



xFusion Digital Technologies Co., Ltd.

# Green Development 2024







**Let Computing Serve  
You Better.**



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# We support the 17 Sustainable Development Goals issued by the United Nations.




**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



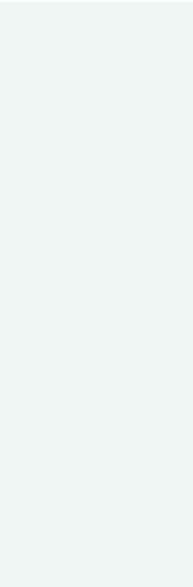
**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

Ensure sustainable consumption and production patterns.



**13** CLIMATE  
ACTION

Take urgent action to combat climate change and its impacts.



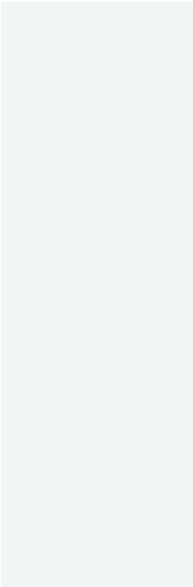
**15** LIFE  
ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems.



**17** PARTNERSHIPS  
FOR THE GOALS

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.





## We support the Ten Principles.

As a business participant of the United Nations Global Compact (UNGC), we are committed to promoting green and sustainable development. By incorporating the Ten Principles on human rights, labour, environment and anti-corruption into the Company' s strategies, policies, and procedural processes, and establishing a culture of integrity, we are committed to serving the sustainable development of humanity and the planet with our own green and sustainable development.



**WE SUPPORT**  
*UNGC*

# About this Report

## Introduction to the Report

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This report is the third green development report (the "Report") issued by xFusion Digital Technologies Co., Ltd ("xFusion", the "Company", "we" or "us"), which aims to comprehensively describe the Company's green management initiatives and performance in 202e, objectively disclose the Company's management and effectiveness in green and sustainable development, respond to the concerns and expectations of stakeholders and the public, and strengthen the communication and contact with various stakeholders.

## Scope and Coverage of the Report

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This Report covers information and data for the period from January 1st to December 31st, 2023 (the "reporting period" or the "year"), with some information and data going back to 2022 or extending to 2024. The Report covers the research centers, regional divisions and supply centers of the Company.

## Basis of Preparation

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

## Data Sources and Reliability Statement

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The information and data disclosed in the Report are mainly derived from the relevant internal statistical reports or documents of the Company and have been audited by relevant departments. The Company undertakes that the Report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy, and completeness of the contents. The currency amounts mentioned in the Report are in RMB as the settlement currency.

Meanwhile, Deloitte Touche Tohmatsu Certified Public Accountants (LLP) has carried out an independent third-party assurance on the "Key ESG Indicators" in this report in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE3000"). For more information, please refer to Appendix III.

## Process of Preparation

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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 green report, collection of relevant materials and data, framework definition, report preparation, report design, and departmental and senior level review to complete the preparation.

## Access to and Feedback on the Report

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To view or download the Report online, please visit the Company's website.

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.

Tel: +86 371 88966566

E-mail: [mediainquiry@xfusion.com](mailto:mediainquiry@xfusion.com)

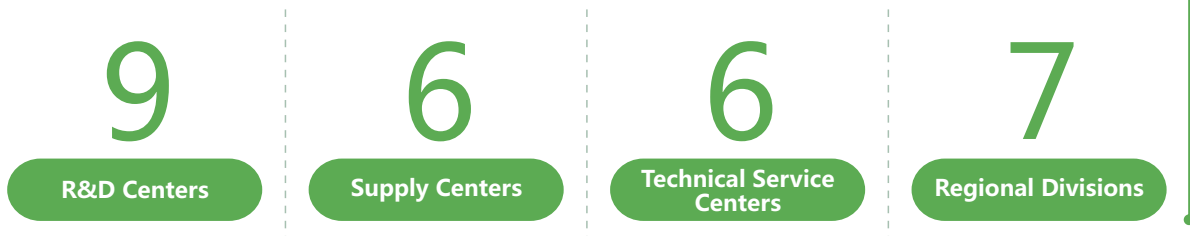


# About Us

## Company Profile

Currently, the development of global computing power is facing the challenge of diversified applications. With the rise of various innovative fields, market demand continues to expand, driving the rapid growth and innovation of computing power scale. As a new productivity in the digital economy era, computing power plays an important role in promoting technological progress, industry digital transformation, and economic and social development. As a leading global provider of computing infrastructure and services, xFusion Digital Technology Co., Ltd. adheres to the core values of "Customer-centric Notion, Unremitting Efforts, Working Hard, and Win-win Cooperation", focuses on the development of computing power, and actively responds to market demand. We have deployed 9 R&D centers and 6 supply centers around the world, and set up 6 technical service centers and 7 regional divisions to serve customers in more than 100 countries and regions, including 100+ Fortune Global 500 enterprises, covering telecom, finance, the Internet, government enterprises and other industries.

We have deployed



xFusion possesses strong research and development ability, supply chain integration ability and technical service ability, and has a high-quality R&D team, focusing on technological innovation and product development of computing infrastructure and computing services and constantly introducing competitive products and solutions. Meanwhile, we focus on win-win development with partners, and have established long-term cooperative relationships with many industry-leading enterprises and institutions to jointly promote the application and development of computing infrastructure and computing services.

In 2023, the Company made green environmental protection a top priority and actively implemented the green development strategy developed since 2022. The Company is committed to in-depth implementation of green environmental protection concepts at all levels, including research and development, production, and operation. We focus on product life cycle to reduce resource waste and environmental pollution. Simultaneously, we build a green computing power system covering the whole life cycle of products, enhance green technology capability, and make positive contributions to the energy saving and carbon reduction goals of the digital economy.

“

In the future, xFusion will continue to adhere to technological innovation, actively expand new application scenarios and solutions of computing power, ceaselessly expand business boundaries, and enable computing power to better serve the digital economy and society.

”

## Honors and Awards

During the reporting period, xFusion won multiple awards and recognitions.

Honor / Award Name	Issuing Institution
<b>Enterprise Award</b>	
National Green Supply Chain Management Demonstration Enterprise	Ministry of Industry and Information Technology
Provincial Green Supply Chain Management Demonstration Enterprise	Department of Industry and Information Technology of Henan Province
2023 Green Leader Enterprise	China Environmental United Certification Center
Outstanding Contribution Unit of Computing Power Service Matrix	China Academy of Information and Communication Technology
Gartner Global Server Representative Manufacturer List	Gartner (International Research Institute)
2023 China Brand Value Evaluation Information - Top Three on the Electronic and Electrical Rankings	China Council for Brand Development
2023 China IDC Industry Innovation Technology Product Award	Organizing Committee of China IDC Industry Annual Ceremony
Outstanding Contributor to the OpenEuler Community in 2023	China Electronics Standardization Institute
ICT Comprehensive Strength Enterprise in 2023	
Best Intelligent Computing Power Technology Innovation for 2023	Communication World Media
Best Green Computing Server of 2023	



Honor / Award Name	Issuing Institution
<b>Product and Low-carbon Technology Award</b>	
xFusion Efficient and Energy-saving Computing Power Infrastructure Project was awarded the Global Z-Carbon City Enterprise Leader Award - Gold Project	Organizing Committee for the Global Z-Carbon City Innovation Model Award of the United Nations Industrial Development Organization Global Innovation Network Project
xFusion Efficient and Energy-saving Computing Power Infrastructure Project was awarded as IDC China's Sustainable Development Pioneer Case in 2023	International Data Corporation (IDC) China
xFusion FusionServer G8600 V7 Server won Best of Show Award 2023 Silver Award in Server and Storage	Interop Tokyo 2023
xFusion FusionPoD Full Cabinet Server won Best of Show Award 2023 Gold Award in Rack and Cable Power Infrastructure	Interop Tokyo 2023
2023 ODCC Excellent Partner	Open Data Center Council
ALDC 2023 Data Center Liquid Cooling Industry Conference Excellent Server Manufacturers in Liquid Cooling Data Center Industry	Green Data Center Professional Committee of Shanghai Energy Conservation and Environmental Service Association
The 4th Best AI Infrastructure Enterprise of Artificial Intelligence in Shenzhen in 2023	Shenzhen Artificial Intelligence Industry Association
2023 China IDC Industry Green Solution Award	Organizing Committee of China IDC Industry Annual Ceremony
2023 AI Server Product Award	China Data Storage Summit
FusionPoD for AI Liquid-Cooled Rack-Scale Server Receives TÜV SÜD's First Intelligent Certification for Intelligent Data Center Server	TÜV Technischer Überwachungs-Verein
FusionServer 2288H V7 Server Awarded Intertek's First-Ever Carbon Footprint Certificate for Server Products	Intertek

# Letter from the Management



## ● Responsibility-led Development, Exploring Green Governance

As a global-leading computing infrastructure and service provider, xFusion helps various industries achieve digital transformation through continuous innovation. We have excellent technical strength and rich industry experience, which can provide customers with efficient and reliable computing solutions and promote digital transformation in various industries. To achieve green development in the computing power industry, we have formulated a green strategy to ensure that low-carbon concepts are implemented in all aspects of production and operation. We have also established an effective green development governance system and actively explored the path of energy conservation and carbon reduction in the computing power industry. In the past year, with the rapid development of the market, we always maintained a stable pace of development, providing customers with efficient, reliable, green and safe computing infrastructure and computing services.

## ● Low-carbon Innovation, Improving Green Computing Technology

We insist on leading the development of green innovation, continue to promote technological innovation and capacity upgrading, and create competitive green products and services. We have put forward the new BEST Technology Framework, carried out in-depth borderless computing power layout, launched efficient, intelligent, safe and reliable computing power innovation technology, and achieved fruitful results. In 2023, our products were fully upgraded. FusionServer V7 series, AI server and liquid-cooled servers all have green and energy-saving characteristics, which has been warmly received and highly recognized by customers. We also adhere to the concept of circular economy, innovatively establishing a sound life cycle management system for computing products and creating high-quality machine products to effectively extend product life. Our liquid-cooled supercharge products break through the bottleneck of supercharge heat dissipation, and support the green development of the whole society through its efficient performance.



## ● Low-carbon Operation, Firming Green Development Path

We are aware of the importance of low-carbon environmental protection and green energy saving to the climate environment, and always adhere to the use of environmentally friendly materials and green technologies in business operations to reduce the negative impact on the environment. In 2023, xFusion officially joined the United Nations Global Compact (UNGC), actively practicing corporate responsibilities, promoting the green development of the digital economy, establishing a comprehensive low-carbon operation system covering research and development, production, and office, strengthening water, energy, and waste disposal management, and reducing the impact of business development on the environment. Through green practice, we look forward to taking our own sustainable development as a starting point to help the industry achieve the goal of "Carbon Peak and Carbon Neutrality".

## ● Combined Efforts, Creating a Green Win-win Ecology

Win-win cooperation has always been one of the core values of xFusion. Sharing resources and complementary advantages with our partners to create greater value together is our operational philosophy. We promote the development of green technology globally and look forward to helping our customers achieve their sustainable development goals through efficient and environmentally friendly computing infrastructure and services. We also integrate green and low-carbon concepts into the cooperation with business partners and supply chain construction, and put forward green requirements from the whole procurement process to drive the green development of the upstream and downstream of the industrial chain. In the future, we will cooperate with more partners in the industry, continue to take sustainable development as the goal, and escort the low-carbon development of the digital economy and computing industry.

In 2023, xFusion made significant progress in various business areas. With the efforts of the management and all employees, we deeply implemented the green strategic objectives, actively practiced the concept of green environmental protection, derived product life cycle, carried out the whole life cycle green management, promoted the steady growth of the business, always paid attention to the green and low-carbon development of the Company and the industrial chain, and actively helped the realization of the national dual carbon target. In the future, we will continue to move forward and collaborate with industry partners to jointly create a digital green sustainable future and contribute science and technology to the sustainable development of the world.



## Topics

# Industry Green Trends

The world today is facing unprecedented changes, and a new round of technological revolution and industrial transformation centered on the digital economy has become a key variable in the development of the world economy. As a new productive force in the digital economy era, computing power has deeply integrated into all aspects of economic and social development, becoming an important driving force for high-quality economic and social development. Under the interweaving influence of multiple factors such as politics, economy, society and culture, and technological development, various new models and business formats of computing power applications are accelerating to emerge. As the "Foundation" of digital economy development, computing power infrastructure has highlighted the "Engine" effect of empowering industries, becoming a key driving force for the development of digital economy.



## Politics

The report *Climate Change 2023* issued by the Intergovernmental Panel on Climate Change (IPCC) points out that the impact of climate on human beings and ecosystems is far greater than expected, and the problem of loss and damage caused by climate change is becoming more serious and urgent. To this end, the need for transformation across society is growing. Governments, private sectors, and civil society all need to embark on the path to a future of net zero emissions. Focusing on the computing infrastructure industry, the EU has released the latest version of the green public procurement standard document for data centers, server rooms and cloud services in 2020, which requires server utilization, recyclability, energy use and energy consumption management. The US Energy Department's Advanced Research Projects Agency-Energy has created the COOLERCHIPS Program to advocate for the development of transformative, efficient, and reliable cooling technologies for data centers.

In the context of addressing climate change and the dual carbon strategy, China is also continuously strengthening its regulation of the computing power industry to promote its green development. In 2023, 6 national departments, including the Ministry of Industry and Information Technology, jointly issued the *Action Plan for High-quality Development of Computing Power Infrastructure*, clarifying the improvement of resource utilization and computing power carbon efficiency, guiding the market to apply green and low-carbon computing power, and empowering industries to achieve green and low-carbon transformation. In addition, policy documents such as the *Embodiment for Implementing the Carbon Peak and Carbon Neutrality Goals to Promote the Green and High-quality Development of New Infrastructure such as Data Centers and 5G*, and the *Action Plan for Green and Low-carbon Development in the Information and Communication Industry (2022-2025)* have made deployments to promote the construction of green digital centers. The green and low-carbon development goals of the computing infrastructure industry is increasingly clear, and the green transformation of the industry is urgent.





## Economy

The development of new quality productive forces is an inherent requirement and important focus for promoting high-quality development. New quality productive forces are centered on technological innovation, and are characterized by the rapid emergence of new industries, new business formats, and new models, constructing new social production relations and institutional systems. In the context of the digital economy becoming a major trend, computing power, as one of the important new productive forces, plays an important role in achieving digital transformation and cultivating future industries. In 2022, the total global computing power reached 906EFLOPS, with China being the second largest region in terms of computing power. By the end of 2023, the total number of racks in use in China exceeded 8.1 million standard racks, and the total scale of computing power reached 230EFLOPS. Besides, the national scale of intelligent computing power has reached 70EFLOPS, with a growth rate of over 70% in 2023. Especially in 2023, ChatGPT sparked a craze for AI big models. The widespread application of AI big models has led to an explosive growth in computing power demand due to the lack of computing power and models.

However, as the demand for computing power continues to expand, its energy consumption and carbon emissions become increasingly serious. In the 11th collective study of the Political Bureau of the Central Committee, the General Secretary Xi Jinping put forward: "New Quality Productivity Itself is Green Productivity". Green development has gradually become the focus of all walks of life, including the computing industry. How to deal with the contradiction between the "Fast Development" and "High Energy Consumption" of data centers has become the key to the high-quality development of the digital economy.



## Society

Under the influence of multiple factors such as policy guidance and awareness awakening, the demand for green consumption in society shows a significant growth trend. Green consumption leads and creates new demands and spaces, while also bringing new problems and challenges. For example, national policies encourage the development of new energy and promote the rapid growth of new energy and related industries. In 2023, the cumulative installed power generation capacity in China was approximately 2.92 billion kilowatts. Furthermore, the proportion of newly added installed capacity of renewable energy has exceeded that of thermal power and continues to grow rapidly. However, a high proportion of new energy connected to the grid generate surges at the power generation end, undoubtedly posing a potential threat to the energy system. Therefore, in the process of promoting energy transformation, the demand for energy system security and stability is equally important.

For another instance, with the intensification of global climate change and the increasing public awareness of environmental protection, the concept of green development has deeply rooted in people's minds, and both enterprises and consumers are increasingly valuing the social responsibility of using green technology in their operations and daily lives. Environmental protection is no longer just a slogan, but has become a tangible action, turning into an important standard for measuring whether a company or product is qualified. Not only are consumers willing to pay product premiums for green products, but corporate customers are also more inclined to choose products and services that have environmental characteristics and can effectively reduce energy consumption when choosing server products and energy-saving solutions. However, the rules of the green consumption market are still being established and improved, and the management is not standardized enough. The certification of green standards is not sound, and incidents of "Greenwashing" continue to occur, making it difficult for the market to distinguish. The industry needs to promote green work more responsibly, actively carry out new technological innovation and new standard formulation, solve the bottleneck of green market development, and activate the potential for green development.

## Technology

At present, with the vigorous development of the digital economy, and the deep integration of the digital economy and the real economy, traditional industries are steadily transforming to intelligence, which has spawned a huge demand for computing power. With the wide acceptance of open standards and open-source hardware such as OCP and ODCC, customer needs are gradually changing. This change not only accelerates the pace of technological innovation, but also promotes the healthy development of the industry gradually.

The low-carbon transformation of the whole chain of traditional industries is an important aspect of intelligent transformation, and green data centers and green computing solutions have become an important way to deal with huge energy consumption challenges. In this regard, enterprises in the computing power industry have incorporated green development into their strategic planning, green energy-saving innovative technologies have accelerated, and advanced technologies such as liquid cooling, indirect evaporative cooling, and fully variable frequency fluorine pumps have gradually been promoted and applied. Taking liquid cooling technology as an example, in the first half of 2023, the size of China's liquid cooled server market reached 660 million US dollars, with an increase of 283.3%. According to IDC, the market size is expected to reach \$8.9 billion in 2027. Meanwhile, with the industry's improving acceptance of open standards and open-source hardware under the efforts of many parties, the green development path of the computing infrastructure industry has become increasingly firm.



# Value Proposition for Green Development

Protecting the ecological environment and promoting sustainable development are the common responsibilities of all humanity, and promoting green development is an inevitable choice to achieve coordination between social development and natural resources. xFusion firmly promotes green development and believes that only sustainable development can bring true sustainability. To this end, we adhere to the action policy of "Sustainable Development Through Green Approaches and High-Level Environmental Protection Through Measurable Carbon Emission Reduction", with the goal of serving the digital and green transformation of the service industry. We leverage our innovative strength, plan and rhythmically promote energy conservation, carbon reduction, and environmental protection work, use our own development to serve the green transformation of the economy and society, fulfill environmental responsibilities conscientiously, and achieve a virtuous cycle of commercial value and environmental responsibilities.

## 2030 Carbon Peak

Strive to be a green and responsible enterprise in the computing industry and boost the low-carbon and environmentally friendly development of digital economy.

### Sustainable Development Through Green Approaches and High-Level Environmental Protection Through Measurable Carbon Emission Reduction

Targeting industrial digital transformation (including digital transformation of xFusion, customers and partners) and driven by (including technology and engineering innovation), xFusion promotes energy conservation, carbon emission reduction, and environmental protection in a strategic, proper, and orderly manner, realizing a virtuous circle of commercial value and environmental responsibility for common development .

Green strategy and system for

#### Green Governance

Green strategy  
Governance structure  
Compliance management

Green products and solutions for

#### Green Computing

Green technology  
Green product

Green production and office for

#### Green Operation

Addressing climate change  
Green production  
Eco-friendly office

Green parts for

#### Green Win-win

Green procurement  
Green cooperation  
Industry collaboration

xFusion Green Strategy System



Guided by a firm strategic direction, in 2023, we continued to deepen our work along the four major directions of green governance, green technology, green operation, and green win-win.



Among them, in combination with the changing internal and external situation, environment, and demand, and in accordance with the requirements of the development of new quality productivity, we have comprehensively upgraded green technologies. We rely on green technology, continuously incubate new technologies, constantly expand new industries, enable various industries to undergo digital and green transformation, and contribute xFusion forces to green and sustainable development.

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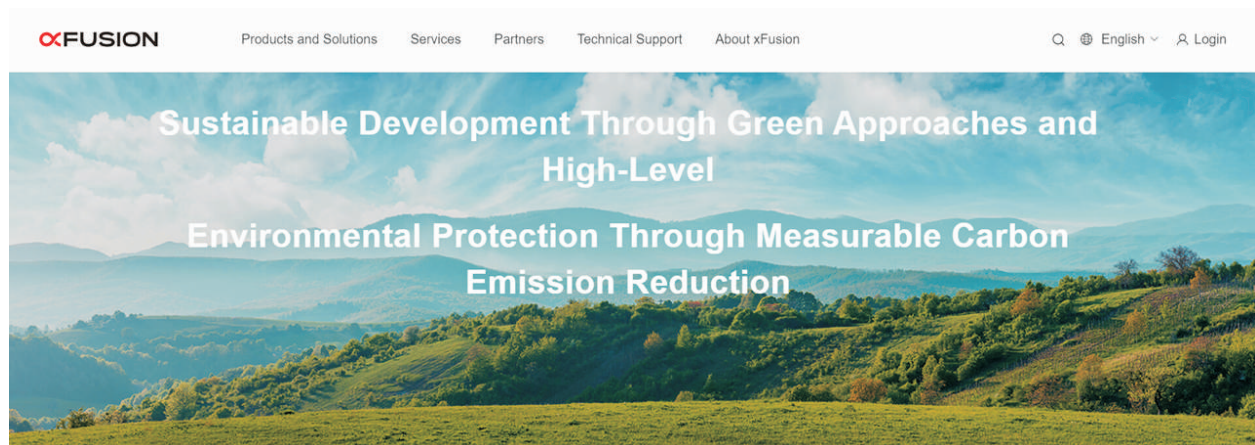
## Green Governance, Taking Responsibilities

While promoting the development of computing power, we recognize the importance of environmental protection and energy saving. xFusion integrates green development into business operations, adopting efficient and environmentally friendly computing power technologies and solutions to reduce energy consumption and minimize carbon emissions. We aim to promote green digital collaborative transformation, transform low-carbon scientific and technological achievements, form new quality productive forces, help enterprises develop high quality, and carry out global long-term planning to achieve our goals.

## Green Strategy

xFusion always adheres to the concept of green development, takes the green strategy development system as the guide, actively promotes the integration of strategy and business development, promotes the green development of the enterprise, and contributes to the construction of a clean environment.

In 2023, we take the *xFusion Green Low-Carbon Cycle Development Strategy (2022-2025)* and *xFusion Environmental Development Policy* as the programmatic policy to start the landing and implementation of green work. We publish a green section on our official website to show external stakeholders xFusion's green strategy system, awards and honors, policies and reports, environmental certifications, news and information, and cooperative organizations. Based on the existing internal policies and systems, we have compiled *xFusion's Environmental Development Guideline*, which discloses xFusion's green work in detail and strongly promotes the green development of the enterprise.



xFusion Green Section

We pay close attention to domestic and international rules on green information disclosure, following the progress of disclosure standards and policies such as the *International Sustainability Standards Board (ISSB)*, the *EU's Corporate Sustainability Reporting Directive (CSRD)*, the *EU's Carbon Border Adjustment Mechanism (CBAM)*, and the *REGULATION (EU) concerning batteries and waste batteries* to ensure that our products are legally compliant in all aspects of our business, from research and development to sales. We have established a set of comprehensive green environmental management mechanisms and carbon emission data collection, management, and verification mechanisms, and set firm and clear carbon emission reduction targets and paths.





Focus	Status
Establishing green environmental management mechanisms	Guiding by the Environmental Committee, which focuses on the scope of the green environment
Establishing mechanisms for carbon emissions data collection, management and verification	Conducting regular corporate carbon footprint verification, focusing on Scope 1 and Scope 2 and progressively expanding Scope 3
Setting corporate carbon reduction targets and pathways	Setting qualitative targets for carbon reduction, based on the national dual carbon strategy "2030 Carbon Peak"

#### xFusion Green Development Strategy Implementation Plan

##### During the reporting period

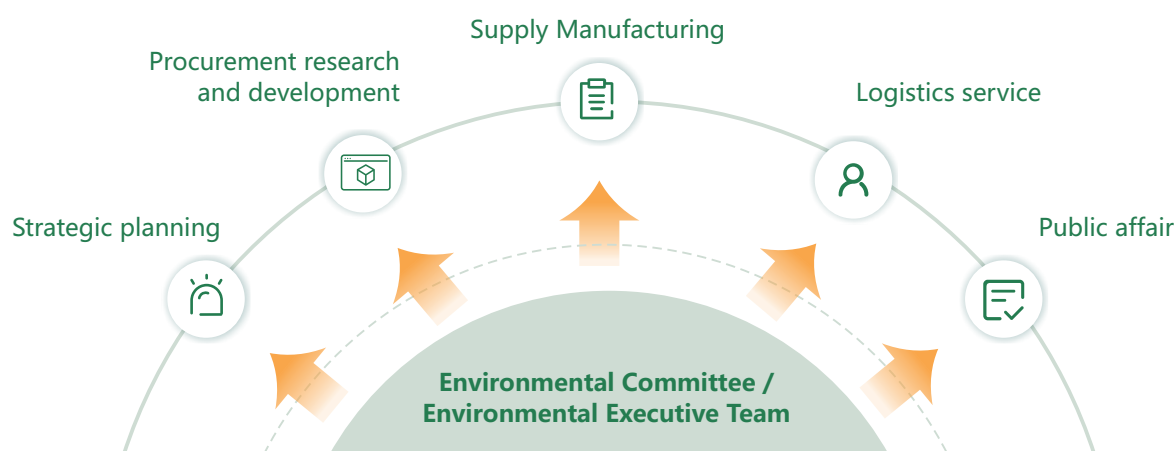
To keep in path with the international green development trend and further improve xFusion' s green development performance, we followed up the Boao Forum for Asia (BFA), the China Development Forum (CDF) and the United Nations Climate Change Conference (COP28), and other important domestic and international conferences and events related to sustainable development. We have gained an in-depth understanding of the policy trends and orientations in sustainability, providing a practical guide to carry out the work of green development. We also focus on policy trends and put forward internal policy proposals based on these trends to plan and prepare for our future work, with the goal of "2030 Carbon Peak", promoting the Company's sustainable development process, and contributing to the realization of the green and low-carbon goals.



## Governance Structure

To promote the smooth progress of xFusion's green work strategy, we have taken organizational solid safeguard measures to ensure the efficiency of each work's implementation, promoting the Company's green development and achieving the proposed green strategic objectives.

Since establishment, we have fostered a collective effort by setting up an Environmental Committee that spans all of the Company's departments. The committee is responsible for researching and formulating green development strategies and objectives, coordinating with our green tasks and promoting cross-field and cross-process green development work. In addition, each department has taken the initiative to set up an Environmental Executive Team or assign a person in charge, aligning with the departments' business needs. Our action demonstrates our commitment to implementing the Company's green development strategy and coordinating green-related matters within the department, and it also underscores the value we place on each employee's contribution to our green work strategy.



Composition of xFusion Environmental Committee and Environmental Executive Team

- xFusion's Environmental Committee guides the direction of the Company's green efforts, from goal-setting and monitoring to implementation, and fully coordinates the green management system. Furthermore, the committee makes decisions on related topics. It maintains communication with various stakeholders to promote the Company's green business in different areas and processes.
- As a supporting force, the Environmental Executive Team integrates green concepts into each department's business, participating in the construction of a green management system. The executive team responds positively to stakeholders' demands and engages in compiling the annual report and the environmental development report.

Through the mode of "strategic guidance and special implementation," under the guide of the xFusion Environmental Committee and Environmental Executive Team, we are striving to promote the construction of a green environmental protection system and continuously improve the level of green governance and development capability. Moreover, we accelerate the formation of a new model of green development and lead the industry to jointly promote green and low-carbon transformation and upgrading, achieving the win-win goal of economic development and environmental protection.

## Green Development Risks and Opportunities

Proactively identifying environmental risks can effectively reduce operational risks and help create a virtuous cycle that promotes sound corporate growth. We identify and manage green operational risks, guiding business units to deploy risk identification, assessment, control, monitoring, and governance and integrating them into daily business processes.



Risks and opportunities	Response
The <i>Climate Change 2023 Synthesis Report</i> released by the United Nations Intergovernmental Panel on Climate Change (IPCC) notes the importance of climate change issues. It reinforces the urgent need for all parties to promote a green transition.	xFusion actively implements the green environmental protection strategy, endeavors to reduce carbon emissions in business operations, and continuously improves Company's internal green governance.
The <i>Action Plan for the High-quality Development of Computing Power Infrastructure</i> calls for comprehensively promoting the safe development of computing power and injecting new energy into the high-quality development of the digital economy.	xFusion has been continuously leading the planning and implementation of green products, investing heavily in R&D and production, and implementing green products and solutions.
President Xi put forward that the new quality productive force is green productivity. Green development has become the focus of the computing power industry. Dealing with "high energy consumption" is also the key to the high-quality development of the digital economy.	xFusion continues to optimize innovative technologies, reduce energy consumption, and actively promote green computing power industry applications.
The growing trend of green consumption in society not only leads to and creates new development needs but also puts more stringent requirements on the stability of energy embodiment security.	xFusion strengthens security and reliability capabilities and upgrades management system to protect customer data security.
The booming development of the digital economy has led to the intelligent transformation of the industry, giving rise to a massive demand for computing power. Transforming the whole chain of low-carbonization has become an important key to intelligent transformation.	xFusion comprehensively upgrades the products and leads industry trends, contributing to the green development of the digital economy.



## Stakeholder Analysis

xFusion's green development work is a crucial driver of the Company's growth and development. We always understand the demands of the government and regulatory agencies, customers, partners, society, and other stakeholders. We identify their concerns, carry out targeted communication work, and make responses and improvements to continuously enhance our green development management and operation level, ensuring their confidence in our work.

During the reporting period, we conducted a systematic stakeholder analysis to understand each stakeholder's key concerns and provide guidance and support for the Company's green environmental protection work planning and decision-making.

Stakeholder	Communication Channel	Main Focus
 Government and regulatory agencies	<ul style="list-style-type: none"> <li>• Government Policy Communication Meeting</li> <li>• Open Government Consultation</li> <li>• Governmental and Intergovernmental Meetings</li> <li>• Government Sustainability Project</li> <li>• Government Research Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Green Strategy</li> <li>• Green Product</li> <li>• Green Production</li> <li>• Green Operation</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>• Customer Communication and Visits</li> <li>• Client Audit, Research, and</li> <li>• Collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Green Strategy</li> <li>• Green Product</li> <li>• Product Recycling</li> </ul>
 Partners	<ul style="list-style-type: none"> <li>• Supplier Green Audit</li> <li>• Green Procurement Process Certification</li> <li>• Green Development Cooperation Project</li> </ul>	<ul style="list-style-type: none"> <li>• Green Strategy</li> <li>• Green Product</li> <li>• Green Operations</li> <li>• Green Procurement</li> <li>• Industry Collaboration</li> </ul>
 Society	<ul style="list-style-type: none"> <li>• Company Website, Media interaction</li> </ul>	<ul style="list-style-type: none"> <li>• Green Strategy</li> </ul>

### Stakeholder Analysis

Stakeholder analysis helps the Company listen and respond to the voices of stakeholders and understand their expectations and demands. The needs of different stakeholders constitute the source and driver of xFusion's green performance, which prompts the Company to integrate green management elements into daily operations and build a positive and developing green enterprise. In the future, xFusion will keep close contact with more stakeholders, use open and transparent communication channels to understand all parties' green views, demands, and expectations, and promptly and adequately respond to create a win-win green future for all parties.

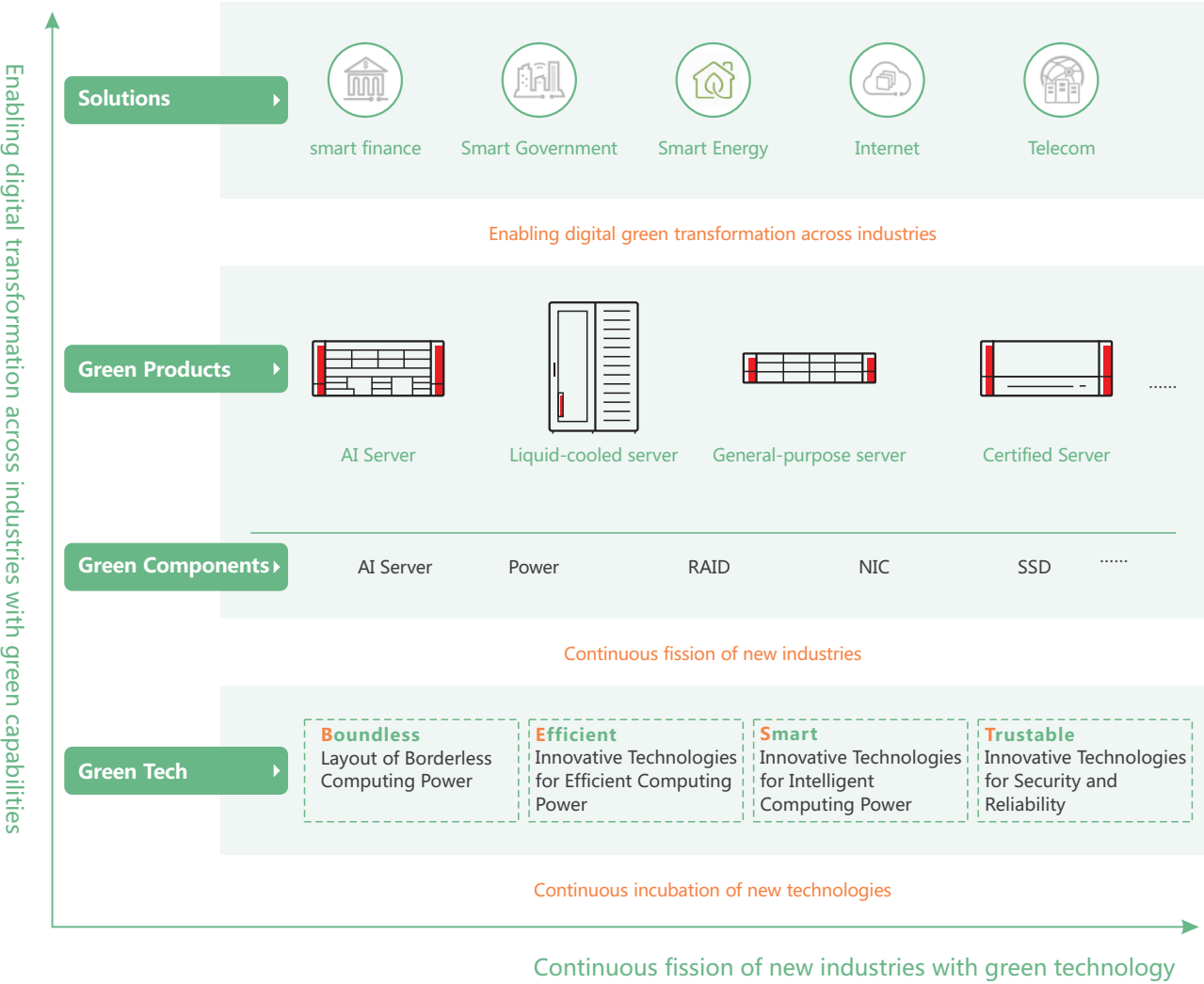
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## Green Technology, Building the Future Together

The global climate is increasingly affected by the activities of human society. Record high temperatures and the decline of nature have prompted countries to join together to address the global crisis of climate change, nature and wasteful pollution. Governments have become acutely aware of the potential environmental and social harms of carbon emissions, and negotiators from nearly 200 parties came together at the 28th United Nations Climate Change Conference to decide to scale up climate action. In recent years, China has actively advocated the concept of sustainable development and put forward urgent requirements for the protection of the ecological environment.

In October 2023, the Ministry of Industry and Information Technology and six other departments jointly issued the *Action Plan for the High-Quality Development of Computing Power Infrastructure*, which deploys to improve the level of resource utilization and carbon efficiency and empowers the industry to transform in a green and low-carbon way.

xFusion insists on green innovation and development, and takes industrial innovation as the foundation of green technology. In 2023, we comprehensively upgraded our technology system, put forward the BEST technology framework, and continued to promote technological innovation and capacity upgrading along the four dimensions of boundless computing power layout, efficient computing power innovation technology, smart computing power innovation technology, and trustable innovation technology.

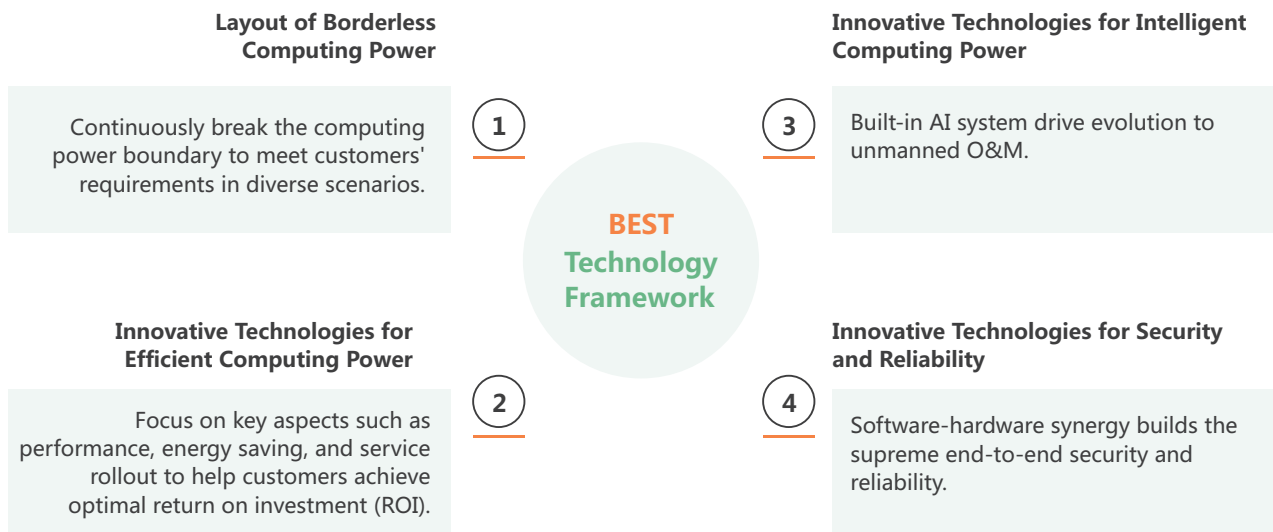


xFusion Green Technology System

## Green Technology

In the 'China Green Computing Power Development Report (2023)', the China Academy of Information and Communications Technology (CAICT) posits that the framework for green computing power development is underpinned by the principles of efficiency, low-carbon footprint, intelligence, and intensiveness. This framework emphasizes achieving dual environmental and business sustainability through the high-quality software's ability to optimize scheduling, the synergistic collaboration between hardware and software, and the efficient application of services, all while reducing average energy consumption in computing and enhancing computational efficiency.

In 2023, leveraging the newly established X-Lab in Dongguan Songshan Lake, we have been relentlessly advancing our capabilities in hardware, software, engineering, and security technologies. Building upon these advancements, we have introduced the comprehensive BEST technology framework, consistently fueling innovative momentum for digital and green transformation.



### • Layout of Borderless Computing Power

Over the past year, the demand landscape for the computing power sector has experienced marked transformations, with the emergence of AIGC, large-scale model evolution, and other AI-driven applications driving a sharp increase in computing power demand. Emerging scenarios and architectures like cloud gaming, live streaming, cloud rendering, digital twins, and the metaverse have further fueled the diversification of computing power needs, rendering the single-core processing capabilities of CPUs insufficient to meet market needs.

In response to these evolving demands, xFusion persisted in executing its borderless computing strategy throughout 2023. Relying on proprietary software and hardware core technologies and vertically integrated solutions, we systematically transcended the confines of CPU, server, and data center, thereby delivering diverse and efficient computing power resources to accommodate our clients' rapidly evolving needs across the entire gamut of digital scenarios.

We progressed with hardware upgrades encompassing CPU, memory, and PCIe while also committing substantial efforts to software advancements such as BMC system, BIOS system, and cluster management software, equipping users with robust support for enhanced computational performance. Simultaneously, we innovated a comprehensive portfolio of AI servers tailored to address the diverse computational requirements of our customers in contexts ranging from high-performance computing, graphics processing, AI training, to AI inference.

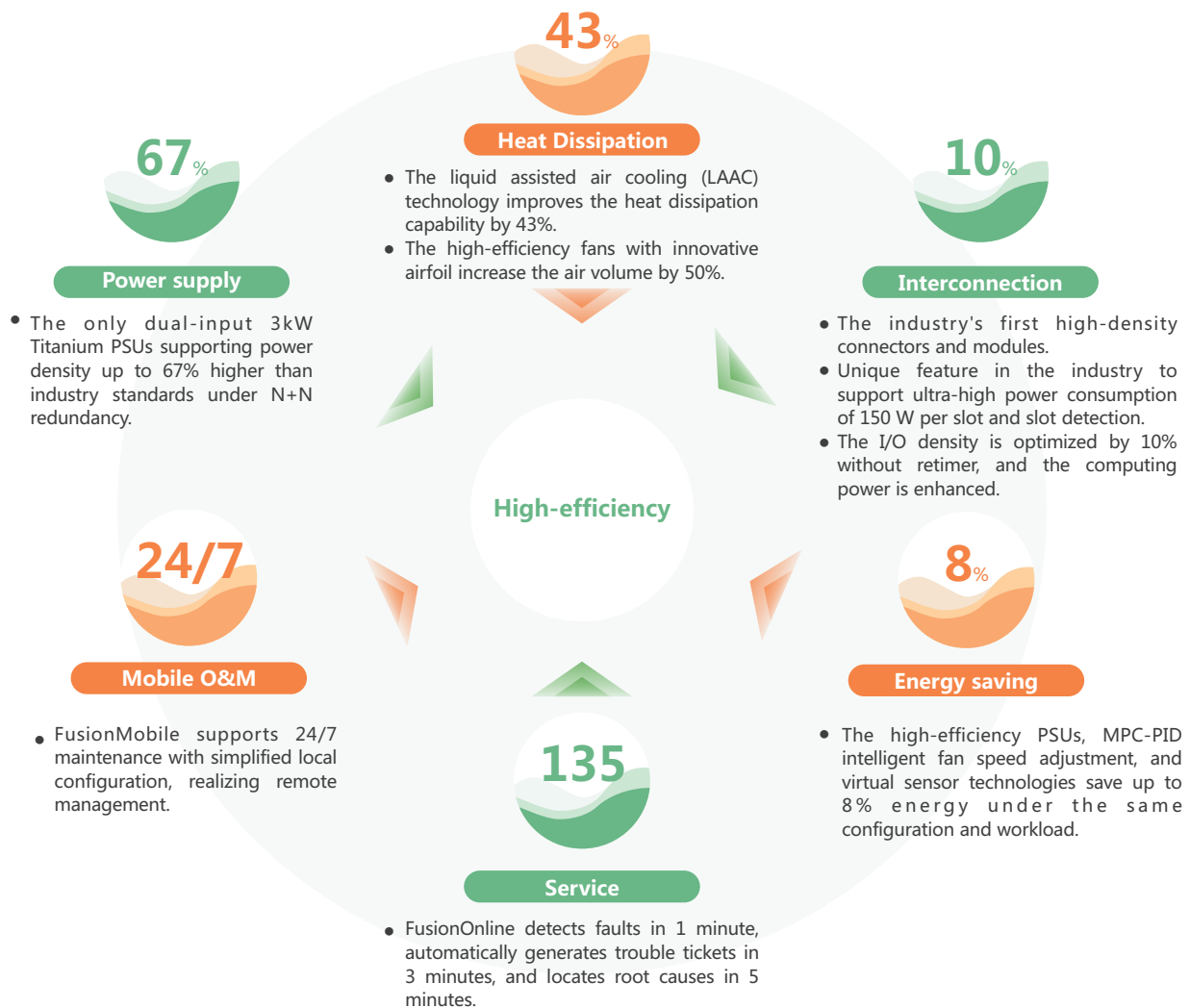


## • Innovative Technologies for Efficient Computing Power

Facing continually increasing cabinet-level computing power density, we have holistically engineered efficiency from power provisioning, cooling, interconnects, energy conservation, to end-to-end operations, delivering high-performance computing power and green computing services to our clients. We are the only one that supports dual-input 3 kW Titanium PSUs, boasting a 15% higher power density than the industry standard and a 12.5% lower power loss. As the only research and development entity to offer a dual-input 3kW Titanium-grade power supply, it supports a 67% higher power ratio under N+N redundancy compared to industry counterparts.

Our LAAC (Liquid-Assisted Air Cooling) technology enhances heat dissipation capacity by 43%, incorporating innovative wing-shaped designs and high-efficiency fans that boost airflow by 50%. Our proprietary software optimization techniques enable customers to achieve energy savings and drive the adoption of green computing. Additionally, we leverage processor DMT technology, intelligent floating voltage technology, virtual sensor technology, MPC+PID speed control technology, high-efficiency VRD energy-saving technology, and lightweight efficient PSU technology. Under equivalent configurations and loads, our products deliver the industry's utmost energy efficiency.

Through these innovations in efficient computing power, xFusion products outperform the competition by 10% under identical configurations, effectively supporting higher computing power densities and significantly boosting computational efficiency, thereby ensuring the continuous evolution of digital transformation initiatives.



## • Innovative Technologies for Intelligent Computing Power

Our FusionOnline O&M enables seamless online access to data centers, automated intelligent fault reporting, and 24/7 expert monitoring, ensuring the stable operation of client businesses. Integrated with AI technology and linked with intelligent management software, it supports the evolution towards unmanned operations in data centers, fostering their efficient functioning.

Traditional memory faults pose significant challenges to the smooth running of data center equipment, with limited repair options restricted to manual replacement after failure. xFusion's proprietary intelligent self-healing memory technology significantly reduces downtime caused by memory faults in client devices. Through continuous training on millions of samples and ongoing optimization of real-time inference, coupled with hardware and software isolation and recovery mechanisms, it effectively mitigates the impact of such failures.

Furthermore, AI-enhanced FDM (Fault Diagnosis Module) provides intelligent diagnostics through comprehensive component monitoring and analysis, achieving an impressive accuracy rate of 96% in pinpointing system faults. This accelerates root cause identification, ensuring the uninterrupted and steady operation of client services, ultimately contributing to increased business efficiency.

## • Innovative Technologies for Security and Reliability

We remain committed to continuously enhancing security and reliability capabilities, striving to construct a computing infrastructure with end-to-end, top-to-bottom hardware and software protection for our clients. Our self-developed iBMC delivers a secure, intelligent, and easily-integrated single-server management system. Chip-level security safeguards are fortified with built-in trust roots, securing the system's foundation and complemented by secure protocols and encryption algorithms to ensure data protection. Our products adhere to the highest industry-standard CC EAL4+ level of security.

Through robust system design enhancements, we not only facilitate secure booting but also guarantee firmware auto-recovery functionality. Additionally, we innovate with aerospace-inspired anti-vibration noise reduction designs, power supply reliability, and large current conduction reliability technologies, significantly reducing hardware failure rates. Moreover, our liquid cooling reliability technology achieves Tier 3 reliability in liquid cooling, including automatic isolation of leaks, making us the first in the industry to attain TÜV Rheinland reliability certification.

## • Technological Innovation Achievements

During the reporting period, we filed multiple patents in the field of green technologies, focusing on five layers of innovation - processors, motherboards, system-wide thermal management and power supply, BIOS/BMC energy-efficient management, and system design. This has led to the establishment of a distinctive "5+7 Patent Technology Portfolio", which underpins our differentiated green technology competitiveness. It is a testament to xFusion's industry leadership and technological innovation capabilities within the realm of sustainable development.

Green-related Patents  
Declared in 2023

74

Green-related Patents  
Authorized in 2023

18

Existing Green-related Patents

49

*xFusion’ s 5+7 Patent Technology Portfolio*

System Design ▶

A. Intelligent Floating Voltage Architecture Design (Multi-tier Component Voltage Adjustment)

B. Energy-saving Methods, Central Processing Units, and Computing Devices (Dynamic Uncore Frequency Modulation in Performance Modes)

C. Power Supply Methods, Systems, Power Devices, and Storage Media (Synchronized Overclocking of Power Sources and Batteries)

Energy Efficiency Management ▶

A. Configuration Method for Basic Input/Output System (BIOS) Parameters and Servers (Dynamic Parameter Tuning)

B. Thermal Control Methods, Devices, and Computing Equipment (Virtual Sensors)

Cooling/Power Supply ▶

A. Temperature Control Methods, Devices, and Equipment (MPC+PID)

B. Electronic Devices (LAAC)

C. Inductors, Power Factor Correction Circuits, Switch Mode Power Supplies, and Computing Devices (Light-Load Efficient PSU)/PFC Circuits

Single-Board ▶

A. Motherboard for a Computing Device, Computing Device, and Control Method (Nonlinear Loading Regulation)

B. Power Supply Method and Computer Equipment (Adaptive Switching Frequency)

Processors ▶

A. CPU Frequency Adjustment Method, System, and Storage Medium (DEMT)

B. Non-Core Frequency Adjustment Method for Processors and Computer Equipment (UFMT)

Liquid-Cooled Innovations Gain International Recognition

We continue to drive innovation in high-efficiency technologies such as liquid-cooled server, forging greener and more efficient server solutions. In January 2024, our FusionPoD for AI rack-scale liquid-cooled servers successfully passed TÜV SÜD’ s rigorous testing and certification process, demonstrating their advanced intelligent features and exceptional performance within the data center domain. The SÜD conferred upon xFusion the industry’s firstntelligent Data Center Server Certification Mark again, symbolizing that our liquid cooling technology has reached an industry-leading standard.



xFusion Received TÜV SÜD Certification for Intelligent Data Center Server

## Green Product

We rigorously adhere to both domestic and international policy requirements and industry standards, drawing upon our robust R&D capabilities and unwavering commitment to sustainability. This dedication has enabled us to consistently roll out green computing power products, serving the green development of the digital economy, and culminating in the comprehensive upgrade and launch of a new generation of computing power offerings, which have garnered enthusiastic responses and high acclaim from our clients. In 2023, xFusion servers ranked third in China and sixth globally in terms of sales volume. Moreover, leveraging our green technology edge, we are actively broadening industry horizons and developing innovative products to contribute xFusion's strength to the green transformation of the digital economy.

### • FusionServer V7 Series Servers

In 2023, we introduced the all-new FusionServer V7 series, encompassing a range of servers designed for utmost efficiency, intelligence, and security reliability across diverse application scenarios. Boasting the most potent compute power available in any setting, as well as industry-leading energy efficiency and reliability, the series comprises three distinct product lines: Balanced, High-Performance, and Storage-Oriented. These offerings collectively deliver a transformative performance experience for our clients.



xFusion's FusionServer V7 Series

Building on our comprehensive lifecycle carbon management approach, the V7 series servers not only excel in flagship computing power, unparalleled reliability, and ease of maintenance, but they also embody peak energy efficiency in line with green principles. Empowered by exclusive patented technologies, FusionServer V7 series servers can deliver up to an 8% energy savings compared to industry peers under identical configurations and workloads, thereby assisting our clients in achieving significant reductions in energy consumption and emissions.

According to statistics, for a client operating a server fleet of 10,000 units at 50% load capacity, average annual electricity cost savings would amount to USD 870,000.

### FusionServer V7 Series Servers Energy Saving Technology

#### Lightweight & Efficient PSU Technology

- Bridgeless PFC technology realizes the industry's first CQC 6-level energy efficiency (exceeding Titanium standards), leading the mainstream by over 1 year.
- Dynamic load regulation technology enhances light-load efficiency, reducing losses by 23% (from 6% to 4.6%).

1

#### Virtual Sensor Technology

- AI algorithms enable highly accurate virtual temperature sensors, ensuring comprehensive coverage without blind spots in thermal control and fan speed modulation.

4

#### High-Efficiency VRD Energy-Saving Technology

- Efficient Drmos technology decreases CPU power supply losses by 7.7% (from 6.5% to 6%).
- Featuring automatic phase switching based on load conditions.

2

#### Intelligent Floating Voltage Architecture

- Multi-tiered component voltage adjustment in concert, minimizing conversion path losses.

5

#### MPC+PID Speed Control Technology

- AI algorithms dynamically adjust to identify the system's lowest power consumption point by considering CPU leakage currents and fan power consumption.

3

#### Processor DEMA Technology

- Dynamic Energy Management Technology facilitates adaptive processor power consumption adjustments.
- Idle processors enter sleep mode.

6



## • FusionServer AI Servers

In 2023, we launched the FusionServer AI Servers tailored for intelligent computing scenarios, offering exceptional heterogeneous computing capabilities, flexible heterogeneous topology configurations, and a fully modular design, meeting the diverse business requirements of clients in areas such as AI, HPC, databases, and video analytics. Among these, the flagship FusionServer G8600 V7 AI Server, in addition to its superior performance, employs an industry-exclusive double-input power supply at the chassis level, boosting power output by 67% and improving efficiency by 1.9%, resulting in up to 76 watts of electricity saved per unit. The server also integrates self-developed fans, enhancing energy efficiency by 16% and boosting cooling capacity by 20%-30%, making it the preferred choice for customers seeking AI-driven business growth that is both green and sustainable.



xFusion's FusionServer G8600 AI Server

industry-exclusive double-input power supply, boosting power output by

67% ↑

improving efficiency by

1.9% ↑

## • FusionPoD for AI Liquid-Cooled Rack-Scale Server

The FusionPoD for AI Liquid-Cooled Rack-Scale Server is a rack-scale server product line offered by xFusion, suitable for deployment in enterprise, IDC, telecom, and Internet data centers, catering to applications such as cloud computing, virtualization, big data, and high-performance computing. In response to the growing trend of escalating compute demands driven by AI models, during the reporting period, xFusion introduced the FusionPoD for AI server, tailored for scenarios involving large-scale models, rendering, big data, and HPC. This offering provides clients with a high-density, eco-friendly, long-term reliable, and cost-effective intelligent computing data center solution.

FusionPoD for AI Liquid-Cooled Rack-Scale Server leverages xFusion's self-developed advanced liquid cooling technology, which is 100% native liquid-cooled, achieving a pPUE as low as 1.06. This effectively curbs server energy consumption and enhances cooling efficiency, simultaneously saving enterprises on energy costs and reducing carbon emissions, thereby contributing positively to systemic sustainability.

xFusion's FusionPoD for AI Liquid-Cooled Rack-Scale Server



## • FusionServer Certified Server

In the process of green development, post-life cycle management of products plays a crucial role. Effective post-life cycle management not only mitigates the negative environmental impact of products but also promotes resource recycling, reducing enterprises' dependence on natural resources. We place great emphasis on the post-life cycle management of computing power products, having launched a novel solution during the reporting period, the Certified Server. Collaborating with external professional institutions, we recover semiconductors such as CPUs, memory, and IO cards from old machines that exhibit stable quality and longer lifespans, pairing them with new mechanical hard drives, SSD solid-state drives, and other sensitive or wear-prone components, as well as energy components like power modules, chassis, manuals, and outer packaging. All refurbished components undergo rigorous quality testing within xFusion's quality system and are accompanied by comprehensive services to maximize their extended usage life and unlock value in the post-life cycle of products.

### Certified Server Facilitate Cost-Effectiveness and Reduce Material Consumption and Carbon Emissions for Clients

Certified Server facilitate cost-effectiveness and reduce material consumption and carbon emissions for clients: An overseas enterprise needed to purchase several dozen servers to support its digital transformation, with assurance of reliable performance being paramount. Cost-effectiveness was also a key concern for the client. xFusion addressed concerns regarding product usage and maintenance by offering factory-certified quality and service guarantees. Ultimately, the client procured several dozen 2U2P Outlet Servers, utilizing recycled components such as CPUs, DRAM, HDDs, and HBA cards with proven stability and long lifespans, while opting for brand-new sensitive and easily-damaged components. This dual approach not only saved the client a substantial amount of money and reduced CAPEX, but also minimized resource consumption and energy expenditure, serving as a proactive exploration of resource conservation and energy efficiency within the computing power industry.

During the reporting period, we actively pursued energy-saving certifications for our products, ensuring comprehensive green and eco-friendly certification coverage. Our mainstream rackmount server offerings conform to the newly released *Green Data Center Procurement Requirements Standard* announced by China's Ministry of Finance and Ministry of Ecology and Environment in 2023, positioning us among the first server manufacturers to attain this accreditation. , Our 2288H V7, 2488H V7 Server, and 5288 V7 Server also comply with the Energy Star 4.0 Standard enforced by the U.S. Environmental Protection Agency (EPA) as of January 2024 and have obtained the corresponding Energy Star certification from the professional certifying body TÜV Rheinland, demonstrating a substantial leap in energy efficiency for xFusion servers.

Meanwhile, we have built our carbon footprint evaluation capability based on the rigorous ISO 14067 carbon footprint assessment methodology and the ISO 14040/ISO 14044 life cycle assessment methods, continuously conducting product carbon footprint evaluations and driving ongoing optimization of energy-saving and carbon-reduction designs for our products. During the reporting period, we have cumulatively issued more than 50 product carbon footprint evaluation reports. Additionally, multiple series of our products have obtained carbon footprint certification from Intertek, with the V7 series being distinguished as the recipient of Intertek's world-first carbon footprint certification specifically for server products. By integrating green principles into our product design and production processes, xFusion is committed to providing global users with increasingly environmentally friendly and efficient computing infrastructure solutions, thereby contributing to the realization of sustainable development goals.

# 03

## Low-carbon Operation, Taking the Green Path

Currently, the global green industry is experiencing accelerated development, with countries worldwide focusing on institutional innovation and technological advancements to drive green growth across sectors. Meanwhile, under the national "double carbon" goal, green transformation of enterprises has become an inevitable choice to achieve sustainable development. Green transformation puts higher requirements on low-carbon actions and operations, promoting enterprises to move towards green and high-quality development.

Under the transformational opportunity of the "dual-carbon" goal, xFusion feels a stronger low-carbon driving force in the external environment and actively explores and practices green and low-carbon strategies in its internal operations. To achieve green and low-carbon operations, we have designed a climate change strategy, which requires companies to promote green production and office and continue to explore and practice low-carbon development models to make more remarkable contributions to achieving the national "dual-carbon" goal.

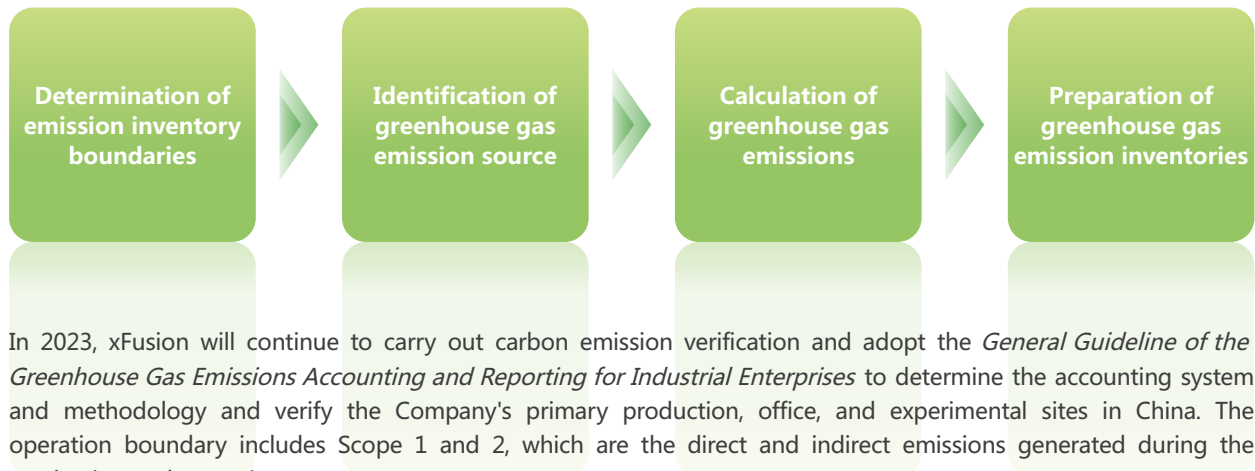
## Climate Change

As global temperatures rise, climate change brings extreme heat, cold weather, typhoons, hurricanes, floods, droughts, water shortages, and other environmental problems. With the frequent occurrence of global and climatic disasters and physical risks, gradual climate change and sudden natural disasters significantly impact people, nature, and business operations.

xFusion is actively taking actions to address the climate change risks in daily operations. During the reporting period, we continued to verify carbon emissions for 2023, focused on the climate change challenge, and took active measures to address it.

### • Carrying out Comprehensive Carbon Emission Verification

Following the *Renewable Energy Law of the People's Republic of China and Responding to Climate Change: China's Policies and Actions*, the Company attaches great importance to verifying carbon emissions. Through a comprehensive inventory of all operation sites, including offices, laboratories, exhibition halls, and production bases, we have grasped the carbon emission base of the Company, clarified the critical sources of carbon emission, confirmed the potential and possibility of the Company in the field of carbon emission reduction, and laid a solid foundation for future emission reduction work.



In 2023, xFusion will continue to carry out carbon emission verification and adopt the *General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises* to determine the accounting system and methodology and verify the Company's primary production, office, and experimental sites in China. The operation boundary includes Scope 1 and 2, which are the direct and indirect emissions generated during the production and operation processes.

in the reporting period was

The carbon emission verification results show

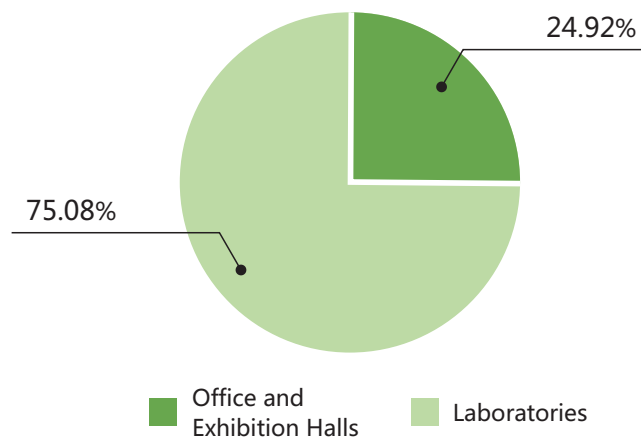
the total carbon emission from xFusion

**13,336.70** tons

Greenhouse gas emission density was

**2.09** tons/TFLOPS





Results of Verification of Carbon Emissions from xFusion

In 2023, xFusion did not involve direct emissions (Scope I). We produced indirect emissions (Scope II) of 13,336.70 tons, with all sources of emissions coming from purchased electricity.

Based on the results of the carbon emission verification of xFusion, we will continue to actively take on the responsibility of green environmental protection, carry out and implement the green development strategy, reduce carbon emissions in all aspects of research and development, production and operation, and rely on the power of science and technology to protect the natural environment and promote green growth.

## • Addressing Climate Change

xFusion continuously focuses on operation continuity planning and formulates operation contingency plans to strengthen the supply chain's flexibility and adaptability to cope with the business risks brought by climate change. We have formulated documents such as *Management Procurement Specification and Procurement Analysis Impact and Risk Assessment Operation Guideline* to standardize identifying and assessing unexpected risks. Meanwhile, based on the identified risks, we formulate corresponding countermeasures to effectively respond to various potential risks.

During the reporting period, to prevent extreme weather from affecting the stability of the supply chain, we formulated the *IPD New Material Selection Guideline* and carried out a multi-supplier backup strategy. In addition, xFusion deployed a material risk assessment on exclusive suppliers, adopted corresponding risk avoidance measures suggested based on the assessment results, and mitigated the impact of extreme weather on business continuity through the contingency plan of inventory and stockpiling of spare materials.

## Green Production

Green development is the cornerstone of promoting the harmonious coexistence of humans and nature, which is also a development path that helps to develop a living environment. The promotion of green upgrading and the transformation of industry are essential ways to accelerate the green transformation of enterprises and develop the green computing power industry. Moreover, we also take responsibility as a leading enterprise to achieve the development of the computing power industry.

xFusion strictly abides by the provisions of the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment*, the *Law of the People's Republic of China on Energy Conservation*, and *Regulations on the Administration of Construction Project Environmental Protection* and other national laws and regulations, and promotes a green production method and implements operational initiatives to reduce carbon emissions, energy conservation, and pollution. To raise employees' awareness of energy saving and environmental protection, during the reporting period, we organized training, declared in the morning meeting of the production team, and circulated on the screen to promote environmental protection awareness, with a 100% coverage rate of training.




xFusion Environmental Training


### • Promoting Green Package Application

The development of the circular economy is a major national economic and social development strategy, which is also a critical way to ensure resource security, accelerate the transformation of economic growth, and promote ecological environmental protection. As consumers pay great attention to environmental protection and natural ecological sustainability, reducing the impact of product packaging on the environment and maximizing resource use efficiency have become the society's focus.


xFusion actively responds to the needs of stakeholders, promotes sustainable packaging, implements the concept of circular economy, and helps to achieve the goal of "double carbon" at the same time. We uphold the "6R" packaging design philosophy, with Right (Moderate Packaging) at the core, emphasizing Reduce & Right scheme design, Returnable & Reuse applications, and Recovery & Recycle waste management throughout the product's entire life cycle, innovating methods for disposing of packaging waste. During the reporting period, xFusion formulated the *xFusion Logistics Management Department Guidelines for Handling Equipment Management* and the *xFusion Technical Standards for the Aesthetic Quality of Packaging Components* to standardize the processes and initiatives in packaging materials management.




Utilizing eco-friendly packaging materials, the proportion of finished wooden cases in the packaging composition is less than 1%.




Maximizing the rate of actual installation while preventing over-packaging of products and reducing the usage of packaging materials.




Internal transit packaging utilizes a substantial amount of reusable materials, significantly increasing secondary utilization of packaging at various stages, thereby effectively enhancing the recycling rate of resources.



Developing consolidated packaging for use in the transportation and shipment of sheet materials, frames, and other items, thereby reducing both packaging volume and material consumption.



Reusing aggregate packaging, transforming it from a single-use, non-recyclable format into a reusable, circulating aggregate packaging material capable of being recycled for at least seven cycles.



Application has been made for 1,500 pieces of specialized containers, 480 carriers, and 500 pieces of turnover boxes at the production site, to replace the original corrugated cartons used on the assembly line.

xFusion Green Packaging Initiatives

We firmly believe in the circular economy and have developed a new generation of packaging for our server products. The packaging uses renewable and biodegradable materials and is lightweight, contributing to environmental protection and low-carbon goals.

**New Generation Packaging**

We use mold-integrated polypropylene foam as a cushioning material to mitigate shock and vibration caused by external. We also use simulation, real-world testing, structural design, and other methods to improve cushioning utilization and ensure that our products are protected from damage. In addition, we have introduced new materials to realize an end-to-end packaging recycling process that meets the industry's high-quality standards for supply chain management and design.

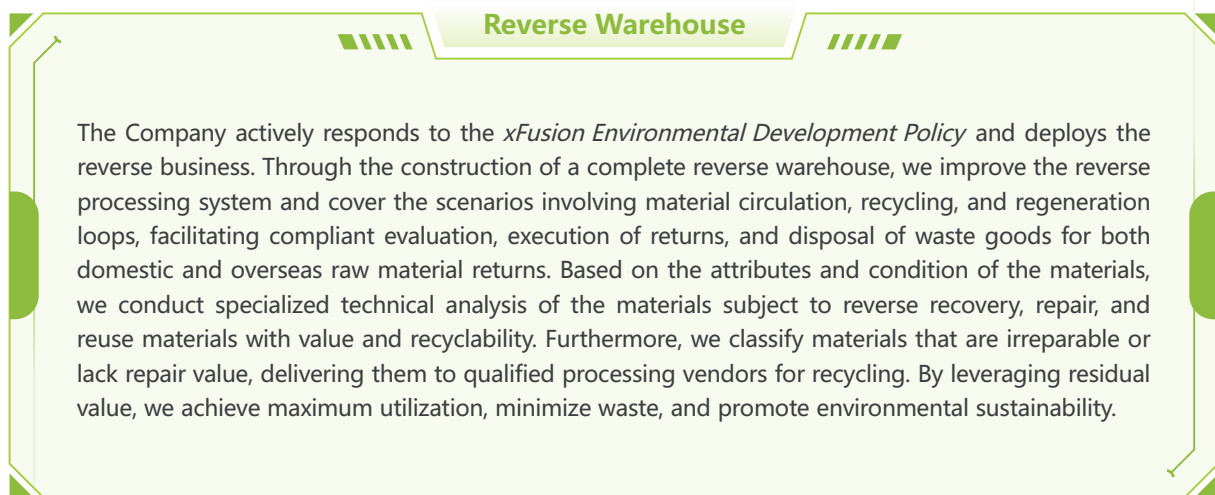


3D View of the New Product Packaging

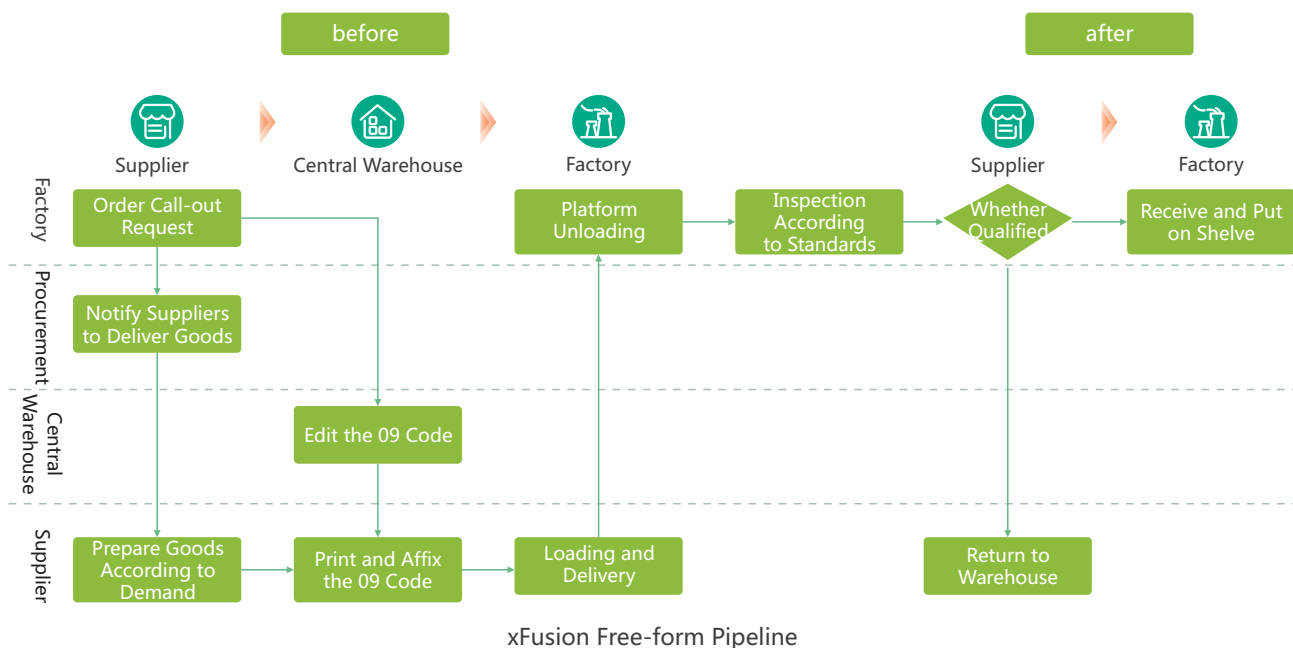
We improve our green packaging system and pay attention to the sustainability of suppliers' packaging. During the reporting period, the Company researched, analyzed, and enhanced the quality of product packaging for our first-tier suppliers. We have established a carbon footprint model, and based on this, we have carried out lightweight and carbon-reduction designs for product packaging, which is expected to reduce carbon by more than 600 tons per year. In the future, xFusion will continue to work with suppliers to explore sustainable packaging design and jointly promote the development of green packaging.

## • Implementing Green Storage and Transportation

We actively carry out low-carbon transformation, reduce energy consumption in warehousing and logistics, and promote green storage and transportation to help improve the green development of enterprises and the green transformation of society. In 2023, the Company implemented the *Warehouse Energy Saving and Consumption Reduction Management Policy*, which implements the automatic turnoff of lighting and air-conditioning, controlling air-conditioning temperatures and reducing energy consumption while qualifying for the storage requirements.



To achieve the goals of low pollution, low consumption, low emissions, high efficiency, and high economic benefit in logistics management, we optimize supply nodes, implementing direct delivery of boards to the whole machine factory, bypassing the need for additional handling at the central warehouse and vehicle scheduling processes at the factory. This optimization liberates space resources at the central warehouse and enhances transport turnover efficiency. At the same time, we use electric forklifts and National VI emission vehicles and increase the loading capacity of the car by cargo volume estimation, reduce vehicle exhaust emissions, and reduce vehicle usage. We also changed the form of logistics pipeline construction to improve the flexibility of the free construction of the line and reduce transportation costs and waste, contributing to the green storage and transportation.





## • Developing Energy and Resource Management

We take the initiative to establish an energy management system to enhance energy and resource management, improve energy and resource use efficiency, and realize economic use.



Except for equipment rooms and ancillary functional areas where emergency lighting is utilized, applying intelligent voice-controlled lights or LED energy-saving luminaires

Separating production line controlling, implement individual monitoring of power meter electricity consumption in relation to output capacity, eliminating unnecessary power consumption



Standardizing air conditioning usage requirements, adjusting the critical threshold for air conditioner activation temperatures

Conducting regular inspections and repairs of pipeline leaks, ensuring pneumatic tools, connectors, and air lines remain in good condition



Regulating water flow rates at handwashing sinks and lavatories within the production area; utilizing reclaimed air conditioning condensate for watering plants within the facility grounds

Employing ultrasonic cleaning at the production site saves 2 tons of water annually



### xFusion Energy and Resource Management

To further improve energy efficiency, we actively implemented production automation during the reporting period. We launched the intelligent transformation of the manufacturing process, achieving improved production efficiency.

## Production Automation

In 2023, we introduced the generation of automated lines to reduce labor input and energy consumption. Compared to traditional production lines, automated lines can utilize energy more efficiently, precisely controlling energy input and output, thus improving energy use efficiency.

Automated equipment can also improve the yield rate to avoid the manual production process due to long working hours, high repetition, fatigue, and emotional factors affecting the production quality. Through controlling technology and robots, we improve manufacturing quality, standardize production quality, achieve a higher yield rate, and reduce defective products and waste. Moreover, finished products on automated pipelines flow directly to the test line without intermediate handling, reducing material turnover, saving on trolleys and labor, and optimizing the production structure.

## • Regulating the Emission Process

xFusion strictly follows the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and other laws and regulations. We have established an emission management system to minimize the hazards caused by our production and operation. We follow the principle of "three lines and one list" to ensure that the project does not involve any environmentally sensitive areas, such as residential areas or relocated villages within 100 meters of the project. We also standardize emission management under the guidance of the "three-simultaneity" system through advanced production processes, equipment, pollution control technologies, and clean production levels.

### Wastewater Discharge

xFusion's water intake is sourced entirely from municipal water supplies, with usage confined to office-related domestic purposes. There is no industrial wastewater generated during production processes. Regarding the domestic sewage produced, it is discharged into the sewage network and subsequently conveyed to a wastewater treatment plant, undergoing specialized treatment before final release.

### Exhaust Gas Emission

During the production process, small amounts of particulate matter, tin and its compounds, and non-methane total hydrocarbons are emitted. For the gaseous byproducts generated during these processes, we employ professional exhaust gas treatment equipment to ensure compliance with emission standards prior to discharge.

### Solid Waste Disposal

xFusion adheres to the *Technical Specifications for the Identification Markings of Hazardous Wastes*, formulating internal guidelines such as the *xFusion EHS Management System Manual* and *Hazardous Waste Management Regulations* to standardize waste management, promoting waste reduction, resource utilization, and harmless disposal.

xFusion Emission Management

## Green Operation

Against the current increasingly severe global environmental problems, we not only help our customers' green development with technological innovations but also actively promote our green operations, build green parks, promote green offices, strengthen employees' awareness of environmental protection, and actively implement green and low-carbon operations covering the whole Company. During the reporting period, we have passed and maintained ISO 14001 Environmental Management System Certification, SA8000 Social Accountability Management System Certification, QC080000 Hazardous Substance Process Management Certification, and ISO 50001 Energy Management System Certification, and continue to standardize and improve the Company's green-related operation and management.

## • Creating a Green Base

We make full use of natural resources, reduce the load of the building on the environment, provide a safe, healthy, and comfortable workplace, have an affinity with the natural environment, and carry forward the concept of sustainable coexistence between people and buildings and the environment. xFusion is constructing a new R&D headquarters in Zhengzhou Beilong Lake, which is expected to be put into use in 2025. In the architectural design process, xFusion fully implements and applies green planning concepts and designs to make the new headquarters base a sustainable building with one-star green building standards.

### Green Park—Beilong Lake R&D Headquarters Base

xFusion Beilong Lake R&D Headquarters Base is located on the north side of Beilong Lake Wetland in Zhengdong New District, Zhengzhou City. The project site has unique water landscape resources and geographical advantages, which are conducive to reducing the park's impact on the natural environment. At the same time, we have made vital planning considerations by Green Building Level One Standards, focusing on aspects such as environmental livability, resource conservation, and health comfort.



The ecological landscape and greenery of the Beilong Lake R&D Headquarters Base have been strategically planned to enclose an expansive, inward-facing garden that vertically extends into vertical courtyards, thereby creating an ecologically harmonious and comfortable working campus. Dense tree canopies provide shade, assisting in rainwater attenuation and mitigating the urban heat island effect. Incorporating sponge city design principles enhances the permeability of green belts and rain gardens. The extensive use of native vegetation bolsters biodiversity, affording employees a workspace that fosters intimate connections with nature.

We are committed to creating diverse, low-carbon office environments and designing distinctive campuses that combine eco-friendliness with modern aesthetics through innovative technologies and sustainable building concepts.

**xFUSION**

Design an efficient building envelope to minimize heat transfer losses through the external enclosure.

Implement a green roof garden system to retard rainwater runoff and insulate the rooftop.

Employ unitized curtain walls, environmentally friendly materials, and recyclable substances to mitigate the building's environmental impact.

Utilize locally sourced materials to curtail carbon emissions associated with transportation.

Increase window areas on the building façade to leverage natural ventilation and daylight, thereby minimizing reliance on mechanical ventilation and artificial illumination.

Provide electric vehicle charging stations and pedestrian walkways to reduce emissions.

To improve energy efficiency, we select energy-saving equipment and lighting systems, configure photovoltaic and inverter equipment, and optimize the overall energy effectiveness of the building to the maximum extent possible through district heating and cooling. In addition, we design rainwater collection systems and water-saving sanitary equipment to realize efficient recycling.

The base will adopt an intelligent building management system to manage the energy consumption of building use comprehensively, optimize the use of energy and resources, and ensure the system's efficient operation through regular maintenance and inspection. We will train users in green building-related knowledge, encourage them to participate in energy-saving and water-conservation activities to reduce energy use and build a low-carbon and green park together.

## • Promoting Green and Low-carbon Office

Combining the energy-saving and environmental protection objectives and relevant requirements of xFusion, the Company issued documents such as the *xFusion Energy Management Regulations* and *xFusion Air Conditioning and Lighting Use Management Regulations* during the reporting period to comprehensively strengthen energy management and further optimize the Company's level of green operation and management.

The Shenzhen office area has implemented dynamic energy consumption management, intelligently adjusting air conditioning equipment. Extensive air conditioning services are discontinued when fewer than ten overtime workers are present, or the weather is comfortably temperate. Fans are provided for those who require them, satisfying employee needs while conserving energy. Additionally, the Company has established designated lighting switch-on/off periods within the office areas and conducts patrols to promptly turn off lights in unoccupied workspaces, preventing unnecessary waste.

The Company encourages and advocates for employees to share accommodation and provides subsidies to reduce carbon emissions from travel. At the same time, following provincial-level conference room standards, the Company equips meeting rooms with remote conferencing facilities, actively promoting the holding of remote meetings to minimize the frequency of employee business trips, thereby advocating for eco-friendly business travel.

### Implementing Paperless Working Mode

The Company actively publicizes policies and regulations on saving resources and protecting the environment and advocates thrifty working. In 2023, xFusion Shenzhen promoted the development of paperless office transformation, replacing the traditional front desk paper collection registration with online registration. Employees could scan the QR code to enter the Welink Dandelion form and apply for office supplies online, reducing paper use and improving work efficiency.



## • Carrying out Green Decoration

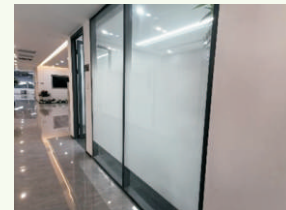
In managing the renovation project, we have adopted stringent control measures to ensure full utilization and reduce waste and environmental pollution while meeting the quality and schedule of the project. During the reporting period, to meet the Company's continuous development needs, xFusion newly leased approximately 10,000 square meters of office space. We followed the original decoration as far as possible during the renovation process. We carried forward the concept of environmental protection by recycling and reusing decoration materials such as carpets, ceilings, partitions, lamps and lanterns, and motorized doors to create a green and high-quality office environment.

### Green Remodeling in Zhengzhou Chuangzhi Office

We embraced the concepts of environmental protection and conservation. We ingeniously repurposed finished glass partitions salvaged from passageways, subjecting them to appropriate cleaning and adjustments for use as office space dividers. This approach minimized the consumption of new materials, economized costs, and maximized resource utilization, all while imbuing the office space with a distinctive aesthetic touch..



PRE-RENOVATION



AFTER RENOVATION

• Organizing Green Training

Through our actions, we pass on the concept of green development to every employee. During the reporting period, we posted visualization signs at critical points in the office areas of each Company, prompting our employees to develop frugal and environmentally friendly living habits.

Please conserve  
electricity



Please conserve  
water



Please conserve  
paper



Visualization Signs

The Company also promotes energy-saving and green environmental protection concepts for all staff through online notifications, publicity pictures, and other means, popularizes the feasibility of environmental protection measures, collects uncivilized behavior in the office area, and conducts regular publicity to improve the employees’ awareness of environmental protection, calling attention to the green office and lifestyle.

During the reporting period

■ Hangzhou Company

published online publicity  
posters related to energy, water,  
and electricity saving to all  
employees

3 times

covering

870 people

■ Shenzhen Company

green office online  
notifications

24 times

covering

1,000 people



# 04

## Sincere Cohesion, Achieving Green Win-Win Situation

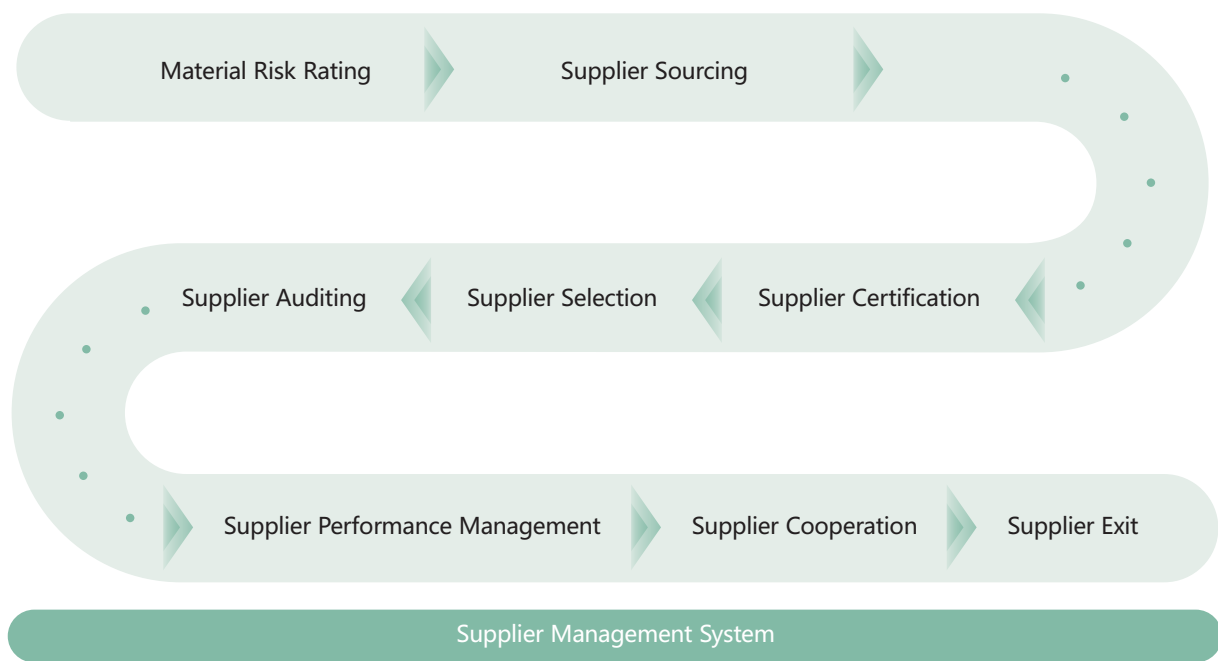
xFusion's development is inseparable from the support of upstream and downstream partners. Upholding the principle of "Creating Value, Shared Beliefs, Joint Growth", we invite stakeholders to jointly participate in green innovation. We select suppliers based on green criteria, establishing long-term, mutually beneficial partnerships; we collaborate with clients to usher green computing power into every sector and industry; and we actively engage in dialogue with peers to explore paths toward sustainable development. xFusion looks forward to walking hand in hand with our partners, together realizing the creation and growth of green value.

## Green Purchasing

Purchasing is the company's "lifeline" and a pivotal element in our pursuit of green development. Our suppliers are vital collaborators in our endeavor to effectively minimize greenhouse gas emissions and realize sustainable practices. In 2023, we have updated process standards for supplier performance management, purchasing material risk rating, and supplier audits. These enhancements ensure environmental compliance among suppliers while concurrently lowering greenhouse gas emissions and elevating the eco-friendliness of our supply chain.

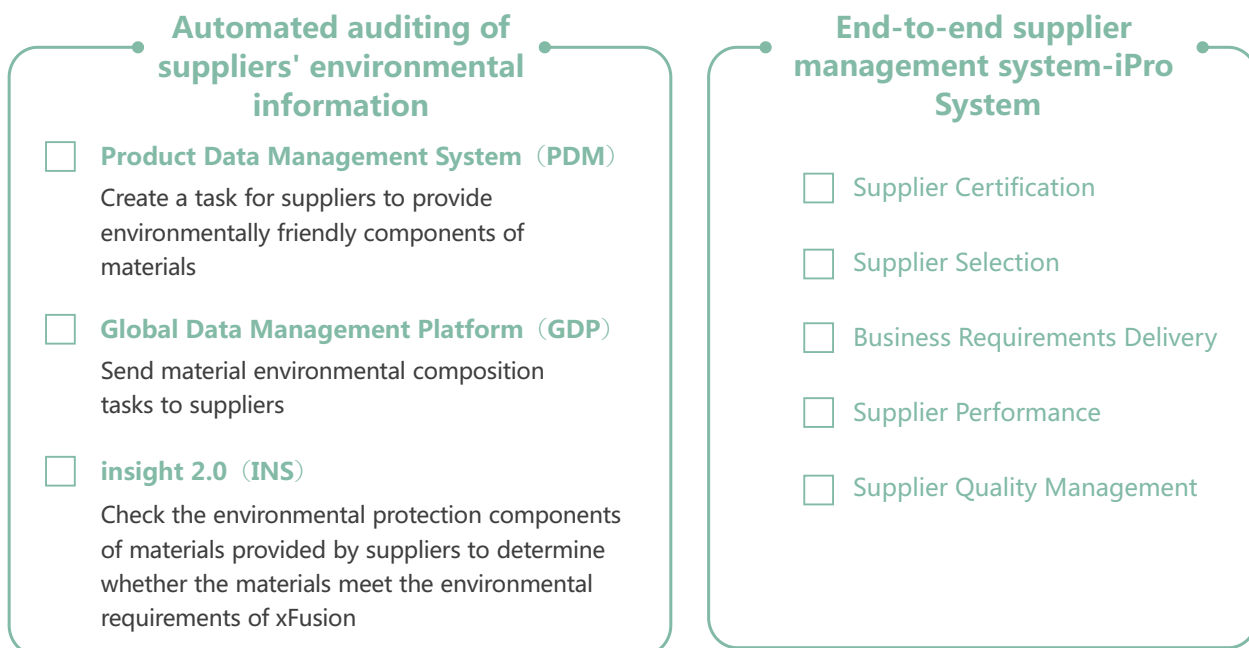
### • Establishing a Comprehensive Green Purchasing Management System

With global climate change and environmental challenges, a robust green purchasing management system has become pivotal in driving corporate sustainability. During the reporting period, we have established an all-encompassing green supply chain management structure, extending from sourcing to exit, effectively mitigating the environmental impact of purchasing activities.



xFusion' s Whole Purchasing Process Green Control

As our business expands, we've forged relationships with a growing number of suppliers. To ensure more streamlined and efficient collaboration with these partners, we leverage our technological prowess to establish a Supplier Management System, encompassing our entire supplier base. This system serves as an "IT steward," enabling enhanced cooperation with our supplier allies and rendering our purchasing activities greener and more environmentally conscious.



xFusion Supplier Management System

### • Integrating Green Principles into Material Risk Assessment and Supplier Entry Process

Environmental compliance in materials purchasing is one of our utmost concerns, prompting the Company to establish guidelines such as the *IPD New Material Selection Process* and the *End-to-end Management Manual for High-Risk Components (inclusive of exclusives)*. During the reporting period, we further enhanced our green purchasing system's ability to identify and manage material risks by partnering with professional institute SGS, to continually monitor and assess the applicability of relevant environmental regulations in our primary domestic and international markets. Based on these insights, we implement risk mitigation measures in our material requisitions. We have also developed a systematic approach to material risk identification and labeling, assembled dedicated teams for material selection and risk decision-making, and implemented comprehensive risk evaluation and management for all materials.



xFusion's New Material Selection Process

During the entry process, we mandate that each prospective partner must hold both ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System certifications. Simultaneously, we reference the IEC 63000 standard, requiring all collaborating suppliers to *sign Environmental Material Declarations* and furnish Material Content Declarations, clearly outlining the composition of their supplied materials and the presence of any Substances of Very High Concern (SVHCs) as stipulated by REACH regulations. Furthermore, we conduct social responsibility assessments tailored to the nature of our partnership with each supplier and the category of materials, ensuring that every partner aligns with our sustainability standards.

Building a Sound Material Risk  
Assessment and Management System

In 2023, xFusion and SGS collaborated on joint research, culminating in the *Analysis Report on Global Applicable Environmental Regulations for xFusion Products and Materials*. By studying and analyzing pertinent environmental legislation in key markets such as the EU, UK, USA, Japan, South Korea, and China, the report distilled the salient environmental considerations for the computing power industry, encompassing regulatory and customer requirements identification, green product design, green purchasing and supplier management, green raw material verification, green warehousing, green production processes, and green product inspection. The study outlined xFusion's approach to managing hazardous substances throughout the supply chain.

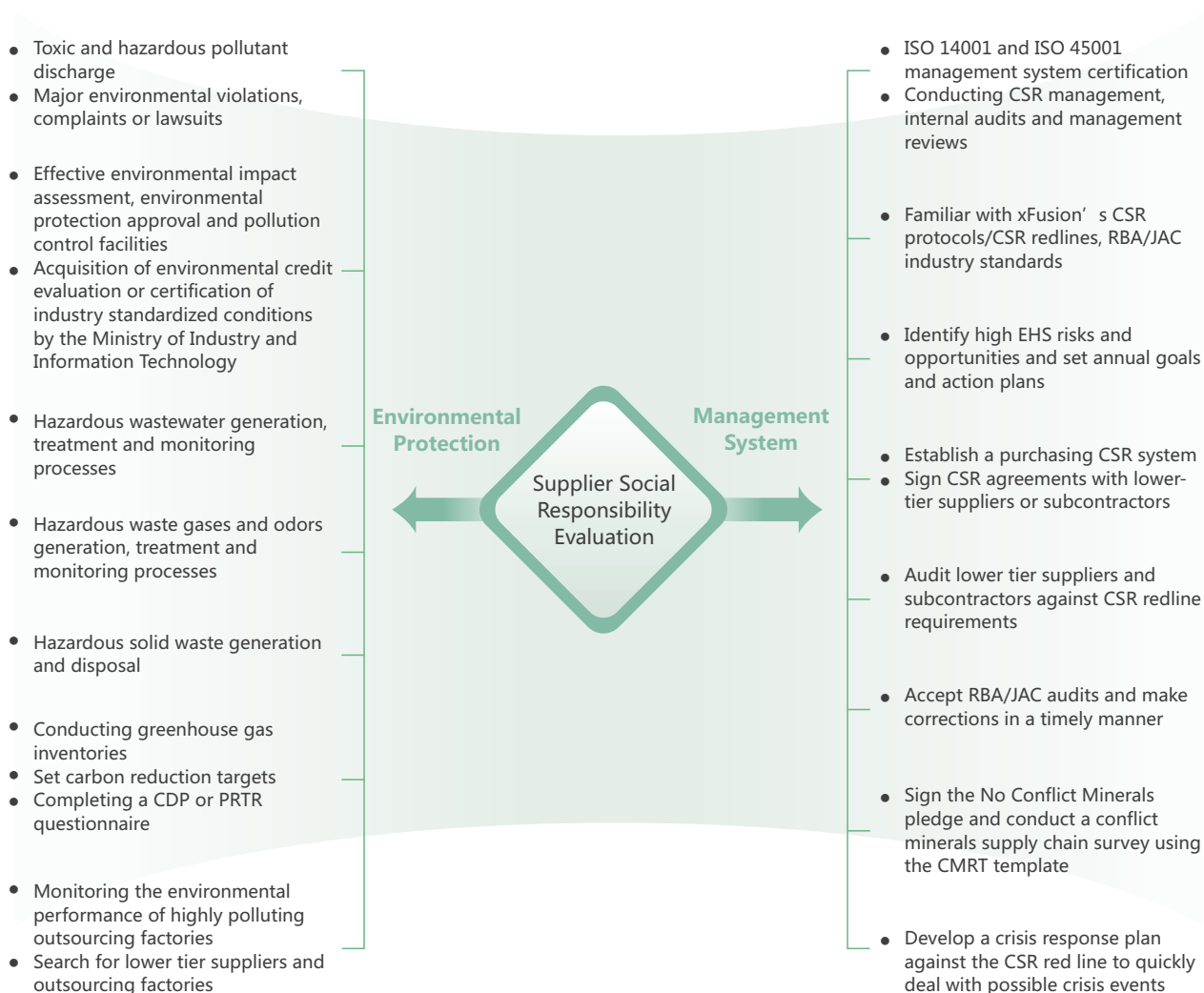
Drawing from the report, we have formulated a methodological framework for assessing and labeling the risk levels of servers, batteries, and packaging materials, guided by four core principles: material risk principles, process risk principles, enforcement risk principles, and test database analysis. Presently, we are actively integrating this comprehensive material risk assessment methodology into our corporate purchasing management system, thereby enhancing our green purchasing framework's responsiveness to environmental compliance.

Risk Level	Risks Definition
A-Level High Risk	Specific chemical substances (i) Residual or present in the material as a raw material for production. (ii) Not raw material, but inherently associated impurities in the raw material. (iii) Not raw material, but present in the material as a result of a chemical reaction during the manufacturing process.
B-Level Middle Risk	Specific chemical substances (i) Present in the material as a production auxiliary.(ii) Can be used as raw material, but exist numerous alternative substances.(iii) Present in the material as impurities.
C-Level Low Risk	Based on the intrinsic properties, uses, and mode of existence of a particular chemical substance, the risk of its presence in the material is low.
N/A Not Applicable	Materials that are not controlled by regulations or are inorganic materials that do not contain organic substances.

## • Facilitating Supplier Green Development Assessment and Evaluation

Facilitating Supplier Green Development Assessment & Evaluation: xFusion seeks to forge long-term, stable partnerships with exceptional suppliers. Building upon our existing supplier assessment and evaluation framework, we have revised and compiled the *Production Purchasing Supplier Quality Performance Approach* during the reporting period, establishing a comprehensive supplier evaluation and classification system to foster a virtuous cycle of business collaboration and bolster our green development initiatives.

Corporate Social Responsibility (CSR), with a strong emphasis on environmental protection, is a fundamental requirement we impose on our suppliers. We mandate that suppliers conduct self-inspections in accordance with the *Supplier CSR Audit Template* and undergo periodic on-site evaluations. These assessments encompass environmental protection measures and management systems, incorporating redline criteria. Based on the outcomes, suppliers are categorized accordingly, with top-performing suppliers prioritized for expanded collaboration opportunities, while underperformers may see restrictions imposed on their engagement with us.



Supplier Social Responsibility Audit – Green Development

During the reporting period, we successfully conducted environmental audits for 9 suppliers and CSR assessments for 7, with all suppliers passed. To facilitate supplier improvement, we also identified key issues and provided targeted recommendations, fostering a collaborative growth trajectory with our partners and jointly advancing low-carbon, environmentally-conscious practices.



## • Supplier Empowerment

Logistics and transportation constitute a significant segment in generating carbon emissions. Localized purchasing is not only a business strategy but also an embodiment of a company's commitment to green and sustainable development. xFusion is dedicated to increasing the proportion of localized purchasing while ensuring the stability, efficiency, and sustainability of supply chain, thereby shouldering corporate responsibility for low-carbon green practices.

### xFusion and Henan Letong's "Reciprocal Endeavor"

Henan Letong Yuandefu Information Technology Co., Ltd. is a newly incorporated supplier within the xFusion supply chain in 2023. Nevertheless, during the initial supply chain assessment, there is a gap between Letong and the technical capabilities required for xFusion. To facilitate Letong's technological advancement and foster cooperation, we solicited senior executives from Letong to engage in dialogues in locations such as Shenzhen, to streamline focal points, harmonize enhancement targets, resuscitate Letong's morale, and reintroduce a rectification cadence. Furthermore, we invested several million yuan in tooling expenses, assigning a cohort of 12 seasoned mentors for comprehensive guidance.

In parallel, Letong reciprocated with equal zeal by committing substantial capital towards the refurbishment of dedicated premises and the purchasing of equipment, with first-phase equipment investments eclipsing RMB 25 million. Additionally, the firm attracted a coterie of specialists and a technical team at premium compensation rates, tailored specifically for the project, thereby effectuating a system genesis. As a result of the combined endeavors of both entities, multifaceted and end-to-end impediments within Letong's equipment administration, process governance, and standard congruity were expeditiously rectified. In July 2023, the third consecutive on-premises supply chain reassessment was cleared, culminating in the inauguration of the partnership under the concerted efforts of both companies.



As of now, we have deployed over 600 sets of universal rack components supplied by Letong. Moving forward, we will continue to collaborate not only with Letong but also with an array of local suppliers, jointly driving low-carbon development across the entire value chain!

## Client Empowerment

The role of computing power infrastructure in energy conservation and carbon reduction is pivotal: it constitutes a core domain of green and low-carbon development and can propel diverse industries towards a low-carbon future. xFusion consistently rises to this challenge by offering highly efficient, low-carbon computing power products that infuse our clients' digital transformations with green impetus, enabling them to achieve low-carbon development across sectors, jointly confront climate change, and contribute to the realization of a sustainable future.

### Enabling Expansion and Efficiency Enhancement for the "Wei Ming No.2" for High Performance Computing Platform of Peking University

Peking University attaches great importance to the role of scientific computation in elevating research standards and driving engineering innovation. As early as 2018, it established a university-level high-performance computing platform, providing advanced scientific and engineering computational services to the entire academic community, catering to the large-scale data processing and scientific computation demands across various disciplines.



With the continuous growth in the number of users, computational tasks, and data volumes being handled, the network infrastructure of the original platform at Peking University had become inadequate to meet evolving user needs. To address this issue, xFusion provided the University's High Performance Computing Center with a high-performance, top-quality computing platform solution. This system comprises the FusionServer 2288H, X6000 series, and RoCE V2 lossless intelligent network technology, implementing a hybrid deployment of air-cooled and liquid-cooled systems. This configuration achieves a PUE below 1.1, setting a benchmark for environmentally friendly and high-quality ICT infrastructure development within higher education institutions.

### Empowering Digital Transformation for Bank Neo Commerce

As a trailblazer in digital banking, Bank Neo Commerce (BNC) is committed to delivering reliable, robust, and steadfast financial services to its clients. With the increasing number of BNC customers, the escalating business demands have posed challenges to its traditional data center infrastructure, necessitating a robust, scalable, and secure data center capable of supporting multi-domain operations. In response, BNC forged a strategic partnership with xFusion, leveraging our comprehensive solution anchored by the FusionServer 2288H server, which provides essential transaction management tools for daily operations while minimizing resources devoted to maintenance and administration.

We tailored a high-performance networking solution to BNC's unique requirements, ensuring rapid data transmission and effective communication, thereby furnishing BNC with a secure operational framework and boosting overall system efficiency by 50%. xFusion's proprietary DrMOS technology and cooling systems, under identical configurations and workloads, further save up to 8% in energy consumption, setting a new benchmark for energy efficiency and significantly reducing electricity costs, thus presenting BNC with an economically and environmentally sustainable solution.

Moreover, BNC's adoption of xFusion's exclusive Power Supply Units (PSUs) effectively reduces power loss by 12.5% and decreases the incidence of power failures by 50%, establishing a new industry standard. Underpinning BNC's operations with xFusion's infrastructure enables the bank to maintain a competitive edge, offering exceptional digital financial solutions to its clients and fostering innovative advancements in the future of banking.

## Industry Collaboration

xFusion is acutely aware of our significant responsibility in driving green transformation across the industrial supply chain. Not only do we strive to minimize our own carbon footprint, but we also actively participate in eco-friendly initiatives within the industry, engaging with various stakeholders to co-develop solutions. As a leading provider of computing power infrastructure and services, we are deeply involved in shaping industry standards, offering robust support for the low-carbon, green evolution of the entire value chain.

xFusion eagerly anticipates deepening collaboration with all parties, integrating more environmentally conscious, low-carbon principles into our products and solutions, thereby contributing to the construction of a sustainable future.

### • Engaging in Industry Organizations and Green Events

We consistently seek profound exchanges and collaboration with top-tier partners across the industry, aspiring to join forces with fellow industry players in exploring broader cooperation opportunities and commercial value, all while collectively contributing to the creation of a sustainable future.

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

Full Name of the Organization	Professional Scope
United Nations Global Compact (UNGC)	The world's largest corporate sustainability and CSR initiative
Distributed Management Task Force (DMTF)	Open manageability standards organization for emerging and legacy IT infrastructure
Openatom Foundation	Promoting the global open source cause
Rust Foundation	Open-source community
China Electronics Industry Standardization Technology Association (CESA)	Electronic information industry standardization organizations
China Communications Standards Association (CCSA)	Carrying out research on the information and communication standards system and technical surveys, and proposing projects for the formulation and revision of information and communication standards; organizing member units to carry out standard research activities such as the drafting of draft standards, soliciting opinions, coordination, reviewing, standards compliance tests and interconnection and interoperability tests
Chinese Institute of Electronics (CIE)	Non-profit social organizations of electronic information

Full Name of the Organization	Professional Scope
China Computer Federation (CCF)	Non-profit academic groups of computer and related science and technology
China Software Industry Association (CSIA)	Software research opening, publishing, sales, and training
China Semiconductor Software Industry Association (CSIA)	Industry associations for integrated circuits, discrete semiconductor devices, and other related equipment
China Computer Industry Association / Information Technology Product Supply Chain Maturity Professional Committee	An authoritative civil society in the information industry, including China's famous computer production and research and development enterprises, information service enterprises and emerging technology enterprises.
Information Technology Application Innovation Working Committee	Non-profit social organizations established on the initiative of units engaged in the research, application and service of key technologies of software and hardware
Internet Society of China (ISC)/CNC Cooperative Committee	A national non-profit social organization formed by China's Internet industry and Internet-related enterprises and institutions.
Open Data Center Committee (ODCC)	Non-profit ecosystems and open platforms around data centers and other industries
Sparklink	An industry alliance to promote the innovation and industrial ecology of SparkLink, a new-generation wireless short-range communication technology
Beijing Fintech Industry Alliance (BFIA)	Standard-setting, industrial research, joint technology research, talent training, results promotion, etc.
China Data Center Committee (CDCC)	Data center infrastructure standards technical organization
Green Data Center Liquid Cooling Working Group (ALD)	Green data center professional committee under Shanghai Energy Conservation and Environmental Protection Service Association
IDCC	Media platform, market research and consultancy for the data center industry

Additionally, during the reporting period, we participated in multiple industry exhibitions and events focused on low-carbon practices, engaging fervently with our partners to jointly explore novel pathways for sustainable development.

### Data Center Liquid Cooling Technology Enters Design Institutes

In an effort to broaden the application scenarios of liquid cooling technology in data centers, promote efficiency enhancements, and drive high-quality, sustainable development, we co-hosted a series of "Liquid Cooling Technology Enters Design Institutes" events with the China Data Center Committee (CDCC) during the reporting period. Throughout these activities, xFusion, along with China IPPR International Engineering Co., Ltd., Huaxin Consulting Co., Ltd., and Guangdong Electric Power Design Institute Co., Ltd., proactively shared advancements and practical applications of liquid cooling technology, discussing principles, current challenges, best practices, and future trends in data center liquid cooling. These events effectively fostered a mutually beneficial collaboration platform, enabling us to collectively create superior engagement experiences with our ecosystem partners.



Liquid Cooling Technology Enters Design Institutes

### 2023 CDCC Liquid Cooling Technology Summit

In March 2023, the CDCC Liquid Cooling Technology Summit concluded successfully, with xFusion participating extensively with the aim of driving industry implementation. As one of the key participating organizations in the launch event for the *Technical Regulations Standard for Data Center Liquid Cooling Systems*, xFusion delivered a presentation titled *Inclusive Integration: Building a Technologically Accessible, Low-Carbon Data Center*, and engaged in a profound dialogue with financial professionals on the topic of *The Path of Liquid Cooling Technology Development in the Financial Industry Data Centers*.



2023 CDCC Liquid Cooling Technology Summit



### Intel Sustainable Development Summit

In April 2023, Intel's *Sustainable Computing for a Sustainable Future* themed summit was grandly held in Beijing. As a key strategic partner of Intel, xFusion was invited to attend. The summit was graced by the presence of Intel CEO Pat Gelsinger, Intel Senior Vice President and Chairman of Intel China Region, Dr. Wang Rui. Mr. Tang Qiming, President of xFusion's Computing Power Infrastructure Division, represented the partnership and joined hands with fellow societal allies in harnessing the power of technology to drive synergetic development of digitalization and greening.



Intel Sustainable Development Summit

### The 6th Digital China Summit

From April 26 to April 30, 2023, xFusion showcased its latest computing power products and solutions at the 6th Digital China Summit, jointly presenting ecosystem advancements and success stories with partners. In the area of computing power infrastructure, xFusion emphasized demonstrations of rack-scale solutions, accelerated computing innovations, general-purpose computing innovations, ultra-high density innovations, and intelligent O&M innovations. In terms of computing power services, xFusion highlighted server operating systems, hyperconverged infrastructure, and enterprise-grade databases.

In the 2023 Digital China Innovation Competition - Industrial Metaverse Track, xFusion, in collaboration with Xiamen University and Industrial Bank, secured the Business Value Award for their *Digital Twin for Data Centers* scheme. The three parties jointly explored the application of digital twin technology in data center operations and maintenance, vigorously promoting the green transformation of data centers, thereby laying a technological foundation for the future construction of green, intelligent, and efficient data centers.



### International Digital Energy Exhibition 2023



International Digital Energy Exhibition 2023

In June 2023, xFusion participated in the International Digital Energy Exhibition 2023 under the theme of *Fusing Innovation to Unlock Green Digital Productivity*, aligning itself with the pursuit of digital energy and dual-carbon goals. The company presented a comprehensive showcase of its achievements in green computing power applications, continually propelling new practices in the realm of computing and networks.

### National Green Computing Power Conference

In July 2023, xFusion successfully hosted the National Green Computing Power Conference under the theme *Fusion Innovation, Co-Building a Green Future* in Hohhot. At the conference, xFusion, alongside experts, scholars, and industry leaders from institutions such as Peking University, Inner Mongolia University of Technology, MIIT Fifth Electronics Research Institute, and InnoGrit Technology, focused on the forefront of computing power development and deliberated on pathways toward green computing power growth.



National Green Computing Power Conference

### 2023 Open Data Center Summit



2023 Open Data Center Summit

In September 2023, xFusion attended the 2023 Open Data Center Summit, organized by the Open Data Center Committee (ODCC) at the Beijing International Convention Center, where it delivered a keynote speech on *Intelligent Computing for the Future, Leading AI Green Computing Power*. During the event, xFusion unveiled the FusionPoD for AI, an AI liquid-cooled rack-scale server featuring native liquid cooling and bus-blind plug-in capabilities, marking it as a new green data center solution.

## GITEX Global 2023

In October 2023, the 43rd Gulf Information Technology Exhibition (GITEX Global 2023) officially opened in Dubai. xFusion participated in the exhibition with a focus on low-carbon and artificial intelligence themes, comprehensively showcasing cutting-edge green intelligent computing products and solutions. Collaborating with Intel and numerous global and local partners, xFusion sought to accelerate the global computing power industry's development, realizing a green intelligent computing future characterized by ecological win-win outcomes.



GITEX Global 2023

At the event, xFusion displayed advanced computing power products and solutions, including the FusionPoD rack-scale liquid-cooled server solution, representing the future trend of green intelligent computing and contributing to the sustainable development of the global digital economy.

## 8th IDC Digital Transformation Summit

In November 2023, the 8th IDC China Digital Transformation Annual Summit was held in Beijing, where the Efficient and *Energy-Saving Computing Power Infrastructure Project* submitted by xFusion was recognized as the *2023 IDC China Pioneer Case in Sustainable Development*.

IDC data reveals that in 2022, xFusion ranked first in the Chinese standard liquid-cooled server market, with its liquid-cooled servers accounting for the highest shipment volume. xFusion's green computing power infrastructure contributed to a reduction of 60,000 tons of carbon emissions from China's data centers, equivalent to planting 3 million trees.





## 2023 Information Technology Energy Conservation Technology Exchange Conference

In December 2023, the China Electronics Society convened the Energy-Saving Services Enterprises event and the 2023 Information Technology Energy Conservation Technology Exchange Conference in Beijing. As a representative of enterprises selected for the *National Industrial and Information Technology Field Energy-Saving Technology and Equipment Product Recommendation Catalog (2022 Edition)*, xFusion was invited to attend and delivered a keynote speech titled Thermal Management and Energy-Saving Technologies, Safeguarding the Future of Green Computing Power, underscoring xFusion's commitment and vision for driving the development of green computing power.



2023 Information Technology Energy Conservation Technology Exchange Conference

## 2nd Green Electronics Conference for the Electronic Information Industry

In December 2023, xFusion participated in the 2nd Green Electronics Conference for the Electronic Information Industry, organized by the China Electronics Technology Standardization Institute. During the liquid-cooled data center sub-forum, xFusion conducted a multi-faceted themed sharing session on how liquid cooling technologies, with their ultra-high energy efficiency and thermal density, address heat dissipation challenges in high-density environments. The presentation provided the industry with comprehensive case studies and solution approaches for the application of liquid cooling technologies.



2nd Green Electronics Conference for the Electronic Information Industry

## • Demonstrating Industry Engagement and Influence

To further enhance xFusion's influence within the industry and contribute to the advancement of the sector as a whole, we have actively engaged in numerous standard research, formulation, and revision projects. Our aim is to provide robust support for industry development and propel the entire industry towards higher levels of excellence.

During the reporting period, we became members of the following industry standard organizations:

Committee Number	Full Name of the Organization	Professional Scope
TC297/SC1	Materials Declaration	Statement of materials in the environmental field of electrical and electronic products
TC297/SC2	Test Environmental Conscious Design	Environmental design in the field of electrical and electronic products
TC297/GHG-WG	Greenhouse Gas Standard Working Group	Tracking the latest international low-carbon developments and formulating low-carbon emission reduction standards for domestic electrical and electronic products.
TC297/SC4	Recycling Reuse and Recovery	Recycling of electrical and electronic products in the environmental field
	Ministry of Industry and Information Technology Working Group on Pollution Prevention Standards for RoHS Electrical and Electronic Products	Promoting sustainable development of the electronic information industry and environmental protection

We have also participated in the setting of the following standards:

Standard Types	Standard Name
National Standards	Minimum Allowable Values of Energy Efficiency and Energy Efficiency Grades for Tower and Rack Servers
	Guideline of Environmentally Conscious Design for Low-Voltage Apparatus
	Guideline of Environmentally Conscious Design for Electrical Accessories
	Technical Specification for Eco-Design Product Assessment—Electrical Accessories
Industry Standards	Reliability Test Specification for Cold Plate Liquid Cooling Server
	Technical Requirements and Test Methods for Cold Plate Liquid Cooling Server System of Data Center (Under Preparation)
	Technical Specification for Liquid Cooling System in Data Center (Under Preparation)



# **xFusion**

## **Builds Sustainable Future with Green Computing Power**



# Appendix I: Environmental Performance

Key Performance Indicator	2023	Unit
<b>Energy Use</b>		
Total Electricity consumption	23,385,418.71	kWh
<b>Comprehensive Energy Use</b>		
Comprehensive Energy Use	2,874.07	Ton of Standard Coal
Direct Energy Use	-	Ton of Standard Coal
Indirect Energy Use	2,874.07	Ton of Standard Coal
Energy Use Intensity	0.45	Ton of Standard Coal/TFLOPS
<b>Greenhouse Gas Emissions</b>		
Greenhouse Gas Total Emissions (Scope 1 + Scope 2)	13,336.70	Ton of Carbon Dioxide Equivalent
Scope I Greenhouse Gas	0	Ton of Carbon Dioxide Equivalent
Scope II Greenhouse Gas	13,336.70	Ton of Carbon Dioxide Equivalent
Greenhouse Gas Emission Intensity	2.09	Ton of Carbon Dioxide Equivalent /TFLOPS
<b>Water resources</b>		
Total Water Consumption	17,886.20	Ton
Water Intake Intensity	2.80	Ton/TFLOPS

## Environmental data description:

- The environmental data, covering the period from January 1st, 2023, to December 31st, 2023, were collected in the main offices and laboratories of xFusion Digital Technologies Co., Ltd. in the country.
- The density of environmental data is calculated using the total amount of data for 2023 divided by the total amount of computing power provided by the Company to the industry.
- Greenhouse gas emissions (Scope 2) are from purchased electricity. Greenhouse gas emissions are calculated with reference to the Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines - Other Industries (Trial) published by the National Development and Reform Commission of the People's Republic of China.
- The Comprehensive Energy Use is calculated in tons of standard coal, referring to the national standard of the People's Republic of China – GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption.
- In 2023, the Company adjusted the data collection scope according to the actual operation, so some environmental data changed greatly compared with 2022.

# Appendix II: Green Certification

## Product Certification



**xFusion 2288H V7 & 2288 V7 Server**  
China Energy Saving Certification



**xFusion 5288 V7 Server**  
China Energy Saving Certification



**xFusion 1288H V7 Server**  
China Energy Saving Certification



**xFusion X-way Rack Server**  
China Environmental Label Product Certification

## Product Certification



**xFusion 2-way Rack Server China Environmental Label Product Certification**



**xFusion Multinode Server China Environmental Label Product Certification**



**xFusion 2288H V7 Server Intertek Certificate**



**xFusion 2288H V7 Server Intertek Certificate**

## Product Certification



**xFusion Serve CC EAL4+ Security Evaluation Certificate**



**xFusion Serve PCI DSS 4.0 Standards**



**xFusion Serve TÜV Rheinland Liquid Cooling Leak Proof Certificate**



**xFusion Serve TÜV SÜD Refrigeration pPUEcooling Energy Efficiency Certificate**



# Appendix III: Independent Third-Party Assurance Report

To

**xFusion Digital Technologies Co., Ltd.**

We have been engaged by xFusion Digital Technologies Co., Ltd. ("xFusion") to perform a limited assurance engagement in relation to certain selected key Environmental, Social and Governance ( "ESG" ) performance indicators (the "Key ESG Indicators") included in its Environmental Development Report for the year ended 31 December 2023 (the "Reporting Period").

## **1. Subject Matters**

The subject matters of this assurance engagement include the Key ESG indicators selected in the Environmental Development Report below:

- 1) Energy consumption – Electricity
- 2) Total Greenhouse Gas Emission (Scope 1 & Scope 2)
- 3) Scope 1 Greenhouse Gas Emission
- 4) Scope 2 Greenhouse Gas Emission
- 5) Greenhouse Gas Emission Intensity
- 6) Total Water Consumption

## **2. Reporting Criteria**

The Key ESG Indicators are presented in accordance with the "Basis of Reporting" contained on the xFusion' s Environmental Development Report (the "Reporting Criteria" ).

## **3. Management Responsibility**

The Board of Directors and Management of xFusion are responsible for the preparation and presentation of the Key ESG Indicators in accordance with the Reporting Criteria. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Key ESG Indicators, applying an appropriate basis of preparation, making estimates that are reasonable in the circumstances and ensuring the accuracy and completeness of the Key ESG Indicators, in order to reduce the risk of material misstatement due to fraud or errors.

## **4. Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, "Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements". The International Standard requires accounting firms to maintain a comprehensive system of quality control, including documented policies & procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **5. Our Responsibilities**

It is our responsibility to express a limited assurance conclusion on the Key ESG Indicators based on our work performed and to report our conclusion solely to you. This Report is for the sole

purpose of preparing xFusion's Environmental Development Report and cannot be used for other purposes. We will not be liable to any third party other than xFusion's Board of Directors.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (the "Standard"), issued by the International Auditing and Assurance Standards Board.

## 6. Procedures Performed

Our work comprised the following limited procedures:

- Interviewed with relevant management in providing information relating to the selected Key ESG Indicators for inclusion in xFusion's Environmental Development Report;
- Performed sample testing of supporting documents;
- Performed analytical procedures for selected Key ESG Indicators; and
- Recalculated samples of selected Key ESG Indicators .

We have not performed any procedures in relation to other data included in xFusion's Environmental Development Report. In addition, our work performed is not for the purpose of expressing an opinion on the effectiveness of xFusion's internal controls.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## 7. Inherent Limitations

Non-financial performance information, including the Key ESG Indicators, is subject to more inherent limitations than financial information given both its nature and the methods used for determining, calculating, sampling and estimating such information. This could have a material impact on comparability. Qualitative interpretations of relevance, materiality and the accuracy of such information are subject to individual assumptions and judgements.

## 8. Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Key ESG Indicators have not been prepared, in all material respects, in accordance with the Reporting Criteria.

This is the English translation of the Independent Limited Assurance Report in Chinese version. If there is any conflict between the translated and Chinese version, the Chinese version shall prevail.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China  
22 April 2024



## Appendix IV: GRI Standard Index

Disclosure Topic / Disclosure Project	Title of Disclosure Project	Chapter Index
Environment		
<b>GRI 301: Materials 2016/GRI 103: Management Method 2016</b>		
GRI 103: Management Method	103-1 Description of substantive issues and their boundaries	Green Production / Green Purchasing
	103-2 Management method and its components	Green Production / Green Purchasing
	103-3 Evaluation of management methods	Green Production / Green Purchasing
GRI 301-1	Materials used by weight or volume	Appendix I: Environmental Performance
GRI 301-2	Recycled input materials used	Green Production / Green Product
GRI 301-3	Reclaimed products and their packaging materials	Green Production / Green Product
<b>GRI 302: Energy 2016/GRI 103: Management Method 2016</b>		
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 within the organization	Appendix I: Environmental Performance
GRI 302-3	Energy intensity	Appendix I: Environmental Performance
GRI 302-4	Reduction of energy consumption	Green Production / Green Operation / Green Technology / Green Product
GRI 302-5	Reductions in energy requirements of products and services	Green Technology / Green Product
<b>GRI 303: Water and Effluents 2018/GRI 103: Management Method 2016</b>		
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

Disclosure Topic / Disclosure Project	Title of Disclosure Project	Chapter Index
<b>GRI 305: Emissions 2016/GRI 103: Management Method 2016</b>		
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	Green Technology / Green Product
GRI 305-7	Nitrogen oxides (Nox), sulfur oxides (SOx), and other significant air emissions	Green Production
<b>GRI 307: Environmental Compliance 2016/GRI 103: Management Method 2016</b>		
GRI 103: Management Method	103-1 Description of substantive issues and their boundaries	Green Strategy
	103-2 Management method and its components	Green Strategy
	103-3 Evaluation of management methods	Green Strategy
GRI 307-1	Violation of environmental laws and regulations	Green Strategy
<b>GRI 308: Supplier Environmental Assessment 2016/GRI 103: Management Method 2016</b>		
GRI 103: Management Method	103-1 Description of substantive issues and their boundaries	Green Purchasing
	103-2 Management method and its 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 impacts of supply chains and actions to be taken	Green Purchasing



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