration of product renewal, recyclable parts and raw materials in old server products still contain much value, and improving the recycling rate of waste and giving full play to its value is one of the crucial ways to reduce the environmental impact of server products. Therefore, xFusion is working with partners, distributors, and professional recycling companies to build a product recycling network by establishing a product acceptance management mechanism and serving customers in need to promote component recycling and material reuse to obtain more value for customers and society with less resource cost.
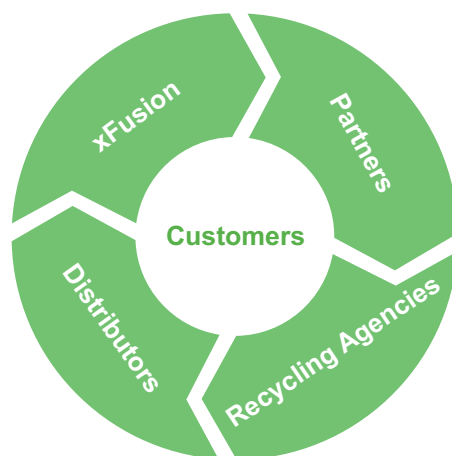
xFusion Recycle System

To improve the quality and efficiency of product after-sales and recycling services, the Company prepares a unique "Maintenance and Service Guide" for each model of the product, providing detailed procedures for disassembly and spare parts return for recycling, guiding partners and after-sales service teams to carry out services to maximize the benefits of product and component resource recycling. In particular, the Company provides a detailed classification of recycled parts, such as materials involving company information security, materials with bidding value (including materials such as server CPUs, memory cards, and hard disks), recyclable weighing materials without bidding value, and hazardous waste. Then detailed instructions for material disposal are provided according to different categories.

Recycling of Used

We help customers to analyze the recycling value of equipment and recycle and reuse equipment with a commercial value. We support and guide customers to dismantle and dispose of equipment without recycling value, following national laws and regulations.

Knowing that a customer planned to dispose of a batch of old server equipment, the research team of xFusion found that some parts of the equipment still had recycling value. After communication and consultation, xFusion promoted qualified recycling enterprises to recycle and specialize in dismantling the equipment, among which the motherboard, power supply backplane, and other valuable parts were tested by xFusion and incorporated into the reuse procedure.

Recycling Qualification

It is also part of xFusion's responsibility to help customers eliminate concerns about data security and environmental protection while ensuring the benefits of product recycling. We select our partners with high requirements and standards to handle product recycling in a regulated manner. Companies that recycle products need to have a business license that includes the scope of recycling wholesale used and waste electronic products, following ISO9001 quality management standards, ISO14001 environmental management standards, ISO20000 IT service management standards, ISO27001 information security management standards, ISO45001 occupational health and safety management standards. Moreover, we require partners to show "Confidential Information System Product Testing Certification" issued by the national secrecy Science and Technology Evaluation Center for data destruction certification.

In addition to developing qualifications, xFusion requires the partner to have the ability to manage multiple suppliers and manage risk through audits, inventory control, and financial tracking; compliance with rules, regulations, laws, and customer-specific business practices; have experience and infrastructure to transact and recover value in the secondary IT equipment market; master the increasingly complex international regulations governing the e-waste process; operate within global Manage suppliers and services with a focus on inventory control, security, and applicable e-goods transportation laws.

Combined with the above recycling qualification requirements for partners, xFusion has established partnerships with six qualified recycling units to ensure that recycled products are standardized.

2.4 Product Certification

CQC Energy Certification is one of the voluntary product certification businesses carried out by the China Quality Certification Center to add the "section" mark to show that the product meets the relevant energy-saving certification requirements. The scope of certification involves electrical appliances, office equipment, lighting, mechanical and electrical, transmission and substation equipment, construction, and other products of energy certification.

xFusion 2-socket Rack Server products have all passed CQC Energy-saving Certification.

China Environmental Labeling Product Certification CEC is a certification mark approved by the former State Environmental Protection Administration and established by the State Certification and Accreditation Administration, indicating that products approved to use the pattern are not only of qualified quality but also meet environmental protection requirements during production, use, and disposal, and have ecological advantages such as saving resources compared with similar products.

xfusion server successfully passed CEC Central Certificaiton in January 2022.
- 2-socket Rack Server
- X-socket Rack Server
- Blade Servers
- Multi-node Server

The "Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment" (RoHS Directive) is a mandatory regulation made by the European Union, mainly used to regulate the material and process standards of electrical and electronic products to make them more conducive to human health and environmental protection.

In 2022, xFusion conducted a RoHS compliance assessment of all mainstream products on sale.

The Energy Efficiency and Carbon Reduction Grade Assessment is based on three dimensions:
energy and carbon utilization efficiency low-carbon energy-saving technologies and solutions low-carbon strategies and management.

The certification scores specific items of each size and sets additional points for innovative exploration, purchase of green power certificates, afforestation, regenerative forestry, soil carbon sequestration, resource recycling, and computing power efficiency improvement. The energy efficiency grade of server products is evaluated comprehensively.

FusionServer 2288H V6 successfully passed the test in April 2022 to receive an energy and carbon reduction rating of AAAA.

The hyper-converged FusionOne HCI 2288H V5 has been certified by the China Academy of Information and Communication Technology's Zero Carbon Computing Power Project as a low-carbon data center product and solution.

A total of 43 models in five series have been certified by ENERGY STAR ®.

xFusion is certified for the World's First Carbon Footprint Certification for server products.

FusionServer 2288H V7 is certified by Intertek for its carbon footprint.

xFusion is certified for the Power Eco-product Certification.

Environmental Operations and Digital Transformation

Climate change and sustainable development have emerged as global challenges today, and it is an inevitable responsibility for enterprises to control and reduce carbon emissions. For the computing infrastructure and service providers, accelerating the creation of a environmental, low-carbon "calculating base" and supporting high-quality economic and social development has become the focus of industry-wide attention and exploration, especially under the carbon peaking and carbon neutrality goals. We also profoundly know the importance of green development and low-carbon operation.

During the Reporting Period, xFusion attached great importance to the impact of its operations on the ecological environment. To respond to the trend of global climate change, we conducted carbon inventories of our offices, laboratories, exhibition halls, and production sites to identify the sources of carbon emissions and clarify its structure for better abatement efforts in the future. We also vigorously promote green production and office, implement energy conservation initiatives, control pollutant emissions, fulfill our social responsibility and contribute to green computing power.
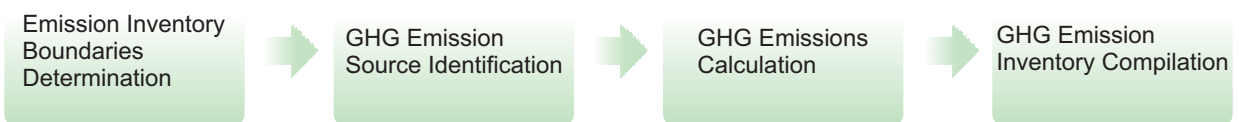
3.1 Climate Change

Climate change is one of the most challenging global issues of the 21st century, and in 2015, 178 parties signed the Paris Agreement. Its goal is limiting global warming to below 2°C, preferably to 1.5°C, compared to pre-industrial levels. In September 2020, Chinese President Xi Jinping delivered an important speech at the 75th session of the United Nations General Assembly, proposing that China commit to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060.

xFusion has practiced the green operation concept with its establishment. We attach great importance to the national strategies and low-carbon computing power infrastructure and launch a comprehensive low-carbon development. During the Reporting Period, xFusion carried out carbon emission verification for September-December 2021 and 2022. At the same time, we paid attention to the risks brought by climate change for xFusion and took measures to cope with them.

Carbon Emission Verification

Following " The Law on Energy Conservation of the People's Republic of China " and "Responding to Climate Change: China's Actions", xFusion has paid attention to carbon emission verification since its establishment. Through a comprehensive inventory of the Company's main domestic production and office space, we have identified the bottom line of the xFusion carbon emissions, grasped the critical carbon sources, and further identified the potential field of carbon emission reduction.

Emission Inventory Boundaries Determination	→	GHG Emission Source Identification	→	GHG Emissions Calculation	→	GHG Emission Inventory Compilation

The xFusion carbon emissions verification uniformly adopts the accounting system and methods determined by the General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Enterprises. The warranty covers main domestic production and office space of the Company, and the operation boundary includes Scope I and Scope II. Scope I emissions refer to direct emissions during production and operation, containing from oxidative combustion of fossil fuels such as natural gas and diesel fuel. Scope II emissions are indirect emissions associated with the purchase of electricity and heat.

Through the summary statistics results in 2022, the total carbon emission of xFusion was 7,989.90 tons, and the emission intensity was 3.00 tons per PFLOPS.Compared with the industry average, the carbon reduction advantage of xFusion is obvious. The annual carbon emission reduction is equivalent to planting about 1.7 million trees for the earth, continuing to contribute xFusion's green development power to the digital economy.

In 2022, the total carbon emissions of xFusion was

7,989.90 Tons

The emission intensity per unit value was

3.00 tons/PFLOPS

In terms of emission scope, xFusion did not involve any direct emissions (Scope I), and its indirect emissions (Scope II) was 7,989.90 tons, with all sources of emissions coming from purchased electricity.

In addition, during 2021 and 2022, xFusion conducted GHG verification certification for the Zhengzhou office and production site at the standard of ISO 14064-1:2018 and identified further carbon emissions.

In the future, we will continue to explore the carbon reduction potential, set the carbon reduction target, reduce the negative impact on the environment and protect nature with science and technology.

Addressing Climate Change

For computing power infrastructure and service providers, weather phenomena such as extreme temperature, strong wind, heavy rain, high humidity, snow and ice, and poor visibility can pose supplier delivery efficiency risks, affecting normal production. To minimize the negative impact of climate on xFusion production, we have formulated regulations like "Management Procurement Specification" and "Procurement Analysis Impact and Risk Assessment Operation Guideline" to manage the identification and assessment of unexpected risks. Also, we formulated corresponding countermeasures according to the different risk levels. During the Reporting Period, no production delays due to climate risks occurred in xFusion.

3.2 Green Production

Under the carbon peaking and carbon neutrality goals, data center energy saving and consumption reduction is one of the most essential works of the industrial sector. Servers occupy a large proportion of power consumption and carbon emissions in data centers. Thus they are significant parts of data center energy saving.

xFusion strictly abides by the provisions of national laws and regulations such as "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on Environmental Impact Assessment", "Law of the People's Republic of China on Energy Conservation", "Regulations on Environmental Protection for Construction Projects", and "Classification and Management Directory of Environmental Impact Assessment of Construction Projects (2021 Version)". We have built a sound internal environmental protection system and green manufacturing system to pay close attention to the environmental impact caused by production activities and fulfill social responsibility.

Energy Conservation Practices

xFusion adheres to Green Concept management and is committed to reducing total carbon emissions. We also promote energy saving and consumption reduction in various production processes.

Energy Efficiency Management

xFusion focuses on energy efficiency management in production to avoid energy waste and improve environmental performance. We have formulated the "Energy Conservation and Emission Reduction Management Rules", calling on employees to pay attention to the economical use of electricity and gas when manufacturing.

- Except emergency lighting in equipment room and supporting function room, other lighting must be turned off by hand.
- When managing design, new technology, equipment, and materials should be energy-saving , and the Company's electric load calculation should be carried out correctly.
- The machine and electricity should be turned off when nobody and it eliminates the idling of electrical equipment and appliances.
- Equipment that is idling but cannot be turned off (e.g. reflow ovens, wave soldering) can be put into an energy-saving mode to save energy.
- Aging rooms should be optimized for testing and test times for energy savings.
- The amount of used air and the pressure of used air should be regulated. Implementing touring inspection of the substantial air supply mains is necessary to ensure that pneumatic tools, connectors, and airline pipes are intact. If found leaks, it needs report to repair in time.

Energy Transformation

Regarding energy usage, xFusion actively strengthens green computing power construction and explores intensive data center construction. We adapt to local conditions and utilize renewable energy such as wind,solar,and hydropower to achieve power supply and improve energy efficiency.

In the future, xFusion plans to enhance the procurement and construction of photovoltaic and solar lights in the factory areas to increase the proportion of renewable energy and realize energy saving and consumption reduction.

Wastewater Discharge Strategy

xFusion strictly abides by " Water Pollution Prevention and Control Law of the People's Republic of China, Regulations on Urban Drainage and Sewage Treatment, Regulations on Management of Pollutant Discharge Permits (for Trial Implementation)", and local sewage discharge standards. We never discharge untreated wastewater into natural waters.

All the water intake comes from municipal water, and the water which is for domestic use in the office. The production process does not generate industrial wastewater. No industrial wastewater is produced during manufacturing. For domestic canteen wastewater, it will be first treated in the grease trap, then entered the septic tank and discharged to the municipal pipe network after reaching the standard. Other domestic wastewater will be omitted from the grease trap treatment.

Exhaust Emission Control

Manufacturing Emissions

xFusion strictly complies with "the People's Republic of China Law on Air Pollution Prevention and Control, Integrated emission standard of air pollutants of the People's Republic of China", and other relevant laws and regulations on the management of exhaust gas emissions. We produce a small amount of particulate matter, tin, and its compounds, non-methane total hydrocarbons, and other emissions during manufacturing. We dispose of them centrally through professional facilities and discharge them after meeting the emission standards.

Logistics Emissions

Regarding logistics and transportation, xFusion reduces energy consumption reduction from internal and external transportation. For the internal park transportation, the vehicles used are all eclectic forklifts and China VI* emission vehicles. It can minimize transport exhaust emissions and has the advantages of low pollution and high energy efficiency.

*China VI: The abbreviation of the China VI emission standards,which integrates the European standard and American standard, and is one of the most stringent exhaust emission standards in the world.
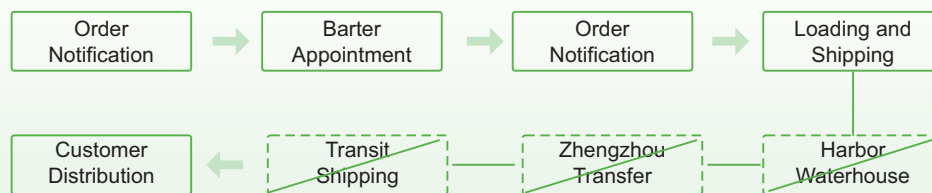
Electric Forklift

We choose logistics outsourcing for outside park logistics transportation, and all external logistics vendors use National 6 emission vehicles. At the same time, we adopt various methods to improve transportation efficiency and reduce carbon emissions in the value chain.

Optimize Dedicated Vehicles Process at the Same City and Reduce Carbon Emissions in the Value Chain

xFusion continues to optimize the process of the dedicated vehicles at the end of the same city, like eliminating non-essential links in warehouse staging and transit points to improve the logistics efficiency. Taking Zhengzhou as an example, we have reduced the non-essential sessions, particularly transferring to port warehouses and arranging end-delivery vehicles at transit points. At the same time, we improve logistics efficiency by optimizing transport paths and loading schemes, such as increasing the loading capacity of a single vehicle.

Flow Chart of Dedicating Vehicles Process at the Same City

Order Notification → Barter Appointment → Order Notification → Loading and Shipping

Customer Distribution ← Transit Shipping — Zhengzhou Transfer — Harbor Waterhouse

Solid Waste Emission

Nowadays, e-waste has become one of the fastest-growing wastes in the world. As a supplier of the IT infrastructure, it is an essential part of xFusion's social responsibility to reduce e-waste, recycle as much as possible, and reduce landfill. xFusion strictly abides by the laws and regulations such as "the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste", "National Catalogue of Hazardous Wastes", and the "Standard for Pollution Control on Hazardous Waste Storage". In addition, we have formulated "xFusion EHS Management Guidelines" and "Hazardous Waste Management System" to implement standardized management of solid waste. We are trying to realize that resourcefulness, harmlessness, reduction of the environment will not cause secondary pollution.

General Solid Waste

- Scrap cartons and foot protectors
- Plastic discs and other plastic scrap
- Wooden pallets
- Stretch film and tape
- Packing tape

Hazardous Solid Waste

- Waste activated carbon
- Waste filter element
- Waste cotton swab
- Waste dust-free cloth
- Waste filter cartridge
- Waste empty container
- Waste catalytic plate
- Waste circuit board

For general waste, priority will be given to recycling, and when it fails to meet the reuse standard, it will be sorted and recycled by relevant manufacturers. Hazardous waste will be handed over to qualified manufacturers for professional treatment. In addition, xFusion is actively upgrading the manufacturing process to reduce waste from the beginning.

Wave Soldering Process Optimization

During the Reporting Period, xFusion updates its production process by adopting a wave-free design and less wave soldering process in the new generation of products, which reduces the generation of waste gases such as particulate matter, tin and its compounds, volatile organic compounds, and tin dross.

Wave Soldering Process Optimization Diagram

Circular Development

xFusion always adheres to the resource conservation and environmental protection development concept. We have made good designs regarding product characteristics, loading, and unloading, transportation conditions, product size, weight, the center of gravity position, transportation distance, and special requirements of customers, domestic or export, to avoid excessive packaging and facilitate packaging recycling. Besides, xFusion has formulated internal regulations, including "Technical Standard for Packaging Quality V01.00", which stipulates the design principles and recycling specifications. We will put active efforts into enhancing the reducing, reusing, recycling, and degradability of packaging materials.

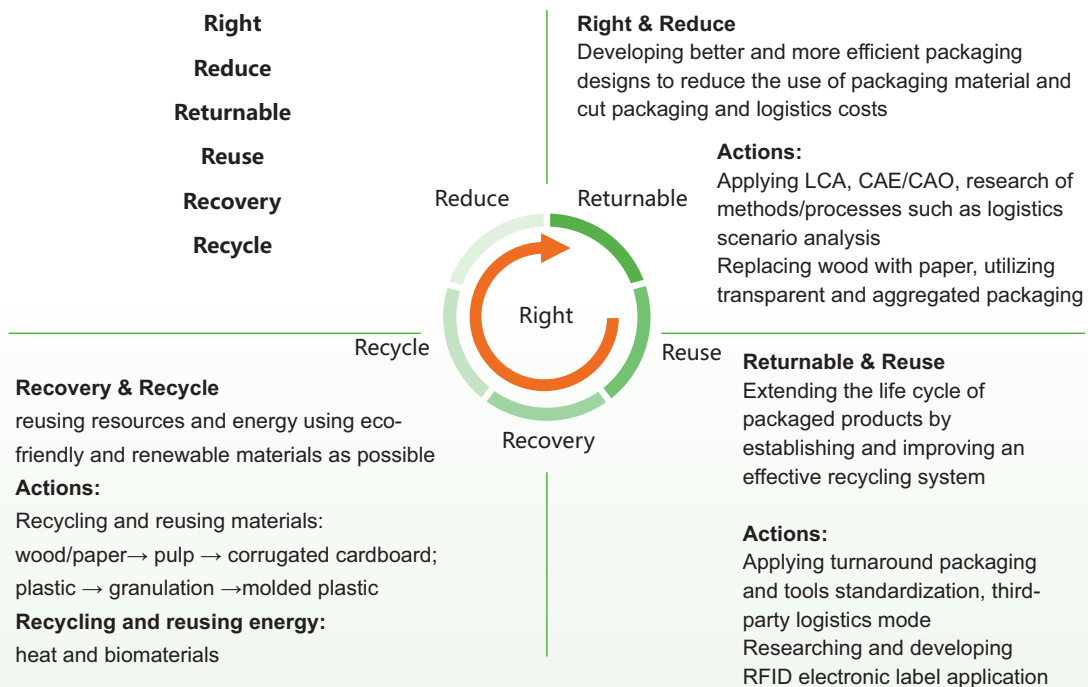The coverage rate of green packaging has reached

60%

Average material recovery and renewable utilization rate has reached

93%

Green Packaging Strategy

xFusion adopts a green packaging strategy called "6R": Right Packaging (the core), Reduce, Returnable, Reuse, Recycle, and Recovery. These include developing better and more efficient packaging designs to reduce the use of packaging material and cut packaging and logistics costs; enabling packaging materials to be used for longer through recycling and reuse; reusing resources and energy using eco-friendly and renewable materials as possible. It would help achieve more sustainable packaging through the product's whole life cycle.

"6R" Packaging strategy with Right Packaging as the Core

Right
Reduce
Returnable
Reuse
Recovery
Recycle

Reduce   Returnable

Recycle   Right   Reuse

Recovery

Right & Reduce
Developing better and more efficient packaging designs to reduce the use of packaging material and cut packaging and logistics costs

Actions:
Applying LCA, CAE/CAO, research of methods/processes such as logistics scenario analysis
Replacing wood with paper, utilizing transparent and aggregated packaging

Returnable & Reuse
Extending the life cycle of packaged products by establishing and improving an effective recycling system

Actions:
Applying turnaround packaging and tools standardization, third-party logistics mode
Researching and developing RFID electronic label application

Recovery & Recycle
reusing resources and energy using eco-friendly and renewable materials as possible
Actions:
Recycling and reusing materials:
wood/paper→ pulp → corrugated cardboard;
plastic → granulation →molded plastic
Recycling and reusing energy:
heat and biomaterials

The pallets used for material transfer in the warehouse are all artificial plywood recyclable pallets, which can avoid material waste.

Recyclable Pallets

3.3 Low-carbon Workplace

xFusion also attaches importance to the office operation, promoting green and low-carbon initiatives, cultivating employees' awareness of energy conservation, and developing low-carbon living habits. To regulate green office performance, we formulate the "Energy Saving and Emission Reduction Management Code", advocating employees to efficient, energy-saving, and environmentally friendly office practices to attain sustainable development.

Energy Conservation

● The use of air conditioners in offices is regulated, requiring employees to prohibit opening windows during the operation of air conditioners, and the air conditioners should also be turned off promptly at the end of the shift. When the temperature is less than or equal to 22°C, the air conditioners should not be turned on in cooling mode.

● Regarding the lighting used in the office area, employees must make full use of natural lighting. The lights in public areas (such as aisles, stairs, lobbies, restaurants.) can be turned off during good daytime illumination. We plan to rectify the local light control, mainly to improve the accuracy of light perception of external light. Besides, we have installed energy-saving lamps and lanterns such as LED lamps in our offices for power saving.

● For some departments that need to use air conditioners and lighting during overtime, it is required to turn on only the lights and air conditioners corresponding to their work areas to avoid the waste of energy.

● Employees must turn off air conditioners, computers, fans, and other electrical equipment when they leave the office area for an extended period.

Green Initiatives

● Water Conservation: Posters and signs are posted in restrooms and other places to encourage employees to conserve water and avoid wasting it.

● Paperless Office: We encourage employees to reuse printing paper and have developed various IT systems and electronic filing functions to facilitate online office work, thus achieving paper savings.

● Recycling: In the case of employee office supplies damage (such as office chairs, desks), we will thoroughly inspect and retain usable parts to maximize reuse.

● Traveling: We urge employees to minimize unnecessary travel or take green trips to reduce traffic emissions.

3.4 System Certification

During the Reporting Period, xFusion proactively participated in multiple domestic and international eco-friendly certifications, and obtained relevant certificates.

Energy Management System Certificate

ISO 50001 specifies requirements for establishing, implementing, maintaining, and improving an energy management system, whose purpose is to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy use, and consumption.

xFusion's energy management systems are certified as ISO 50001 compliant in February 2022.

Environmental Management System Certification

ISO 14001 maps out a framework that an enterprise can reach an international level in environmental management and ensure that all types of pollutants from the Company's processes, products, and activities meet the relevant requirements.

xFusion was certified as ISO 14001 in March 2022, covering all aspects of the Company's computer product design, procurement, supply chain management, sales and service.

QC080000 Hazardous Substance Process Management (HSPM)

QC080000 seeks to minimize or eliminate the production of hazardous substances, including an excellent job with the procedures and documents management for HSF (Hazardous Substance Free) products.

xFusion successfully certified as QC080000 in February 2022, which covers the R&D, manufacturing, sales, and service of servers and the development, sales, and service of computer application software.

Supply Management and Industry Cooperation

Green industrial ecology supports the sustainable development of the computing power industry significantly. Suppliers and industry organizations are essential components of the industry ecosystem and indispensable partners of xFusion. We pay attention to suppliers' sustainable management, and the procurement process's green control to build a green and healthy supply chain. In addition, we join green standards organizations and participate in developing industry standards to contribute to the green industry.

4.1 Green Purchasing

xFusion has implemented green supplier management and established a green supply chain system, integrating environmental responsibility, social responsibility, occupational health and safety, and other green indicators. We standardize the procurement process from all aspects, including supplier sourcing, material certification, supplier selection, supplier performance, and supplier exit, to ensure environmental compliance and create a competitive green supply chain.

Green Purchasing Program

To implement the green development concept into procurement management, xFusion has improved a complete procurement process system. At the same time, we have set an integrated series of standards and regulations related to green procurement materials combining EU RoHS, REACH, China RoHS , and other regulatory requirements and standards. The standard put forward control requirements in terms of supplier environmental protection standard formulation and distribution, submission of supplier eco-friendly information, and determination of environmental properties of materials.

Green Control of the Whole Process of xFusion Procurement

In addition, it is necessary to strictly control the use of hazardous substances in the production process. Referring to QC080000 Hazardous Substances Process Management Standard, we conduct the whole lifecycle control of toxic and hazardous substances and require all materials to comply with RoHS regulations and internal xFusion standards when procurement.

Supplier Selection

xFusion has formulated a process related to supplier selection and certification and requires an environmental declaration and signing of relevant agreements when suppliers are introduced. We need to ensure that materials and products provided by suppliers are met our environmental compliance requirements and promote the active practice of green supplier initiatives.

When suppliers are introduced, their environmental management system shall meet the requirements of the supplier environmental management system of xFusion and undergo regular environmental management system verification after passing the audit. At the same time, we establish the supplier selection procedures, which include accepting and analyzing procurement requirements, establishing a supplier selection team, determining and approving the selection plan, selecting suppliers, reviewing supplier selection results, identifying suppliers and signing contracts, cooperating with selected suppliers and archiving selection process documents. For different categories of suppliers, xFusion has refined environmental requirements:
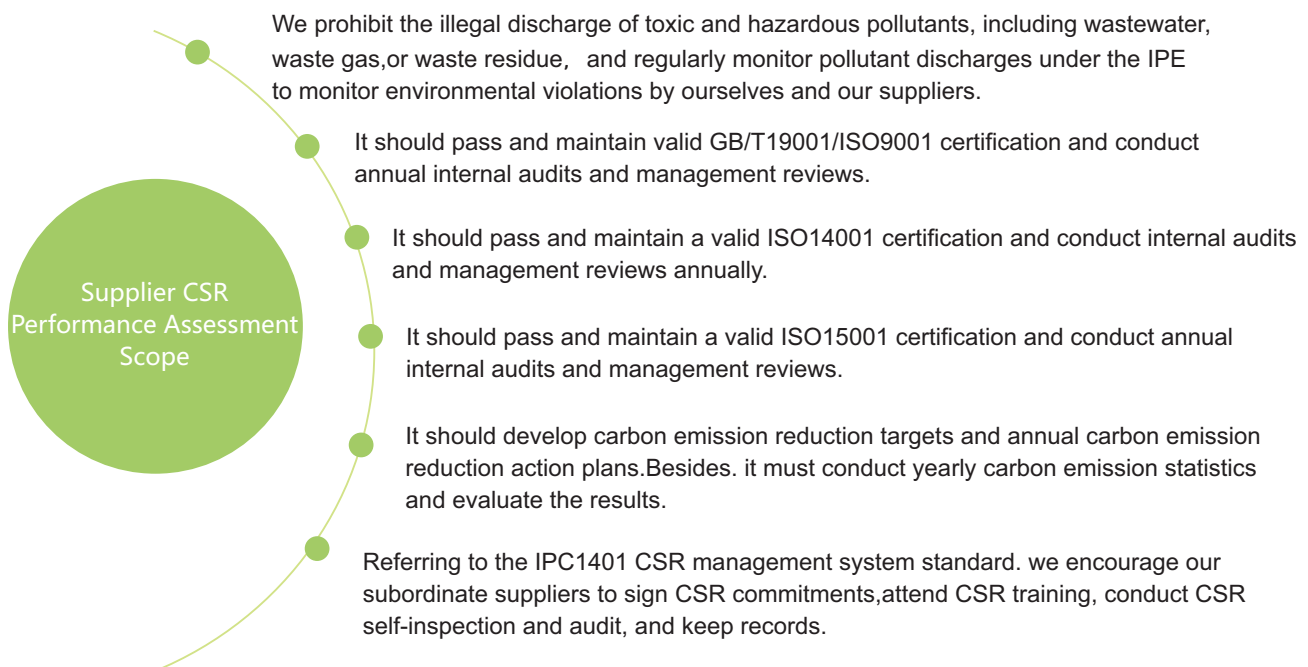
Supplier Types	Documents Required	Specific Requests
Parts & Materials Suppliers	Material Composition Table	It needs to provide composition tables for the corresponding material components.
	Environmental Test Report	Environmental test reports for high-risk materials should follow substances requirements restricted by xFusion .
	Material Type Labelling	The test reports should pass common industry standards and perform in a standardized laboratory accredited to ISO/IEC 17025.
Complete and Cooperative products (JDM/ODM/OEM)	Environmental Reporting Requirements	Plastic materials more extensive than 10 grams require identified material types by ISO11469.

Supplier Types	Documents Required	Specific Requests
Complete and Cooperative products (JDM/ODM/OEM)	Environmental Labelling Requirements	Materials with special requirements for environmental protection labeling should be marked according to xFusion specification requirements.
	Hazardous Substance Declaration Form	The suppliers or partners shall provide the whole machine's environmental test reports or environmental assessment reports.

Supplier Evaluation

To manage suppliers effectively, xFusion develops supplier performance evaluation management standards and systems to conduct regular and necessary performance evaluations, among which green and eco-friendly indicators are significant.

CSR performance assessment is an integral part of the annual assessment, launched in the fourth quarter of each year. xFusion would classify suppliers according to their CSR performance assessment results. Suppliers with excellent performance will be given priority to expand cooperation, training, and other opportunities, while poorly performing suppliers will be subject to measures such as reducing cooperation, downgrading, restricting new projects, and reducing the share of orders. We want to make full use of the influence in our industry to promote suppliers to continuously strengthen low-carbon management and lead green development of the whole industry.

We prohibit the illegal discharge of toxic and hazardous pollutants, including wastewater, waste gas,or waste residue, and regularly monitor pollutant discharges under the IPE to monitor environmental violations by ourselves and our suppliers.

It should pass and maintain valid GB/T19001/ISO9001 certification and conduct annual internal audits and management reviews.

It should pass and maintain a valid ISO14001 certification and conduct internal audits and management reviews annually.

It should pass and maintain a valid ISO15001 certification and conduct annual internal audits and management reviews.

Supplier CSR Performance Assessment Scope

It should develop carbon emission reduction targets and annual carbon emission reduction action plans.Besides. it must conduct yearly carbon emission statistics and evaluate the results.

Referring to the IPC1401 CSR management system standard. we encourage our subordinate suppliers to sign CSR commitments,attend CSR training, conduct CSR self-inspection and audit, and keep records.

To sort out suppliers' current carbon emission management status, xFusion surveyed some core suppliers during the Reporting Period, targeting the categories with high energy consumption in procurement materials, such as PCB, structural parts, and EMS. Questionnaire responses were collected for the carbon emission reduction management organization, reduction target, calculation, reduction projects, and other dimensions of the suppliers. Thus, it helps to understand the progress of the carbon emission reduction work of the suppliers.

According to the survey, 87% of suppliers have conducted annual energy consumption/carbon emission statistics, of which 87% have set carbon emission reduction targets; 21 suppliers are willing to cooperate with xFusion and participate in xFusion's carbon reduction program.

87%
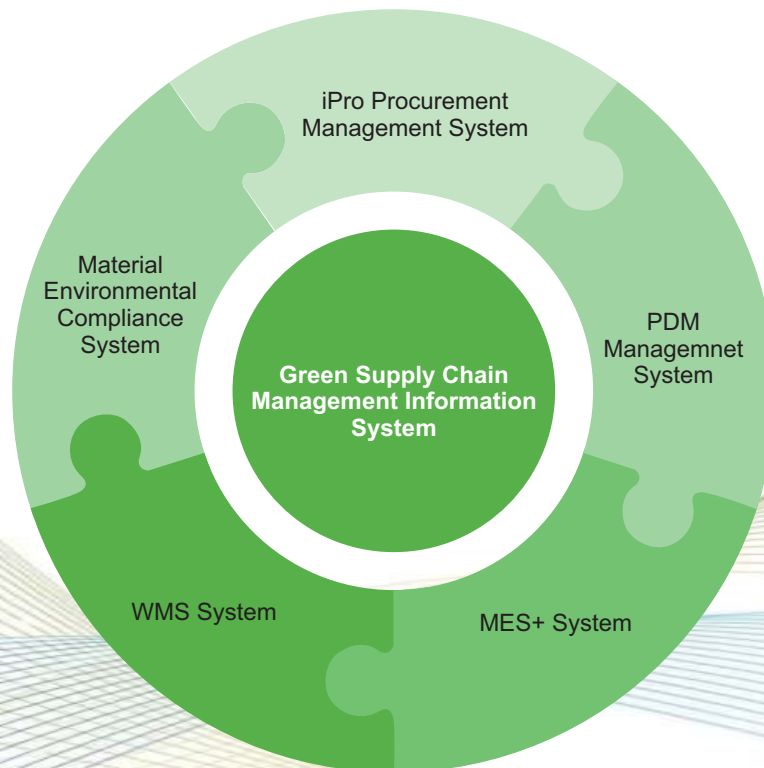of suppliers have carried out annual energy consumption/carbon emission accounting

87%
of suppliers have set carbon emission reduction targets

21
suppliers are willing to cooperate with xFusion

Green Supply Chain Management Information System

To improve the ability of Green Supply Chain management and strengthen the green control of each process of procurement, xFusion has built and used several sets of information systems with its information technology advantages, covering all aspects of supply chain management, including green suppliers, green production, product tracing, inventory monitoring. It has realized the digital information control of the whole procurement process.

iPro Procurement Management System

Material Environmental Compliance System

Green Supply Chain Management Information System

PDM Managemnet System

WMS System

MES+ System

Environmental Governance
and Responsibility | Innovation and
Application | Environmental Operations
and Digital Transformation | Supply Management and
Industry Collaboration

## iPro Procurement Management System

xFusion adopts iPro Procurement Management System to provide digital solutions and IT support capabilities for SRM and STC in procurement business structure, as well as contract management, quality management, procurement operation management, and other business capabilities. Now xFusion's iPro System covers supplier certification, supplier selection, contract management, procurement document management, procurement decision management, and other functions, and will continue to be improved.

MES+ System

MES+ System is used to provide end-to-end traceability for its products. It can trace the complete production process according to the orders placed by customers, such as batch or serial numbers of raw material, package materials, processing place, processing time, and the personnel involved. The environmental compliance information of homemade products can also be obtained by querying whether the products contain harmful elements. This information has become substantial proof for the after-sales service department to promote product quality, traceability, and recall of environmental issues.

Material Environmental Compliance System

xFusion uses the Material Environmental Compliance System to manage the regulated substances and uses IT system to analyze the controlled materials, ensuring that the materials meet the laws and company's internal environmental protection requirements.
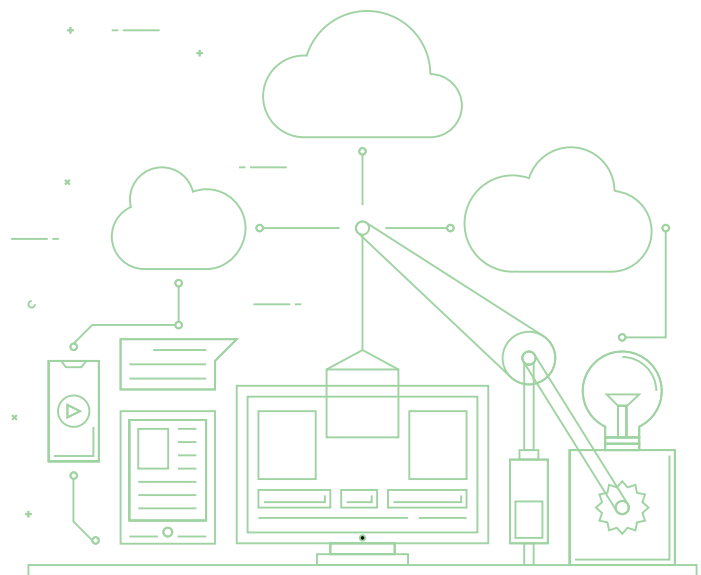
4.2 Sustainable Cooperation

Supplier Communication

Since its establishment, xFusion has taken "win-win cooperation" as its ecological development concept. We always regard suppliers as our critical partners for joint growth and promoting the green development of the industry together. xFusion provides training and technical counseling to suppliers on green supply chains, green procurement systems, energy saving and emission reduction, green manufacturing, In August 2022, xFusion organized a group training for suppliers around the regulations and standard specifications related to hazardous substances, and more than 50 supplier representatives participated online and offline. For core suppliers, we organized activities like partner conferences, CTO meetings, seminars, and roundtable forums to discuss industry green development trends. We are trying to build a win-win cooperation ecology and provide safe, reliable, green, and low-carbon diversity computing power.

Supply Chain Communication Seminar

In July 2022, xFusion organized a quality exchange online & offline conference for agents focusing on topics such as xFusion quality requirements and standards, risk identification, and green development.

In September 2022, xFusion was invited to attend the Intel Green Data Center Online Technology Forum and delivered a keynote speech on "Building an efficient computing infrastructure to help green data center development".

Partner Quality Management Seminar

Green Data Center Online Technology Forum

Technological Cooperation and Development

xFusion has a perfect cooperation mechanism to communicate with suppliers. We have joined with major suppliers such as Intel, VMware, Nvidia, Armored Man Electronics, Western Digital, and Invicta to explore new technologies, products, and solutions and help the computing power infrastructure industry achieve green upgrade development.

Promoting Green Energy-saving Cooperation with Intel

In August 2022, xFusion and Intel signed a strategic cooperation memorandum of understanding. The two sides will jointly increase resource investment in crucial areas such as scientific computing, FusionOne enterprise solutions, joint innovation labs, green data center innovation, FPGA products, hyper-convergence, and essential software. We will work together to explore computing power ecosystem development, with green energy saving being one of the vital cooperation directions. xFuison upgrades the entire cabinet liquid-cooled server product based on the Intel Xeon scalable platform. It is a 100% full liquid-cooled design, with cooling PUE <1.06. Therefore, the server room does not need to deploy air conditioning and cooling equipment suitable for medium and large data centers. It is estimated that TCO can save about 15% compared with traditional air-cooled data centers every five years, significantly reducing data center operating costs.

Enabling XLab Liquid Cooling Clusters with Envicool

In August 2022, xFusion and Envicool conducted in-depth technical exchanges on full-link liquid cooling solutions. The joint innovation in full-chain liquid cooling solutions has created a channel for efficient communication and translation of research results. Envicool will help xFusion improve liquid cooling standards, accelerate product and overall solution innovation, and push the high-quality development of green and low-carbon data centers.

Joint Innovation of Total Chain Liquid Cooling Solution and Opening Ceremony of XLab Liquid Cooling Cluster

XPU high-current Power Supply Joint Innovation Lab Establishment with Joulwatt

In October 2022, xFusion and Joulwatt officially established the XPU High Current Power Supply Joint Innovation Lab. The lab utilizes xFusion's leading power supply design, combined with Joulwatt's fundamental development in power ICs, and is dedicated to creating efficient power supply solutions for the last inch of the processor end of computing power infrastructure devices. Both parties will continue to focus on the power supply challenges of CPU, GPU, NPU, and other computing power core chips and work together to create chip-level efficient power supply solutions.

XPU High-Current Power Supply Joint Innovation Laboratory Inauguration Ceremony

4.3 Industry Collaboration

As a leading computing power infrastructure and service provider in the industry, xFusion aims to advance the whole industry's progress, reform, and development. We have joined several industry ecological organizations, actively participated in industry green development-related activities, and invested in revising of many industry green-related standards, which gets successful.

Environmental Organizations and Activities

xFusion attaches importance to industry exchanges and ecological cooperation and attends to computing power industry organizations. We work with industry organizations and environmental partners to build an active, efficient, and internationally competitive computing power industry ecosystem and open platform through exchange seminars and joint innovation.

xFusion has officially become a member of the following industry organizations:

Association/Committee	Full Name of the Organization	Professional Scope
CIE	Chinese Institute of Electronics	Non-profit social organizations of electronic information
CCF	China Computer Federation	Non-profit academic groups of computer andrelated science and technology
CSIA	China Software Industry Association	Software research opening, publishing, sales, and training
	China Semiconductor Software Industry Association	Industry associations for integrated circuits, discrete semiconductor devices, and other related equipment
ODCC	Open Data Center Committee	Non-profit ecosystems and open platforms around data centers and other industries
CESA	China Electronics Industry Standardization Technology Association	Electronic information industry standardization organizations
ITSS	China Electronics Industry Information Technology Service Standards Branch	Mainly responsible for national standard-making and revision of IT services and other areas

2022 Open Data Center Summit: In September 2022, xFusion participated in the 2022 Open Data Center Summit with the topic of "New benchmark of commercial liquid cooling, the new flagship of high-density computing power" held by the Open Data Center Committee. In the meeting, we delivered a speech on "xFusion Liquid-Cooled Data Center Solutions" and demonstrated the fourth-generation liquid cooling technology products. At the same time, we released a white paper on the reliability of cold plate liquid cooling servers.

"Western Digital Valley" Computing Power Industry Conference: In September 2022, the first "Western Digital Valley" computing industry conference with the "Eastern Digital and Western Computing - Collaborative Development" theme opened in Ningxia. xFusion was invited to participate and set up the first joint innovation center of computing ecology in Ningxia. xFusion was invited to participate and set up the first joint innovation center of computing ecology in Ningxia. In the future, Ningxia Government, China Unicom, xFusion, and other participants will work together to build the first joint innovation center of computing ecology in Ningxia and promote the construction of the Ningxia hub, the national hub node of the integrated computing power network.

World Congress on Computing 2022: From the 4th to the 5th of November 2022, the World Computing Conference 2022 was held in Changsha, Hunan Province, with the theme "Calculating the World to Create a New Era" theme. xFusion presented its star products and green and low-carbon computing solutions at the conference with the theme of " Innovation Providing Secure Computing Power" and delivered a keynote speech on "Focusing on Computing Network Innovation, Building Efficient and Leading Computing Power Infrastructure". Facing the significant changes brought by the macro environment, industry, and technology development, xFusion has clarified its corporate strategy of dual ecology/north-south security heterogeneity and borderless computing with a green computing network. xFusion will focus on improving computing infrastructure and services to contribute to the construction of China's digital economy.

2022 Computing Power Network and Digital Economy Development Forum: On the afternoon of November 23rd, 2022 Computing Power Network and Digital Economy Development Forum was held in Shanghai with the theme "Solidifying the Computing Power Base and Empowering the Digital Economy". xFusion had a speech on "Promoting the development of the digital economy with new computing infrastructure and services". At the conference, the New Data Center Committee of Shanghai Communications Society released the "Computing Power Pujiang Enabler Program", which relies on the committee members to build computing power networks and digital platforms to help Shanghai build an international digital economy benchmark city. As one of the first batch of initiative companies, xFusion was awarded the honor of "Enabler".

Industry Standards

To enhance the industry influence of xFusion and promote the green development of the industry, we proactively join industry standard organizations and participate formulating industry green-related standards.

- TC297/SC1 Material Declaration
- TC297/SC2 Test Environmental Conscious Design
- TC297/GHG-WG Greenhouse Gas Standard Working Group
- Ministry of Industry and Information Technology Working Group on Pollution Prevention Standards for RoHS Electrical and Electronic Products

xFusion participated in the development of research and revision of the following green-related standards:

Standard Types	Standard Name
National Standards	Environmentally conscious design (ECD)—Principles, requirements,and guidance
	Technical specification for eco-design product assessment—Battery
	Environmentally conscious design for electrical and electronic products
	Environmentally conscious design guide for electrical and electronic products
	The General guideline for the assessment of low-carbon products - Computers
	Maximum allowable values of energy efficiency and energy efficiency grades for Servers
Industry Standards	The General guideline for the assessment of low-carbon products Computers
Group Standards	CCSA Product carbon footprint product category rule for - Servers
Other Standards	CQC 3178-2021 Technical Specification for Energy Efficiency Grading Certification of Embedded Power Supplies
	CEC 072-2022 CEC Technical specification for eco-product assessment Internal Power Supplies

Appendix I: Environmental Performance Table

Key Performance Indicators	2022	Unit
Energy use		
Total electricity consumption	14,010,000.09	kWh
Greenhouse gas emissions		
Scope I Greenhouse Gases	/	tons of CO_2e
Scope II Greenhouse Gases	7,989.90	tons of CO_2e
Total greenhouse gas emissions (Scope I + Scope II)	7,989.90	tons of CO_2e
Greenhouse gas emission intensity	3.00	tons of CO_2e/PFLOPS
Water Resources		
Total water consumption	95,082.00	ton
Wastewater discharge intensity	4.12	tons / RMB million
Waste		
Non-hazardous waste	58.45	ton
Amount of non-hazardous waste recycled	23.27	ton
Non-hazardous waste emission intensity	2.53	kgs / RMB million
Hazardous waste	5.34	ton
Amount of hazardous waste recycled by qualified manufacturers	/	ton
Hazardous waste emission intensity	0.23	kgs / RMB million
Packaging supplies		
Total amount of packaging materials	63	ton
Packing material intensity	2.73	kgs / RMB million

Environmental data description:

● The collection period of environmental data covers the period from January 1, 2022, to December 31, 2022. The scope of environmental data collection is the primary production sites and office places of xFusion Digital Technologies Co., LTD .

● The intensity of environmental data is calculated using the total amount of data in 2022 divided by the company's current year outcome and production value.

● The type of indirect energy of the Company includes purchased electricity. The calculation of energy consumption refers to the national standard of the People's Republic of China "GB/T 2589-2020 General Rules for Calculating Comprehensive Energy Consumption".

● Greenhouse gas emissions (Scope II) come from purchased electricity. GHG emissions are calculated referring to the "Guidelines for Accounting Methods and Reporting of GHG Emissions from Enterprises in Other Industries (for Trial Implementation)" issued by the National Development and Reform Commission of the People's Republic of China.

● Non-hazardous waste is office and domestic waste generated in the office area, as well as materials such as cartons, foot guards, and plastic trays from production. Hazardous waste is mainly waste such as activated carbon, dust-free cloths, catalytic plates, circuit boards generated during the manufacture of products.

Appendix II: Laws and Regulations Applicable to xFusion and List of Our Internal Policies

Scope	Major Internal Policies
Corporate Strategy	Green Low Carbon Cycle Development Strategy of xFusion Digital Technologies Co. (2022-2025)
	xFusion Green Policy (Trial Implementation)

Scope	Major Laws and Regulations	Major Internal Policies
Environment	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	Energy Management Regulations
		Regulations on the Management of Air Conditioning and Lighting Use
	Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution	
	Law of the People's Republic of China on Energy Conservation	
	Law of the People's Republic of China on Environmental Protection	
	Law of the People's Republic of China on the Prevention and Control of Water Pollution	
	Law of the People's Republic of China on Prevention and Control of Air Pollution	
	Guangdong Environmental Protection Regulations	
	Regulations on Prevention and Control of Air Pollution in Henan Province	
	Henan Province Water Conservation Regulations	
	Henan Province Solid Waste Pollution Prevention and Control Regulations	
	Regulations on Environmental Protection of Construction Projects	
	List of Environmental Impact Assessment Categories for Construction Projects (2021 Edition)	
	Regulations on the Administration of Emission Permits (2021 Edition)	

Scope	Major Laws and Regulations	Major Internal Policies
Hazardous substances	EU RoHS(2011/65/EU&(EU)2015/863) & UK RoHS	Hazardous Substances Process Management Manual
	(EU)2015/863 (RoHS 2 Amendments)	
	HJ2507-2011	
	SJ/T 11364	
	GB/T 26572	
	94/62/EC Packaging Directive	
	2006/66/EC Battery Directive	
	SVHC in accordance with Article 59(1) of the Reglation(EC) No 1907/2006(REACH)	
	Regulation (EC) No 1907/2006(REACH) Annex XVII	
	94/62/EC & 2004/12/EC for Packaging Material & The Packaging (Essential Requirements) Regulations 2015	
	EU WEEE(2012/19/EU) ANNEX V & UK WEEE SCHEDULE 11 PART 2	
	EU POPS((EU) 2019/1021) & UK POPS	
	2006/66/EC & 2013/56/EU on batteries and accumulators & The Batteries and Accumulators (Placing on the Market) Regulations 2008	

Appendix III: GRI Standards

Disclosure Topic / Disclosure Project	Title of Disclosure Project	Chapter Index
Environment		
GRI 301:Materials 2016/GRI 103:Management Method 2016		
GRI 103: Management Method	103-1 Description of substantive issues and their boundaries	Low-carbon Innovation
		Product Recycling
	103-2 Management method and its components	Low-carbon Innovation
		Product Recycling
	103-3 Evaluation of management methods	Low-carbon Innovation
		Product Recycling
GRI 301-1	Materials used by weight or volume	Appendix I: Environmental Performance
GRI 301-2	Recycled input materials used	Product Recycling
GRI 301-3	Reclaimed products and their packaging materials	Product Recycling
GRI 302:Energy 2016/GRI 103:Management Method 2016		
GRI 103: Management Method	103-1 Description of substantive issues and their boundaries	Green Production
	103-2 Management method and its components	Green Production
	103-3 Evaluation of management methods	Green Production
GRI 302-1	Energy consumption within the organization	Appendix I: Environmental Performance
GRI 302-2	Energy consumption outside of the organization	Appendix I: Environmental Performance
GRI 302-3	Energy intensity	Appendix I: Environmental Performance
GRI 302-4	Reduction of energy consumption	Low-carbon Innovation
		Low-carbon Application
GRI 302-5	Reductions in energy requirements of products and services	Low-carbon Innovation
		Low-carbon Application

Disclosure Topic / Disclosure Project	Title of Disclosure Project	Chapter Index
GRI 303:Water and Effluents 2018/GRI 103: Management Method 2016		
GRI 103: Management Method	103-1 Description of substantive issues and their boundaries	Green Production
	103-2 Management method and its components	Green Production
	103-3 Evaluation of management methods	Green Production
GRI 303-1	Interactions with water as a shared resource	Green Production
GRI 303-3	Water withdrawal	Green Production
GRI 303-4	Water discharge	Green Production
GRI 303-5	Water consumption	Appendix I: Environmental Performance
GRI 305: Emissions 2016/GRI 103: Management Method 2016		
GRI 103: Management Method	103-1 Description of substantive issues and their boundaries	Climate Change
		Green Production
	103-2 Management method and its components	Climate Change
		Green Production
	103-3 Evaluation of management methods	Climate Change
		Green Production
GRI 305-1	Direct (Scope 1) GHG emissions	Climate Change
		Appendix I: Environmental Performance
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Climate Change
		Appendix I: Environmental Performance
GRI 305-3	Other indirect (Scope 3) GHG emissions	Climate Change
GRI 305-4	GHG emissions intensity	Appendix I: Environmental Performance
GRI 305-5	Reduction of GHG emissions	Low-carbon Innovation
GRI 305-7	Nitrogen oxides (Nox), sulfur oxides (SOx), and other significant air emissions	Green Production

Disclosure Topic / Disclosure Project	Title of Disclosure Project	Chapter Index
GRI 307: Environmental Compliance 2016/GRI 103: Management Method 2016		
GRI 103:Management Method	103-1 Description of substantive issues and their boundaries	Compliance Management
	103-2 Management method and its components	Compliance Management
	103-3 Evaluation of management methods	Compliance Management
GRI 307-1	Violation of environmental laws and regulations	Compliance Management
GRI 308: Supplier Environmental Assessment 2016/GRI 103: Management Method 2016		
GRI 103:Management Method	103-1 Description of Substantive Issues and their Boundaries	Green Purchasing
	103-2 Management Method and it Components	Green Purchasing
	103-3 Evaluation of Management Methods	Green Purchasing
GRI 308-1	New suppliers that were screened using environmental criteria	Green Purchasing
GRI 308-2	Negative environmental impactsin the supply chain and actions taken	Green Purchasing

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