C&D 建发股份

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Xiamen C&D Inc.

WHITE PAPER
TOGETHER TO A NET ZERO FUTURE

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Together Go Beyond

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FOREWORD

Climate change presents humanity with challenges that are real, urgent, and long–lasting. According to the Intergovernmental Panel on Climate Change (IPCC), achieving the goal of limiting global warming to 1.5° C requires global greenhouse gas emissions to peak by 2025 and decrease by nearly half by 2030. To mitigate the impacts of extreme weather caused by global warming, it is imperative for all parties to take robust actions to reduce emissions and accelerate the transition to a green and low–carbon economy.

As a globally–oriented company, Xiamen C&D Inc. upholds the brand philosophy of "Together Go Beyond" and actively responds to China's carbon peaking and carbon neutrality strategy and the global temperature control goals under the Paris Agreement. We have made a solemn commitment to net zero and are taking proactive measures to reduce carbon emissions while embracing a path of green development. We continuously invest in research and innovation to apply digital technologies, integrating digital solutions deeply with traditional industries to make digitalization a key driver for achieving net zero and empowering traditional industries to transition toward greener practices. Committed to sustainability, we focus on the design and development of green materials and green buildings, promoting sustainable human living environments through innovative green concepts. By engaging in circular economy initiatives, we enhance resource efficiency and contribute to establishing a green, low–carbon, and circular economic system. At the same time, we adopt clean and low–carbon energy sources to replace traditional energy, progressively increasing the share of clean energy usage to realize energy system transformation. Furthermore, we invest in and expand the green and low–carbon industry, actively developing supply chain operation services across the green industry chain to drive the overall green and low–carbon development of industries and contribute meaningfully to the global effort to combat climate change.

When people pull together, nothing is too heavy to be lifted. Xiamen C&D Inc., through the preparation and release of the White Paper On Net Zero, aims to convey the concept of sustainable development to stakeholders, advocate for green and low–carbon development, and collaborate with partners to promote the green and low–carbon transformation of the industry, working together towards a net–zero future!

01

NET ZERO COMMITMENT

02

Achieving net-zero emissions by **2060**

- Xiamen C&D Inc. is committed to achieving net-zero emissions by **2060**.
- To peak the greenhouse gas emissions by **2030**.
- To achieve net-zero emissions across Scope 1, 2, and 3, covering the entire value chain by **2060**.

03

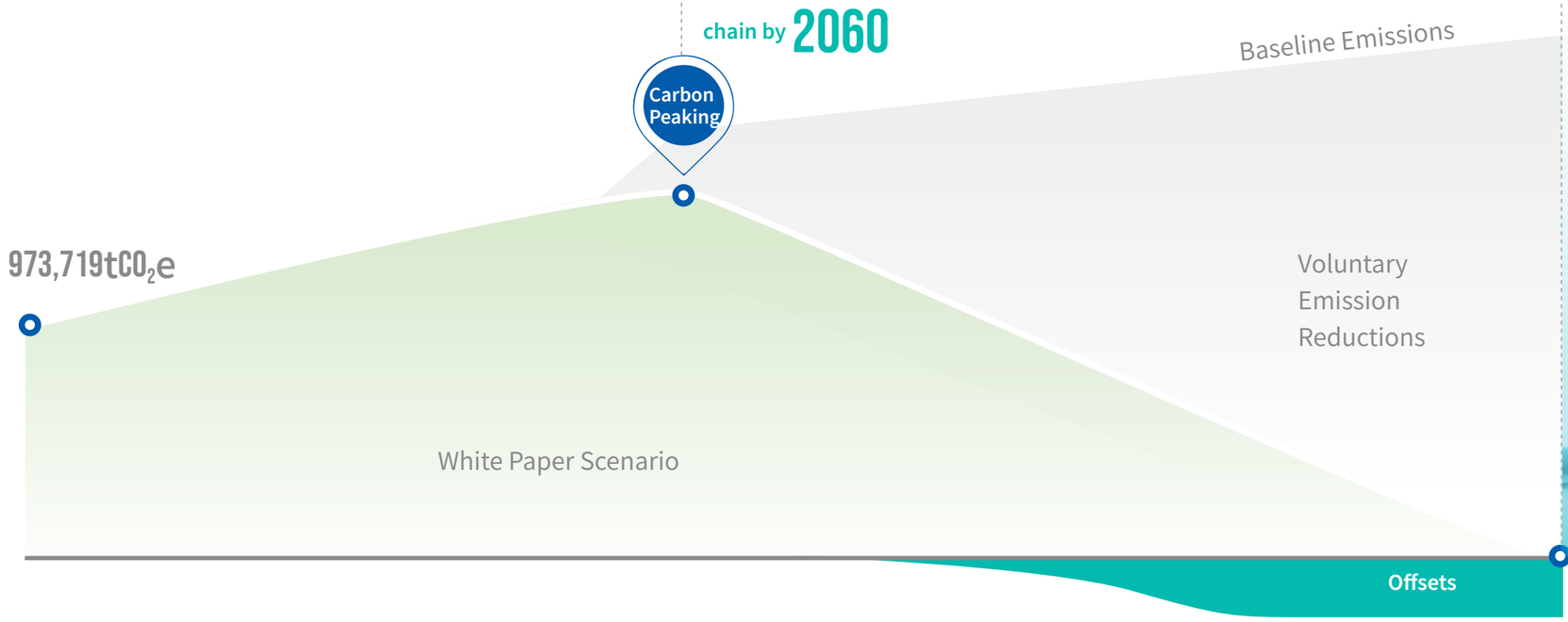
NET ZERO PATHWAY

Carbon Emission Growth Phase | **Steady Decarbonization Phase** | **Net-Zero Emission Phase**

We actively respond to the national green development strategy, promote the green transformation of industries, support the construction of a green, low-carbon, and circular economic system, and advance towards net zero.

To peak the greenhouse gas emissions by 2030

To achieve net-zero emissions across Scope 1, 2, and 3, covering the entire value chain by 2060



Achieve net-zero emissions

NET ZERO

Together Go Beyond

CARBON EMISSIONS OVERVIEW

04

In accordance with the international standard ISO 14064-1:2018, we conducted the 2023 greenhouse gas inventory for activities and facilities within the entities and regions over which the company has operational and financial control.

2023

The company's total greenhouse gas emissions amounted to

973,719 tCO_2e

The greenhouse gas emissions intensity was

128 tCO_2e

per hundred million RMB of revenue

Direct greenhouse gas emissions (Scope 1)

434,139 tCO_2e

Accounting for **44.59**% of total emissions

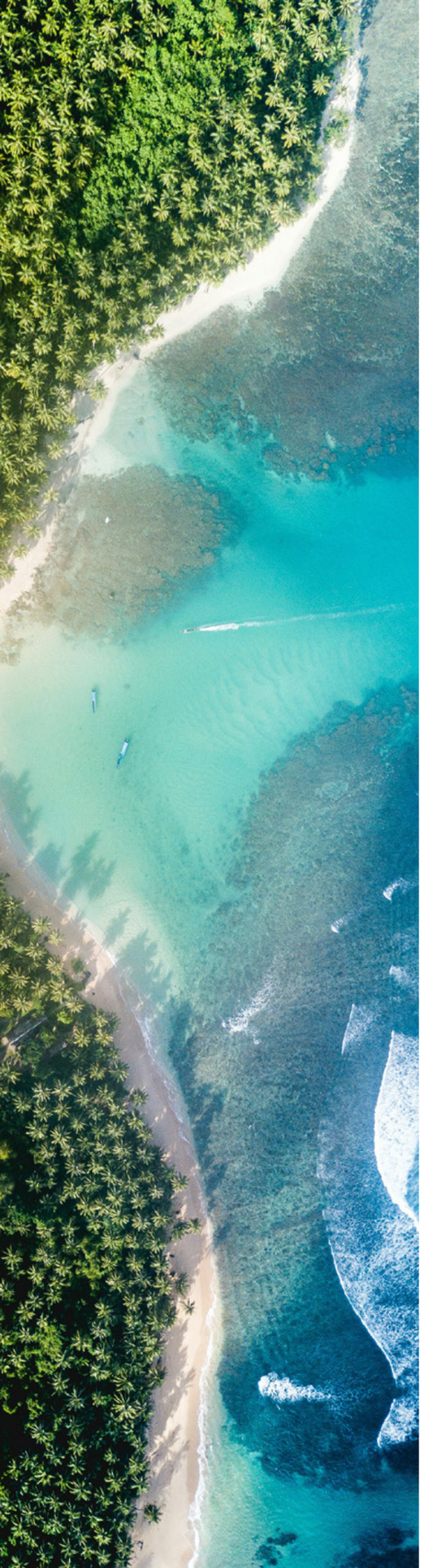
Indirect greenhouse gas emissions from energy use (Scope 2)

539,580 tCO_2e

Accounting for **55.41**% of total emissions

2023 GHG Emissions of Xiamen C&D Inc.

Category	2023	Percentage
Scope 1: Direct GHG Emissions(tCO_2e)	434,139	45%
Scope 2: Indirect GHG Emissions(tCO_2e)	539,580	55%
Total GHG Emissions (tCO_2e)	973,719	100%
Carbon Emissions Intensity (tCO_2e/hundred million RMB of revenue)	128	



Energy Consumption

In 2023, our total energy consumption was approximately 290,215 tons of standard coal equivalent. In terms of the energy consumption structure, coal and electricity accounted for the highest share, totaling about 81.04%. Regarding greenhouse gas emissions from energy consumption, electricity accounted for the largest share of emissions, representing 54.85% of the total greenhouse gas emissions generated from energy consumption throughout the year.

The company's total energy consumption was

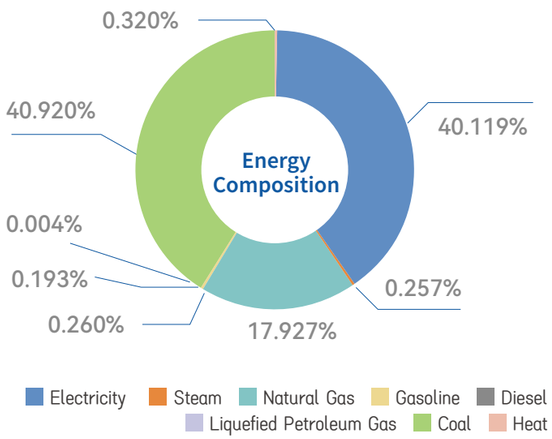
290,215 tCO_2e

Coal and electricity constituted the largest shares of total energy consumption, accounting for approximately

81.04 %

The greenhouse gas emissions from energy consumption were highest for electricity, with electricity accounting for

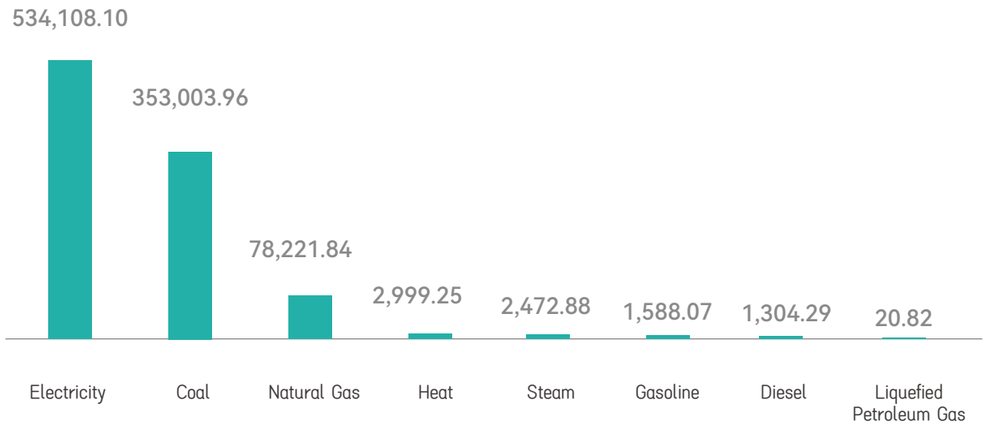
54.85 %



Energy Consumption Structure in 2023

Energy Type	2023	Total Energy Consumption in 2023 (Tons of standard coal equivalent)	Energy Consumption Share in 2023 (%)
Coal (t)	166,254	118,755	40.920
Electricity (kWh)	947,373,073	116,432	40.119
Natural Gas (m^3)	39,117,790	52,027	17.927
Heat (GJ)	27,266	930	0.320
Gasoline (L)	701,654	754	0.260
Steam (t)	7,193	746	0.257
Diesel (L)	446,758	560	0.193
Liquefied Petroleum Gas (kg)	6,560	11	0.004
Total		290,215	100

GHG Emissions(tCO_2e/year)



CARBON NEUTRAL ACTION

05

Developing Green and Low-Carbon Products

We are committed to the ongoing exploration of the design and development of green products, including green materials and green buildings, in our supply chain operations and real estate business, applying green principles to promote the sustainable development of human living environments.

Advancing Low-Carbon Development Across the Value Chain

Digital technologies play a crucial role in reducing carbon emissions by improving resource efficiency, reducing pollution, and promoting green consumption. These technologies are essential clean tools for achieving carbon peaking and carbon neutrality targets and driving sustainable economic and social development. We actively invest in the research and innovation of digital technology applications, continuously advancing the development and innovation of digital solutions within the supply chain. By deeply integrating digital solutions with the development of traditional industries, we empower these industries to achieve green transformation, reduce their energy and resource consumption, and promote overall energy savings, cost reduction, and efficiency improvements across the value chain, collectively advancing low-carbon development throughout the value chain.

Promoting the Use of Clean and Low-Carbon Energy

The application of clean and low-carbon energy is a key direction in the current global energy transition, aimed at reducing greenhouse gas emissions and promoting sustainable economic and social development. We actively promote the use of clean and low-carbon energy, reduce reliance on fossil fuels, and significantly lower greenhouse gas emissions.

Facilitating the Recycling of Resources

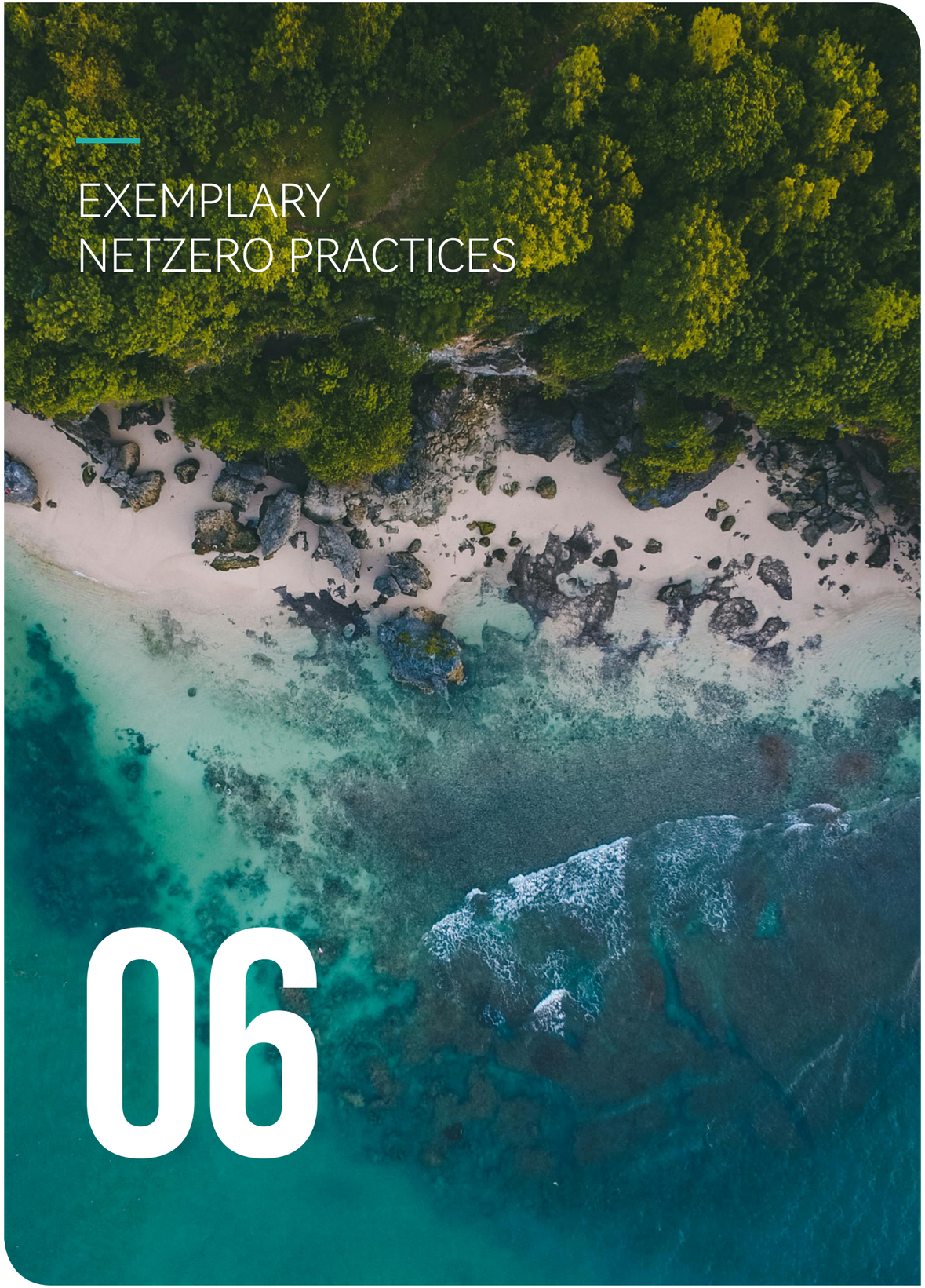
Developing a circular economy to drive green economic growth and achieve climate goals has become an inevitable trend and consensus in global economic development. Through our circular economy initiatives, we enhance resource efficiency and minimize carbon emissions across the entire lifecycle of materials and products, aiming to contribute to climate change mitigation and support the development of a green, low-carbon, and circular society.

Investing in Green, Low-Carbon, and Eco-friendly Industries

We strongly support the national carbon peaking and carbon neutrality policy, as well as the Double Reduction Policy, remaining focused on investing in the green, low-carbon, and eco-friendly industries. Leveraging our expertise in supply chain operations and management, along with financial derivatives such as futures, we connect resources across the upstream and downstream of the industry chain, providing comprehensive, full-cycle supply chain service solutions to industrial clients. We continue to innovate in areas such as photovoltaic power station development and new energy vehicle sales, exploring deeper international collaboration and new models for supply chain operations, thereby fostering the high-quality and sustainable development of the company's business.

Implementing Green and Low-Carbon Actions

We advocate for a lifestyle and consumption pattern that emphasizes simplicity, moderation, green practices, low-carbon living, and civilized health. We enhance employees' awareness of resource conservation and environmental protection, and actively implement green practices such as green office initiatives, eco-friendly commuting, and energy-efficient equipment upgrades, promoting green and low-carbon actions.



"Choice of Purity" Bamboo Pulp Paper: Safe Enough, Low-Carbon Enough

We innovate by using bamboo instead of wood to produce our own brand "Choice of Purity" Natural Bamboo Pulp Paper. The "Choice of Purity" Natural Bamboo Pulp Paper adheres to the principle of purity, with no fluorescent agents, bleaching agents, sterile, or harmful additives. The COD emissions during the production process are only half of those of white paper. Additionally, it has passed international food-grade tests such as those from the U.S. FDA and the EU's AP.

The "Choice of Purity" Natural Bamboo Pulp Paper is sourced from the bamboo forests of Muchuan, where the unique fiber of the local Bambusa Emeiensis is ideal for papermaking. Bambusa Emeiensis is a typical cluster plant, maturing in three years, and after maturity, the old bamboo can be harvested annually, leaving new shoots to grow. Proper harvesting promotes the healthy growth of bamboo forests, ensuring lush greenery in the mountains and effectively preventing soil erosion and loss of water and soil.

Compared to traditional chemical pulping, modern bamboo pulp production technology places greater emphasis on environmental protection. The pulping production line for "Choice of Purity" bamboo pulp adopts advanced international technologies such as Displacement Digester System and Closed Screening. The extended delignification of bamboo pulp and related clean technologies have been included in the National Development and Reform Commission's major industrial technology development special projects. Advanced pulping technology provides support for product quality. The leading product, high-grade bamboo pulp board, features high strength, good air permeability, absorbency, and significant antibacterial properties. It is environmentally friendly, free from toxic elements, and suitable for the production of household paper and high-quality paper. Compared to wood pulp papermaking, every ton of bamboo pulp paper saves one ton of steam consumption. The energy consumption of "Choice of Purity" bamboo pulp paper is about 300 kilograms of standard coal per ton of product, which is approximately 350 kilograms lower than the national clean standard (650 kilograms of standard coal). Additionally, bamboo pulp waste residue is processed into mushroom planting fertilizers to promote local economic development and protect the local ecology.

Over the past decade, the total production capacity of bamboo pulp at the pulp mill we invested in has reached 3.60 million tons. While catalyzing the development of industries worth 4 billion RMB in Muchuan County, Sichuan Province, we have also contributed to raising the forest coverage rate from 13.8% to 77.34%. The area of bamboo forests has expanded from 20,000 mu in the 1980s to 800,000 mu. The cumulative substitution of wood pulp resources is equivalent to saving the logging of 1 million mu of forests.

We have contributed to raising the forest coverage rate from

13.8 % ⇨ 77.34 %

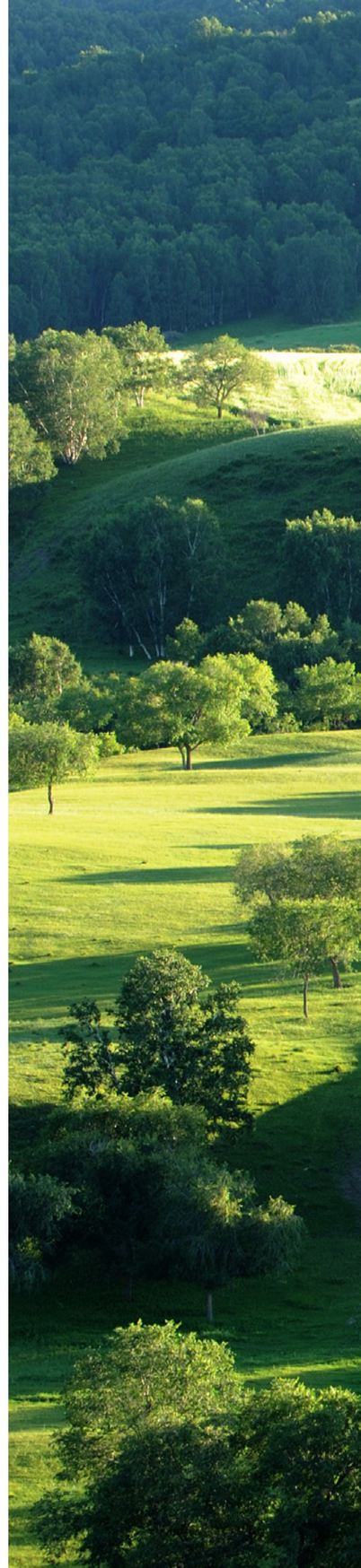
The cumulative substitution of wood pulp resources is equivalent to saving the logging of

1 million mu of forests

Eco-friendly and Renewable Materials, Wearing the Beauty of "Nature"

We incorporate environmentally friendly materials such as SORONA, CELYS, and PRIMALOFT BIO into our product designs. We present a green and eco-friendly design concept by employing green materials, printing and dyeing techniques, and production processes. We are committed to transforming the traditional textile fabric production process that generates carbon dioxide emissions. For different markets and certification standards, we rigorously select suppliers based on four dimensions: product recycling, production and sales supervision, social and environmental practices, and chemical restrictions. We also provide various certifications such as GRS, GOTS, OEKO-TEX, BCI, and RCS. We actively explore and utilize recycled polyester, recycled cotton, plant fibers, biodegradable biomaterials, and carbon-negative materials, offer sustainable development solutions for clothing and textile products, and empower green and sustainable development across the entire industry chain.

In the field of bio-based outsoles, we have conducted in-depth research on sustainable solutions utilizing sugarcane, corn, soybeans, and straw for bio-fermentation, and customized production of bio-based outsoles and raw materials with content ranging from 20% to 90% for our clients. By replacing petroleum-based materials with bio-based ones in outsole production, we have fully achieved material recyclability, biodegradability, and ecological sustainability.



A "Breathing" Green and Low-Carbon Building

It is a crucial initiative to develop green and low-carbon buildings for conserving resources, protecting the environment, and achieving sustainable development. We abide by national and industry requirements for green buildings, such as the "Assessment Standard for Green Building," "Code for Green Design of Civil Buildings," and "Design Standard for Energy Efficiency of Public Buildings." We rigorously manage environmental protection throughout the entire lifecycle of buildings, from design to operation, promoting practices in green building design, sponge city design, prefabricated building technology, BIM technology, and ultra-low energy consumption buildings. This enhances project quality, construction efficiency, maximizes resource conservation, reduces negative environmental impacts, and constructs safe and comfortable green and low-carbon buildings, to establish harmonious coexistence between buildings and nature.

"C&D · Man Yun" Project in Fuzhou

As the first residential project with three-dimensional greening in Fuzhou, the "C&D · Man Yun" project integrates the concept of "sky gardens" and "sky garden streets" into the traditional large flat layout. It introduces vertical greening, forming an architectural form of "streets and lanes on each floor, courtyard for each household." While ensuring building quality and safety, this design enhances the greening rate of the community and the comfort of residents, achieving harmonious development between architecture and the environment.

"C&D · Man Yun" and "C&D · Jing Yuan" Projects in Shanghai

Ultra-low energy buildings have become one of the important trends in building development today. Not only do they help reduce energy consumption and environmental pollution, but they also enhance the comfort and quality of buildings, creating healthier, more comfortable, and livable living environments. We actively promote the construction of ultra-low energy buildings and employ technologies such as external sun shading, energy-efficient doors and windows, insulation of building envelopes, and efficient heat recovery in project construction to reduce the demand for building heating and cooling. We optimize heating, ventilation, and air conditioning (HVAC) systems to improve energy efficiency and fully utilize renewable energy sources such as solar energy. By providing comfortable indoor environments with less energy consumption and meeting the basic requirements of green buildings, we effectively reduce building energy consumption and achieve sustainable development in construction. In 2023, we developed multiple ultra-low energy or nearly zero energy projects in cities like Shanghai and Hefei. Among them, the Man Yun Project in Minhang District, Shanghai, is expected to save 745,700 kWh of electricity annually, equivalent to saving 215.3 tons of standard coal, representing approximately 50% energy savings compared to conventional residential projects. The Jing Yuan Project in Shanghai is expected to save 913,200 kWh of electricity annually, equivalent to saving 723.34 tons of standard coal, representing approximately 60% energy savings compared to conventional residential projects.

Pulp and Paper Digital Platform Shapes Supply Chain into Support Chain

The pulp and paper industry chain encompasses upstream international pulp mills, midstream paper mills, as well as downstream printing and packaging factories, with tens of thousands of enterprises involved. Leveraging our innovative "LIFT Supply Chain Services" system, we have developed a leading pulp and paper digital platform, with core products including "E-Pulp" and "PaperSource". Through technologies such as artificial intelligence, block chain, cloud computing, and big data, we have introduced a digital holistic solution centered around information, storage and transportation, finance, and risk control, achieving efficient linkage between online and offline scenarios and resources. This has addressed the high costs, logistical challenges, and funding shortages traditionally faced in the pulp and paper industry. We have propelled the transformation and upgrading of the entire industry chain, and achieved cost reduction and efficiency enhancement by providing customers with comprehensive, high-quality, and customized supply chain services. We have also introduced artificial intelligence technologies such as digital human technology to enrich the content of information programs, and created a series of popular audio and video programs to tackle the information barriers and scattered information sources in the pulp and paper industry. In promoting the digitization of international business, the pulp and paper digital platform collaborates with upstream suppliers in the international pulp supply chain to explore paperless transactions in the global pulp and paper industry. This has facilitated the rapid circulation of electronic documents globally, enabled the full digitization of business processes, saved resources, and improved the efficiency and security of transactions.

2023

Recognizing our company's proactive exploration and leading role in the digital transformation of the pulp and paper industry

Our pulp and paper digital platform was awarded the second prize in the "First State-owned Enterprise Digital Scenario Innovation Professional Competition" by the SASAC

We ranked 9th on the " China Industrial Internet Top 100 List"

We received the honor of the "2021–2023 Enterprises with Outstanding Contributions to the Tenth Anniversary of China Industrial Internet Development"

In **2023**

at the 6th Digital China Summit, the " C&D Esteellink" platform was awarded the second prize in the competition for its use of technology to empower supply chain operations, reduce costs, increase efficiency, and promote low-carbon transformation and development. It won the award for its digital application scenario of "Create a digital platform for the steel industry to empower collaborative development in the steel industry."

"C&D Esteellink" Boosts Quality and Efficiency in the Steel Industry Chain

Drawing on the demand for high-quality supply chain services from ecological partners across the upstream and downstream of the steel industry chain, we have launched the "C&D Esteellink" collaborative platform. This platform, built upon the "LIFT Supply Chain Services," integrates key elements such as logistics, information, finance, and business to revamp traditional supply chain operation service processes with optimized management and services model. It improves operational efficiency and user experience for the steel industry clients through offering online contract signing, logistics tracking, self-service delivery, and intelligent settlement reconciliation, improving quality and efficiency for both upstream and downstream stakeholders in the steel industry.

Investing in Photovoltaic Projects Illuminates the Low-Carbon Pathway

We have formed a professional team, integrated internal and external resources, and collaborated with industrial parks, automobile cities, and large industrial and commercial enterprises. We are based in the Jiangsu, Zhejiang, Shanghai, and Fujian regions and steadily expanding our presence domestically. We have invested in and constructed high-quality distributed photovoltaic power station projects in multiple regions including Jiangsu, Shanghai, Fujian, and Henan. By the end of 2023, we had built 14 distributed photovoltaic power stations with a total connected capacity exceeding 18 MW. These stations were designed to generate an annual output of over 20,550,000 kWh, resulting in the reduction of 16,237 tons of carbon dioxide emissions and saving 6,701 tons of standard coal. Continuously providing enterprises with safe, green, low-cost, and sustainable clean energy, we have achieved a win-win situation in terms of both economic and ecological benefits.

Jiyuan 2.6MW Project in Xiamen, Fujian Province

In 2023, our investment in the Jiyuan 2.6MW distributed photovoltaic power generation project is deployed on the rooftop of Xiamen Jiyuan Enterprise. The project utilizes a total area of 20,000 square meters of factory roof space, with the installation of 4,774 high-efficiency photovoltaic modules. The project's electricity generation capacity can reach 3.12 million kilowatt-hours annually, saving approximately 1,017.1 tons of standard coal per year and reducing carbon dioxide emissions by about 2,464.7 tons.

Saving standard coal approximately

1,017.1 tons per year

Reducing carbon dioxide emissions by about

2,464.7 tons

Xiang'an 1.5MW Project in Xiamen, Fujian Province

The 1.5MW distributed photovoltaic project we invested in is located on the roof of the C&D International Automobile City, a subsidiary of C&D Automobile, in Xiang'an District, Xiamen. After the project is grid-connected, coupled with energy storage equipment, the average annual electricity generation can reach 1.8 million kilowatt-hours during the design and operation period. This translates to an annual saving of approximately 586.8 tons of standard coal and a reduction of about 1,422 tons of carbon dioxide emissions.

During the design and operation period，the average annual electricity generation can reach

1.8 million kWh

Saving standard coal approximately

586.8 tons per year

Reducing carbon dioxide emissions by about

1,422.0 tons

Mingren Pharmaceutical 1.8MW BIPV Project in Jiaozuo, Henan Province

In 2023, our company invested in the first phase of the 1.8MW BIPV (Building Integrated Photovoltaics) project at Mingren Pharmaceutical in Henan. Adopting a self-consumption model with surplus electricity fed into the grid, the designed operational period after grid connection can achieve an average annual electricity generation of 1.94 million kWh. This project can save approximately 633.7 tons of standard coal annually, reducing carbon dioxide emissions by about 1,535.7 tons per year.

Saving standard coal approximately

633.7 tons per year

Reducing carbon dioxide emissions by about

1,535.7 tons

Kingswood 1.5MW Project in Suzhou, Jiangsu Province

In 2023, our Kingswood 1.5MW Project is located in the Xiangcheng District, Suzhou, Jiangsu Province. Utilizing the factory premises of Suzhou Kingswood Education, the project installs a total of 1.5MW photovoltaic power generation system with a construction area of 17,000 square meters. After the grid connection, it is expected to generate an average annual electricity of 1.59 million kWh over the 25-year design and operation period. The project will adopt a "self-use" mode, with 95% of the generated electricity consumed by the owner unit. It is estimated to save about 518.3 tons of standard coal and reduce carbon dioxide emissions by about 1,256.1 tons annually.

Saving standard coal approximately

518.3 tons per year

Reducing carbon dioxide emissions by about

1,256.1 tons

Macalline Shopping Mall Photovoltaic Power Station Project

Yaojiang Shopping Mall in Ningbo has constructed a photovoltaic power station in the idle areas of the podium and tower roofs, with a total construction area of 1,400 square meters and an installed capacity of approximately 265 kW; AEGEAN PLACE OUTLETS in Quzhou has installed a solar photovoltaic system in the idle areas of the roof, with a total area of 1,600 square meters. The proportion of renewable energy provided by the photovoltaic system can reach 2%, and two roof-mounted air-cooled heat pumps provide heating and cooling to the internal theater of the shopping mall, achieving an energy efficiency improvement rate of 19.67%. In the residential construction field, Zhenzhu Yaju project in Shenzhen plans to install a 6.97 kW solar photovoltaic system to meet its 697.2 kW utility electricity demand, and is expected to achieve the actual application of solar power generation systems by 2025; the residential part of Yuechunshan project in Xi'an uses rooftop solar hot water systems, while commercial and supporting facilities adopt photovoltaic power generation technology.

With a total construction area of

1,400 square meters

An installed capacity of approximately

265 kW

Ningbo Yaojiang Furniture Mall Rooftop Photovoltaic Power Station

Recycling Scrap Steel to Enhance Resource Utilization

We focus on the resource utilization of scrap steel, actively engaging in key nodes of the steel recycling industry chain to address the challenges of scattered, disordered, and poor-quality scrap steel supply chains. Our goal is to provide steel mills with stable, safe, and reliable scrap steel resources to meet their raw material needs. We have strategically partnered with major steel mills in key regions across the country and have planned and constructed scrap steel industrial bases in Benxi, Lanzhou, Baotou, Tianjin, and Tangshan. These bases integrate settlement, warehousing, processing, and distribution facilities, forming a comprehensive scrap steel recycling network with an annual processing capacity of 3.5 million tons. We supply stable, safe, and reliable scrap steel resources to surrounding steel mills such as Benxi Steel, Baosteel, and Shougang, thereby assisting industry partners in improving the utilization rate of recycled scrap steel resources and promoting the green and low-carbon development of the steel industry. In 2023, we recycled approximately 470,000 tons of scrap steel resources.

2023

Recycled scrap steel resources approximately

470,000 tons

Recycling Scrap Aluminum to Promote Circular Economy Development

Promoting the overall low-carbon transformation of the aluminum industry chain has become the consensus of the global aluminum industry. Aluminum recycling enables the reduction of waste emissions and the consumption of energy and resources, and effectively lessens greenhouse gas emissions from the aluminum industry chain, which is of great significance to environmental protection. By leveraging our professional expertise in international trade, we actively expand our business in recycling and processing of scrap aluminum, contributing to the development of the circular economy. In 2023, we recycled a total of 39,000 tons of recycled aluminum and aluminum alloy ingots, with approximately 33,000 tons imported to China.

2023

Recycle drecycled aluminum and aluminum alloy ingots

39,000 tons

2023

Imported to China approximately

33,000 tons

Recycling Waste Paper to Minimize Resource Waste

We actively engage in paper recycling business, utilizing waste paper to produce various types of paper such as coated paper and kraft cardboard, effectively saving the use of natural resources like wood. For the waste pulp generated during the production process, we recycle all of it, replacing primary materials and reducing resource waste. In 2023, we recycled a total of 350,000 tons of waste paper, reducing deforestation by approximately 210 square kilometers.

2023

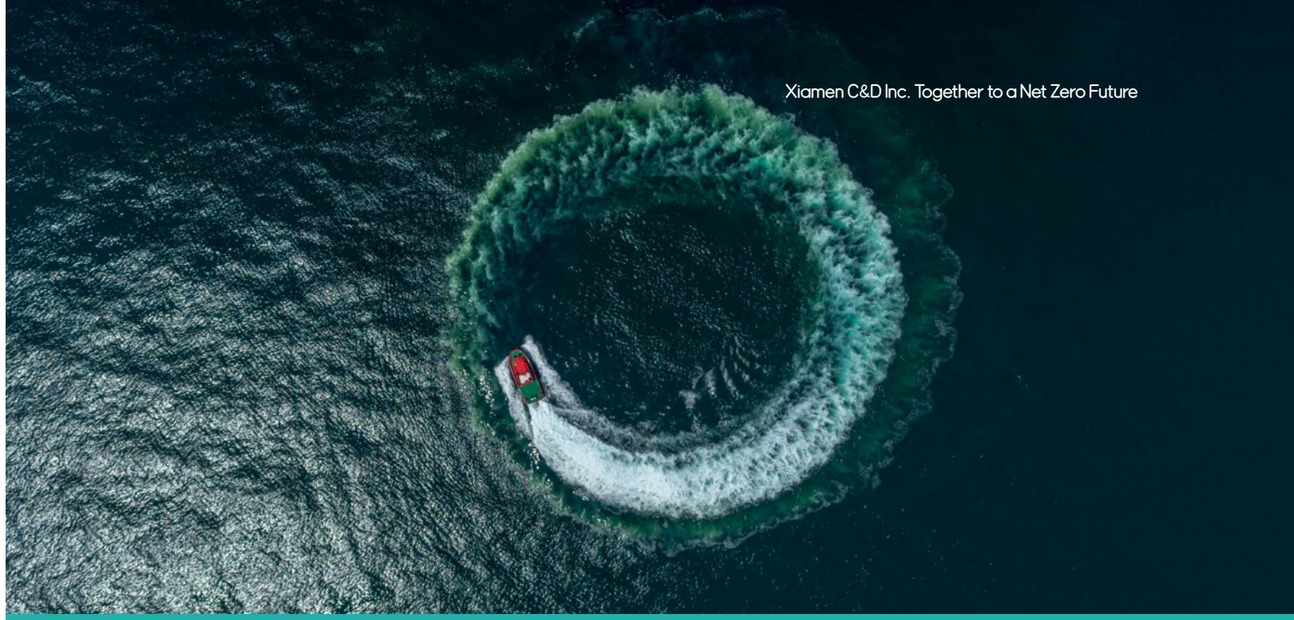
Recycled waste paper

350,000 tons

2023

Reduced deforestation by approximately

210 square kilometers



Recycling Waste Materials to Turn Waste into Value

Through providing high-quality services with the LIFT supply chain, we have established long-term strategic partnerships with several biodiesel and waste oil refining plants in China, enabling comprehensive recycling and utilization of waste resources such as waste cooking oil and sewage oil. On one hand, we actively promote solutions to the issue of sewage oil, aiming to eliminate its return to dining tables and create a healthier living environment. On the other hand, we seek environmentally friendly and effective alternative energy sources to address the depletion of fossil fuels and reduce exhaust emissions. In 2023, we exported 200,000 tons of industrial-grade mixed oil, 250,000 tons of first-generation biodiesel, and 20,000 tons of second-generation biodiesel.

Exported industrial-grade mixed oil

200,000 tons

New Energy Vehicles Driving Towards a Low-Carbon Future

In the field of new energy vehicles (NEVs), we have deepened cooperation with leading and emerging market players in recent years. We have invested in and established 4S stores or provided after-sales services for NEV brands such as Lotus, Smart, AVATR, Dongfeng Warrior, ZEEKR, and Galaxy, offering consumers a higher-quality, low-carbon travel experience. Additionally, we launched a heavy-duty truck battery swapping station in Zhangzhou and collaborated with Digital Sustainable Transport (DST) and GEELY Commercial Vehicles on supply chain operations. We actively explore business opportunities in new energy commercial vehicles to support their transition to low-carbon development.

The pure electric trucks have traveled over

1.15 million kilometers

We also established a joint venture for new energy logistics, utilizing pure electric heavy-duty trucks for transportation in specific scenarios to replace diesel trucks. During the reporting period, the pure electric trucks have traveled over 1.15 million kilometers, reducing an estimated over 200 tons of CO_2 emissions after accounting for electricity emission factors. With the integration of clean energy for power generation in the future, the carbon reduction potential is expected to increase further.

Reduced CO2 emissions over

200 tons

Embodying Frugality in Green Office Practices

We are comprehensively advancing the digitalization of office systems, providing online services for administrative management, personnel management, financial management, and business applications to enhance operational efficiency, unleash collaborative value, and create a paperless intelligent office environment.

In our efforts towards energy conservation and emission reduction in the workplace, we have formulated the "Xiamen C&D International Building Daily Safety, Energy Saving, and Environmental Hygiene Management Measures." The Green Office Working Group conducts daily inspections on energy-saving measures in the office building to ensure their effective implementation. For instance, we post energy-saving signs in public areas, encouraging employees to turn off power when leaving work. We install smart motion sensors in staircases, bathrooms, and other public areas to automatically turn off lights when unoccupied, eliminating the phenomenon of "long-term lighting". We reduce the number of lighting fixtures in office areas with sufficient natural sunlight, minimizing energy consumption. We prioritize the use of fans during weekend overtime shifts and strictly control additional requests for air conditioning usage. In our real estate business, the construction project departments strictly control air conditioning usage, ensuring indoor temperatures do not fall below 26°C in summer and do not exceed 20°C in winter. We primarily rely on solar energy for hot water supply in workers' bathrooms at construction sites, with electricity serving as a backup to reduce energy consumption. Maintenance, repair, and inspection systems are established for construction machinery and equipment to optimize their utilization and load capacity through reasonable process arrangements. Energy-saving signs are prominently placed at power sources to remind employees to adopt electricity conservation habits.

Quantitative Management in Energy Conservation and Carbon Reduction

Based on the energy consumption data for the year 2022 and the expected increase in project area for the takeover project in 2023, our subsidiary C&D Property and its business units jointly set the energy-saving target for the year 2023, aiming for a 5% improvement in energy efficiency. C&D Property requires all business units and projects to strictly adhere to the "Energy Conservation and Control Standard in Public Area" and "Energy Saving Management Operation Guide," continuously improve and implement the water and electricity management system in office areas, and start implementing energy-saving measures from the initial stage of budget formulation through adjusting cost budgets to ensure the smooth achievement of energy-saving targets. Each business unit has formulated energy-saving plans based on the actual situation of their respective projects, detailing energy-saving modules, methods, monthly projected energy-saving data, completion time of energy-saving plans, and responsible personnel from multiple dimensions. At the same time, energy-saving indicators have been included in the quarterly assessment of business unit functions as bonus points to encourage active participation in energy-saving work by all business units.

- Completed the local temperature control transformation of 320 elevator machine rooms, achieved automatic adjustment of air conditioning and fans based on room temperature, and significantly improved the energy-saving effects.

- Replaced the lighting fixtures in the underground garage with dual-brightness radar induction lighting fixtures, automatically adjusted brightness based on pedestrian and vehicle flow in the garage, and supported regional networking to meet the travel needs of owners. The energy-saving effect of a single project achieved at 20% approximately.

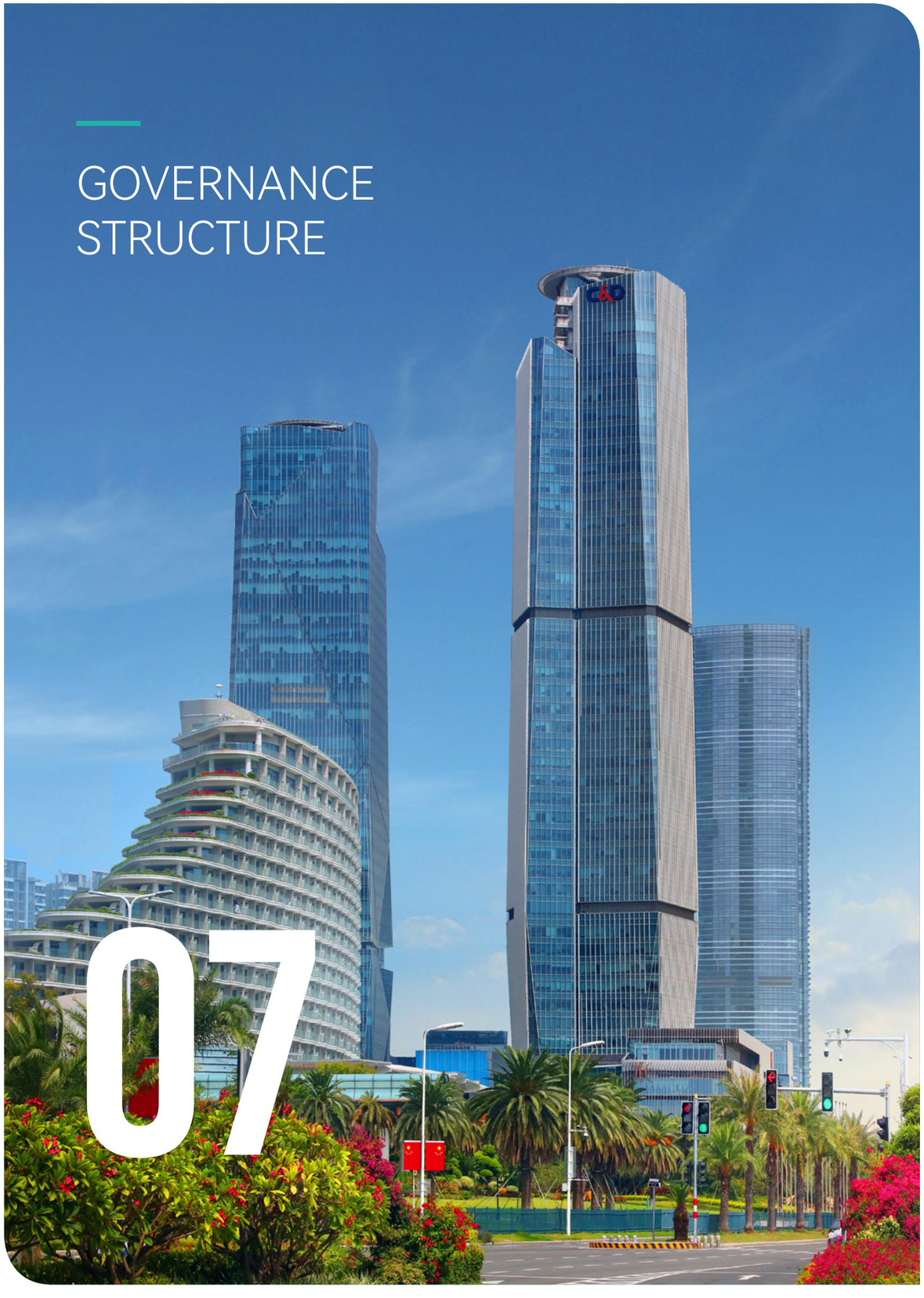
- Strengthened the requirements for temperature settings and switch-off times for office area air conditioning, formulated relevant management systems, implemented energy-saving measures in office areas, and posted conspicuous reminder signs at air conditioning switches, and saved approximately 5,600 kWh of electricity per month.

- Optimized the automatic switch-off time and temperature of terminal fan coils or air conditioning sub units based on the number of personnel in office area, and saved approximately 6,200 kWh of electricity per month.

Human-Machine Synergy for Energy Efficiency

C&D Property implemented a human-machine collaboration work mode in the Walton 1275 project, achieving a high equipment coverage rate of up to 90% in the park. All of the aforementioned equipment operated on electric power and abandoned traditional fuel-based equipment. Combined with standardized equipment management, it ensured efficient and energy-saving operation of the equipment, achieving a 46% increase in equipment utilization efficiency and effective carbon emissions reduction. Taking the floor scrubber in the underground garage as an example, after optimization, one machine only needed to operate four times per month to complete the cleaning of 1,640 parking spaces, which significantly improved work efficiency and reduced energy consumption.

GOVERNANCE STRUCTURE



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We integrate the concept of sustainable development into our corporate governance and have gradually established a top-down sustainability management framework. Under the Board of Directors, specialized committees have been set up, including the Audit Committee, Remuneration and Appraisal Committee, Strategy and Sustainable Development Committee, Risk Control Committee, and Investment and Policy-making Committee. These committees provide professional consultation and guidance, supervise various ESG management initiatives, and continuously enhance our sustainability management capabilities, thereby promoting the realization of long-term corporate value.

In 2023, we revised the "Working Rules of the Board of Directors' Strategy and Sustainable Development Committee", specifying that the Strategy and Sustainable Development Committee is responsible for researching and making recommendations on ESG strategies, as well as ESG issues of stakeholder concern such as environmental management, greenhouse gas emissions, human rights protection, and responsible supply chains. The committee also reviews ESG reports and guides and supervises ESG-related work. The committee holds meetings annually to discuss climate-related issues and reports to the Board of Directors. At the executive level, we have established a Sustainable Development Working Group composed of senior management and managers from relevant functional departments. Under the guidance of the Strategy and Sustainable Development Committee, this group is responsible for implementing specific ESG-related tasks.

DISCLOSURE MECHANISM

The preparation and public disclosure of the White Paper On Net Zero aim to demonstrate our determination to address climate change and support the national carbon peaking and carbon neutrality strategy.

This is the first White Paper On Net Zero released by Xiamen C&D Inc. Moving forward, we will annually disclose progress toward achieving net zero through the Sustainability Report, reaffirming our commitment to the net zero goal.

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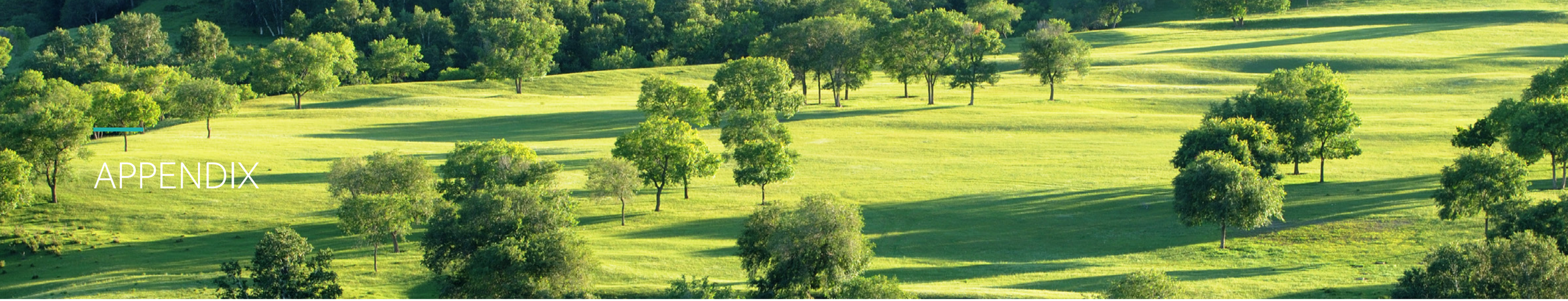
CONCLUSION

Committed to the Present with Low-Carbon Practices

We profoundly integrate the sustainable development strategy into our operational philosophy, incorporating clean technology development into our corporate strategy and advocating for a healthy, low-carbon lifestyle. As a company that creates both commercial and social value, we pursue sustainable methods to generate social value, embedding it within our business model to maximize economic, social, and environmental value. By actively implementing energy-saving and carbon-reduction actions, we call on stakeholders to take collective action to mitigate climate change together.

Envisioning the Future for A Shared Sustainable World

We place great importance on the harmonious development between humanity and nature, leveraging the advantages of our supply chain operations to actively respond to the national green development strategy. We are committed to driving the industry's transformation towards sustainability, contributing to global efforts to address the climate crisis with greater certainty. We will continue to foster the green, low-carbon, and climate-resilient transition and innovation at both national and global levels, supporting the construction of a circular economy. Together with our shareholders, customers, and society, we strive for harmonious coexistence and progress towards a brighter, more sustainable future.

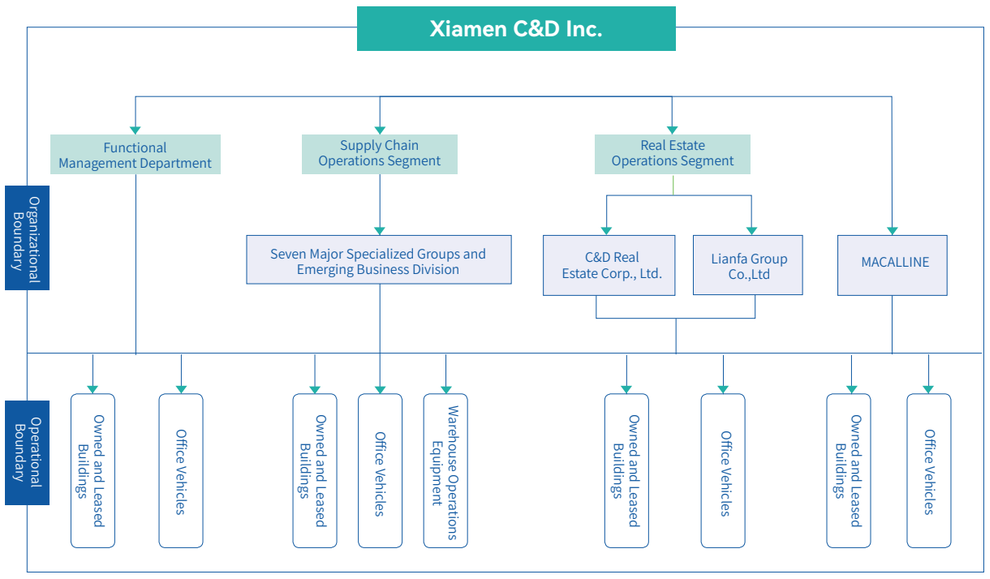


APPENDIX

GHG Inventory Boundaries and Methods

Organizational Boundaries for GHG Inventory

In accordance with the requirements of the ISO14064-1:2018 standard, we adopted the operational control method to conduct the 2023 greenhouse gas inventory for the entities within our consolidation scope.



Scope of GHG Inventory Activities

Our 2023 greenhouse gas inventory includes Scope 1 direct emission sources and Scope 2 indirect emissions from energy consumption.

GHG Type	Definition	Key Emission Activities
Scope 1	Direct greenhouse gas emissions, including emissions from fossil fuel combustion and industrial processes. These are divided into fixed combustion, mobile combustion, process emissions, and fugitive emissions.	• Natural gas boilers • Gasoline-powered official vehicles • Diesel-powered official vehicles • Air conditioning • Fire extinguishers
Scope 2	Indirect greenhouse gas emissions from the consumption of purchased electricity, heat, or steam.	• Purchased electricity • Purchased heat