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About This Report

This is the 2022 Environmental, Social, and Governance Report ("this report") released by Xiamen C&D Inc. (referred to as "C&D Inc." or "We"). This report adheres to the principles of objectivity, standardization, transparency, and comprehensiveness to present an overview of ESG performance and initiatives of C&D Inc. in 2022.

Reference Guidelines

We prepare this report in accordance with the "Global Reporting Initiative Standards" (GRI Standards) and "Sustainability Accounting Standards Board Standards" (SASB Standards). This report also takes into account the disclosure requirements of the "Guidelines No. 1 for Self-regulation of Listed Companies on the Shanghai Stock Exchange - Standard Operation", the Climate-related Financial Disclosure Framework published by the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals (SDGs).



Reporting Scope

The reporting period is between January 1, 2022, and December 31, 2022, and some parts of the report may be beyond the aforementioned scope considering the continuity and comparability of disclosures. The ESG data disclosed in this report includes all enterprises within the scope of the consolidated statement of Xiamen C&D Inc.

Explanatory Note

Company Name Abbreviation	Full Company Name
C&D Inc., We	Xiamen C&D Inc.
C&D Real Estate	C&D Real Estate Corp., Ltd., subsidiary of C&D Inc.
Lianfa Group	Lianfa Group Co.,Ltd., subsidiary of C&D Inc.
C&D Property	C&D Property Management Group Co.,Ltd.(Stock Code : 2156.HK), subsidiary of C&D Real Estate.
C&D Logistics	C&D Logistics Group Co., Ltd., wholly-owned subsidiary of C&D Inc.
Paper & Pulp Group	One of the seven major specialized groups of C&D Inc., including Xiamen C&D Paper & Pulp Co., Ltd.
Agricultural Products Group	One of the seven major specialized groups of C&D Inc., including Xiamen C&D Commodities Limited.
C&D Newin(Formerly known as "Samson Paper")	C&D Newin Paper & Pulp Corporation Limited (Stock Code: 0731.HK, formerly known as "Samson Paper Holdings Limited"), subsidiary of C&D Inc.
Universal Pulp and Paper	Universal Pulp and Paper (Shandong) Co., Ltd., subsidiary of C&D Inc.
C&D Clean Energy	Nanjing C&D Clean Energy Co.,Ltd., wholly-owned subsidiary of C&D Inc.
C&D Clenergy	Xiamen C&D Clenergy New Energy Co.,Ltd., subsidiary of C&D Inc.
C&D (Guangzhou)	C&D (Guangzhou) Co., Ltd. , wholly-owned subsidiary of C&D Inc.
Yijiayuan Property	Yijiayuan (Xiamen) Property Management Co., Ltd., subsidiary of C&D Real Estate.

Report Availability and Feedback

We released this report in electronic format in both Simplified Chinese and English. In case of any inconsistencies between the Chinese and English versions, the Chinese version shall prevail. The electronic version of the report is available on our official website, www.chinacnd.com, and the Shanghai Stock Exchange website (www.sse.com.cn). We are committed to improving our environmental, social and corporate governance performance, and if you have any comments or suggestions on this report, please get in touch with us at compliance@chinacnd.com.

Letter from the Chairman



The year 2022 presents a multitude of challenges for the development of the global economy and the stability of industrial chain and supply chain. Meanwhile, the risks associated with climate change, such as extreme weather events, continue to impact human society. Given diverse external challenges, we have a deeper understanding of the significance of implementing ESG development principles and enhancing our sustainable development capability.

With the acceleration of globalization, we continue to increase our focus on sustainable development and have launched a new brand concept of "Together go beyond." We endeavor to become a leading international supply chain operator and an excellent real estate operator in China. We insist on professionalism and prudent management, with a comprehensive risk management system to deepen our main business development. We uphold the new development concept of "Innovative, Coordinated, Green, Open, and Shared Development," actively integrate into national and local development, and take "win-win cooperation" as our starting point to work with shareholders, employees, customers, and partners to achieve common development. We not only seek internal improvement but also continuously empower industry partners to achieve green transformation and development, thereby contributing to the green and high-quality development of the industrial chain.

In the past year, the global energy security and food safety found severe challenges due to the compounded effects of climate change,

the Russia-Ukraine conflict, and other factors. We have demonstrated remarkable resilience amid these crises and challenges, achieving high-quality business development while helping to keep the energy and food supply chains flowing. By Leveraging our four advantages of "rich supply chain operation experience," "globalized network layout," "professional service capability," and "industry-leading risk control system," we built a global supply chain service system, and actively integrated into the new development pattern of dual circulation at home and abroad. In the field of agricultural products, we have built a diverse and stable global agricultural supply chain system, introduced high-quality resources worldwide, served China's livelihood industry, realized domestic and international resource complementarity, and provided secure service for the agricultural product supply chain.

In the past year, we have attached great importance to the harmonious development between humans and nature, actively developed and innovated digital technology applications, deeply incorporated digital solutions with traditional industrial development, and empowered traditional industries to achieve green transformation, reducing their energy and resource consumption, and making digitization a solution to promote carbon neutrality. We have proactively participated in China's green manufacturing transformation and upgrading, vigorously promoted green circular economy businesses to contribute to mitigating climate change to build a green, low-carbon, and sustainable human society. We have continued exploring the design and development of sustainable products such as

green materials and green buildings, promoting the sustainable development of human living environments with green concepts. We have initiatively laid out new energy tracks, providing service solutions for multiple links in the new energy industry chain and helping build a green, low-carbon, circular development economic system.

In the past year, we have focused on the prosperity and symbiotic development of people and society, allowing the growth of our enterprise to resonate with urban development. As a state-owned enterprise, we have enthusiastically fulfilled our responsibilities in caring for children, protecting culture, revitalizing rural areas, and engaging in social welfare. We have also focused on the growth of each employee, striving to create a fair, harmonious, inclusive, and healthy working environment, making talent an inexhaustible driving force for the sustainable development of the enterprise.

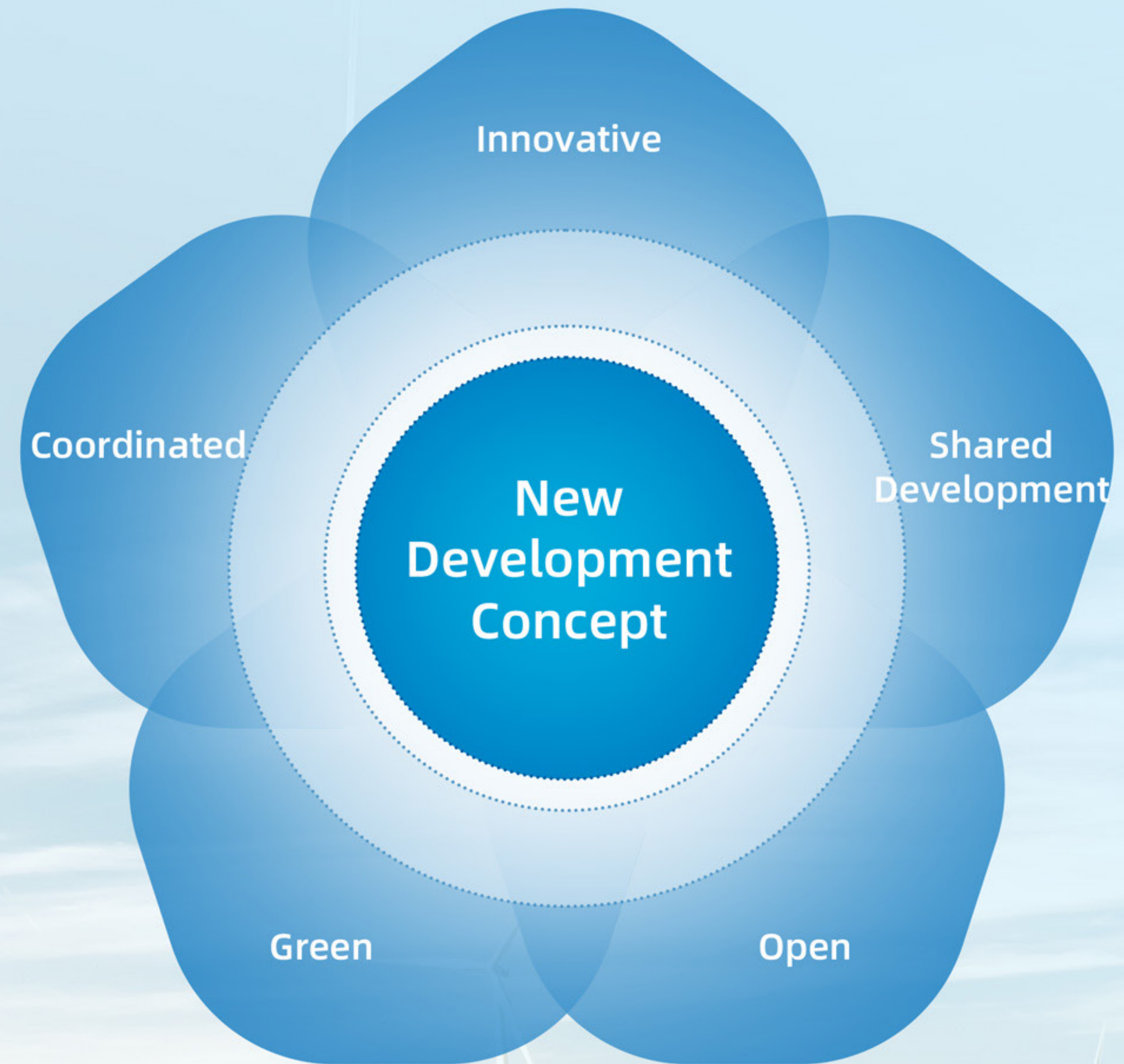
In the new development paradigm, we plow deep into the domestic market while accelerating the international layout and joining the new development pattern featuring "dual circulation" in domestic and overseas markets. We are devoted to enhancing the value of our supply chain services and boosting our international business cooperation to share new opportunities for open development with global industry partners and create a bright future of openness and prosperity, enabling more people to live a superior life.

Chairman of C&D Inc.
Yongda Zheng



C&D Inc. in 2022

We are a modern service-type enterprise with supply chain operations and real-estate development as our main businesses. With the mission of "To exploit new value for more people to live a superior life," we strive to become the world's leading operator in supply chain operations and a top-notch operator in the field of real estate development in China.



ESG Key Performance Indicators

Economic

Total assets



664,754.43 million RMB

Operating revenue



832,812.01 million RMB

Operating costs



801,146.55 million RMB

Net profit attributable
to shareholders of the
parent company

6,281.56 million RMB

Research and
development input

190.62 million RMB

Social

Total social
contributions

918,940.70 million RMB

Total tax payment



13,891.51 million RMB

Employee
compensation

7,422.31 million RMB

Dividends paid to
shareholders

1,803.89 million RMB

Payments to
suppliers

887,057.06 million RMB

Interests paid to
creditors

9,582.62 million RMB

Social donations



36.12 million RMB

Fiscal subsidies
received

852.81 million RMB

Total safety input



23.88 million RMB

Number of
employees

32,847 persons

Volunteer service
hours

5,013 hours

Total employee
training hours

6,354,357 hours

Environmental

Total environmental
protection input

20.86 million RMB

GHG emissions



506,170 tCO₂e

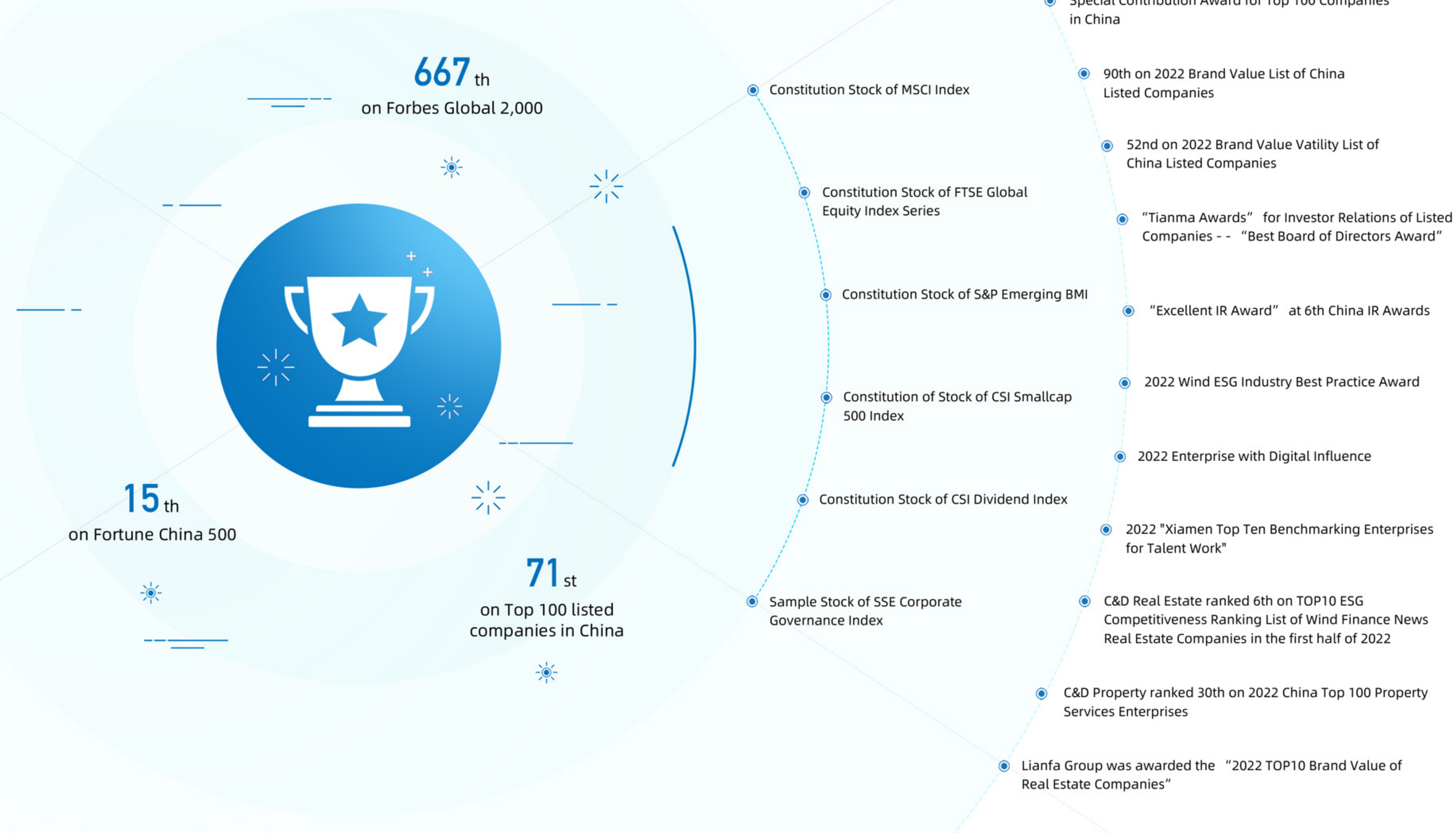
GHG emission
intensity

61 tCO₂e / 100 million RMB of
operating revenue

Total water
consumption













9,520,279 Tons

Honors and Awards










Sustainable Development Framework

As part of the 2030 Agenda for Sustainable Development, the United Nations' 17 Sustainable Development Goals (SDGs) call for collective action around the world to eliminate poverty, protect the planet, and improve the lives and future of all people, creating a blueprint for a better and more sustainable future. The SDGs identify global challenges related to poverty, inequality, climate change, environmental degradation, prosperity, peace, and justice that must be addressed to achieve sustainable development. We integrate the developmental requirements of the SDGs into our own sustainable development framework, contributing to the achievement of the United Nations' sustainable development goals by promoting the sustainable development of our own operations and entire supply chains.

	SDGs	Material Issues	Our Practice
ENVIRONMENT	 	Address climate change, reduce energy and resource consumption, and mitigate greenhouse gas emissions.	<ul style="list-style-type: none"> By actively researching and developing innovative digital technology applications, we aim to deeply integrate digital solutions with traditional industry development, reduce energy and resource consumption, and empower traditional industries to achieve green transformation. We actively explore the research and design of sustainable products such as green materials and green buildings, and provide environmentally friendly solutions for footwear and bag products. Our green philosophy promotes the sustainable development of the living environment. We proactively develop the new energy sector and vigorously expand the upstream and downstream supply chain operations of the new energy industry chain. We provide service solutions for multiple links in the new energy industry chain to support the construction of a green, low-carbon, and circular economic development system. We are committed to environmental policies that promote green operations, and strengthen our energy management system to minimize the impact of our operations on the environment.
	 	Promote the development of the circular economy, protect natural resources, and conserve social resources.	<ul style="list-style-type: none"> We are engaged in green circular economy business to improve resource utilization efficiency, minimize carbon emissions throughout the entire life cycle of materials and products, and alleviate climate change.
	 	Protect water resources and minimize the negative impact of our operations on the water resources in the regions where we operate.	<ul style="list-style-type: none"> In business operations and project development, it is essential to optimize water resource management measures, improve water use efficiency, and reduce water consumption intensity to ensure the sustainable use of water resources, especially in scarce water resources. We encourage employees and stakeholders to develop a sense of responsible water use is also crucial.
SOCIAL	  	Protect human rights and provide a fair and just, harmonious and inclusive, healthy and safe working environment	<ul style="list-style-type: none"> Establish the "Human Rights Policy" to respect and protect the rights of all people, including employees, suppliers, communities, and others who may be affected by our business operations, and ensure the implementation of the Human Rights Policy by conducting training for employees and contractors on the possible impact of daily activities on human rights and prevent related human rights risks. Formulate the "Occupational Health and Safety Policy," establish and improve the construction of the Occupational Health and Safety Management System, minimize the risks related to occupational health and safety in our operation, and protect the occupational health and safety of employees
	  	Focus on the personal growth of employees and provide competitive compensation and welfare	<ul style="list-style-type: none"> Emphasis on employees training and personal development, continue to promote the improvement and enrichment of the talent training system, to provide employees with a broad space for career development and learning and development resources. Provide employees with competitive compensation and benefits, and optimize the talent compensation incentive system by implementing the equity incentive plan

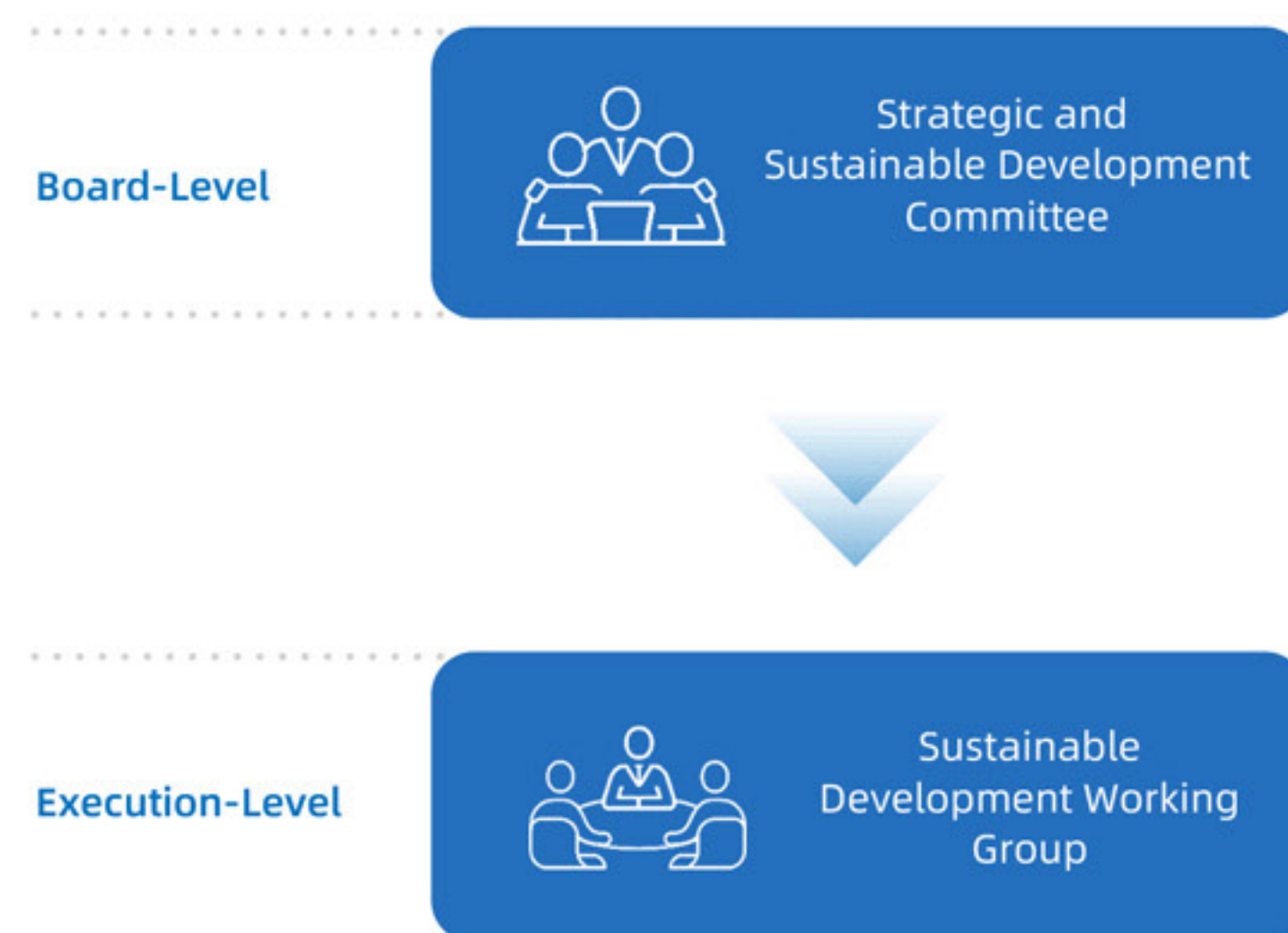
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	SDGs	Material Issues	Our Practice
SOCIAL	 	Establish a responsible supply chain management system to provide sustainable products and services to global customers through responsible sourcing and responsible consumption	<ul style="list-style-type: none"> Develop a "Supplier Code of Conduct" and promote responsible procurement practices to drive sustainable and ethical business operations throughout the supply chain. Provide customers with quality products and services and continuously create new value
	 	Integrate enterprise development into the overall development of the country and fulfill the mission and responsibilities of state-owned enterprises.	<ul style="list-style-type: none"> Continuously expand the international supply chain business of agricultural products and serve to ensure national food security
	  	Establish synergistic and mutually beneficial relationships with communities to achieve shared development through economic development and promotion of local employment	<ul style="list-style-type: none"> Develop a "Community Policy" to promote mutually beneficial and collaborative relationships with the community in the process of business development. Actively carry out social welfare activities such as caring for children, cultural preservation, rural revitalization, supporting education with donations, etc., to fulfill corporate social responsibility and give back to society.
GOVERNANCE		Achieve sound and effective ESG governance	<ul style="list-style-type: none"> Establish a sound top-down ESG governance framework and continuously improve the ESG governance system Continuously enhance the ESG expertise of the board of directors and management personnel to improve the company's ESG governance level
		Establish a comprehensive risk management system to enhance the ability to respond to the risks brought by climate change	<ul style="list-style-type: none"> Integrate risk management deeply with business, market, and industry, improve the construction of a risk control system that covers the entire business process and the full lifecycle, and establish a "professional, hierarchical, and process-oriented" risk control system
		Adhere to high moral standards in conducting business and attach importance to the construction of corporate integrity	<ul style="list-style-type: none"> Formulate "Business Code of Conduct" and provide clear guidelines for operational integrity and compliance, anti-monopoly and anti-unfair competition, prohibitions on insider trading, anti-money laundering, international trade rule compliance, tax compliance, and complaints and complainants protection. During the business operations, a series of possible measures have been taken to maximize the reduction of any negative impacts on the economy, environment, and society Establish an "Anti-corruption and Anti-bribery Policy" to declare our firm stance against corruption and bribery in business operations and development, and implement effective mechanisms to combat corruption and bribery practices

Sustainable Development Governance

Our board of directors has established a Strategic and Sustainable Development Committee and formulated the "Working Rules of the Board of Directors' Strategic and Sustainable Development Committee," which is responsible for providing recommendations on the company's ESG strategy and related matters and guiding and supervising the company's ESG-related work. At the execution level, we have established a Sustainable Development Working Group composed of senior management and managers of various relevant functional departments, which is responsible for the specific implementation of ESG-related work under the guidance of the Strategic and Sustainable Development Committee.



In 2022, we organized directors and management personnel to participate in special training on "ESG and sustainable corporate development," continuously improved the ESG professional knowledge of the company's directors and management personnel, and enhanced the company's ESG governance level.

Sustainable Development Policy

Environmental Issue Management



[Environmental Protection Policy](#)

Social Issue Management



[Human Rights Policy](#)



[Anti-Discrimination & Anti-Harassment Policy](#)



[Community Policy](#)



[Employee Occupational Health and Safety Policy](#)

Governance Issue Management



[Business Code of Conduct](#)



[Supplier Code of Conduct](#)



[Anti-Corruption and Anti-Bribery Policy](#)



[Information Security Policy](#)

Addressing Climate Change

Climate change has always been a global focus. As a company that actively practices social responsibility, and cares about climate change and green development, we attach importance to the opportunities and challenges that climate change may bring to the enterprise, identify and analyze climate change risks, actively explore development strategies, business planning, and management measures to address climate change risks, continuously improving sustainable risk response capabilities, and promoting the sustainable and high-quality development.

During the investment, design, and construction stages of a project, environmental assessments and analyses are conducted to take appropriate measures to prevent potential physical risks. Emergency plans such as "Typhoon and Flood Prevention and Earthquake Emergency Plan" are formulated and continuously improved to enhance emergency management capabilities. Various disaster risk self-inspections and emergency drills are organized to strengthen personnel emergency education and improve the company's emergency management capabilities, in order to minimize the impact and damage of extreme weather and natural disasters on the company's operations.

To cope with hot weather:

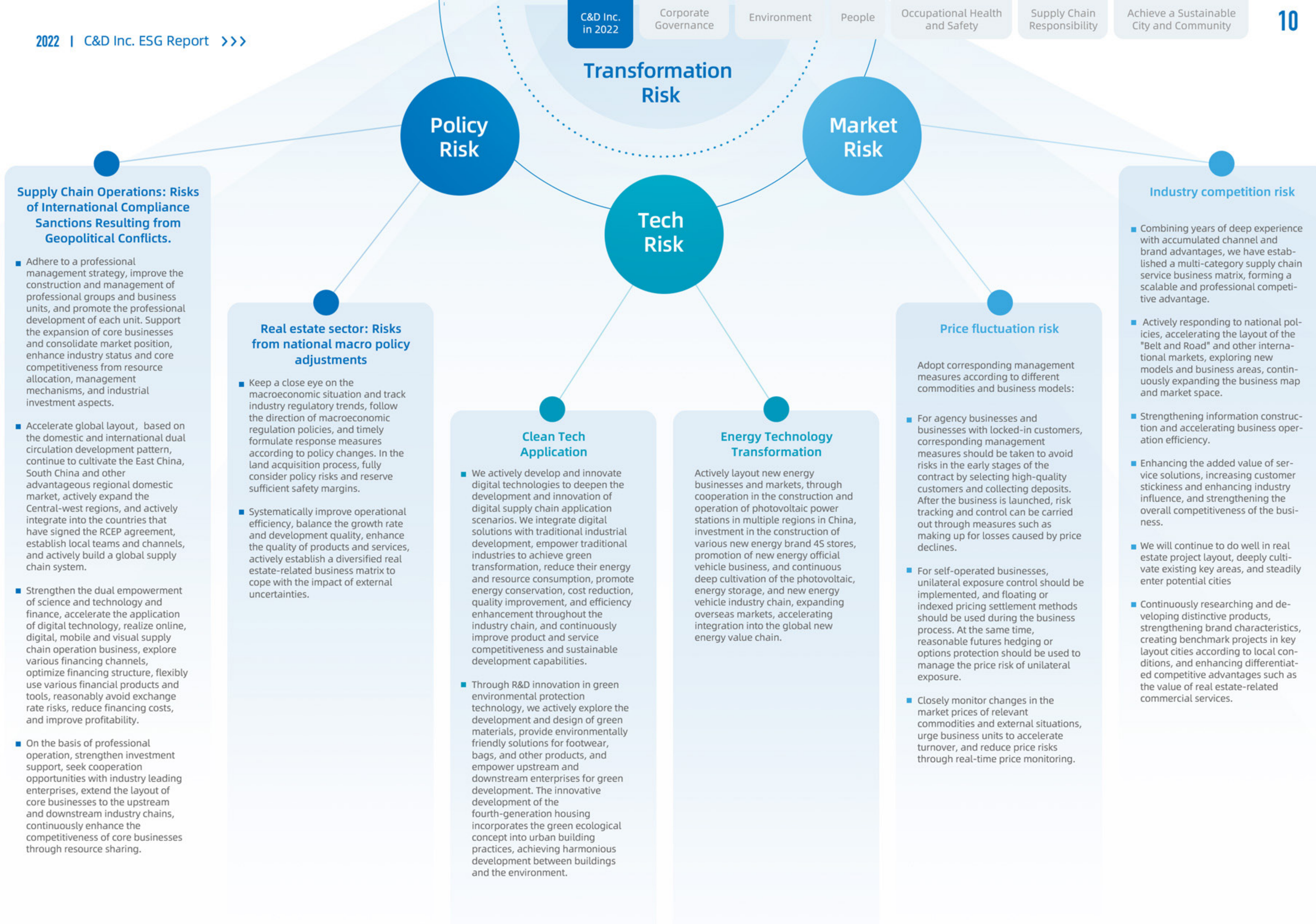
- Reasonably arrange the working hours of on-site workers, prepare sufficient heatstroke prevention materials and implement heatstroke prevention and cooling measures on site, and strengthen publicity and education on protection, first aid, and heatstroke prevention for on-site workers.
- Continue to promote the research and development and implementation of "green buildings" to mitigate the direct impact of high temperatures, such as designing rooftop gardens to reduce direct sunlight exposure.

Response to Heavy Rain and Flooding:

- Corresponding measures are taken during both the project design and construction stages to prevent heavy rain and flooding. During the land acquisition phase, the geographic location is taken into consideration, and the local water level is considered during project design. The site is designed according to the worst-case scenario, with prevention and consideration from the design phase.
- The waterproof requirements for the project are far higher than ordinary standards. For example, the elevation of the residential area is required to be higher than the municipal road. Raising the elevation can prevent backflow. At the same time, the height difference between the indoor gardens and balconies allows for a certain amount of buffer time for ground drainage.

Global warming has led to frequent extreme weather and natural disasters in local areas, which may have a potential impact on businesses.

Physical
Risk



Stakeholders Engagement

We value feedback and expectations from stakeholders and incorporate them into our governance. Through diverse communication mechanisms, we maintain positive communication and interaction with stakeholders, timely understand their feedback and expectations, continuously improve ESG issue management level, and enhance ESG management capabilities.

Material Issues

Talent Development	Responsible Supply Chain	Responsible Supply Chain	Governance	Governance	Business Ethics	Community Involvement	Community Involvement
Remuneration and Benefits	Tax Compliance	Occupational Safety and Health	Compliance Operations	Compliance Operations	Anti-Corruption and Anti-Bribery	Compliance Operations	Talent Development
Compliance Operations	Business Ethics	Business Ethics	Talent Development	Sustainable Development-Related Risks and Opportunities	Compliance Operations	Anti-Corruption and Anti-Bribery	Environmental Compliance
		Anti-Corruption and Anti-Bribery					

Stakeholders

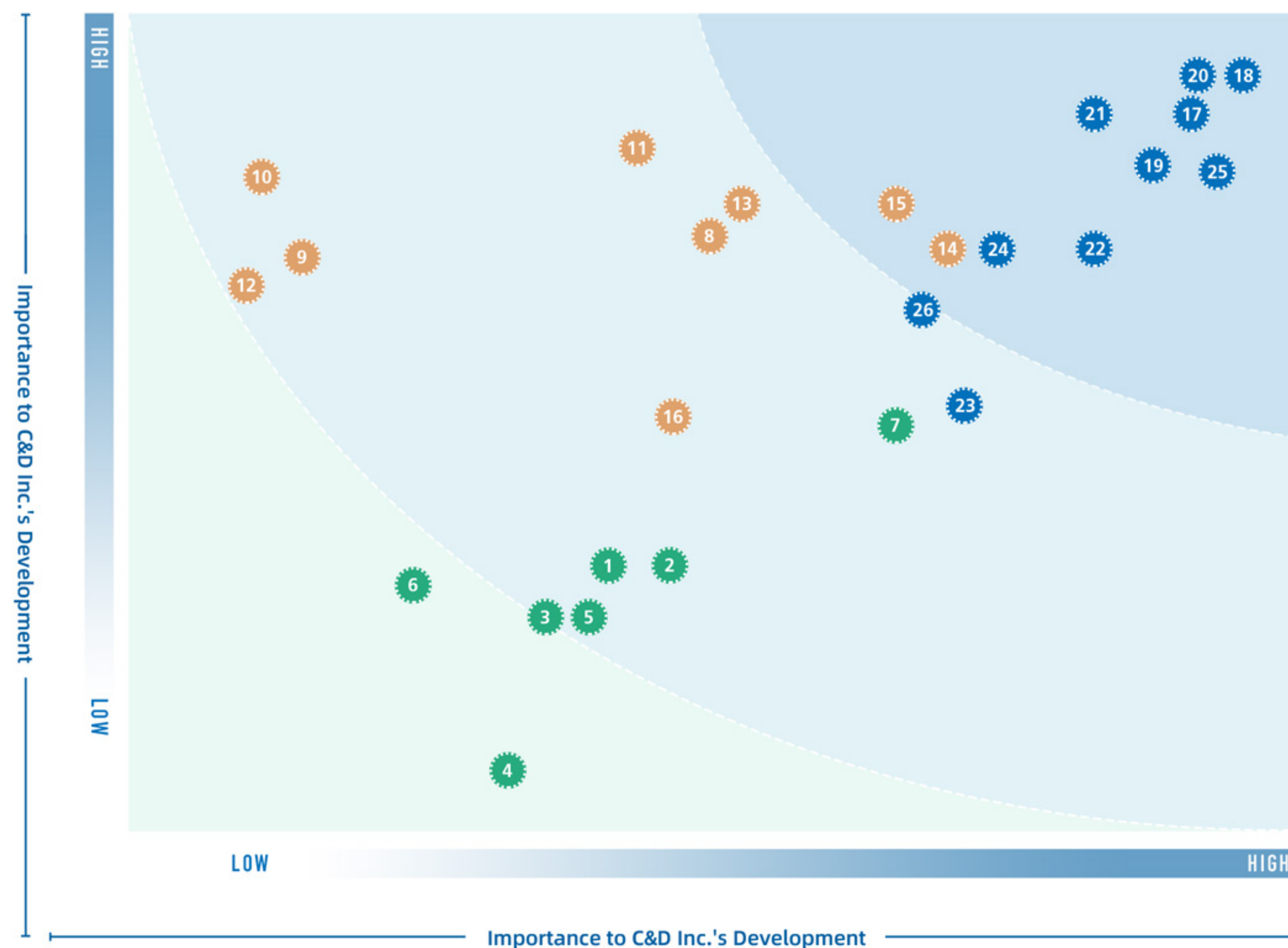
							
Employees	Customers	Suppliers	Investors	Banks	Media	Government and Supervision	NGOs

Communication Methods

Employees Consultation	Customer Satisfaction Survey	Supplier Conference	Listed Public Information Disclosure	Listed Public information disclosure	Social Welfare Activities	On-site Interviews	On-site Interviews
Employees Training & Activities	Customer Service and Complaints	Exhibitions	Shareholders Meeting	Project Cooperation	Listed Public Information Disclosure	Participation in Policy Setting	Community Service
Employee Satisfaction Survey	Social Media	Visits and Research	Performance Presentation		Communication with Social Media	Government Project Cooperation	Public Welfare Service
Corporate Culture WeChat		Talks and Training	Institutional Visits		Public Opinion Monitoring		

Stakeholders Engagement

In 2022, to strengthen ESG issue management, we comprehensively reviewed important ESG-related issues and invited stakeholders to participate in substantive issue evaluations. Following the materiality principle, a comprehensive analysis was conducted to form a materiality matrix, and responses were provided in this report.



Environmental Issues

- | | |
|--|---------------------------------|
| 1. GHG Emissions | 5. Waste Management & Recycling |
| 2. Energy Management | 6. Biodiversity |
| 3. Water Resources Management & Waste Water Management | 7. Environment Regulations |
| 4. Exhaust Air Management | |

Social Issues

- | | |
|------------------------------|----------------------------------|
| 8. Equal Employment | 13. Occupation Health and Safety |
| 9. Human Rights Protection | 14. Responsible Supply Chain |
| 10. Compensation and Welfare | 15. Responsible Marketing |
| 11. Talent Development | 16. Community Involvement |
| 12. Employee Communication | |

Governance Issues

- | | |
|---|--|
| 17. Corporate Governance | 22. Anti-unfair Competition and Anti-Monopoly |
| 18. Operation Compliance | 23. IP Rights Protection |
| 19. Sustainable Development Related Risks and Opportunities | 24. Information Security |
| 20. Business Ethics | 25. Tax Compliance |
| 21. Anti-corruption and Anti-Bribery | 26. Compliant Mechanism and Whistleblower Protection |

CORPORATE GOVERNANCE

We adhere to prudent operation and continuously establish a just, responsible, effective, and inclusive corporate governance system. The Board of Directors is committed to effectively supervising the management from an independent and objective perspective, continuously improving the scientificity and transparency of decision-making, establishing fair and good relationships with all stakeholders, and providing guarantees for the company's sustainable development and long-term value.



Board of Directors

Board Diversity and Independence

The diversity and specialization of the directors provide an essential guarantee for the scientific decision-making of the board and promote the continuous improvement of the company's governance level. The company's board of directors currently consists of 9 directors with different genders, ages, professional abilities, and background experiences, of which 3 are independent directors holding doctoral degrees, accounting for 33.33% of the total number of board members. The professional abilities of board members cover operations management, financial management, risk compliance, etc., and all have rich experience.

We attach great importance to the continuous improvement of the performance capabilities of directors, supervisors, and senior management. In addition to regularly sending the latest policies and regulations issued or revised by the CSRC and Shanghai Stock Exchange to them, we also actively send them to participate in various regulatory policies, case studies, and job training organized by Shanghai Stock Exchange, listed company associations, and other entities. In 2022, our directors, supervisors, and senior management participated in 12 online training sessions.

We strictly follow the nomination and election procedures of the board under "Articles of Association", and "Rules of Shareholders Meetings. " According to the "Articles of Association, " the directors have a fiduciary duty to the company. They are not allowed to use their positions for personal gain or to engage in business activities that compete with the company's operations without the consent of the shareholders meeting. This ensures fairness and transparency in our decision-making.

Name	Occupation	Age	Professionalism				Committees				
			Industry Experience	Operations Management	Risk Control	Accounting & Financial	Strategic and Sustainable Development Committee	Risk Management Committee	Remuneration and Appraisal Committee	Investment and Policy-making Committee	Audit Committee
Zheng Yongda (M)	Chairman	51	•	•	•	•	•	•		•	
Huang Wenzhou (M)	Vice Chairman	58	•	•	•	•	•	•	•	•	•
Ye Yanliu (F)	Director	50	•	•	•	•	•	•		•	
Zhou Shaorong (M)	Director	47	•	•	•	•		•		•	
Lin Mao (M)	Director& CEO	55	•	•	•	•	•	•		•	
Chen Dongxu (M)	Director& Vice President	52	•	•	•	•		•		•	
Lin Tao (M)	Independent Director	51	•		•	•			•		
Chen Shoude (M)	Independent Director	47	•		•	•			•		•
Wu Yuhui (M)	Independent Director	44	•		•	•					•

we won the "Best Board of Directors Award" for the third consecutive year at the China Listed Company Investor Relations "Tianma Award."

we won the "China Excellent IR Award" for the fifth straight year.

2022

41

we held board meetings

240

board committee meeting

100%

attendance rate

14

issued independent opinions on major matters



Remuneration Policy

The Remuneration and Appraisal Committee is established under the Board of Directors to perform its duties in accordance with the "Rules Governing the Work of the Remuneration and Appraisal Committee of the Board of Directors" and is responsible for making remuneration recommendations for directors, formulating remuneration and performance appraisal plans for the senior management and conducting remuneration appraisals for senior management. The remuneration of senior management personnel is proposed by the Remuneration and Appraisal Committee and submitted to the Board of Directors for approval before implementation. In addition, we also link the performance of sustainable development, such as human capital, safety management, integrity management, ethics management and information security to the remuneration performance of the management and relevant responsible personnel through the formulation of "Regulations on Reward and Punishment Management."

Share Ownership of Directors and Executives

We established a medium-to-long-term incentive and restraint mechanism by implementing a restricted stock incentive plan, fully mobilizing the enthusiasm and creativity of directors and executives, and assisting the company's high-quality development. We implemented a restricted stock incentive plan in 2020, granting a total of 1.45 million restricted stocks to directors and executives, accounting for 0.051% of the company's total share capital at the time of implementation. In 2022, we implemented a new phase of restricted stock incentive plan, granting a total of 5.65 million restricted stocks to directors and executives, accounting for 0.197% of the total share capital. As of the end of this reporting period, the directors and executives held a total of 8 million shares of our stocks, accounting for 0.266% of the total share capital.

As of the end of this reporting period



the directors and executives held our stocks

800 million shares

accounting for the total share capital

0.266 %

Clawback Mechanism

We have implemented an annual compensation system for the Chairman of the Board and senior management. Their 2022 compensation is based on the "Xiamen C&D Inc. Implementation Plan for the Remuneration Assessment of the Chairman of the Board and Senior Management for 2022," approved at the ninth board's second interim meeting of directors in 2022. The annual compensation of the Chairman of the Board and senior management consists of a basic annual salary and a performance-based annual salary, with the latter linked to our economic benefits and personal performance assessments, and includes benefits stipulated by us. Additionally, we reserve a certain proportion of the annual performance-based salary for senior management as a risk fund for deferred payment. Suppose losses incurred due to improper management or other personal reasons causing damage or in case of violations of laws or regulations. In that case, the corresponding compensation amount will be deducted from the risk fund as a preventive measure against short-term management behavior and compensation risks.



Related Party Transactions

In order to ensure that the related transactions comply with the principles of fairness, impartiality, and transparency, we have strictly adhered to the laws and regulations such as "Rules for Listing of Stocks on Shanghai, Stock Exchange," "Guideline No. 5 for Self-Regulation of Listed Companies on the Shanghai Stock Exchange - Trading and Related Party Transactions" and other laws and regulations, and revised "Xiamen C&D Inc. Related Party Transactions Management System" to make explicit provisions on the consideration and disclosure procedures and pricing principles of related party transactions. We strictly implement the mechanism of connected recusal, and the related directors and shareholders must recuse themselves from voting when considering related party transactions. We also give full play to the supervisory role of independent directors, who shall express their independent opinions on related transactions disclosure and those related transactions that need to be submitted to the shareholders meeting for consideration, and the independent directors shall express their pre-approval opinions before the board of directors' reviews. At the same time, we have stipulated matters related to the management of related party's fund transactions through the formulation of "Financial Management Regulations and Capital Management Regulations."

In 2022, the related party transactions between the controlling shareholder and us were mainly daily related transactions and leasing of office premises, and all the above transactions fulfilled the corresponding decision-making procedures per relevant laws and regulations and the internal management system.

Risk Management and Compliance

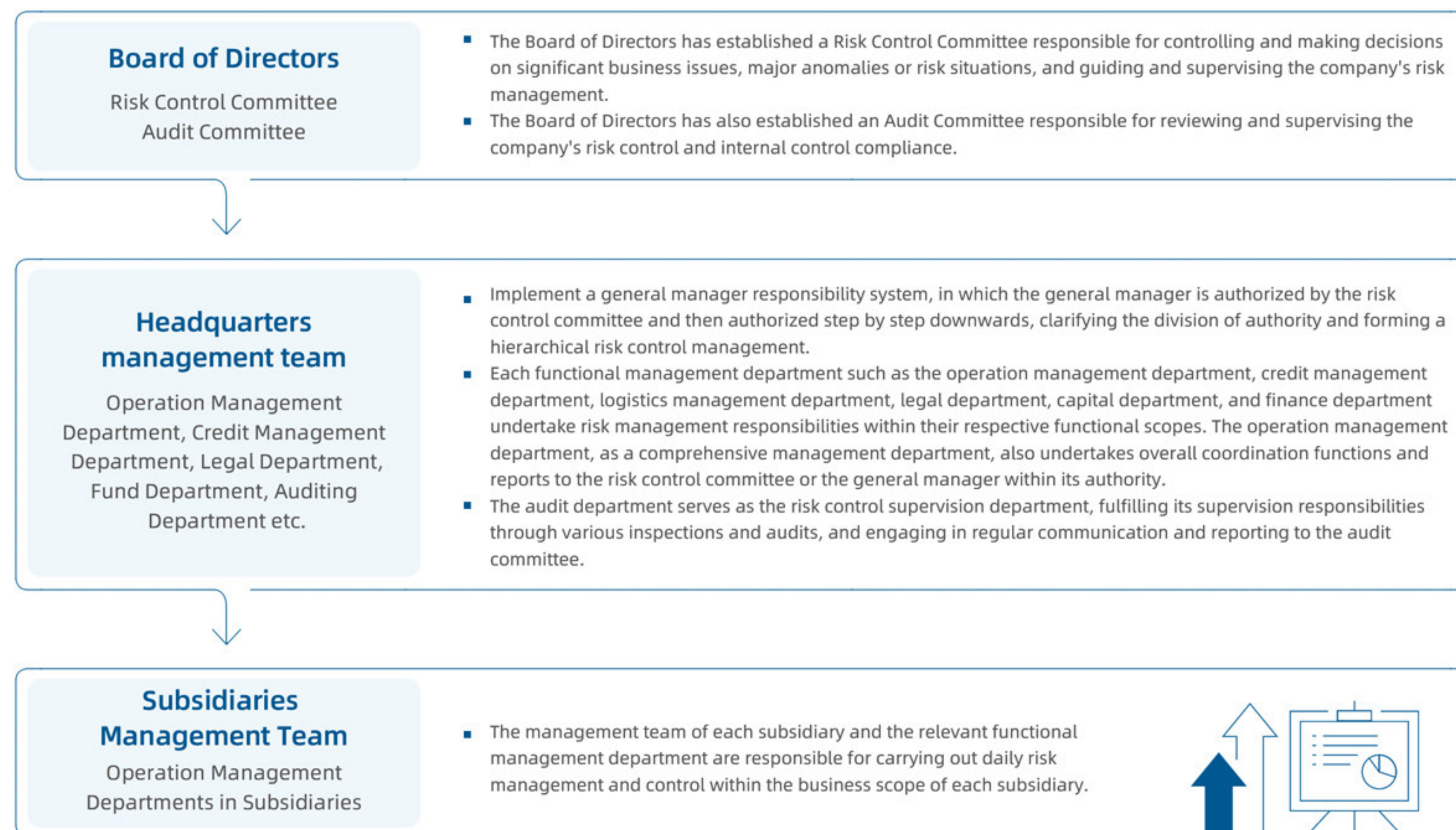
With decades of experience in the industry, we have elevated risk control to the strategic level, built corresponding business management structures for different industries with a "professional" operation strategy, and deeply integrated risk management with business, market, and industry, ensuring "expertise within the industry" continuously improving the construction of a risk control system which covered the whole business process and the entire life cycle from risk management concept, management structure, process system to implementation, and built a "professional, graded and process-oriented" risk control system.



Risk Management

We have established a three-tier risk management structure consisting of the Board of Directors, the operational and functional management departments of the headquarter, and the subsidiaries' operating management and relevant functional departments. And by formulating the "Regulations on the Management of Rewards and Punishments" and "Measures on the Management of Risk Funds," we linked critical risk to remuneration indicators of relevant responsible positions to implement risk management responsibilities better.

C&D Inc. Risk Management Framework



We continued to improve the "Internal Control Management Manual," establish and enhance the risk control matrix, continuously strengthening and optimizing process control and critical risk point control. In risk control, we dynamically adjust key risk indicators every quarter based on the market environment and actual operating conditions. Potential or easily occurring risk or dispute events discovered during business operations are timely addressed following regulations and reported. At the same time, we also incorporate various risk control processes into the enterprise management system, clarify the responsibilities of each department and approval decision-making authority, standardize hierarchical reporting, and strengthen the tracking execution process of each department in the later stage to ensure the effective execution of risk control processes and monitor and prevent potential risks. In addition, we rely on big data technologies such as data mining and machine learning to build an "Intelligent Risk Control System Model" represented by the E-Risk Control series of products, providing technical support for the company's risk management and business decision-making.

**In 2022,
we further
improved risk
management
system and
strengthened major
risk control plans
and measures.**

The Risk Control Committee further strengthens the pre-examination, in-process supervision, and post-disposal of key daily business, effectively preventing major business risks. At the same time, an online approval platform is established to balance management efficiency.

Establish a working group for product rights management, strengthen the management of product right; formulate product rights management measures for special warehousing and logistics conditions, and further effectively prevent product rights risks; establish a business compliance management team, strengthen the management of supply chain business contracts, enhance the review of business compliance management matters, and ensure sustainable development of business.

Continue to promote the delegation of management authority to professional groups and business units; clarify the positioning of operational management functions at all levels and divisions; build an efficient and professional business risk management framework; and improve management efficiency.





Compliance

The audit committee under the board of directors is responsible for reviewing and supervising risk management and internal control compliance. The internal auditing department is responsible for conducting risk control compliance inspections and internal control audits for various functional management departments and operating units, strengthening the supervision of risk control compliance, timely identifying issues and deficiencies in risk control processes, internal controls, etc., proposing relevant rectification suggestions, urging rectification and implementation, and continuously improving the level of risk management and control to prevent risks effectively.

In 2022, the auditing department focused on new businesses and new fields, conducted joint inspections with relevant functional management departments on business execution, and urged relevant units to make corrections based on the inspection results; organized each functional management department and operating unit to conduct self-evaluation of internal control, and checked the effectiveness of the company's internal control system by selecting samples and comparing them by the "Internal Control Management Manual. "

In the field of real estate business, C&D Property conducted internal compliance marketing checks every month, spot checks quarterly, organizes annual marketing audits, commissions external agencies to conduct sales risk investigations on new projects before entering the market, and conducted special audits and inspections on channel distribution of some real estate business projects, focusing on spot-checking the marketing and promotion expenses of 17 projects in 3 clusters.

Lianfa Group has organized special internal audits and risk investigations for important internal control links and key risk points, including Risk investigations for performance of cooperative projects, overdue delivery risk investigations, and other matters.



Risk Control and Compliance Education

We actively carry out various forms of risk control and compliance training and communication activities, popularizing knowledge of risk control and compliance to employees, advocating business management and risk control system policies, and enhancing employees' compliance operations, risk prevention awareness, and risk management abilities.

Training and interpretation on management systems, risk cases, and identification of coping mechanisms were provided to our secondary operations management personnel from various perspectives. The total training time was 180 hours, aimed at improving the risk identification, control, and resolution capabilities of the management department's employees.

We jointly held eight company-level aviation management exchange meetings, timely conveying and interpreting the company's business management requirements from the perspectives of customs compliance risk, legal risk, export business risk, import process management of food and beauty makeup, futures risk, digitalization, current affairs hot topics, etc. We did an excellent job sharing internal and external management knowledge and exchanging experiences, and the training had over 110 participants.

Continuously strengthen professional management training for business personnel, provide guidance on risk response plans, and invite external experts to provide specialized training on letters of credit for the business personnel. Through the bank's perspective, deeply analyze the major provisions of the UCP and credit-related risk cases with over 500 participants.

We conducted six management training sessions on "supply chain business compliance and innovation" for the key staffs of various operating units and off-site platform companies. Additionally, we organized seven exchange and training sessions for major professional groups and business units, with a total participation of over 300 people.



6

conducted management
training sessions



7

organized training
sessions



300+

total participation

We selected typical warning cases of internal and external companies on non-compliance, and sent them to employees via the official WeChat account or various functional management departments.

The Auditing Department conducted regular communication and discussion on business risk control through weekly meetings, and regularly organized audit salons, inviting external experts to provide professional guidance or participate in in-depth internal exchanges for departmental personnel.



Business Ethics

We adhere to the culture of "Solidarity, Devotedness, Integrity, Enterprisingness," insist on conducting high ethical business standards, comply with relevant domestic laws and regulations in the countries or regions where we operate, support and respect the requirements of relevant international conventions and norms, and actively fulfill corporate social responsibilities. We have formulated a "Business Code of Conduct" which specifies the behavior norms that we should adhere to on the topic of honest and compliant operation, anti-monopoly and anti-unfair competition, prohibition of insider trading, anti-money laundering, compliance with international trade rules, legal tax payment, complaints, and complainant protection, etc.; and to take a series of measures to minimize any negative impact on the economy, environment, and society during business operations. In addition, we have further refined the regulations and rules by formulating the "Employee Honest Operation Management Regulations (Trial)," specifying the situations of dishonest behavior in business activities, better guiding the employees' speech and behavior norms, and ensuring a high degree of unity of "knowledge, speech and action" among employees.

As a leading domestic provider of supply chain operation services and comprehensive real estate services, we are committed to working closely with customers and suppliers throughout the industrial chain to build a sustainable industry chain. We have formulated a "Supplier Code of Conduct," which sets requirements and recommendations for us and our subsidiaries' suppliers in areas such as honesty and trustworthiness, operation integrity, human rights protection, environmental protection, and occupational health and safety.

We have established a smooth communication channel and encouraged all stakeholders, including employees, suppliers, and partners, to provide feedback if they discover any behavior that violates the "Business Code of Conduct" and relevant industry norms. We promise to keep the identity and information of the complainant strictly confidential and will take measures to severely punish any form of retaliation against the complainant.





Anti-Corruption & Anti-Bribery

We highly value the construction of integrity and have established an anti-corruption and anti-bribery policy, which declares the company's firm stance against corruption and bribery in business operations and develop and implement effective mechanisms to combat corruption and bribery practices. In addition, we also revised the "Employee Integrity and Self-Discipline Regulations" and implemented the "1 +X Special Inspection and Linkage Work System" and other integrity systems, continuously strengthening our supervisory and inspection mechanisms to promote clean and high-quality development.

Compliance Monitoring Group

We have established a compliance monitoring group, led by the director of risk control, with department heads from the auditing department, operations management department, credit management department, and legal department as members responsible for monitoring compliance and business ethics in operations.

We have also set up a business compliance management team responsible for reviewing various business compliance issues to strengthen compliance and honesty operation management.

Our disciplinary inspection commission (referred to as the "commission" in the later passage) and the supervisory office play a supervisory and disciplinary role, organizing and coordinating anti-corruption work, supervising employees to abide by laws and regulations and fulfilling their duties, and holding those accountable for rules and regulations violation.

Supplier Business Ethics Management

Our "Supplier Code of Conduct" sets clear requirements for anti-corruption and anti-bribery for suppliers, strictly prohibiting any form of bribery, extortion, or corruption and requiring that their business practices meet compliance requirements. For third parties, such as suppliers that are proposed to engage in business cooperation, we conduct due diligence through qualification checks, on-site inspections, background investigations, risk assessments, and other forms to examine and prevent supplier dishonest risks. In the early stages of cooperation with suppliers, relevant compliance departments will also be involved in the contract approval process to review supplier qualifications and dishonest risks and require suppliers to sign honesty agreements or pledges to comply with the law, clearly informing them of business ethics principles and self-discipline requirements, as well as the punitive measures for violations, to constrain supplier behavior and prevent dishonest risks. During business cooperation, we continuously monitor and track suppliers' business activities and external negative information, such as involvement in litigation or creditability loss.

Inspection on Business Ethics

Our disciplinary committee strengthens daily supervision and inspections, conducts special inspections, and carries out inspections around key areas and important time periods to timely detect problems and deficiencies and strictly urge rectification and implementation. This is to prevent corruption risks, ensure the effective implementation of business ethical systems, and ensure that the construction of a clean government is implemented in practice. For suspicious complaints and clues related to violations in prosecution, our disciplinary committee conducts investigations in accordance with relevant national laws, regulations, and internal work processes. For corruption and other violations of discipline that have been verified, the disciplinary committee will, in accordance with relevant party regulations, imposes disciplinary measures and penalties on party organizations and members who hold accountable. For violations of business operations, the compliance and integrity monitoring group and the business compliance management group conduct reviews and investigations, and relevant business units and personnel involved in corruption and other violations of discipline are dealt with in accordance with internal regulations such as the "Provisional Measures for Accountability in Violations of Business Operations and Investment," "Employee Honest Operation Management Regulations," and "Employee Integrity and Self-Discipline Regulations."

In 2022, our discipline Inspection Commission organized self-inspection work in all units after each important holiday to ensure the implementation of clean and self-disciplined behavior during important holiday periods and to ensure that discipline requirements are fully implemented. Five special inspections were carried out for key areas such as travel expenses, business hospitality, official vehicle management and use, and relevant units were urged to rectify based on the inspection results. The system and governance measures were further improved to strengthen clean governance.

Education on Business Ethics

We attach great importance to construct a clean culture, relying on the synergy of three platforms, Official WeChat, the Intranet, and C&D E-learning. Efforts are focused on creating a dedicated column for promoting and educating on business ethics, organizing and implementing multi-format, all-encompassing, and normalized ethical propaganda and training, enhancing the business ethical awareness of all employees, building a solid business ethics defense line, and shaping a clean and upright corporate atmosphere:

Set up a "Clean C&D Inc." column on Official WeChat and internal network, and carry out special education on clean and honest employment with various themes such as comic strips, videos, and speeches on clean governance. In 2022, 33 issues were published in the column, with a total reading volume exceeding 20,000.

33
issues were
published

20,000
total reading
volume exceeding



Set up the "Ethical Employment" course center on the C&D E-learning platform, organize all employees to take the mandatory course on ethical employment, and 15,998 people completed the course in 2022.

Conduct a month-long campaign to promote a culture of business ethics and education, including organizing nearly 600 people to watch warning educational films on business ethics, signing over 50 responsibility agreements and more than 8,000 commitment letters, organizing over 8,000 employees to take tests on disciplinary and legal knowledge, and engaging over 2,700 employees in an anti-corruption knowledge quiz. Over 10 ethical-themed micro-videos and more than 40 ethical-themed works were collected. Business ethics promotion posters were posted in nearly 1,000 locations covering 181 offices nationwide. During the campaign, various promotional materials on the internal network, Official WeChat, and C&D E-learning platform were read over 13,000 times.



Training on ethics and corruption prevention was conducted for the 51 newly promoted cadres in 2022, holding business ethics testing and writing materials for ethical comparison checks. All appointed cadres attended special education sessions on ethical practice during quarterly and semi-annual meetings. More than 700 young cadres and outstanding professionals were organized to participate in a special training program for party discipline and clean governance construction.



C&D Real Estate organized the "C&D Real Estate with a Clean Breeze, Accompanying Me Along the Way" anti-corruption education activities, including activities such as visiting anti-corruption artistic paintings and calligraphy for celebrating the July 1st Party founding day, watching anti-corruption education films, and studying anti-corruption books. More than 800 people participated in these activities.



C&D Real Estate has developed a universal courseware on clean and self-disciplined education and carried out "re-learning on business ethics" training on the internal "Zhangjianshi" platform, covering basically all staff. In the future, we will also include a compulsory course for new employees during probation period to improve awareness of integrity.

Lianfa Group is creating the "Clean Lianfa" anti-corruption brand, using various forms such as comics, case studies, videos, etc., to conduct clean education and promotion and build an honesty reading corner.



Anti-Unfair Competition and Anti-Monopoly

We advocate for freedom and fair competition, strictly abide by relevant anti-monopoly and anti-unfair competition laws and regulations in the country and the regions where we operate, and strive to maintain a fair, competitive economic market order. The "Business Code of Conduct" sets out normative requirements for anti-unfair competition and anti-monopoly for us. It strictly prohibits using illegal or unethical means to obtain information about competitors or partners and disseminating false information about competitors. The company's Integrity and Law Enforcement Supervision Working Group is responsible for supervising and reviewing the implementation and compliance of the "Business Code of Conduct". In 2022, we did not involve in any cases related to unfair competition or monopoly.

Tax Management

During our operations, we strictly adhere to national tax laws and regulations, such as the "Enterprise Income Tax Law of the People's Republic of China," as well as all relevant tax regulations applicable in our business areas. We fulfill tax obligations in accordance with the law and include tax risks in risk management processes to identify and control tax risks that may arise from operations and regulatory policies and to take timely and effective preventive and responsive measures. We have established provisions for tax-related matters in the "Financial Management Regulations." Relevant department personnel are responsible for the company's daily tax-related work, such as regular tax declarations, and continuously monitor changes in tax-related regulations and policies in various regions to promptly adjust tax-related matters to prevent tax risks that may arise from regulatory changes and ensure tax compliance.

We insist on fulfilling our tax obligations in good faith according to law and giving back to society and have been rated as one of the top 100 taxpayers in Fujian Province for several consecutive years. In 2022, the total amount of tax paid by our company was 13,891.51 million RMB.



Whistleblower Protection

We have established a complaint report mechanism in accordance with policies and regulations such as the "Business Code of Conduct," "Anti-Corruption and Anti-Bribery Policy," and "Rules for Handling Complaints and Accusations by Disciplinary Inspection and Supervision Departments." By providing smooth channels for both internal and external reporting, the mechanism encourages employees, suppliers, customers, and other stakeholders to actively provide feedback, complaints, and reports to us when any behavior that may violate business ethics or disciplinary laws and regulations is discovered. This is done to create an honest and upright business environment jointly.

We highly value the protection of whistleblowers, strictly adhering to policies and regulations related to protecting whistleblowers, such as the "Business Code of Conduct," "Anti-Corruption and Anti-Bribery Policy," and "Central Commission for Discipline Inspection and the Supervision Department's Regulations on Protecting Whistleblowers." We allow anonymous reporting, and strictly prohibit the disclosure of whistleblower information, the content of the report, and any other related information. We also strictly prohibit any retaliation against complainants and whistleblowers. Any individuals who violate the regulations by disclosing complainant and whistleblower information or engaging in retaliatory actions will be seriously dealt with in accordance with relevant regulations and held accountable to protect whistleblowers' legitimate rights and interests effectively.



Information Security

We attach great importance to information security and strictly comply with relevant laws and regulations such as the "Cybersecurity Law of the People's Republic of China" and the "Data Security Law of the People's Republic of China." We are committed to maintaining information network security by continuously improving the information security management system, strengthening information security management, enhancing the information security management level, and ensuring enterprise information security. We have developed the "Information Security Policy" and "Information Management Regulations" and established an information security management framework. The Information Security Work Leading Group is responsible for the overall coordination, guidance, and supervision of information security management. We formulate annual information security indicators and targets, assess relevant department personnel through annual self-evaluation and superior evaluation, and the subordinate subsidiaries develop corresponding information security indicators and targets based on business reality and incorporate information security performance into the annual assessment of relevant personnel. At the same time, we also set up smooth communication channels for employees and encourage them to report any information security problems to their immediate supervisors or relevant departments.

In response to network security incidents, we have developed the "Emergency Response and Management Measures of Network Security Incidents," which defines the emergency response procedures for information security incidents. In the event of an information security incident that may cause significant or major harm to us, the Information Security Work Leading Group should be immediately notified, and effective technical measures should be taken promptly to respond to and deal with the emergency information security incident. After the disposal is completed, a timely analysis and summary should be conducted, and matters such as the causes of the incident, the handling situation, and improvement measures should be reported to implement corrective actions. We regularly organize emergency drills to continuously improve our ability to respond to and handle information security incidents.

In 2022, We delivered information security training courses to all employees through "C&D E-learning" and organized Information Security Week activities to train and promote awareness among employees. Targeted training meetings were also conducted for information department personnel, including "Security Development from an Attacker's Perspective" and "Network Security Awareness Training" to strengthen risk prevention awareness and improve information security management capabilities. During the reporting period, we did not experience any information security incidents and were not subject to any related fines.



IPR Protection

We attach great importance to the protection of intellectual property rights, strictly adhere to relevant laws and regulations such as the "Patent Law of the People's Republic of China" and the "Trademark Law of the People's Republic of China," and continuously improve the intellectual property management system, and strengthen the protection of intellectual property rights. Our Legal department and Brand Management department manage and protect our intellectual property rights, including trademarks, patents, copyrights, and trade secrets.

In 2022, We further strengthened trademark management by formulating the "Trademark and Naming Management Measures" to standardize trademark management, correctly applying trademark strategies, and enhancing brand benefits. We added 181 authorized patents and 136 authorized trademarks during the reporting period. As of the end of 2022, we have accumulated 576 authorized patents and 1,670 authorized trademarks, with no intellectual property infringement cases involved.

181

added authorized
patents

136

added authorized
trademarks

576

accumulated
authorized patents

1,670

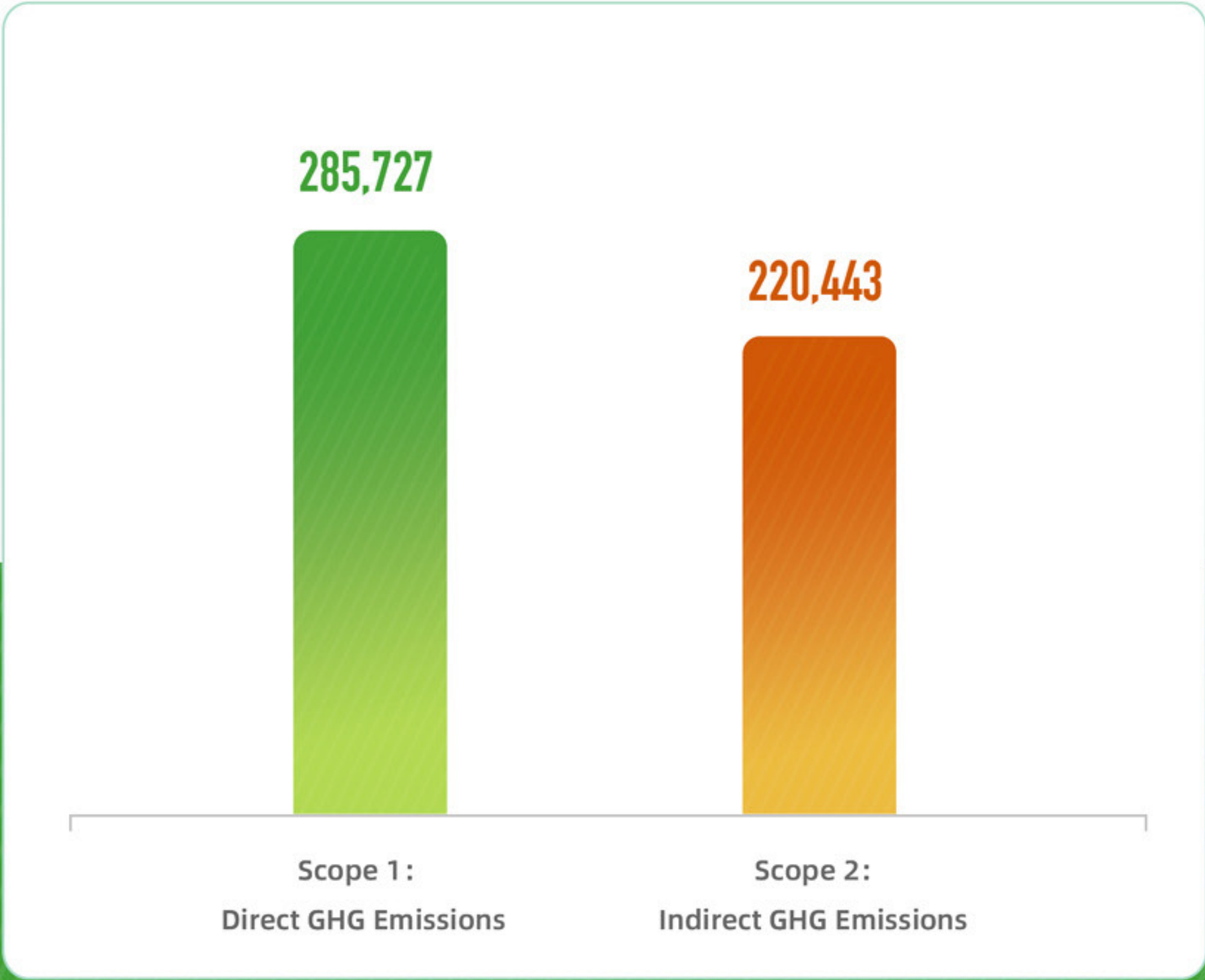
accumulated
authorized trademarks

ENVIRONMENT

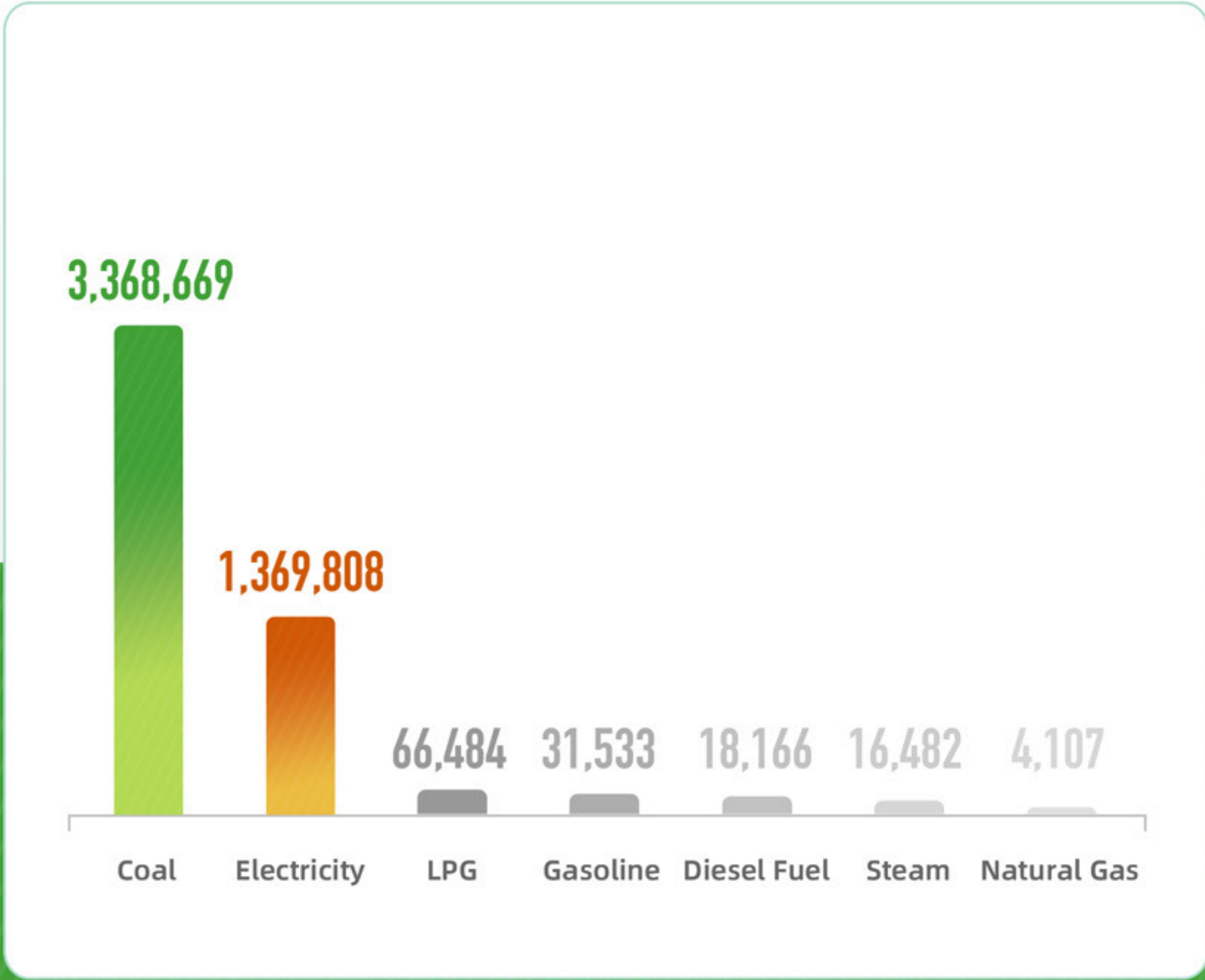
We uphold the new development concept of "Innovative, Coordinated, Green, Open, and Shared Development" and endeavor to jointly create an environmentally friendly and comfortable business and living environment for stakeholders worldwide. We proactively empower traditional industries' low-carbon transformation and promote the industrial chain's green development through research and development of innovative digital technology applications and green products, the development of a circular economy, and the layout of new energy industries. We have formulated an "Environmental Protection Policy" that sets standards and requirements for the development of our business and project construction activities in response to climate change, water resource protection, biodiversity protection, and reduction of pollutant emissions, striving to minimize the negative impact on the environment caused by our operations.



2022 Total GHG Emissions: 506,170
(Unit: tCO2e)



2022 Total Energy Consumption: 4,875,249
(Unit: GJ)



Digitalized Green and Low-Carbon Transformation

Digitalization is becoming a vital pathway to achieving carbon neutrality. We are actively researching and developing innovative digital technologies, continuously deepening the development and innovation of digital supply chain application scenarios, and integrating digital solutions with traditional industry development. Digital technology empowers traditional industries to achieve green transformation, reduce energy and resource consumption, boost energy conservation and efficiency improvement in the entire industry chain, and jointly advance the green and low-carbon development of the industry.



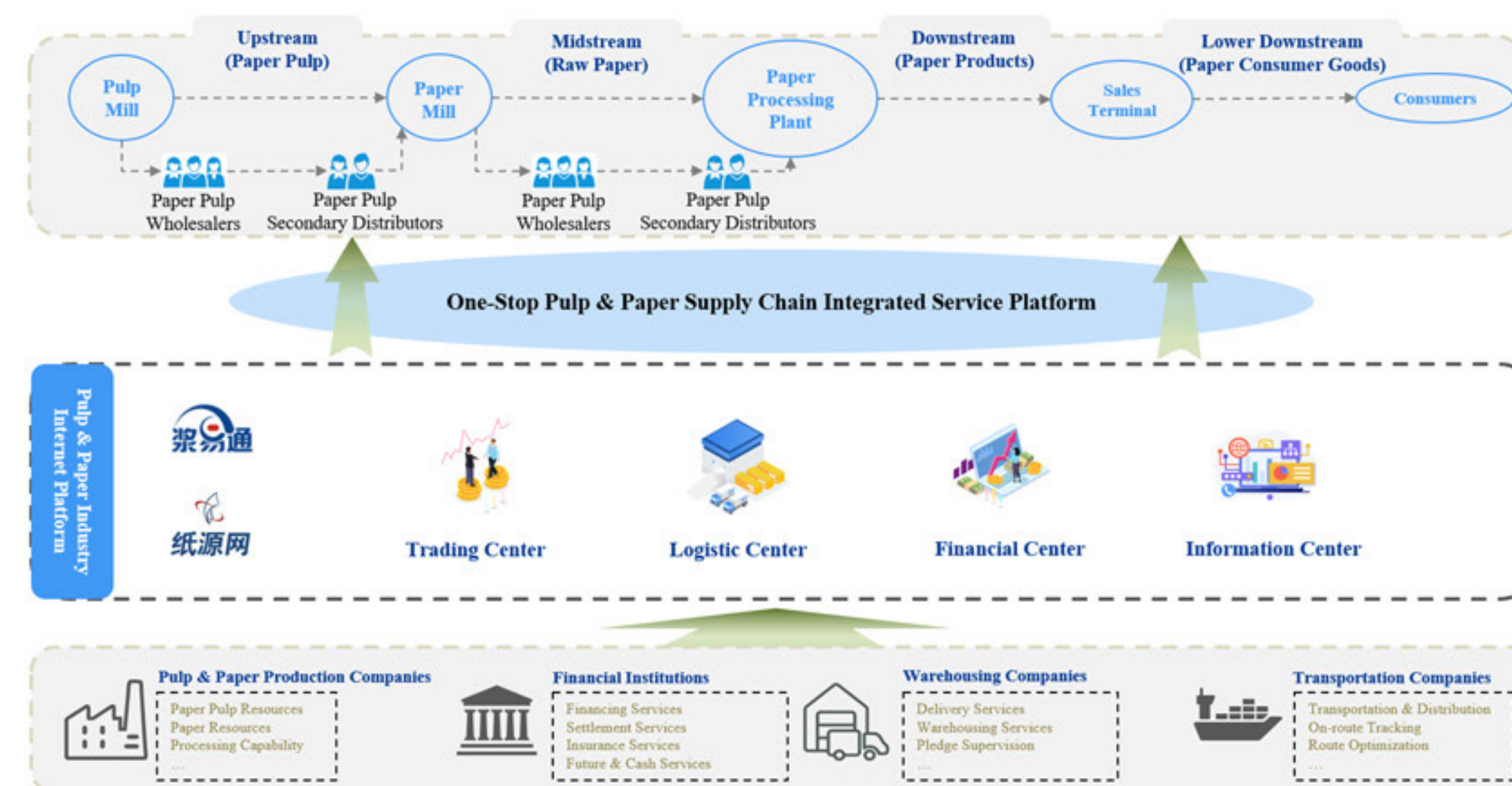
"PaperSource" and "E-Pulp" Paves the Way of Green Transformation

The pulp and paper industry is an essential basic raw material industry in China, playing a vital role in the national economy. The industry chain comprises thousands of companies, including upstream international pulp mills, midstream paper mills, and downstream printing and packaging plants. However, the sustainable development of the pulp and paper industry faces challenges due to issues such as outdated industry models. In response to the current state of industry development, our company has pioneered the "LIFT Supply Chain Services" system and built a pulp and paper industry internet platform with "PaperSource" and "E-Pulp" as its core. Leveraging technologies such as artificial intelligence, blockchain, cloud computing, and big data, we have launched an integrated digital solution with trading, logistics, information, finance, and risk control as the core. This solution realizes the online operation and integration of all aspects of the trade, and solves pain points such as complex transactions, high costs, difficult storage and transportation, and lack of funding in the traditional pulp and paper industry. By providing customers with comprehensive, high-quality, and customized supply chain services, we are exploring the path of digital transformation and upgrading the pulp and paper supply chain.

The pulp and paper industry's Internet platform integrates market industry information to create a display window for first-hand information, and releases real-time updates on domestic and international commodity prices while providing intelligent data analysis services. In promoting the electronic level of international business operations, this Internet platform partners with upstream international pulp suppliers to explore paperless transactions in the global pulp and paper industry. It achieves one-click, rapid circulation of electronic documents worldwide and realizes the full online business operations process while saving resources and improving transaction efficiency and security.

In 2022, our internet platform for the pulp and paper industry was recognized for its active exploration and leadership in the digital transformation of the industry. It was selected as a demonstration case for innovative supply chain applications nationwide by the Ministry of Commerce and won the IDC Future Enterprise Awards for "Future Industry Ecosystem Leader" in the Asia Pacific region and the Honorable Award and Excellent Award in China.

One-Stop Pulp & Paper Supply Chain Integrated Service Platform

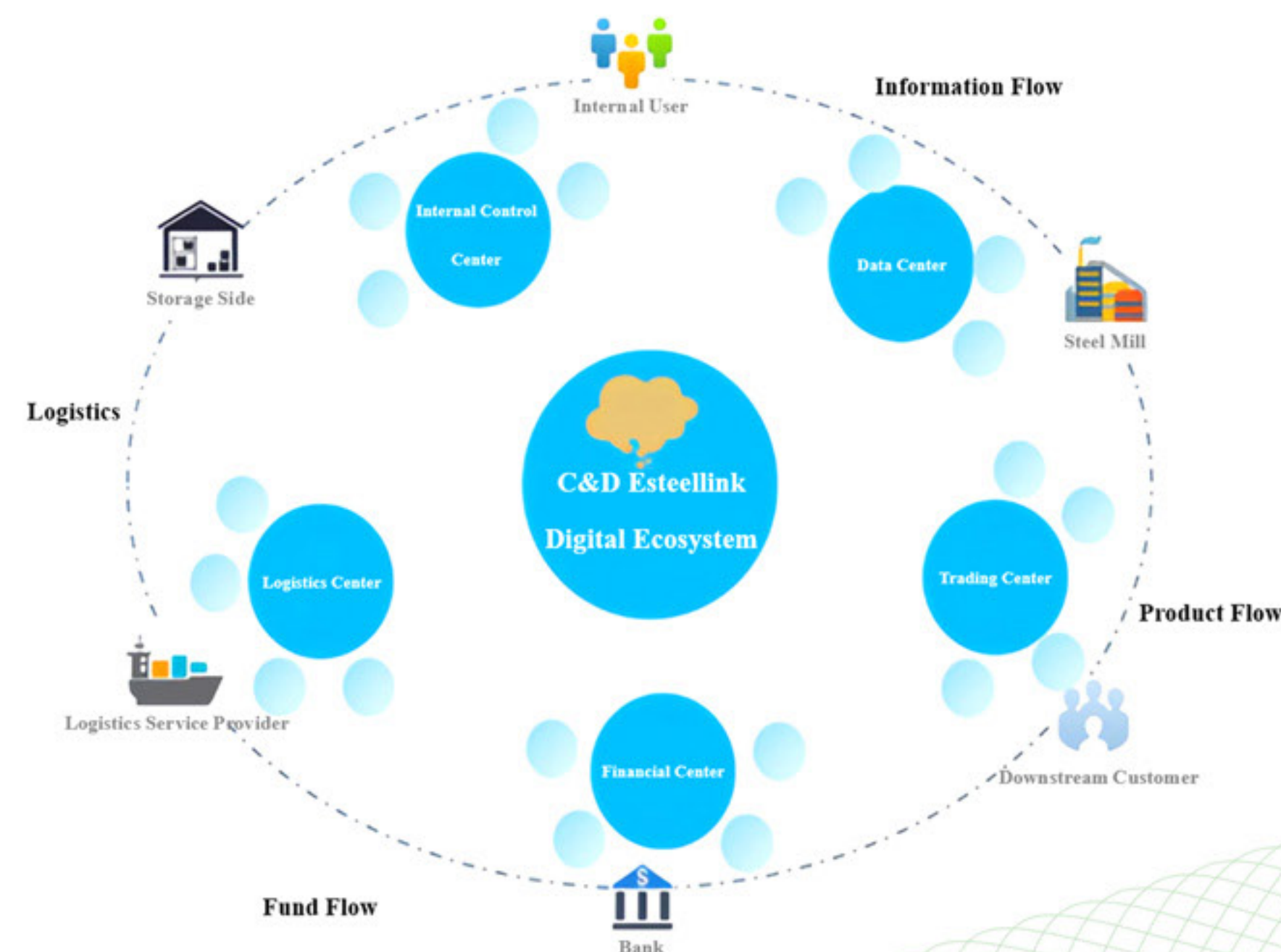




"C&D Esteellink" Fuels the Development of Steel Supply Chain

In order to overcome the management boundaries and efficiency constraints of the traditional business model in the steel industry, our company has developed the "C&D Esteellink" digital collaborative service platform for the steel supply chain, which is supported by technologies such as the Internet of Things, big data, cloud computing, artificial intelligence, and blockchain. By reconstructing business processes and optimizing management and service models, we provide online services like online signing, logistics tracking, self-service pickup, and intelligent settlement and reconciliation. At the same time, we efficiently consolidate the upstream steel mills, logistics transportation, and warehousing service enterprise resources, facilitate the efficient collaborative development of customers in various links of the steel supply chain, and achieve cost reduction and efficiency improvement.

By virtue of our digital exploration and breakthrough in assisting the steel industry in fulfilling energy conservation, emission reduction, and green low-carbon transformation, our digital collaborative service platform of the steel supply chain was awarded the "Digital Service Exemplary Case" in the "2022 China Digital Transformation and Innovation Awards".



"EasyAgri" Brings Agricultural Product Supply Chain Service Online

Combining the characteristics of the agricultural commodities business, we have independently developed and innovated a customer service platform called "EasyAgri" to digitize the supply chain business. With the help of the service platform of "EasyAgri," the whole process of contract execution of agricultural products supply chain business is made online, paperless, and platform-based, which reduces the offline paper transmission and resource consumption for customers, and promotes the realization of a low-carbon transformation and development for the entire business process.



Circular Economy for Climate Action

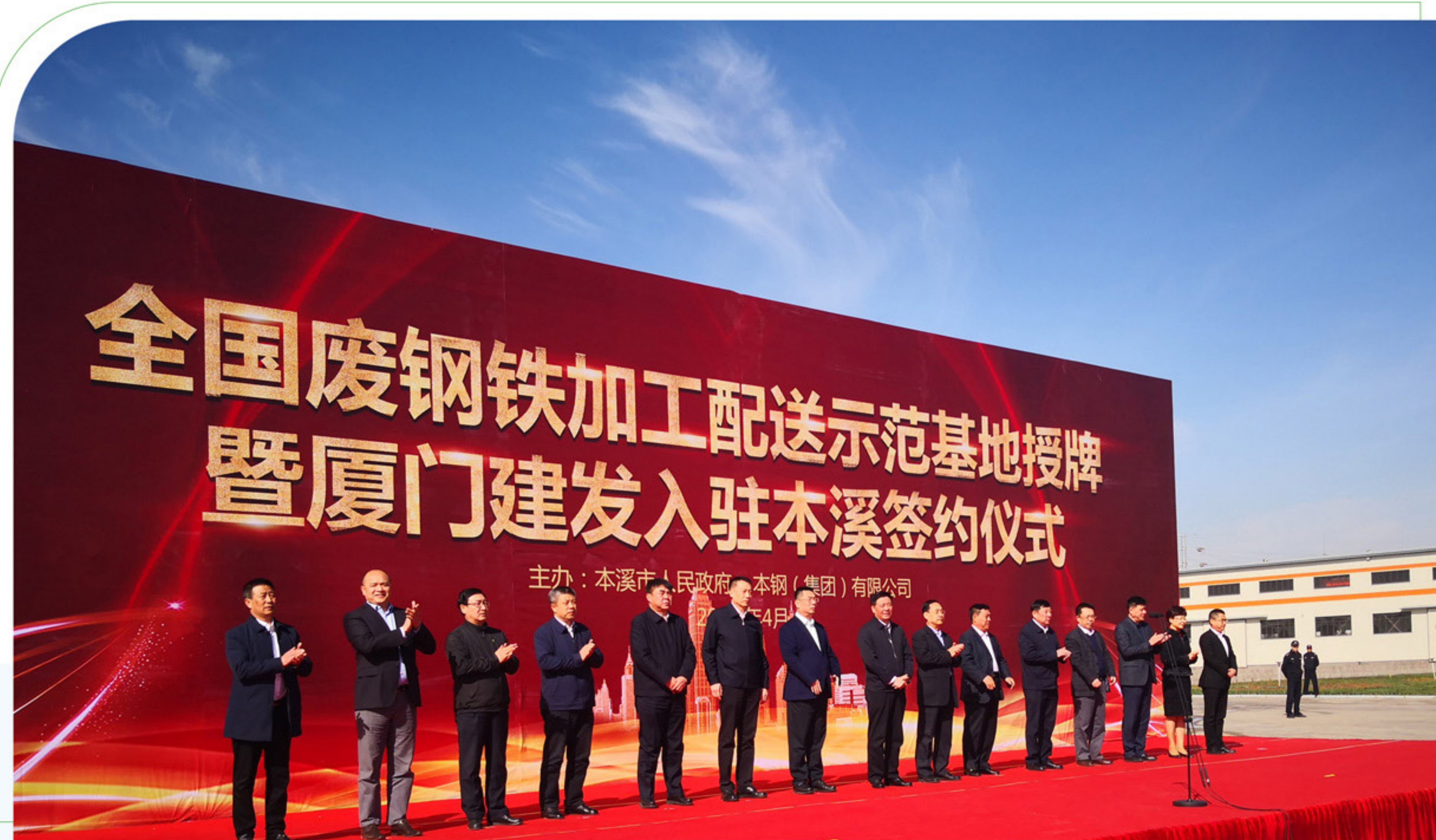
The development of a circular economy to promote green economic growth and climate goals has become a consensus and inevitable trend for global economic development. We actively respond to the global temperature control goals of the Paris Agreement by conducting green circular economy businesses, improving resource utilization efficiency, and minimizing carbon emissions throughout the entire lifecycle of materials and products. Our goal is to contribute to mitigating climate change and facilitating the construction of a green, low-carbon, and circular human society.



Steel Scrap Recycling

We focus on the resource utilization of steel scrap and intervene deeply in the key nodes of the steel scrap recycling industry chain to solve the "scattered, disorderly, and poor" problem of the steel scrap supply chain, providing stable, safe, and reliable scrap resources for steel mills' raw material needs. We have established strategic partnerships with major steel mills in the regions where national scrap iron resources are located and have planned and constructed steel scrap industrial bases in Benxi, Lanzhou, Baotou, Tianjin, and Tangshan, which integrate settlement, warehousing, processing, and distribution, to establish a recycling and flow system for steel scrap resources.

In 2022, we established new steel scrap processing and distribution centers in Baotou, Inner Mongolia, Tianjin, and Tangshan, based on the existing center in Benxi, Liaoning. With an annual processing capacity of 3.5 million tons, we provide a reliable supply of steel scrap raw materials to neighboring steel plants such as Benxi Steel, Baotou Steel, and Shougang, helping industry partners improve the utilization rate of recycled steel scrap resources and promoting the green and low-carbon development of the steel industry.





Aluminium Scrap Recycling

Promoting the overall low-carbon transformation of the aluminum industry chain has become the consensus of the global aluminum industry. Aluminum recycling enables the reduction of waste emissions and the consumption of energy and resources, and effectively lessens greenhouse gas emissions from the aluminum industry chain, which is of great significance to environmental protection. We actively pursue the liberalization and facilitation of commodity trade in the RCEP region by leveraging our expertise in international trade. By linking up high-quality recycled aluminum product resources in Japan, we help develop the recycling and reprocessing business of aluminum scrap and contribute to the growth of a circular economy.

2022we recycled
aluminum**57,200** tons

Waste Paper Recycling

We aggressively engage in the waste paper recycling business. We formulate a reasonable proportion of technology with recycled domestic waste paper as the main raw material to produce coated paper, kraft cardboard, and other paper types, significantly saving the use of natural resources such as wood. We recycle all of the waste pulp generated in the production process (accounting for about 2% of the total raw materials) and put it into reproduction to replace the raw materials and reduce the waste of resources through recycling.

2022we recycled
waste paper**307,400** tonsreducing deforestation
by approximately**184** square
kilometers

Sustainable Product Design and R&D



Green Material

We are actively exploring the research and design of green materials such as Global Recycled Standard (GRS), DOPE DYE, bio-based materials, biodegradable materials, recycled cotton, supercritical foaming, sustainable packaging materials, etc., to provide environmental solutions for footwear and luggage products and empower the green development of upstream and downstream enterprises.

At the procurement end, our procurement team strictly screens and selects qualified material providers in terms of reuse rate, social responsibility and environment, and chemical restriction according to the testing requirements of different certification system standards and relevant laws and regulations of the target market. At the production end, we have a production system for Asia, and with strong CSR factory inspection capability, we provide GRS, OEKO-TEX, Higg Index, FSC, DETOX, and other certification support, enabling sustainable production and manufacturing of our plants. We also invest in green material technology and collaborate with upstream and downstream industry partners to promote green development.

We have developed a mixed resin using seaweed as a raw material.

This resin possesses natural thermoplasticity and outperforms traditional closed-cell soft foam in terms of performance. Additionally, it contains over 45% renewable materials, making it an environmentally friendly and high-performance alternative to traditional petroleum-based EVA.



Toe puff stiffeners made of recycled finishing net



Green Building

We stick to our corporate mission: "To exploit new value for more people to live a superior life. " We comply with national and regional requirements for green buildings, including the "Assessment Standard for Green Building" GB/T 50378-2019, " Code for Thermal Design of Civil Buildings " GB50176-2016, "Design Standard for Energy Efficiency of Public Buildings" GB50189-2015, and " Code for Green Design of Civil Buildings " JGJ/T 229-2010. We actively promote the development of green buildings and leverage innovative green technologies to accelerate the sustainable development of the living environment. Our fourth-generation residential buildings infuse green and ecological concepts into urban architecture, creating an architectural form with alleys and courtyards for each household. While ensuring building quality and safety, we strive to maximize resource conservation and achieve harmonious development between buildings and the environment.



The Design Concept of Green Building

- Set up specific safety clauses in the technical specifications and strictly enforce them during project construction to ensure the safety of users.
- Optimize the "Combination of Service Life" of various materials and equipment to improve product quality while fulfilling the designing requirements of green buildings.

Safety and Durability

Resource conservation includes "land conservation," "energy conservation," "water conservation," and "material conservation":

- Optimize the overall site layout on the premise of meeting planning requirements, and make reasonable use of underground space while improving site quality and enhancing environmental comfort through implementing "sponge city" techniques.
- Take the cost into consideration, along with current regulations, optimize the energy-efficient building design by selecting high-performance insulation materials and energy-efficient equipment and installing energy consumption monitoring systems for easy diagnosis of energy-saving and optimization during the operation.
- Install a rainwater harvesting system to replace the tap water for irrigation of green areas, road washing, etc.
- Combine with local construction industrialization policies, properly choose industrialized interior components, and adopt BIM technology to improve construction efficiency and reduce costs.

Resource Conservation

- Take the "Green products" and "green building materials" as the key indicator when testing indoor pollutants and respirable particles to ensure compliance with regulatory requirements.
- Optimize indoor space and lighting layout, and select a certain proportion of deciduous tree species in front of residential windows to reduce sun glare in summer. In winter, the lighting and warmth are not affected, thus improving the "light comfort."

Health and Comfortableness

Consider convenience for the elderly and disabled in the design of components and spatial layout:

- Refine site elevation and set up gentle slopes at places with significant height differences in the landscape road design, forming an accessible pathway that runs through the entire community.
- Reasonably arrange fitness equipment within the site, utilizing space in supporting public buildings and overhead areas for setting up fitness and children's playgrounds.

Life Convenience

- Leverage the sponge facilities such as "low-elevation greenbelts" and "rain gardens" associated with the sponge city design idea to effectively control on-site rainwater runoff, reduce pressure on the rainwater pipe network, prevent non-point source pollution and lower the intensity of Heat-Island.
- Conduct simulation analysis of the outdoor wind environment and provide feedback on architectural composition and landscape design to achieve a good feeling of the outdoor environment and simultaneously improve the natural ventilation in the room.

Livable Environment

In 2022, we added **24** projects that received green building certification.



Green Industry Investment

We actively respond to the national green development strategy, aggressively develop the new energy sector, and expand the upstream and downstream supply chain operations of the new energy industry chain. We provide service solutions for multiple links in the new energy industry chain and help to promote the construction of a green, low-carbon, and circular economic system.



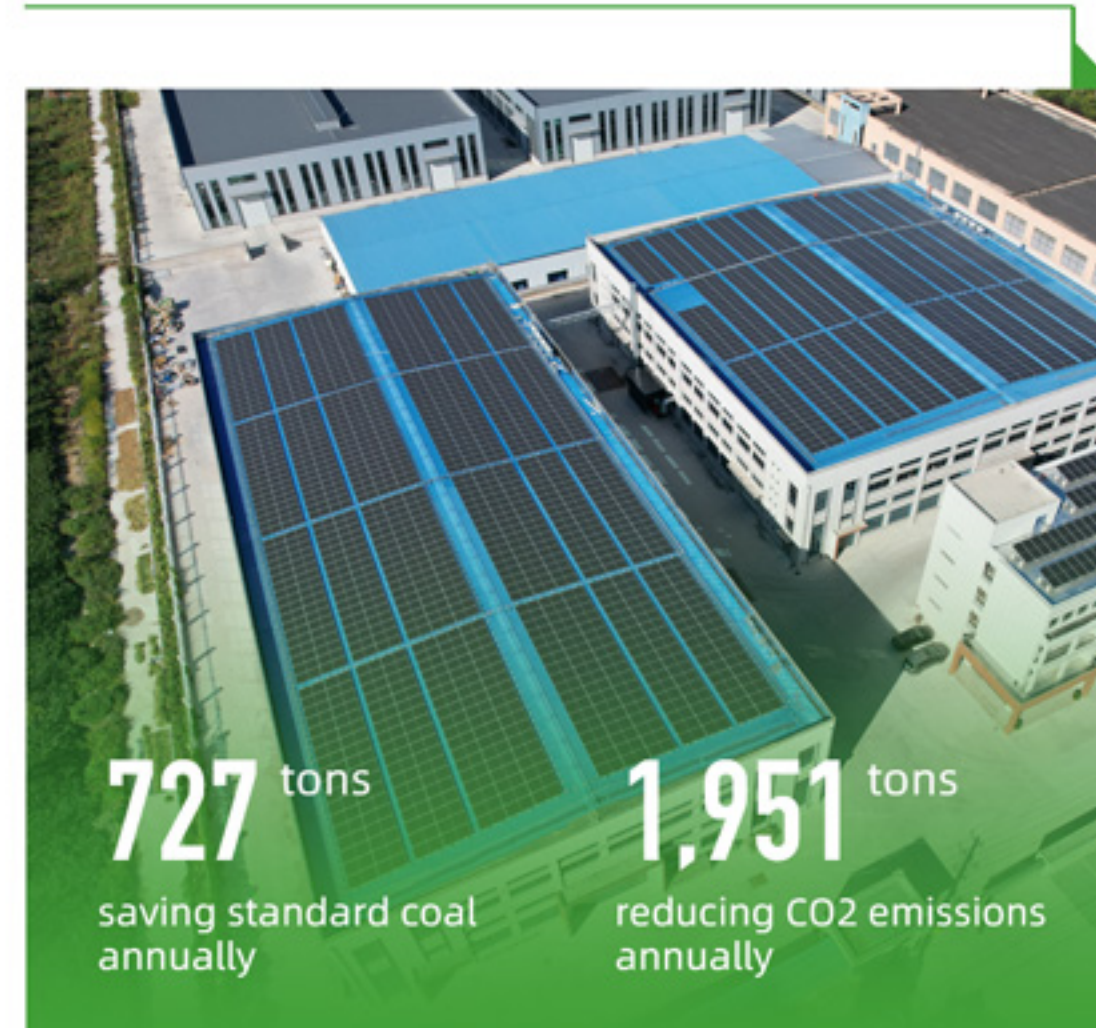
Photovoltaic Business

We are continuously reinforcing our innovative development in the field of clean energy, represented by photovoltaics, committed to creating sustainable value for global customers and accelerating the global green energy transformation and upgrading. Through combining internal and external resources and providing professional financing and development solutions, we cooperate with industrial parks and large industrial and commercial enterprises to construct and operate distributed photovoltaic power stations on idle rooftops in parks and factories, bringing safe, green, low-cost, and sustainable clean energy to enterprises, achieving a win-win situation for both economic and ecological benefits.



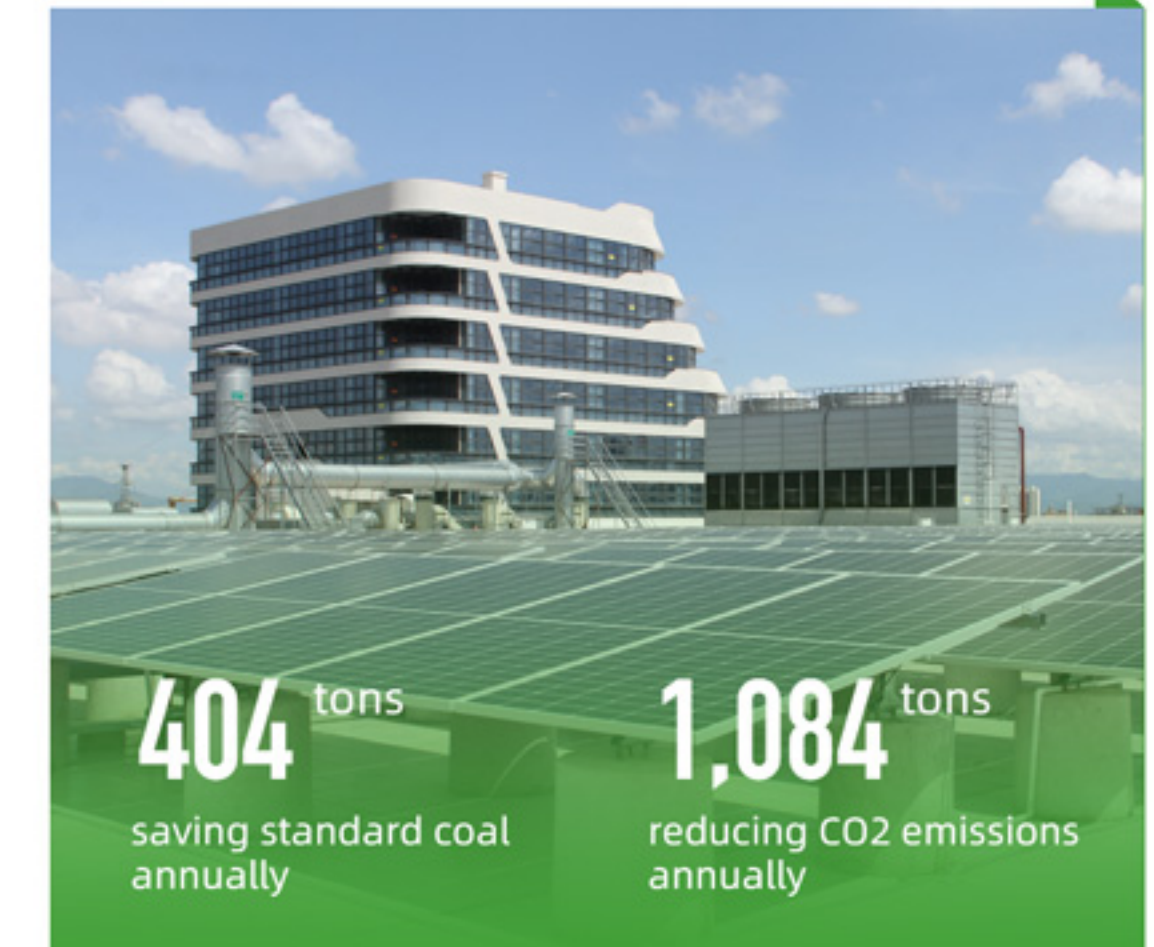
The 1.8MW Distributed Photovoltaic Power Generation Project in Jiangsu Junda

In 2022, our investment project of the 1.8MW Distributed Photovoltaic Power Station Project in Jiangsu Junda Environmental Protection Technology Co., Ltd., was officially connected to the grid for power generation. The project consists of 3,302 efficient 545W monocrystalline modules and 17 110KW inverters, using a 380V low-voltage access distribution system. The project adopts the "all self-generation for self-consumption" mode, with an expected average annual power generation of 1.98 million kWh. The electricity generated will be fully consumed by the enterprise, saving approximately 727 tons of standard coal and reducing CO2 emissions by approximately 1,951 tons annually.



The 1MW Distributed Photovoltaic Power Generation Project in Shanghai C&D Center

In 2022, our Shanghai C&D Center 1MW distributed photovoltaic power generation project was officially connected to the grid for power generation. The project fully utilizes the idle warehouse roof located in the Shanghai C&D Logistics Industrial Park. After being connected to the 400V distribution system through the 380V low-voltage distribution room, it is expected to generate an annual power of 1.1 million kilowatt-hours, reducing carbon dioxide emissions by approximately 1,084 tons and saving the use of 404 tons of standard coal per year.



The 1.1MW Distributed Photovoltaic Power Generation Project in Shiheng Medical

In 2022, the Shiheng Medical (Jiangsu Shiheng Medical Technology Co., Ltd.) 1.1MW distributed photovoltaic power generation project invested by C&D Inc. was officially connected to the grid for power generation. The project installed over 2,000 high-efficiency solar photovoltaic modules and is expected to generate 1.2 million kWh of electricity annually. The electricity generated will be fully consumed by the enterprise, saving approximately RMB 230,000 in electricity costs per year. Over the project's entire design life cycle (25 years), it can reduce carbon dioxide emissions by around 21,000 tons and save approximately 9,000 tons of standard coal.



The 3.5MW Distributed Photovoltaic Power Generation Project in Sihong Yantie Food Technology

In January 2023, the 3.5MW distributed photovoltaic project invested by C&D Inc. at Jiangsu Sihong Yantie Food Technology successfully connected to the grid and started to generate electricity. The project fully utilizes the idle roof of the leading local food enterprise, Yantie Food, to achieve reasonable use of resources. The project will adopt the consumption mode of "self-generation for self-use and surplus electricity to the grid." The generated power will first meet the enterprise's daily production and operation needs, and the consumption ratio is close to 100%. After connecting to the low-voltage distribution system, the annual power generation of the photovoltaic power station system is estimated to reach 4 million kilowatt-hours. During the project's design and operation cycle (25 years), the cumulative reduction in carbon dioxide emissions is expected to achieve 70,422 tons.





Lithium Materials Business

We are facilitating the globalization and multi-category layout, cooperating with many leading enterprises upstream and downstream of the industry to achieve a full industry chain service from overseas raw materials to processing plants to batteries. We render customized supply chain operation services according to customer needs and offer professional supply chain services for various lithium materials (such as cobalt sulfate, cobalt hydroxide, tricobalt tetroxide, lithium carbonate, etc.). In 2022, our subsidiaries C&D Logistics and C&D Shanghai were listed in the "Stainless Steel, Nickel, Chromium, and New Energy High-Quality Enterprise List."



New Energy Vehicles Business

We actively extend our presence in the new energy vehicle sector, keep strengthening cooperation with leading or emerging enterprises in the new energy vehicle industry, and invest in the construction of 4S stores for new energy brands such as Xiaopeng, Smart, Avita, and Lotus. We continue to improve our new energy vehicle sales and service network, providing consumers with lower-carbon and higher-quality travel services.



Green Operations

As a leading domestic supply chain operator and real estate operator, we aim to create an environmentally friendly and comfortable commercial and living environment for stakeholders worldwide, and strive to minimize the environmental impact caused by our operations. We have formulated an "Environmental Protection Policy," which sets standards and requirements for the company and our subsidiaries in energy conservation and emission reduction, water resource protection, reduction of pollutant emissions, and biodiversity protection in their operational activities.



Energy Conservation and Emissions Reduction

We are committed to reducing greenhouse gas emissions and resource waste in our own operations while encouraging all stakeholders to minimize greenhouse gas emissions in their daily activities, and jointly promote the green development of the industrial chain and the achievement of global temperature control targets.

Green Factory

In pulp and paper production activities, our paper mill has established a greenhouse gas emission accounting and reporting management system oriented to achieving low-carbon development, and set up a greenhouse gas emission accounting and verification team, which is responsible for recording and managing greenhouse gas data according to the greenhouse gas emission annual monitoring plan. The executive team leader organizes relevant personnel for specific implementation to strengthen energy management and reduce greenhouse gas emissions. The paper mill has formulated an "Energy Management System," "Energy Conservation Target Management System," "Energy Procurement Management System," "Energy Statistics Management System," and other energy management systems and operates in strict compliance with environmental laws and regulations. We have obtained the ISO14001 Environmental Management System Certification, FSC Chain of Custody Certification, ISO50001 Energy Management System Certification, and won the honor of "Low Carbon Care Label" and "Low Carbon Care Star Label" issued by Carbon Care Asia for many years. In 2022, Universal Pulp and Paper was selected as a provincial-level green factory.



Green Office

We are comprehensively promoting a digital office system, providing online services for administrative management, personnel management, financial management, business applications, and other office scenarios, improving operational efficiency, and realizing the collaborative value of creating a paperless intelligent office environment. Leveraging the company's independently developed electronic signature product, "E-cndsign," instead of paper documents can reduce greenhouse gas emissions generated in the process of paper production and printing, the transportation of paper documents, and the production and disposal of express packaging materials, effectively achieving energy conservation and emission reduction. We have signed over 1.3123 million contracts and documents since the launch of "E-cndsign." According to the "carbon reduction in signing a contract" calculation model, we have reduced 230 tons of carbon dioxide emissions, equivalent to the carbon sequestration of 39.8 hectares of forest. In 2022, "E-cndsign" was honored as one of the contributors for the year's top 10 "carbon reduction in signing a contract" pioneer enterprises due to its outstanding contribution to carbon reduction.

In order to manage energy conservation and emissions reduction in the workplace, we have developed the "Measures for Management of daily safety, energy saving and environmental health in Xiamen C&D International Building" to implement goals of "Reducing unnecessary energy consumption and conducting energy-saving technology transformations" and "Developing low-energy office equipment and daily appliances to reduce office electricity consumption." Additionally, we have established a Green Office Working Group to conduct daily inspections on energy conservation and consumption in the office building and have implemented the following measures to fulfill energy conservation and emissions reduction requirements:

Strengthening publicity and education on shutting down all types of power sources after work, and conducting inspections and supervision;

Setting reasonable air conditioning temperature and usage period;

Allocating lighting in public areas and tightening approval and control of electricity consumption during overtime work;

Promoting the reuse of printing paper to reduce the consumption of printing consumables;

Reducing the consumption of mineral water, advocating for bringing personal water bottles in meetings, and limiting the unnecessary placement of mineral water in public areas.





Water Resources Conservation

We abide by the legal and regulatory requirements related to water resources protection and attach great importance to the impact of water consumption on the environment. To ensure sustainable use of water resources, especially in water-scarce areas, we strive to optimize the water management measures, improve water use efficiency and reduce water consumption intensity during operations. At the same time, we encourage employees and stakeholders to increase awareness of water conservation and work together to protect water resources

In the process of real estate project development, we aim to coordinate and unify urban green space with water ecology, water environment, water resources, and water security, and adopt the following measures in the construction of new projects to achieve the water-saving goal:

- The water pressure at the point-of-use should be controlled no higher than 0.2MPa through reasonable zoning of the water supply system to avoid excessive flow pressure and water waste;
- Select appropriate pipe materials, fittings, and connection methods to effectively avoid pipes leakage;
- Choose sanitary appliances with water-efficient level 2 in some dedicatedly-decorated residential houses to achieve water-saving rates of over 10% compared to ordinary sanitary appliances;
- Install grade water meters according to the requirements of the Water Balance Test, set up a domestic water meter for municipal water supply, and a water meter for the residential water tank. Each household is equipped with one water meter to facilitate the timely detection of pipe leakage problems and avoid waste of tap water;
- Fully implement sponge city design by setting up multiple types of sponge facilities such as low-elevation greenbelts and rain gardens in outdoor green areas to store rainwater during rainfall and release it for plant use during dry periods, reducing the amount of irrigation water needed for plants. At the same time, intercept suspended particles to improve environmental hygiene and enhance the quality of the community.
- Establish tailored rainwater storage facilities according to local conditions to achieve ecological and structurally reasonable plant configuration. Build supporting infrastructure for rainwater collection and utilization, and optimize rainwater pipes vertically to direct rainwater from areas such as roofs and roads into sponge facilities. Comprehensively consider the integrated utilization of rainwater and various water resources.

In the process of papermaking, our paper mill highly valued water resource protection and wastewater discharge management, which was awarded the title of Shandong Province Water-saving Enterprise in 2020. The paper mill has formulated the "Water Conservation Management System" and established a water-saving leadership group to strengthen water resource management through the following measures:

Water conservation management plan

The water conservation office sets annual water conservation targets for each department, which then decomposes the assigned targets to each water usage group to implement water conservation measures. The targets and performance are included in the KPI assessment indicators.

Water consumption quota management

Develop advanced, reasonable, and feasible water consumption quotas, and regularly assess and manage water collection, transportation, distribution, and usage to prevent loss and waste of water resources.

Water conservation promotion and education

Organize the education of relevant laws, regulations, and policies related to water conservation, and improve the water conservation awareness of all staff members.

Wastewater recycling

Install a wastewater reuse system to collect pulp and paper wastewater, boiler wastewater, domestic wastewater, initial rainwater, etc. The collected wastewater goes to the wastewater treatment station through a pipeline for treatment. The treated wastewater is partially used in the pulp production process to achieve the recycling of water resources. In addition, the technological transformation of the production process enables the reduction of the amount of freshwater used per ton of paper, and the increase of the recycling and comprehensive recovery rates of production wastewater.



Pollutant Emissions Management

We comply with the requirements of laws and regulations related to discharge pollutants such as waste, wastewater, and air emissions. We continuously improve our environmental management system per international standards such as ISO 14001 to control the discharge of various pollutants during our operations. We encourage our subsidiary companies and stakeholders to reduce the negative impact of pollutant emissions on the environment.

To observe the requirements of the "Environmental Protection Policy" during the real estate project development process, we have taken the following measures to reduce the impact of pollutant emissions from construction on the surrounding environment:

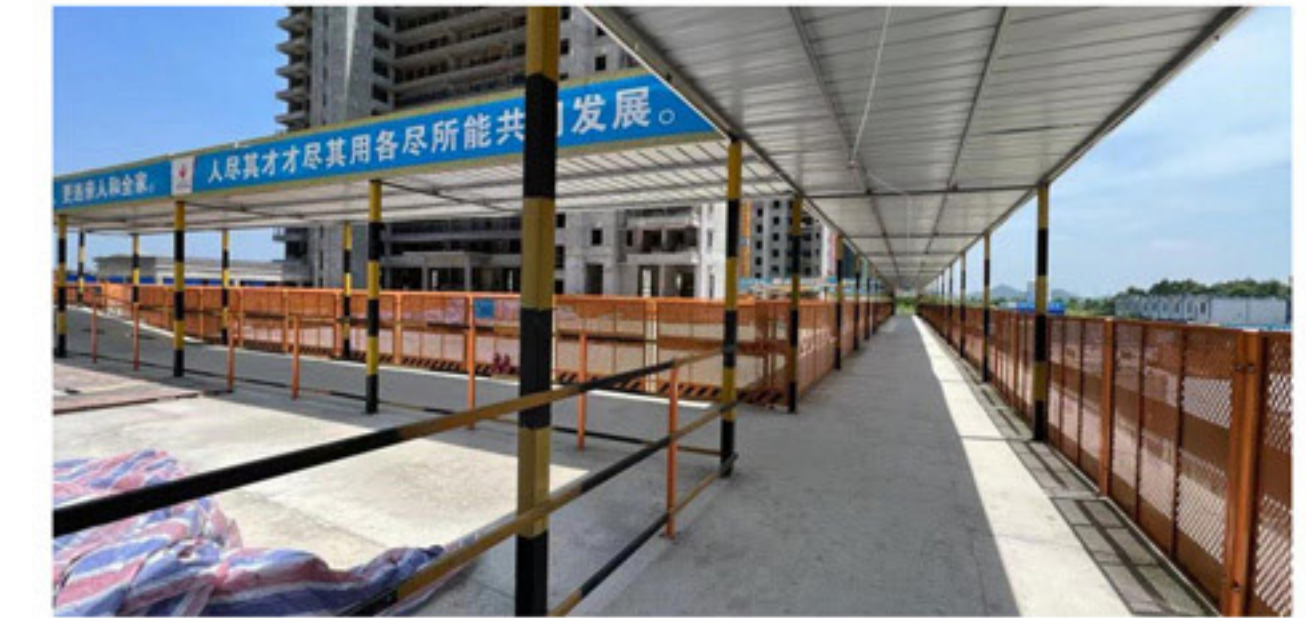
Promote the application of aluminum alloy formwork and climbing frame system, and optimize the exterior wall to be an all-concrete structure. Aluminum templates can be reused and recycled, significantly reducing wooden formwork and resource consumption. The climbing frame can realize self-lifting with the main structure, decreasing the use of traditional steel scaffolding, improving the site's appearance, and reducing material loss.

Improve product standardization, encourage fixed-length processing, reduce material loss and waste during construction, and minimize the discharge of construction waste.

Implement closed management on the project construction site, apply the principle of full coverage of bare soil, and set up a well-designed "Integration of dynamic pressure and static pressure" sprinkler system to ensure effective control of dust on the construction site.

Require building an enclosed garbage room in launching a project, deploying the garbage sorting in fixed areas, and piloting the use of centralized garbage processors to reduce secondary pollution to the environment caused by garbage.

Conduct noise reduction on construction equipment, create a management inspection system on the construction site, strictly control construction at night, and ensure that construction noise does not exceed the environmental noise standards of the area.



Our paper mill emphasizes waste recycling in pulp and paper production. Depending on the level of waste usability, we sell it to qualified units as construction materials or other raw materials for recycling. We establish a special hazardous waste warehouse to safely store and classify different types of waste, and entrust qualified hazardous waste treatment institutions for standardized treatment.

In addition, we actively implement garbage classification, strictly following the requirements and management methods of urban garbage classification, providing guidance on garbage classification and setting up facilities to promote waste reduction, resource utilization, and harmlessness.





Biodiversity Protection

We attach great importance to ecological and biodiversity conservation and avoid business activities unrelated to environmental protection in important ecological protection areas and their surroundings. At the same time, we encourage our subsidiaries and stakeholders not to set up offices or operating locations in nature reserves, not to use precious plants and rare animals as raw materials, not to do animal experiments with rare animals, and to minimize the adverse impact on the ecological environment and biodiversity in business development.

Integration of Centennial Ginkgo Tree with the Project

In developing and constructing the C&D Yangxi Project in Chengdu, aiming at the century-old ginkgo growing in the original plot and the principle of protecting biodiversity, we combined the Gangnam Courtyard Style with the All Water Returns to the Hall design that perfectly integrates with the Ginkgo tree. The project incorporates local historical and cultural elements, such as the beautiful love story of Zhuo Wenjun and Sima Xiangru, to create an Ancient Lute Pavilion scene and build a local courtyard design that rainwater flows from all sides towards the central hall of the patio. The project manifests artistic conception and humanistic significance and perfectly integrate the project with nature.



The In-Situ Conservation of Ancient Banyan Trees

In the development and construction of the Zhenrong Mansion project in Fuzhou, we carried out in-situ protection for several ancient banyan trees in the site boundary line and integrated them into the community environment with landscape design to establish an interactive link between banyan tree protection and community life. We also launched the in situ conservation and restoration plan for Xiangshan historic monuments and historic buildings within the site boundary line. At present, the ancient building renovation unit has completed the design of the renovation drawings, which is recognized by the Management Committee of Fuzhou Historical and Cultural City.





PEOPLE

We have always believed that talent is the key driving force for the sustainable development of enterprises. Therefore, we adhere to the people-oriented philosophy and strive to create a fair, just, harmonious, and inclusive working environment, ensuring decent and dignified job opportunities. Together with the employees, we work towards continuous improvement and development.

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES

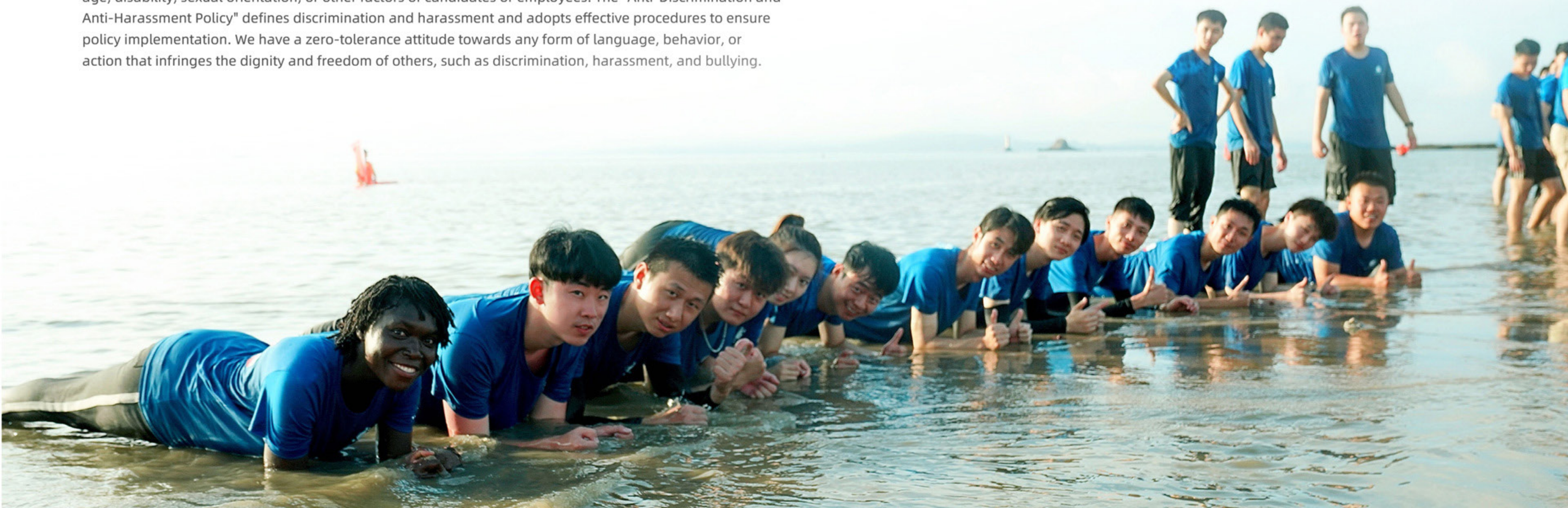
Human Rights Protection

We respect the "International Bill of Human Rights," and adhere to the "United Nations Guiding Principles on Business and Human Rights," the "Universal Declaration of Human Rights," and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work," as well as other internationally recognized human rights standards and guidelines. We strictly comply with relevant national laws and regulations and protect and support employees' rights. To promote the implementation of human rights protection, we have formulated a "Human Rights Policy," which respects and protects the rights of all individuals, including employees, suppliers, local community residents, and others who may be affected by our business operations. To address the potential impact of daily activities on human rights, we ensure the implementation of the human rights policy through employee and contractor training and other measures to prevent related human rights risks.

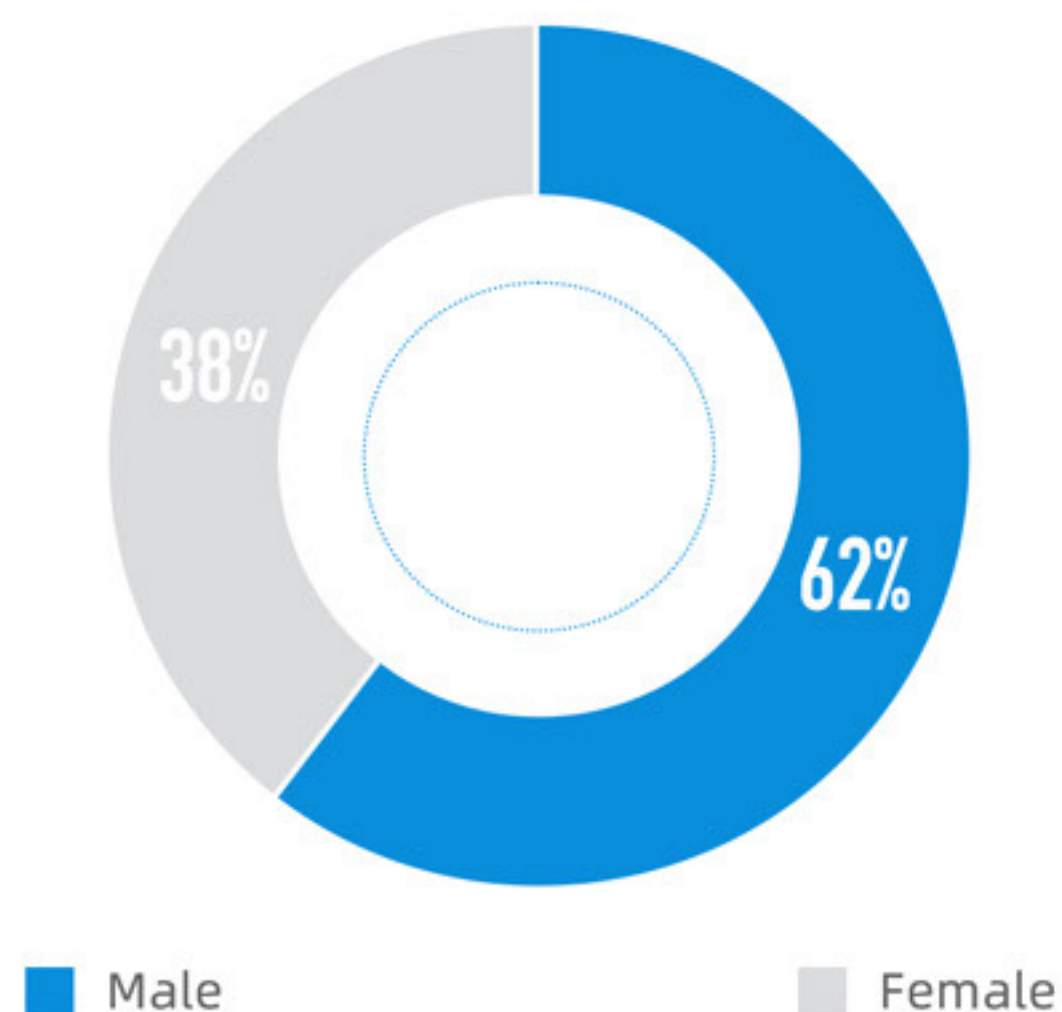


Anti-Discrimination and Anti-Harassment

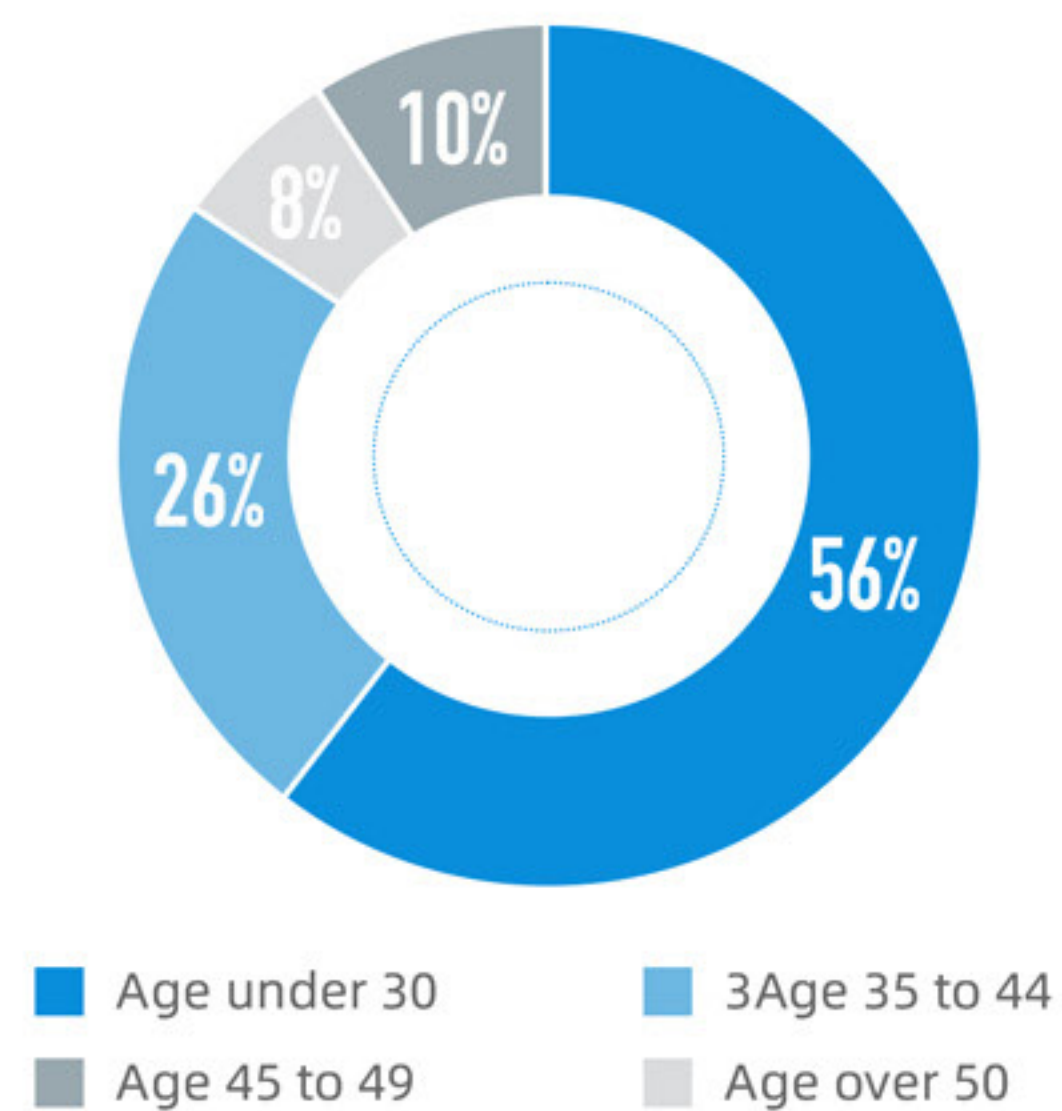
We have formulated the "Anti-Discrimination and Anti-Harassment Policy" to create a diverse and inclusive work environment, ensuring that employees will not be subject to any form of discrimination or harassment in their work. In employee recruitment, promotion, and incentive practices, we adhere to the principle of fairness, providing equal opportunities without discrimination based on gender, nationality, race, religion, age, disability, sexual orientation, or other factors of candidates or employees. The "Anti-Discrimination and Anti-Harassment Policy" defines discrimination and harassment and adopts effective procedures to ensure policy implementation. We have a zero-tolerance attitude towards any form of language, behavior, or action that infringes the dignity and freedom of others, such as discrimination, harassment, and bullying.



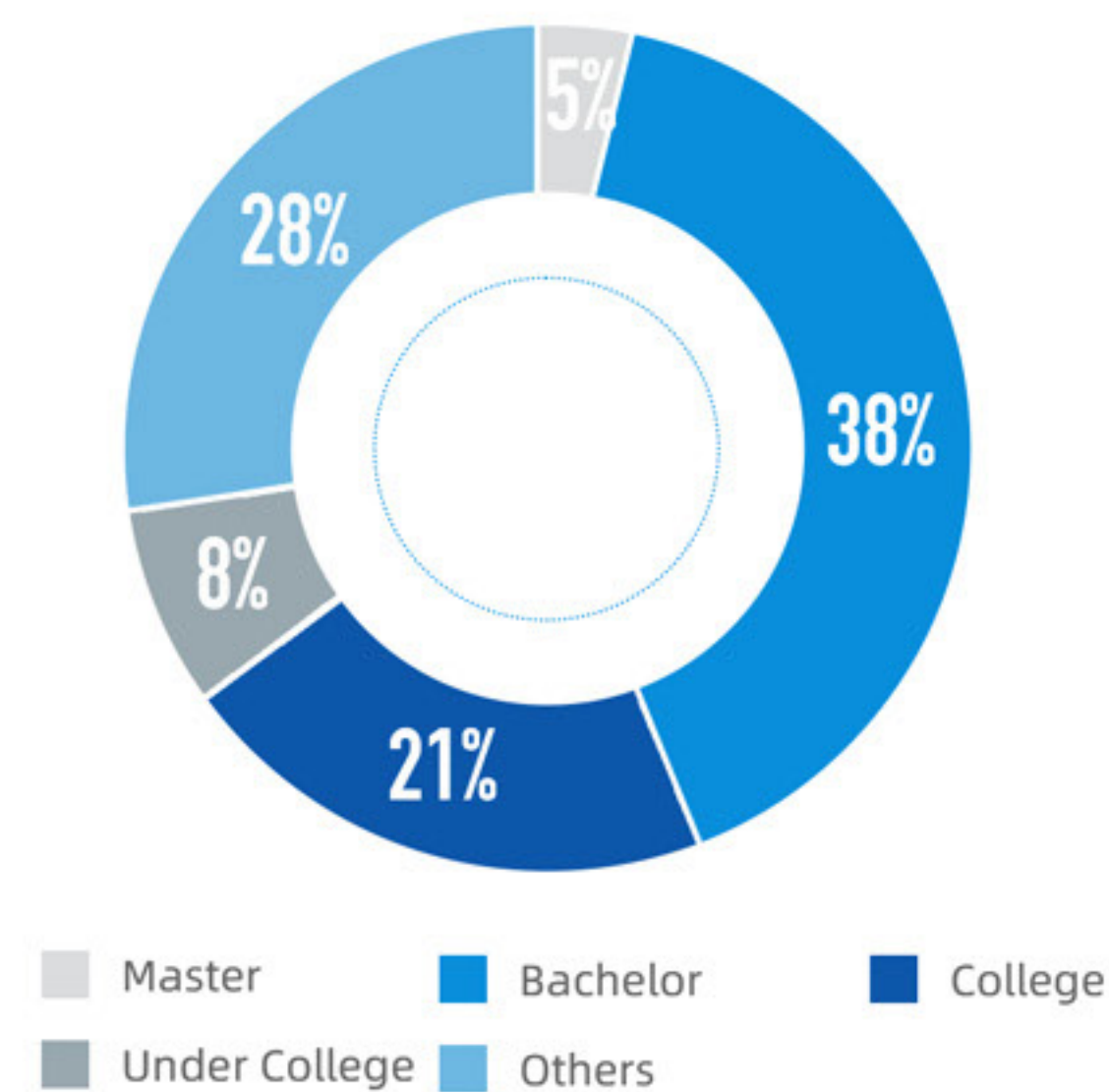
Gender



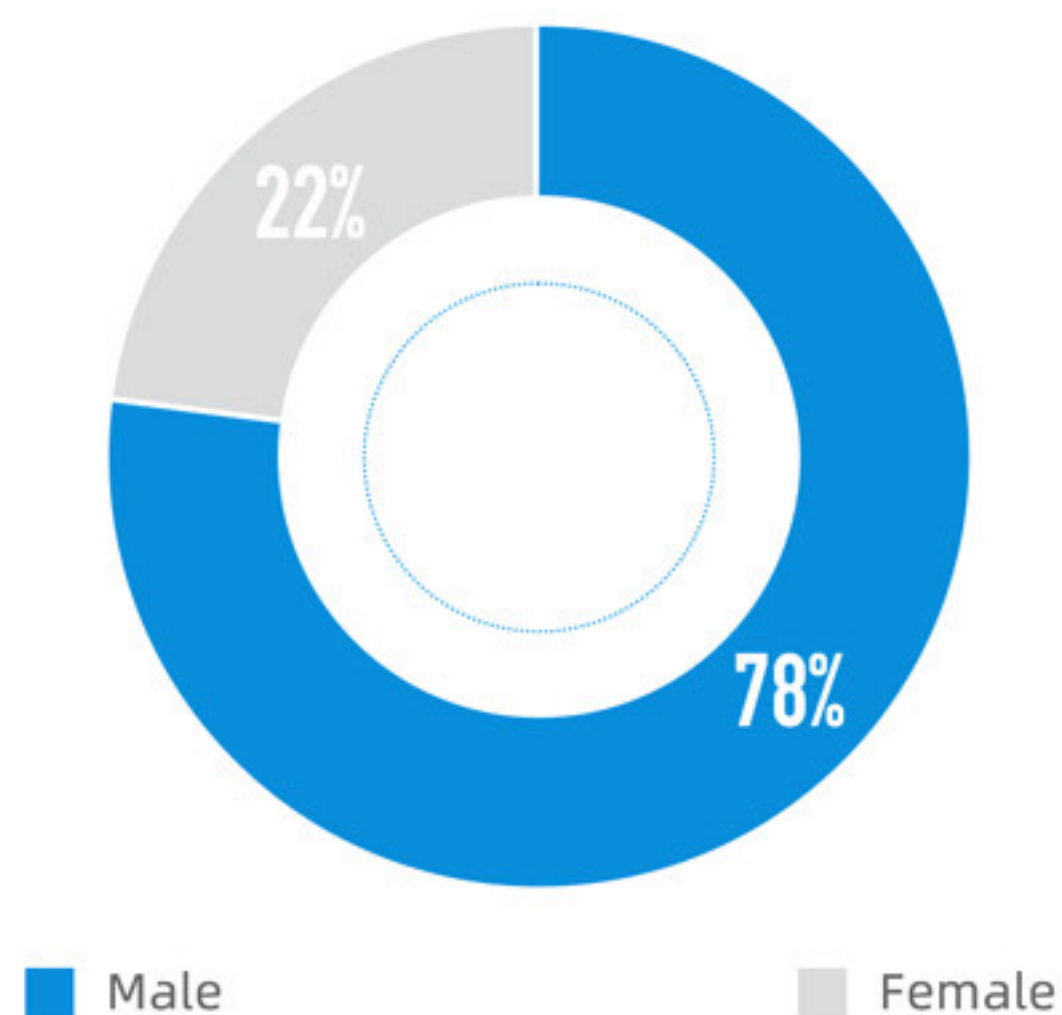
Age



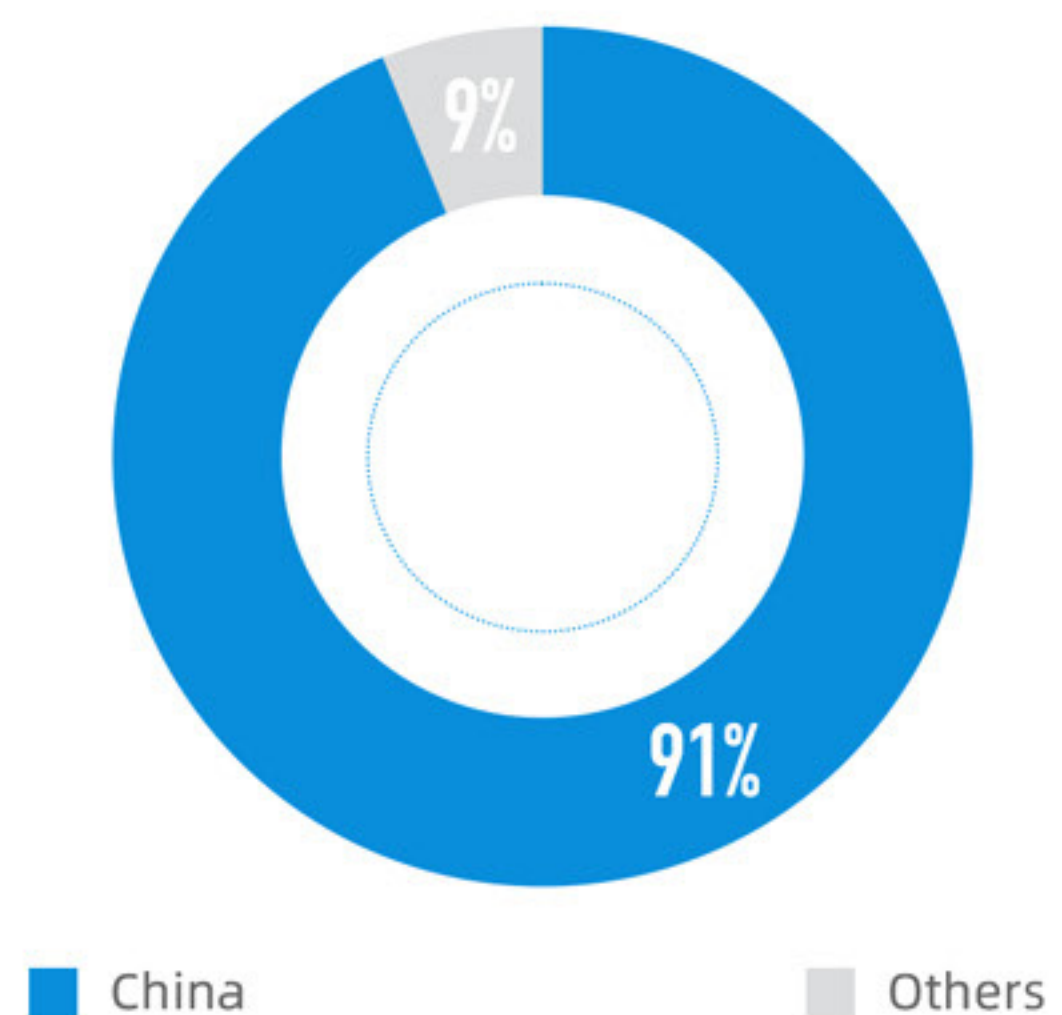
Education



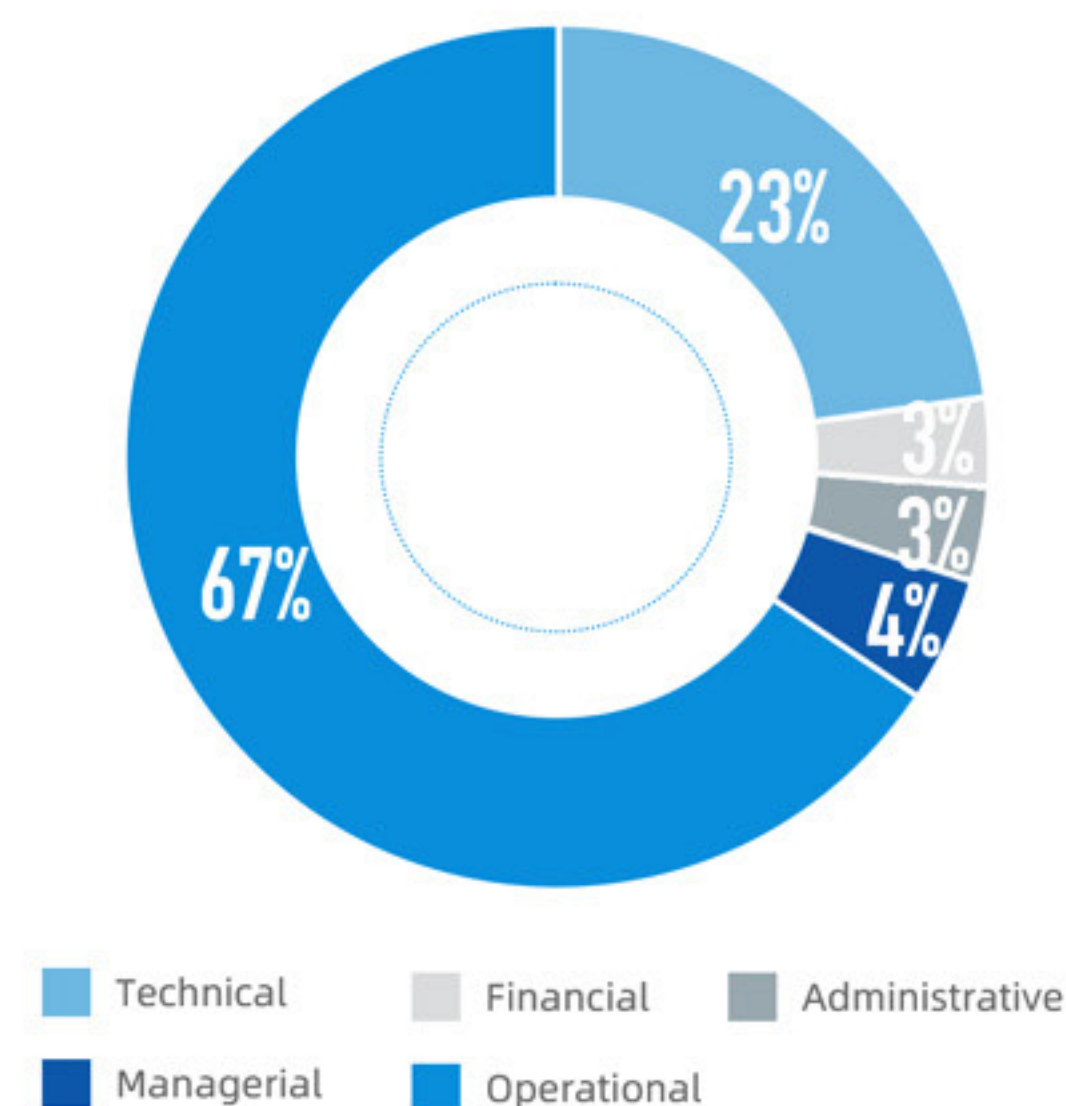
Gender Distribution of Management



Nationality



Staff Function



To address behaviors suspected of violating the "Anti-Discrimination and Anti-Harassment Policy," we have established channels for complaints or appeals in the "Human Resources Management Regulations." It is made clear that employees may file objections or requests with our human resources department, relevant functional departments, or even the highest management level. The recipients of these complaints or appeals must organize investigations and respond within five working days. We must protect the information of all complainants to avoid retaliation.





Democratic Rights and Freedom

We value communication with our employees and respect the democratic rights and freedom of speech granted to employees by the Constitution and laws. Employees are entitled to the fundamental rights related to the "Human Resources Management Regulations." We encourage employees to express different opinions and ideas and contribute their wisdom to our sustainable development. We actively promote collective bargaining and mediation mechanisms, and have established a trade union organization by the law, regularly convene employee representative congresses, deeply understand the demands of employees, and are responsible for reviewing and signing collective labor contracts related to remuneration, working conditions, and other matters, safeguarding employees' democratic rights such as the right to be informed, participate, manage, and supervise.



Personal Development

We value employee training and personal development, adhere to the principle of hiring and promoting based on merit and provide vast career development opportunities and learning resources. For employee personal development, we have established a dual-track career development path of "professional + management." We insist on the employment orientation of "promoting the capable, rewarding the outstanding, demoting the mediocre, and eliminating the inferior" to inspire organizational vitality and provide a platform for employees to realize their value.

We continue to promote the improvement and enrichment of the talent development system, giving employees the right to participate in various types of training, including pre-job training, on-the-job training, personalized training, and online training, to stimulate employees' potential and create a learning-oriented organization that is eager to make progress. The training provided to our employees covers basic business training, professional training, risk prevention training, new employee training camps, business backbone training, and middle level and senior management training, providing employees with a career platform for continuous learning and improvement.

In addition, we have introduced a training model combining online and offline methods and have set up the "C&D E-learning" training platform, which provides employees diversified educational resources such as supporting course, management course, and business course. Employees can choose related paths based on job requirements, rank, and personal needs. In 2022, the "C&D E-learning" training platform created 80 online courses with a total duration of 84.8 hours and accumulated 203,950 online learners, with an average of 2,549 learners per course.

C&D
E-learning
training
platform

80 course
online courses
created

84.8 hours
total duration

203,950 learners
total online
learners

2,549 learners/course
average



training time

6,354,357 hours

average training time per
employee

215 hours

employee training
coverage rate

90%



"Lift Yourself" Summer Internship Program

We conduct a "Lift Yourself" summer internship program annually, targeting international interns without any professional restrictions and providing them with one-on-one mentors, systematic training, expansion activities, and field visits. The internship content allows college students to understand the global development and structure of the supply chain, enhance their workplace abilities, and lay a solid foundation for future career development. During their internship period, we carefully evaluate the interns' work performance. Those who pass the internship assessment can receive early campus recruitment offers, become campus recruitment ambassadors and referrals for us that year, and receive generous referral bonuses, thus reserving outstanding talents for us in advance. In 2022, we absorbed college students from Peking University, Xiamen University, Fudan University, China University of Mining and Technology, and other universities to participate in the "Lift Yourself" summer internship program, jointly exploring new models of campus career channels with college students.

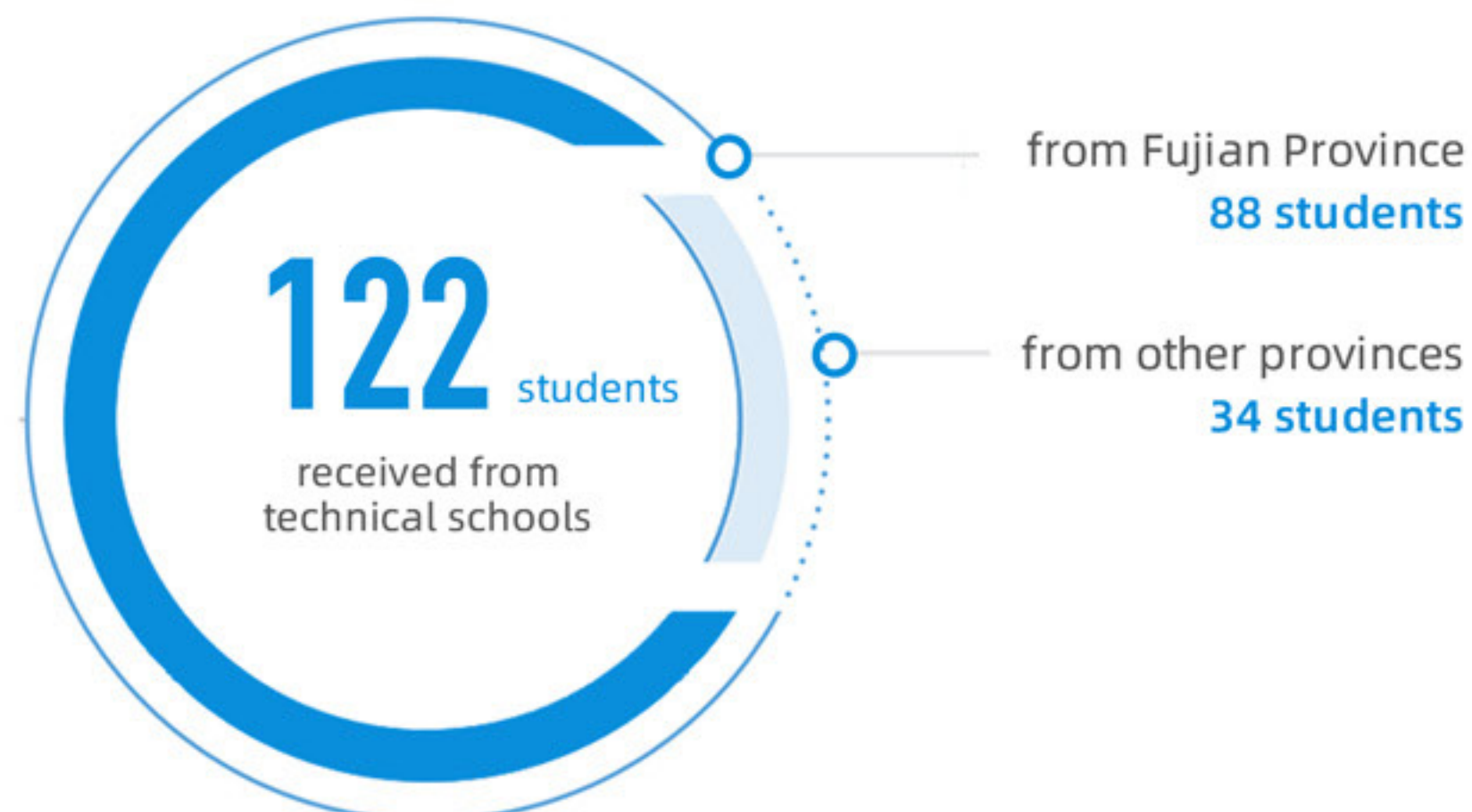
C&D 建发股份

链习生
Lift yourself



Integration Between Industry and Education

In the automotive business field, we have established long-term cooperation relationships with domestic colleges and universities such as Fujian Chuanzheng Communications College, Xiamen Technical College, Fujian Vocational & Technical College of Water Conservancy & Electric Power, etc. We receive an average of more than 180 interns and employ more than 40 graduates every year. Through school-enterprise cooperation, we have accumulated 122 students from technical schools in the past three years, including 88 from Fujian Province and 34 from other provinces.



School-Enterprise Cooperation in the Automotive Business

Adopt a cooperative education mode: Carry out "2+1" cooperative education mode in colleges and universities, concentrate on studying for two years in school, and interning in enterprises for one year.

Co-build school-enterprise cooperation order class: Cooperate with solid professional colleges in the automotive field to establish an order class training mode, lead students to start the "C&D journey," and set up a "C&D class" special scholarship.

Porsche China Training Center has cooperated with designated vocational colleges to establish and operate the "Porsche Excellence Apprenticeship Program (PEAP)" in China.

Exploring new channels for industry-education integration:

- Developing capability certification courses related to new energy and power battery technologies
- Hosting the "28th Xiamen Workers' Skills Competition for New Energy Vehicle Maintenance (Low-voltage Electrician) Project Competition."
- Conducting vocational skills training and certification for "Automotive Repair Workers."

Employee Benefits

We promise to provide our employees with competitive compensation and benefits and pledge to meet at least the minimum wage standards required by laws and regulations. We have formulated the "Compensation and Benefits Management Regulations" and established a compensation structure with wages as the core, complemented by allowances, bonuses, and benefits. In addition to the legally-required social insurance and housing provident fund, we have also established an enterprise annuity system, purchased group commercial insurance for employees, and provided subsidies for official transportation, rental housing, remote work, communication, professional titles/certificates, teaching, part-time work, management trainees, high-temperature/cold-weather, meal, holiday, particular positions (such as night shift), and more, as well as various welfare benefits such as health management, and union team-building activities.

Provide new graduates a free residence in staff dormitories for two years and shuttle transportation services.

To support our international business development, we will offer a packaged annual compensation to expatriate employees. In addition, we provide an expatriate allowance, and allocate performance bonuses according to the situation. We purchase supplementary medical insurance for expatriate employees, with 100% insurance coverage.

We provide a friendly working environment for female employees, including a flexible working arrangements such as temporary leave. We also host Women's Employee Activity Day in March each year to carry out various activities.



Equity Incentives

We have established a long-term incentive mechanism for the board of directors, senior management, middle management, and core personnel through the implementation of an equity incentive plan to attract and retain outstanding talents, fully motivate their work enthusiasm, effectively combine shareholder interests, company interests, and individual interests of the core team, and achieve high-quality and long-term development of us. During the reporting period, we granted 114.5369 million restricted stocks to 1,066 incentive recipients, including 10,888.69 restricted stocks to middle management and core personnel (a total of 1,056 individuals), which accounted for 95.06% of the total number of incentive stocks granted.

114.5369 million restricted
stocks
granted to incentive
recipients

10,888.69 restricted
stocks
granted to middle
management and core
personnel

95.06%
accounted for 95.06% of
the total number of
incentive stocks granted



Employee Care

In 2022, we launched an EAP (Employee Assistance Program) called the "Employee Psychological Care Plan," providing employees with a comprehensive and long-term professional mental health welfare and support program. Through professional diagnosis, guidance, training, and counseling provided by experts (we and third-party institutions promise to protect the confidentiality of the counseling strictly), the program aims to help employees and their family members solve psychological and behavioral problems.

EAP (Employee Assistance Program)

- Provide 24-hour psychological counseling services to facilitate problem-solving and stress relief and to enhance employees' motivation and well-being at work shortly and efficiently
- Equip with an excellent team of professional mental health counselors, with nearly 600 counselors available for choose.
- Employees can schedule psychological counseling via phone, public account on WeChat, and WeCom. The counseling is available in both online and offline formats.

In addition, we also regularly carry out rich and colorful cultural and sports activities, such as youth amateur cultural activities that rely on the art group choir, the "Cloud Talent Show," sports games, basketball games, walking, etc., to enrich the lives of employees.



OCCUPATIONAL HEALTH&SAFETY

We adhere to the policy of "safety first, prevention-oriented, and comprehensive management," establishes the concept of "safety service operation, and management closely follows the strategy," and prioritizes production safety and employee health. We have formulated the "Occupational Health and Safety Policy" and detailed the implementation of internal regulations such as the "Regulations on Safety Production Management," "Regulations on Reporting Sudden Events and Major Matters concerning Safety and Stability," "Training System for Safety Production Education," "System for Identifying and Treating Hidden Dangers," "Methods for Managing Safety in Large-scale Events," and "Regulations on Security Management of Overseas Institutions and Personnel." We are committed to minimizing occupational health and safety-related risks in our operations, ensuring our employees' occupational health and safety. Through the Supplier Code of Conduct, we encourage suppliers to establish occupational health and safety protection systems, specify specific preventive measures to reduce the chance of occupational diseases or workplace accidents, and maintain their employees' health and safety. We also ensure that our workers enjoy the same occupational health and safety rights as those stipulated in our "Work Safety Management Regulations."



We value the construction of the occupational health and safety management system and have revised the "Guidelines for the Construction of Safety Production Management System." Referring to international standards such as ISO45001 and OHSAS18001, we continuously improve the occupational health and safety management system. By identifying, evaluating, and managing occupational health and safety risks in the business development process, we have established a dual prevention mechanism for safety risk classification and control, as well as hidden danger investigation and management. We conduct regular reviews and inspections to improve occupational health and safety management and work quality continuously. We now have obtained certification for the occupational health and safety management system in critical areas of safety production.



C&D (Guangzhou) passed GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System Certification.



C&D Newin passed OHSAS18001 Occupational Health and Safety Management System Certification.



Yijiayuan Property passed GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System Certification.

We have established a Safety Management Committee as the organization responsible for safety production management, with General Manager as the director, and set up a three-level safety management framework. By fully implementing the "full-staff safety production responsibility system," safety responsibilities are firmly established at all levels. Our Chairman and senior management are responsible for significant safety incidents. The performance compensation of the management is linked to the safety performance of the units under their supervision.

Safety Management Framework

Security Management Committee
and Permanent Office



Main Unit Responsible for Safety



Site Safety Unit

Occupational Health and Safety Management Goals and Indicators for 2022

Goals and Indicators	Specific Content	Completion Status
Safety production control indicators	<ol style="list-style-type: none"> 1. Zero mega-accidents and major accidents. 2. Zero general accidental fatal rate. 3. Zero direct economic losses over \$1 million. 4. Zero food safety accidents with 10 or more injuries or fatal cases 	completed
Fire assessment indicators	<ol style="list-style-type: none"> 1. The unit's "three-in-one" rectification rate, the rate of timely rectification of fire hazards, and the rate of qualified firefighting in crowded places are 100% qualified. 2. Zero major and Mega accident, Zero fatality rate in fire accidents. 3. The "Four Skills" construction meets government regulations. 	completed
Road traffic accident indicators	<ol style="list-style-type: none"> 1. Zero mega traffic accidents and Zero major traffic accidents 2. Education on preventing traffic accidents should be fully covered for drivers and employees to avoid any fatalities caused by drivers or employees violating traffic rules. 	completed
Security management indicators	<ol style="list-style-type: none"> 1. 100% signing rate of the production safety objective management responsibility letter. 2. Annual performance evaluation and 100% implementation of rewards and punishments. 3. 100% operation and safety records of production safety management bodies at all levels. 4. The main person in charge of safety work in each unit presided over the production safety meeting and solved significant problems at least four times a year. 5. 100% timely closure rate of accidents. 6. No issues that received criticism from superiors, as reported. 	completed
Occupational health and occupational disease prevention and control	<ol style="list-style-type: none"> 1. A comprehensive management system established. 2. Zero incidence of occupational diseases 	completed

In 2022, we signed safety responsibility agreements with a signing coverage rate of

100%



The responsibility units signed

182 agreements



The responsibility positions signed

796 agreements



The external contracted units (suppliers, tenants, and engineering contractors) signed

287 agreements

Safety Inspection

We comply with the "Law of the People's Republic of China on Work Safety," continuously improving the "Safety Production Work Management Regulations" and other systems and establishing and improving the safety inspection system. At least once a year, we organize an inspection and evaluation of the implementation and application of safety production management systems, operating procedures, and emergency plans. Based on the inspection and evaluation results and following the latest laws, regulations, and relevant policies, we revise internal rules and regulations such as safety production management systems, operating procedures, and emergency plans.

We continue to promote the establishment of risk classification management and implement hidden danger investigation and control work. In supply chain management, we have developed the "Safety Production Risk Classification Management and Hidden Danger Investigation and Control System" with the agricultural products group and logistics company as pilots. We judge and implement risk classification management for primary hazardous sources and prepare the corresponding "Statistics Table of Hazard Identification and Risk Level Classification." In the field of real estate business, we implement classification management and inspection based on the degree of danger and importance, promptly discover and eliminate hazardous sources that are prone to cause safety accidents, and ensure zero accidents in safety production. We follow the principles of "Five Implementations" and "Five in Place" regarding hidden danger management. For identified hazards that can be rectified immediately on-site, immediate rectification should be carried out. For hazards that cannot be rectified immediately, a list should be made detailing the rectification timeline, rectification measures, and the responsible department (personnel) for each item. This ensures the timely elimination of hazards or control of potential risks.

The real estate business is a crucial area of safety production. We have established a comprehensive safety inspection system and regularly conduct safety inspections. Every month, we issue inspection tasks to our subsidiary companies and require each subsidiary to complete self-inspection. We hold safety production meetings every quarter and systematically carry out hidden danger investigations through daily inspections, major holiday inspections, and special inspections. The assessments focus on fire safety, electricity and gas safety, construction safety, and limited space operation safety, aiming to achieve comprehensive coverage with no blind spots. Based on safety construction standards, we periodically organize third-party inspections and patrols for all projects within the group. We conduct regular re-inspections for non-compliant projects and multiple rounds of assessments for high-risk projects to ensure comprehensive coverage. In 2022, the real estate business cluster under our organized third-party inspections, patrols, and specialized inspections for all cluster projects according to the safety inspection system and regularly held safety work team meetings for retrospective summary and normalization management of construction site safety.



Intelligent Security

In the field of supply chain business, we build a unified "people, vehicles, goods, sites" IoT database through video cloud platform and IoT cloud platform, which can realize intelligent passage, intelligent firefighting, intelligent operation, and intelligent management, aiming to create a smart logistics park. Based on the reasonable deployment of monitoring videos and intelligent devices, we have constructed an intelligent security system for logistics parks through AI intelligent algorithms, standardizing personnel behavior safety, streamlining patrol personnel, and improving inventory inspection efficiency.

In the field of real estate business, we continuously update and optimize the intelligent engineering system, strengthen the application of the smart engineering system, and consolidate the safety education room, eagle-eye monitoring, personnel management system, violation identification, and hidden danger snapshot systems to achieve personnel information registration, pre-job training, education for violations, and closed-loop management for hidden dangers. We aim to improve the safety production awareness of grassroots management and grassroots operator from the root cause while synchronously realizing real-time monitoring of the construction site and personnel dynamics, tracking and recording the occurrence and rectification of safety emergencies, and improving the handling of safety emergency events.

In 2022, we conducted 11 rounds of safety inspections, radiating to 8 cities, and found and rectified 68 general safety hazards, while no major safety hazards were found.

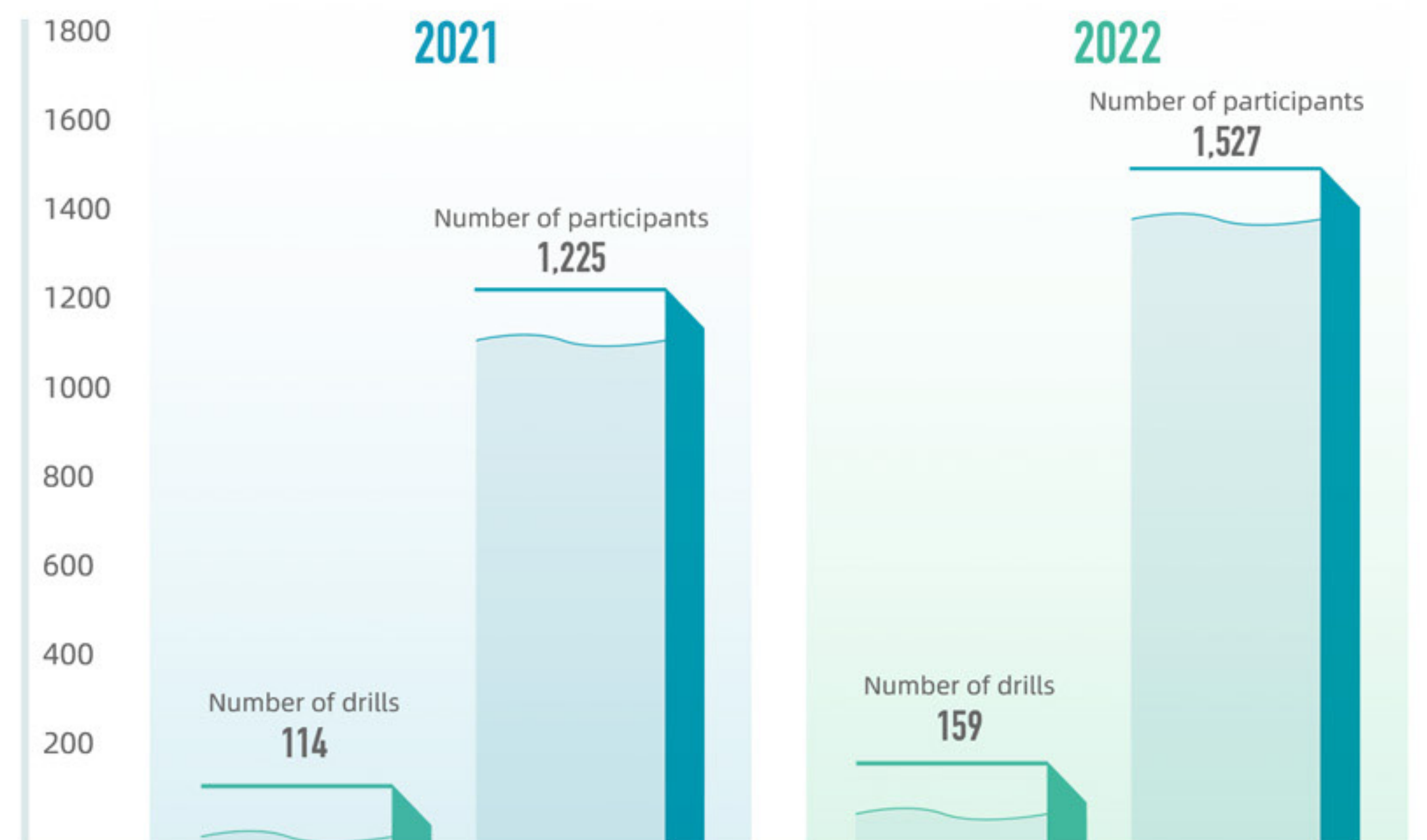
Emergency Management and Drills

In managing emergencies, we follow the principle of "quick response and hierarchical reporting." The responsible leaders of each unit for safety production report emergencies in a hierarchical manner. In special and urgent situations, they can directly report to the leader of our safety production work group or the chairperson. Once an emergency or accident occurs, our safety production workgroup immediately activates relevant emergency plans and carries out accident rescue. The unit leaders arrive at the scene as soon as possible and take adequate measures to organize the rescue and prevent the accident from expanding, minimizing casualties, property losses, or damage to our reputation. We have formulated 29 emergency plans for various scenarios and 37 operating procedures covering all aspects of business operations. We have built a system of emergency plans and operational processes with our characteristics.

We have equipped all operating sites with corresponding emergency supplies and ensured reliable supply through regular inspections and occasional spot checks. In 2022, we conducted emergency drills such as container-dropping accidents, fire extinguisher use, flood prevention, and others, and improved emergency response capabilities through "practicing in war."

In 2022, we conducted **159** emergency drills in 137 site units
with **1,527** participants.

Implementation of Emergency Drills



Safety Training

We attach great importance to the occupational health and safety education of employees, and carry out the education and training of employees in production safety in strict accordance with the requirements of the "Production Safety Education and Training System." To further strengthen the safety protection of overseas institutions and personnel, the company has also formulated the "Regulations on the Safety Management of Overseas Institutions and Personnel," which requires the dispatched units to organize overseas safety education and training before the dispatched personnel go abroad.

In the supply chain business field, we have created a three-dimensional security promotion channel with the internal network "Security Window" as the leading platform and the "C&D WE Community" and "C&D E-learning" apps as auxiliary platforms. Special topics such as "Safety Reminders," "Safety Talks," "Meeting Documents," "Safety Actions," and "Safety Checks" have been set up, covering content such as fire control, electricity, gas, anti-fraud, and national security. In 2022, we released 84 safety promotion messages, among which the Safety Production Month Series audience exceeded 3,600 employees, and topics such as "Anti-Fraud Prevention" and "Flood Prevention and Control" had more than 1,000 readers and learners.

safety promotion messages
released

84 messeges

Safety Production Month Series
audience

3,600 ^{employees} +

In the real estate business field, our subsidiaries have developed an annual training plan based on their practical needs, which covers various types of learning in work safety, special operations personnel, office safety, and driving safety to enhance employees' safety awareness and skills. In addition, various levels of operating units have also developed emergency plans, including fire evacuation, safety accidents, typhoons, and others, and conduct different training and drills every year based on the content of the emergency plans.

- Organize driver training, safety training, fire escape training and other kinds of employee safety training, improve staff safety knowledge and skills of self-protection.
- Host a Safety Month Event, arrange employees' participation in safety knowledge and firefighting skills competitions, and make learning fun.
- Carry out various safety promotions such as fire safety lectures, promotion of the law on safe production, food safety promotion, disaster prevention and mitigation promotion, and promotion of major external accidents to enhance employees' safety awareness.
- Conduct a variety of drills such as fire safety drills, apartment evacuation drills, elevator rescue drills, typhoon and flood prevention drills, and explosion and terrorism prevention drills to improve employees' ability and level of response to emergencies and disasters.

Safety Training in 2022

25,691 ^{hours}
safety training hours

18,965 ^{attendees}
total attendees

58%
employees
covered

Safety Management Qualification

30 ^{people}
passed the initial review

70 ^{people}
passed the re-examine

100%
coverage rate

Occupational Health Management

We value the occupational health management of our employees and achieve it by establishing a reasonable schedule system, implementing an occupational health consultation system, and providing occupational health consultation services to our employees. We are committed to providing a safe and healthy working environment for our employees and avoiding the harm of occupational diseases. We actively take measures to protect our employees and strive to minimize the risks related to occupational health and safety in our operations.

Occupational Health Protection Measures

In response to high-temperature weather

In response to high-temperature weather: we will organize activities to provide cooling measures and ensure the health of our employees while working in hot conditions.

To prevent occupational diseases

In 2022, 1,970 employees participated in health check-ups in Xiamen, our main operational location, covering over 95% of staff in our headquarters. Employees in other locations were organized by local companies to participate in relevant health check-up programs. Through the self-developed physical examination module in the E-HR system, employees can freely combine health check-up options based on their past health and disease conditions, family medical history, gender, age, physical condition, and their own physical examination goals and requirements, within a certain budget range, to meet their personalized health check-up needs.



SUPPLY CHAIN RESPONSIBILITY

As a leading domestic supply chain operation service and real estate comprehensive service provider, C&D inc. supports the achievement of the United Nations Sustainable Development Goals (SDGs). With customer needs and expectations as the starting point, we practice responsible procurement, continuously provide excellent and reliable products and services, collaborate with global industry chain partners, and promote the transparent and sustainable development of the supply chain.



Responsible Sourcing

We have established the "Supplier Code of Conduct," which sets out normative requirements for the management and behavior of suppliers of us and our subsidiaries in terms of business ethics, human rights protection, environmental protection, occupational health and safety, and continuously improves regulations such as the "Regulations on the Management of Supply Chain Operations," "Regulations on the Management of Supply Chain Business Processes," and "Regulations on Supplier Credit Management." We clarify the mechanism for supplier admission, assessment, and withdrawal, boosting the sustainable development of the industry chain upstream and downstream in an environmentally sustainable and ethically responsible manner through responsible procurement practices.

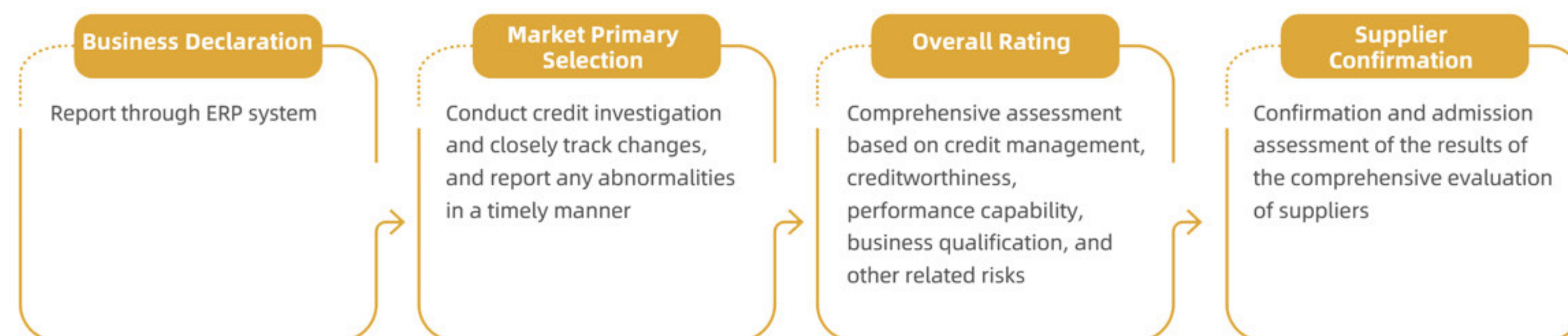


Supplier Selection

In the supply chain management

We strictly implement supply chain control processes, conduct due diligence investigations on supplier selection, identify and choose high-quality suppliers, and incorporate the supplier's environmental and quality system construction into the comprehensive evaluation of supplier selection. We pay attention to indicators such as brand reputation, quality standards, production capacity advantages, green factories, and energy consumption qualifications of physical factories. We also provide bonus points for those adopt the national-supported environmental protection projects such as aluminum recycling.

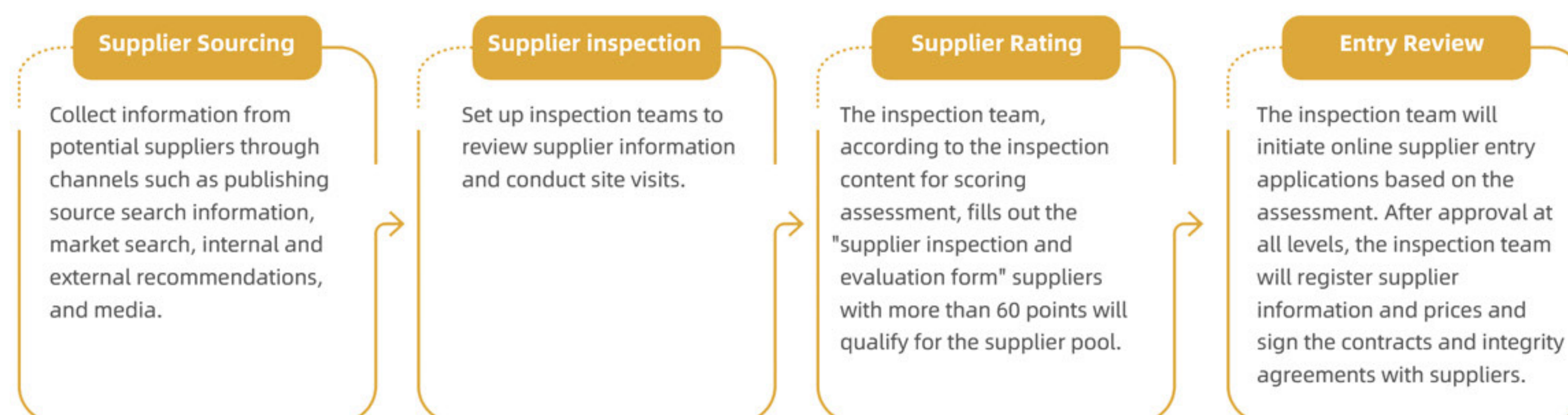
Supplier Selection Process in Supply Chain Management



In the real estate business

We practice responsible procurement in the real estate business, strictly following relevant regulations and requirements at the national, provincial, municipal, and industry levels. We implement the "Supplier Code of Conduct." We actively promote suppliers to fulfill their social responsibilities in safety, environment, employee rights, and other aspects, including protecting the rights and interests of outsourced workers, clearly prohibiting child labor, opposing forced labor and discrimination, and adhering to minimum wage standards, and others. We continue to promote the construction of a responsible supply chain.

Supplier Selection Process in Real Estate Business



We value anti-corruption efforts among our suppliers and advocate establishing long-term and stable relationships based on honesty and trustworthiness. Before conducting business, suppliers must sign the "Integrity Agreement" and "Integrity and Law-Abiding Commitment," committing to abide by all applicable laws and regulations and not to solicit or offer any financial or nominal kickbacks or fees to any entities or individuals.



Supplier Management

We have established a supplier classification management system and implemented dynamic re-auditing, considering the industry situation in different business areas to strengthen supplier management. We and our subsidiaries have developed corresponding supplier classification qualification review and evaluation standards based on their industry characteristics, screening suppliers with sustainable cooperative advantages and continuously improving our responsible and refined management of suppliers.

In the supply chain management

we implement dynamic monitoring of suppliers through the "E Zhangxin" platform. The "E Zhangxin" platform monitors and pushes negative external information about suppliers daily, focusing on supplier operational risks and judicial risks, including but not limited to dishonesty, restriction on high spending, lawsuit, environmental punishment, and other situations. For abnormal suppliers, we will conduct further investigations, evaluate the actual situation of suppliers under our control requirements, implement timely verification feedback, and issue warnings or terminate cooperation as appropriate.

In the real estate business

we classify our suppliers based on their performance evaluation scores during the fulfillment of contracts. We conduct comprehensive investigations into their business, personnel, operation, product quality, service quality, professional skills, and cooperation relationships. The supplier's performance evaluation will be considered unqualified, suppose there are cases of commercial bribery, significant quality problems, occupational health and safety issues, or wage arrears for migrant workers. We will not renew the contracts or launch new cooperation for unqualified suppliers and require them to refrain from participating in bidding or procurement activities for two years from the date of public announcement.

The "Blacklist" System

We evaluate suppliers monthly and provide feedback on various dimensions, including engineering quality, safety production, civilized construction, construction progress, warranty period, corrective action completion rate, maintenance satisfaction, on-site management, cost negotiation, design cooperation, and other special issues. If any bidding unit is found to engage in collusion, fraud, or any other form of deception, the persons responsible will be held legally accountable and added to the supplier blacklist. Our personnel who bear corresponding responsibilities will be seriously investigated. In the event of a major quality incident or mass quality complaints caused by the supplier, the supplier will be blacklisted.

Timely Payment of Wages for Migrant Workers and Prevention of Wage Arrears

We established a coordination mechanism to ensure the payment of wages for migrant workers and prevent wage arrears. We also supervise the general contractor to strengthen labor management and properly handle conflicts and disputes related to migrant worker wage payments. We set up a dedicated account for migrant worker wages, timely allocate project funds under contractual agreements, and promptly transfer labor costs to the valid account for migrant worker wages. We also reinforce the supervision of the general contractor to ensure the timely and full payment of wages to migrant workers. We try hard to ensure the rights and interests of migrant workers and prevent suppliers from withholding migrant workers' compensation.

Quality, Safety and Health Assurance

Regarding employee safety issues, in addition to daily inspections by the project department, third-party evaluations are conducted for ongoing projects. The inspection method uses a "flying inspection + expert system accompanying inspection," composed of experts from our accompanying inspection expert pool. The inspection standards are strictly enforced following or higher than national standards, and the inspection results are reported with rankings.

Responsible Products and Services

In supply chain management, as a leading domestic supply chain service provider, we have built a "LIFT" supply chain service system in China. Based on the four service elements of "Logistics," "Information," "Finance," and "Trading," we integrate the five significant resources of logistics, information, finance, commodities, and markets that customers need in the process of integrated operation, plans supply chain operation solutions, and provides operation services. We always adhere to customer demand-oriented and continuously promote supply chain service innovation. We have obtained ISO9001 quality management system certification.

In our real estate business, as a leading comprehensive real estate service provider in China, we adhere to the principle of "Quality First," strictly comply with national laws and regulations, and establish a comprehensive set of related systems such as "Project Operation System," "Project Lifecycle Guidance Manual," "Design Work Standard," "Showroom Work Standard," "Delivery Work Standard," "Project Operation Inspection and Evaluation Standard," and others, and develop and implement a standardized quality management system. We continuously improve and develop new real estate projects and provide homeowners with healthy, safe, and innovative experiences. We have created a "9A Delivery System", in which we hire a professional third-party company to conduct a comprehensive project inspection from the customer's perspective before delivery. The inspection includes consistency of commitment, the comfort of products, external acceptance and progress, external facade appearance, and one-room-one inspection. We also conduct risk screening and special inspections on leakage prevention, appearance, and hollowing/cracking in the common area. A comprehensive investigation is carried out, and a special rectification and sales plan is formulated. Through a rigorous inspection system, we ensure that all problems are rectified before delivery and make every effort to guarantee product quality. Both C&D Real Estate and C&D Property have obtained ISO9001 quality management system certification.



Continuous Improvement in Service Quality

In the supply chain management

we conduct a customer satisfaction survey project for upstream and downstream customers in the supply chain. The project focused on data insights from dimensions such as "changing trends in supply chain service demands," "process satisfaction diagnosis," and "insights into service-oriented and systematic demands." Based on the systematic results of the survey and qualitative and quantitative deduction analysis, the project proposed four service improvement strategies: "combing through the entire process of service," "optimizing management structure to form a service closed-loop mechanism," "establishing a customer-centric service concept and awareness," and "establishing a large-scale service management system guided by customer needs." The project's research content covered our main business models: domestic trade, import and export, and transit trade. A research method combining qualitative interviews and quantitative questionnaires was used to visit 50 strategic partners and collect 1,630 questionnaires from supply chain-related department heads responsible for customer procurement, sales, finance, logistics, and document processing. After the project, we focus on the four customer service management modules of "service monitoring," "demand management," "standard management," and "guarantee management" to conduct customer satisfaction management improvement work. We aim to meet customers' valuable needs, continue to promote measures to improve service scenarios, and actively explore establishing a complete customer service system and satisfaction management mechanism based on personalized customer service status and industry characteristics.



In the real estate business

we continue to improve service quality through service standard setting, public opinion monitoring, quality inspections, and marketing staff training.

Service Standards Development

We further clarified the standards for sales services in the "Marketing Operations Manual" and combed through the "C&D Real Estate 2022 Sales Site Service Secret Inspection Indicators," guiding specific actions for frontline sales services and determining assessment scoring standards. We also combed through the code of conduct for property consultants to unify sales service standards.

Public Opinion Monitoring

Through 24*7 public opinion monitoring, negative news and comments about sales and service were discovered and quickly fed back to relevant departments for timely handling. We promoted a 400-complaint hotline number throughout the organization and proactively collected public opinion online. The Customer Ambassadors were introduced in various cities to establish direct contact with customers and manage their relevant demands.

Quality Inspection

Our marketing department and cluster market center conducted back-to-back marketing preparations and acceptance checks for each project display area before opening. They conducted multidimensional acceptance scoring of the project display area, made improvement suggestions on-site, and conducted regular patrols of the on-sale projects to collect and summarize positive and negative examples of display and service-related issues. They summarized common problems and provide timely improvement suggestions. Each cluster introduced third-party units and executes sales service secret inspections based on the company's "C&D Real Estate 2022 Sales Site Service Secret Inspection Indicators," with added cluster requirements.

Marketing Staff Training

We recorded the training videos for "Requirements for Property Consultants in C&D Real Estate," "Image of Property Consultant Services," and "Service Etiquette for Property Consultants" and uploaded them to the "Zhangjianshi" platform for all property consultants to learn. We Conducted examinations on the code of conduct and service standards. For newly hired property consultants, we organized four face-to-face training sessions at the Xiamen headquarters annually. The cluster is responsible for providing training on business skills for marketing personnel in the cluster, group policy transition, and cluster policy training. Meanwhile, the city and project teams are responsible for conducting training on business skills for project marketing personnel and establishing self-sales teams based on the project's own business.



Customer Rights Protection

In the real estate business field

we have opened online and offline communication channels for marketing-related complaints. We disclose and remind the handling of customer complaints weekly, issues warnings for common problems in projects, analyze common customer complaints monthly and provide monthly reports to various clusters and business lines. We formulate improvement plans based on investigating customer complaints and improvement plans.

- Analyze monthly the volume of complaints by category, changes in common complaints, and the status of complaint resolutions, and prepare a report.
- Provide reminders to clusters/divisions with poor complaint handling and follow up on their progress weekly.



Marketing complaint handling process

Customer
Complaints
Collection

Response

Program
Development

Process
Feedback

Closed-loop
Processing

Customer
Callback

For complaints related to residential areas and property management, we have hired a third-party research firm to conduct monthly customer satisfaction surveys of homeowners through telephone interviews to understand their evaluation of us and provide suggestions for improvement. In 2022, the survey will cover a sample of approximately 10% of homeowners, including new homeowners and those who have been with us for several years. We have implemented the "Enterprise Butler WeChat" system to handle homeowner complaints better. Using this system, we require that all customer inquiries be responded to within 15 minutes during working hours. For inquiries received outside of working hours, we will respond on the next working day as soon as possible to better communicate and resolve customer issues.

C&D Inc. Highlight Moments in Industry Development

In 2022, we actively involved in industry organizations and launched initiatives in multiple segmented fields. For example, we participated in the drafting and compilation of national standards such as "Overview and Basic Theory of Supply Chain Management," "SCM Terminology," and "Supply Chain Management Maturity," which were independently developed by the China Federation of Logistics and Purchasing and the Professional Committee of Supply Chain Management. These standards are part of the "Supply Chain Management Expert Certification" (SCNP) program.

Case I

We and our subsidiary, C&D Paper and Pulp Group, participated in the 2022 3rd China Supply Chain Management Annual Conference, which was jointly organized by the Ministry of Commerce, the China Federation of Logistics and Purchasing, and the Xiamen Municipal Government. C&D Paper and Pulp Group's industrial internet platforms, "PaperSource" and "E-Pulp," were successfully selected and recognized as examples of "2021-2022 Collection of Demonstration Cases on Supply Chain Innovation and Application in China".



Case II

In November 2022, we were invited to join the first "Belt and Road" supply chain offline summit, jointly organized by the China Federation of Logistics and Purchasing, China International E-commerce Center, and Yunnan Provincial Department of Commerce. Zheng Yongda, the Party Secretary and Chairman of C&D Inc. delivered a keynote speech entitled "Exploring the Globalization of Supply Chain Service Enterprises." While continuing to deepen our domestic market, we are accelerating our international layout and sharing new opportunities for open development with global industry chain partners.



Case III

In November 2022, we made our fifth appearance at the China International Import Expo (CIIE). As one of the essential purchasers at the expo, we actively exchanged business updates with our partners in the industry chain, working together to create a better future. We held and participated in 6 contract-signing ceremonies during the 5th CIIE.



Case IV

In July 2022, the "Global Union" exhibition hall debuted at the opening ceremony of the "Global Buying Circle" exhibition area of the second China International Consumer Products Expo. At this consumer expo, several member companies of C&D Inc. participated and released various new products. Our consumer goods group marketing platform - C&D Global Union, planned and held the "Play with LIFT" cloud shopping live broadcast activity, experiencing global boutique products with a large audience, fully demonstrating our supply chain service capabilities in resource integration, channel management, brand marketing and other aspects accumulated over the years in the consumer goods field.



Case V

We sponsored and attended the 29th Annual Meeting of the China Minmetals and Chemicals Import and Export Chamber of Commerce. Multiple practical and diverse activities were held, including keynote speeches, government signing ceremonies, and dialogues for communication. Together with the organizers, we built an authoritative and high-end communication and information-sharing platform for the industry and enterprises, bringing together industry strength, contributing industry wisdom, and boosting industry confidence.

Case VI

Our subsidiary C&D Paper and Pulp Group has continuously hosted five sessions of the "China Paper and Pulp High-Level Summit" to promote industry exchanges and consolidate development consensus."

Participation of C&D Inc. and Business Units in Industry Associations in 2022

Association Name	Membership level	Region
Modern Supply Chain Research Institute of China Federation of Logistics & Purchasing	Vice President Unit	National-level
China Chamber of Commerce for Import and Export of Textiles	Executive Director Unit	National-level
Statistical Society for Foreign Economic Relations and Trade of China	Director Unit	National-level
China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters	Director Unit	National-level
China Chamber of Commerce for Import and Export of Machinery and Electronic Products	Director Unit	National-level
China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts	Director Unit	National-level
China Chamber of Commerce of I/E of Foodstuffs, Native Produce and Animal By-products (CFNA)	Member Unit	National-level
Xiamen Modern Supply Chain Association	President Unit	Xiamen City
Xiamen Import & Export Chamber of Commerce	Vice President Unit	Xiamen City
Chamber of International Commerce Xiamen	Vice President Unit	Xiamen City

Association Name	Membership level	Region
Xiamen Economic & Trade Information Center	Member Unit	Xiamen City
China Property Management Institute	Yijiayuan Property as Director Unit	National-level
China Enterprise Confederation	Director Unit	National-level
Fujian Province Estate Management Association	C&D Property as Vice President Unit Yijiayuan Property as Executive Director Unit	Provincial-level
Fujian Enterprises and Entrepreneurs Confederation	Vice President Unit	Provincial-level
Xiamen Economists Association	Vice President Unit	Xiamen City
Xiamen Enterprises and Entrepreneurs Association	Vice President Unit	Xiamen City
Integrity Promotion Association of Xiamen	Vice President Unit	Xiamen City
Xiamen Enterprise Contract Management Association	Member Unit	Xiamen City
Xiamen Property Management Association	Yijiayuan Property as Vice President Unit	Xiamen City

ACHIEVE A SUSTAINABLE CITY AND COMMUNITY

For a long time, integrating corporate development into the overall development of the country, fulfilling corporate social responsibility, and giving back to society have become a part of our corporate strategy and culture. From ensuring food security, caring for children, protecting traditional culture, and promoting rural revitalization, to donating money for education, disaster relief, green environmental protection, and other social welfare causes, we have never stopped fulfilling the mission of state-owned enterprises while continuously growing stronger. We strive to achieve harmonious development between people and society, and allow more people to live a superior life.





Features

Food Security Ensures Flavorful Life For All

Ensuring the stable livelihoods of 1.4 billion people is China's top priority. At the beginning of the 21st century, we entered the agricultural supply chain business field and established a US company in Chicago in 2008, spanning the Pacific Ocean and embarking on the journey of globalizing agricultural products. Currently, our Agricultural Products Group has established core procurement channels in global food-producing areas such as the Belt and Road, South America, the Black Sea, and Europe, and has established branches in Russia, Brazil, Ukraine, and other places to build and continuously expand the global agricultural product procurement channel network.

Whether the grain source is abundant, high-quality, and stable is an important influencing factor in the international supply chain of agricultural products. To strengthen our control over upstream supply resources and establish differentiated competitive advantages, we have not only established long-term strategic partnerships with large international grain traders, but also deepened our layout in foreign grain-producing areas by directly cooperating with local farmers, local grain collection stations, and leading local enterprises, to grasp the source of supply resources and obtain purchasing initiative. Logistics is an essential link in the supply chain business and a crucial step in connecting supply and demand. At the beginning of our international supply chain business, we gradually integrated, leased, and cooperated to lay out key logistics node resources in important agricultural product producing and sales areas around the world. Through the formation of a professional international grain transportation and chartering team, we have established a relatively complete global logistics network system.



Since 2018, in response to the impact of the escalation of Sino-US trade frictions on agricultural products' international supply chain business, we have quickly responded to the situation, turned crisis into opportunity, and vigorously explored grain sources from other grain-producing areas worldwide to build a global supply system. Currently, our agricultural product business scope covers fields such as oilseeds and oils, feed ingredients, food, agricultural materials, and timber, providing domestic and international customers with "one-stop" comprehensive services, including raw material procurement, import and export customs clearance, warehousing and logistics, contract processing, sales settlement, technical support, and financial instruments, advancing towards the development goal of becoming a well-known "International Grain Trader."

"Farmers are the foundation of the nation, and stability at home leads to stability in the country." On the one hand, with the continuous growth of China's population, the demand for grain will further increase, and it is necessary to firmly grasp the initiative of food security. On the other hand, with the improvement of the material living standards, residents' demand for grain has shifted from "having enough to eat" to "having better quality food," which puts higher requirements on the variety and richness of China's grain production and supply. Serving the Chinese consumer market is critical for our agricultural product business. We have long been committed to filling the supply gaps in domestic products such as beans and oilseeds, providing more high-quality products to serve the Chinese consumer industry, helping more people upgrade their dietary consumption structure, and allowing more people to enjoy a more flavorful life.





Features

Lift Kids Up with Love and Bright Future

Children are the future of the country and the hope of the nation. We have been continuously caring for the growth of children for a long time, and have built the "Love Has a Future" youth public welfare brand to protect children's growth and make them feel the "C&D warmth".



Hand in Hand Education Assistance

The year 2022 marks the 10th anniversary of the friendly cooperation between the C&D Inc. Youth League Committee and Xiamen Ding'an Elementary School. Over the past decade, we have carried out volunteer service activities and long-term education assistance for students at Ding'an Elementary School with our core concept of "Warming Education." At the beginning of the cooperation, this school located on Zhongshan Road in Xiamen only had 12 classes, and 95% of the students were children of migrant workers from outside Xiamen. The Youth League Committee formed 12 volunteer teams, each pairing up with one class to form a "mutual aid alliance." Over the past ten years, education assistance activities have served over 6,000 teachers and students, totaling over 600 hours and over 200 service events. In 2022, five volunteer service activities were carried out, with over 500 participants.

5

volunteer service
activities

500⁺

over participants





Features



Help Children Regain Confidence

In response to the actual needs of the students at Ding'an Elementary School, our volunteer service team regularly goes to the school to conduct themed class meetings, teach the children how to draw illustrations and bake, and engage in fun physical activities with them. Through a variety of themed class meeting activities, the team provides warmth and companionship to the children, allowing them to grow up in a caring environment.



See the Wider World

In order to broaden children's horizons, our volunteer service team actively plans theme activities, taking children to Xiamen Fire Science and Technology Museum to learn about fire safety knowledge. We organized patriotism education for children during the party history learning and education activities.



Warmth of Loving and Being Loved

Our volunteer team organized "A Different Kind of International Children's Day Activities," including taking Ding'an's children to visit the elderly in nursing homes, organizing children to participate in the "Caring for Poor Children in the West" and "Green Run" marathon, etc., so that children can feel the warmth between loving and being loved, and gradually experience the true meaning of volunteerism.



Features



Love Sports Field

We planned and carried out the "Love Sports Field" public welfare live campaign to build a multi-functional sports field for Qingquan Kindergarten in Shatang Town, Longde County, Ningxia Autonomous Region through live charity sales, to provide more care to poor rural families and ecological migrant families, to provide young children with places and facilities to exercise and strengthen their physical fitness, and to put into practice the cultural concept of "Let more people live a superior life."



Love Bazaar

We launched the "Love Bazaar" charity sale and joined hands with C&D Pulp and Paper Group, Automobile Group, Agricultural Products Group, and other branches to engage in the "Love Bazaar," donating all the collected items and donations to the epilepsy relief program, sending warmth and care to more special groups in need.



Nourishing Youth

The C&D Property Charity Foundation's "Nourishing Youth" project has been continuously focused on particular groups since 2012, explicitly assisting underprivileged children under 16, with over 700 disadvantaged children being supported. In May 2022, the "Nourishing Youth" assistance event, jointly organized by the Xiamen Charity Federation and the C&D Property Charity Foundation, was held at the Neicuo Town Government in Xiang'an District, Xiamen City, providing support to a total of 100 underprivileged children from Xiang'an District and Siming District.

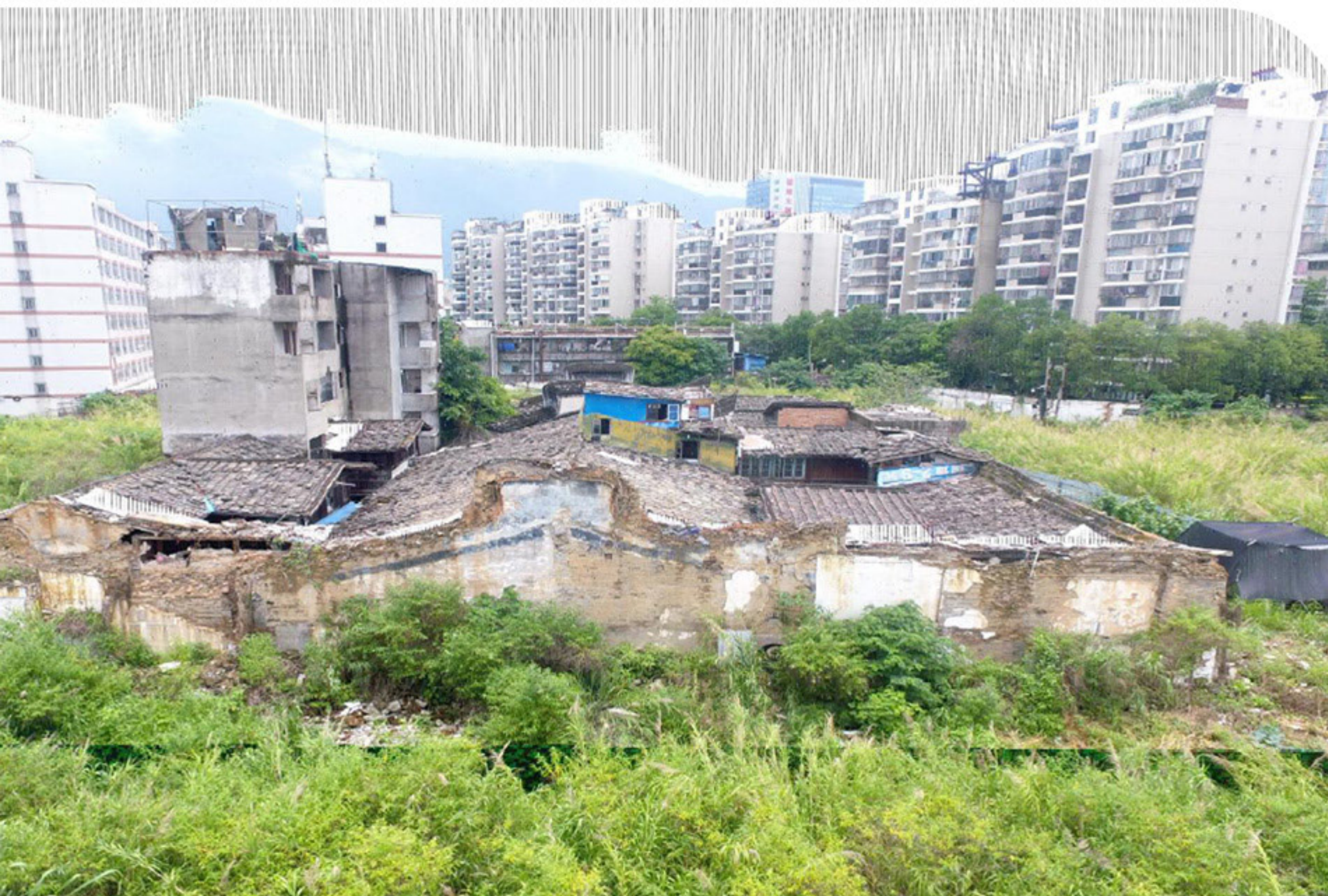


Co-Prosperity with the Community

We recognize the importance of building mutually beneficial relationships with the communities in which we operate for the sustainable development of our business and are committed to promoting positive relationships with them as we grow our business. We have formulated a "Community Policy" and established a clear community communication mechanism to receive community opinions and complaints, provide timely feedback, and promote the establishment of mutually beneficial relationships with communities for mutual prosperity and synergistic development during business development. We follow the principle of "Localization" and combine it with our "Go Global" strategy, prioritizing employing employees in the regions where we operate and recruiting localized personnel for specific regions and colleges to promote local economic and social development by driving local employment. We conduct community risk assessments in our business development, minimize negative impacts on local communities, and incorporate community development priorities into our planning considerations, including but not limited to respecting and protecting the rights and interests of indigenous people, cultural customs, and cultural heritage of local communities, in order to achieve co-prosperity and harmonious development with the communities in which we operate.



Ancient House Conservation



During the construction assessment of the Fuzhou Heming Mansion project, we found a new ancient house built in the cite boundary line, which was built in the Qing Dynasty. The ancient house is a relic preserved in the process of human social development, and its overall shape, layout, decoration, door, and window patterns have outstanding architectural features of the Qing Dynasty. If the restoration can reproduce the original architectural features, architectural art, and architectural decoration techniques of the ancient house, it will be conducive to cultural inheritance. We follow the principle of "Repair and maintenance of immovable cultural relics and relocation without changing the original state of cultural relics" to protect and repair the ancient house of the Heming Mansion project in Hongguang Village.

- Preservation of the original architectural form, including the original architectural plane layout, shape, French features and artistic style
- Maintain the original architectural structure
- Preservation of original building materials
- Preservation of original technology

The project's repair and restoration scheme mainly focuses on the damage to the main building, aiming to address the root cause. After a thorough and detailed investigation, the project team designed the repair plan based on sufficient evidence, perfectly protecting and restoring the appearance of the ancient house.

C&D Inc. Endeavors on Philanthropy

C&D Real Estate established the C&D Real Estate Charity Fund to carry out social welfare activities based on the concept of "where there is love, there is a way" and the most pressing issues of the public. Since the establishment of the C&D Real Estate Charity Fund in 2007, donations have exceeded 100 million RMB, supporting more than 7,500 students, 3,600 poor families, and 5,500 migrant workers in need. We have carried out a number of distinctive public welfare projects such as "Let Your Dreams Go," "Warmth for the Needy," "Nourishing Youth," and "Let Love Go Forward."

C&D Real Estate Charity Fund

100 million
RMB
donations have
exceeded

7,500
supporting poor
students

3,600
supporting poor
families

5,500
supporting migrant
workers



Let Your Dreams Go

This activity is led by Xiamen Charity Federation and implemented by C&D Real Estate Charity Fund:

- Targeted financial support for recent high school students, vocational school students and outstanding college students with family difficulties to help them successfully complete their academic studies
- Organize seminars to help impoverished prospective students better understand and adapt to the upcoming college life
- Provide internship and employment opportunities to help underprivileged students explore new fields.

Between 2019 and 2022, the project supported a total of nearly 700 underprivileged students.





Warmth for the Needy

Case I

The "Warmth for the Needy" project, in conjunction with the Municipal Charity Federation, allows grassroots people in need to enjoy the fruits of social development. Every year, the program pays tribute to families in need and those with serious illnesses at the Spring Festival, distributing materials and funds to help them overcome difficulties in life; and setting up a volunteer service platform in the streets and communities to provide community residents with services such as spring couplets, haircuts and free key cutting. The project has been running for 13 years and has supported more than 2,900 poor families, actively responding to and participating in the construction of "Caring Xiamen" and practicing the duty of "I do practical things for the public".



Case II

In January 2022, Xiamen Charity Federation, together with C&D Real Estate Charity Fund, carried out the 2022 Chinese New Year "Warmth for the Needy" charity activity in Xiang'an District, investing a total of 180,000 CNY to subsidize 180 families in need in Xiang'an District. 15 party volunteers participated in the activity of visiting the representatives of families in need.

We continuously perform charity fundraising activities, regularly arrange volunteer service activities, respond to the needs of "hearts," actively assume social responsibilities, and constantly contribute corporate efforts in education, health, elderly care, and other fields. In 2022, we organized 121 volunteer activities, with 13,092 participant times and 5,013 service hours.



organized volunteer
activities

121

participant times

13,092

service time

5,013

hours

Rural Revitalization

In 2022, our company established a paired assistance relationship with Ren She Village in Tingxi Town, Tongan District and launched a three-year project to help the village overcome its weaknesses. We conducted on-site visits and held discussions to assist the village in clarifying its development direction, coordinating various departments and resources to tackle the difficulties in the project. Focusing on industrial revitalization, we guide the paired villages to explore and develop their own advantages, strive for superior resources, assist in promoting the implementation of village collective economic development projects, and further revitalize collective stock assets, enhance the overall economic benefits of collective assets, and drive farmers to increase their income. Through visits, employment guidance and educational support, we helped impoverished households solve practical problems such as employment and children's education, and coordinated with relevant departments to improve and help villages with transportation, medical care and other living problems. In July 2022, the Party Committee planned and carried out the "Party's Day" themed activities and condolences, and in October 2022, held activities such as elderly care condolences and events like conveying the spirit of the 20th National Congress into the village. We support the repair and renovation of retaining walls and comprehensive environmental improvement through donations, with a total of more than 150 people being helped to implement the work of rural revitalization.

In July 2022, our company, together with the poverty alleviation partner Xiamen University of Technology, went to Yunyang Village in Tong'an District to carry out targeted poverty alleviation work. We visited representatives of low-income and difficult households to offer them consolation and to learn about their production and living conditions. We also conducted on-site investigations of various rural revitalization projects, such as the "Handmade Noodle Workshop" in Yunyang Village, the "Yunyang Primary School," and the "Green Ladybug Vegetable Planting Base," to understand the project status and difficulties encountered. We also provided guidance and assistance as needed.



Data Overview

Environmental

Indicators	Unit	2022
Environmental Investment		
Total annual investment in environmental protection	Ten-thousand RMB	2,086
Number of environmental violations in a year	Case	0
Emissions and Discharges		
GHG		
GHG emissions- scope1	MT CO ₂ e	285,727
GHG emissions- scope2	MT CO ₂ e	220,443
Total GHG emissions	MT CO ₂ e	506,170
Intensity of total GHG emissions	MT CO ₂ e/100 million RMB of operating revenue	61
Air Pollutants		
Total NOx emissions	Ton	44
Total SOx emissions	Ton	4
Total PM emissions	Ton	2
Wastewater and Wastewater Pollutants		
Total wastewater discharges	m ³	3,149,769
COD	Ton	347
Ammonia Nitrogen	Ton	3
Vehicle & Equipment Fuel Consumption		
Gasoline consumption	Litre	914,023
Diesel consumption	Litre	127,930

Indicators	Unit	2022
Waste		
Amount of transferred and disposed hazardous wastes	Ton	23
Amount of transferred and disposed general wastes	Ton	101,949
Amount of recycled general waste	Ton	30
Energy		
Electricity consumption	kWh	380,301,203
Including: Green electricity Consumption	kWh	392,010
Thermal power consumption	GJ	16,482
Natural gas consumption	Litre	105,487,970
LGP consumption	Litre	2,363,000
Coal consumption	Ton	137,412
Diesel fuel consumption (stationary source fuel)	Litre	366,688
Water Resources		
Number of operating sites in water-stressed area	Count	26
Water withdraw in water-stressed area	m ³	1,149,421
Water withdrawal	m ³	12,670,048
Water consumption	m ³	9,520,279
Water consumption density	m ³ /100 million RMB of operating revenue	1,143
Packaging Materials		
Plastic products	Ton	96

Employment

Indicators	Unit	2022
Total number of employees	Person	32,847
Employee Composition		
Employee Gender Distribution		
Male	Person	20,411
Female	Person	12,436
Employee Age Distribution		
Under 35 years old	Person	18,469
35 to 44 years old	Person	8,650
45 to 49 years old	Person	2,644
Over 50 years old	Person	3,084
Employee Education Distribution		
Master degree	Person	1,715
Bachelor degree	Person	12,295
College degree	Person	7,000
Junior college degree	Person	2,604
Others	Person	9,233
Employee Function Distribution		
Management staff	Person	1,262
Technical staff	Person	7,501
Operations staff	Person	22,090
Financial staff	Person	1,078
Administrative staff	Person	916

Indicators	Unit	2022
Management Gender Distribution		
Male management	Person	765
Female management	Person	217
Percentage of Female management	%	22
Contract Signing		
Employees with employment contracts	Person	32,847
Employment contract signing rate	%	100
Employment of People with Disabilities		
Number of people with disabilities employed	Person	5
Employee Turnover		
Total number of departures	Person	11,354
Total number employees at the beginning of the year	Person	26,761
Total number of new recruits for the year	Person	15,301
Annual turnover rate	%	27
Employee Training		
Total investment in employee training for the year	Ten-thousand RMB	970
Total number of employees trained	Person	29,531
Number of Female employees trained	Person	11,577
Employee training coverage rate	%	90
Percentage of Female employees trained	%	39
Total number of training hours for employees	Hour	6,354,357
Average training hours for employees	Hour	215

Market

Indicators	Unit	2022
R&D investment in science and technology		
Total R&D investment amount in science and technology	Ten-thousand RMB	19,062
Intellectual Property Rights		
Number of patents newly granted	Item	181
Number of copyrights, trademarks and other intellectual property rights newly granted	Item	136
Number of IPRs newly granted for the year	Item	317
Complaint Resolution		
Total number of complaints	Case	22,221
Total number of complaints resolved	Case	22,220
Complaint resolution rate	%	99.99
Supplier Management		
Total number of suppliers	Count	41,397
Number of audited suppliers in the year.	Count	33,329
Number of suppliers removed for ESG non-compliance in the year	Count	221
Number of newly admitted suppliers in the year	Count	20,853
Percentage of newly admitted suppliers in the year	%	63

Occupation Health and Safety

Indicators	Unit	2022
Safety Production Input		
The total investment amount in safety production for the entire year	Ten-thousand RMB	2,388
Safety Training		
Total participant times in occupational safety training	Person-time	69,356
Total participant hours in occupational safety training	Hour	25,691
Total participants in occupational safety training	Person-time	18,965
Percentage of personnel participated in safety training	%	58
Number of safety emergency drills	Time	1,531

Occupation Health and Safety

Indicators	Unit	2022
Number of safety emergency drills participant times	Person-time	5,594
Number of off-line safety emergency drills	Time	961
Number of online safety emergency drills	Session	65
Safety Production Accident		
Extremely significant accidents	Case	0
Significant accidents	Case	0
Major accidents	Case	0
Ordinary accidents	Case	0
Number of shutdowns	Time	0
Hours of shutdowns	Day	0
Occupational Safety and Health Performance		
Work-related fatalities	Person	0
Smart Site Construction		
Number of smart site projects	Case	77

Social Contribution

Indicators	Unit	2022
Social Contribution		
Total social contribution	Ten-thousand RMB	91,894,070
Social contribution per share	RMB	306
Total welfare input	Ten-thousand RMB	3,612
Including:		
Welfare input-Donation in money	Ten-thousand RMB	3,590
Welfare input-Donation in goods	Ten-thousand RMB	11
Welfare input-Others	Ten-thousand RMB	11
Number of public welfare activities held	Time	121
Total number of participant times of volunteers	Person-time	13,092
Total number of volunteer service hours	Hour	5,013

GRI Standards

GRI Standards	Disclosure	Location	Omission
General Disclosures			
GRI 2:General Disclosures 2021	2-1 Organizational details	Letter from the Chairman C&D Inc. in 2022	
	2-2 Entities included in the organization’s sustainability reporting	About this Report	
	2-3 Reporting period, frequency and contact point	About this Report	
	2-4 Restatements of information	This Report Does Not Cover It	This report does not involve restatement of information
	2-5 External assurance	This Report Does Not Cover It	This report is not subject to third-party assurance
	2-6 Activities, value chain and other business relationships	Letter from the Chairman Sustainable Development Framework Supply Chain Responsibility	
	2-7 Employees	Human Rights Protection Data Overview	
	2-8 Workers who are not employees	Data Overview	
	2-9 Governance structure and composition	Sustainable Development Governance Board of Directors	
	2-10 Nomination and selection of the highest governance body	Board of Directors	
	2-11 Chair of the highest governance body	Board of Directors	
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable Development Governance Board of Directors Risk Management and Compliance	
	2-13 Delegation of responsibility for managing impacts	Sustainable Development Governance Board of Directors Risk Management and Compliance Occupational Health and Safety	

GRI Standards	Disclosure	Location	Omission
General Disclosures			
GRI 2:General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	Sustainable Development Governance	
	2-15 Conflicts of interest	Board of Directors	
	2-16 Communication of critical concerns	Stakeholders Engagement	
	2-17 Collective knowledge of the highest governance body	Sustainable Development Governance Board of Directors	
	2-18 Evaluation of the performance of the highest governance body	This Report Does Not Cover It	Not yet implemented during this reporting period
	2-19 Remuneration policies	Board of Directors	
	2-20 Process to determine remuneration	Board of Directors	
	2-21 Annual total compensation ratio	This Report Does Not Cover It	Considering the confidentiality requirements of some of our subsidiaries, this report is temporarily unable to compile reliable data on individual remuneration
	2-22 Statement on sustainable development strategy	Letter from the Chairman	
	2-23 Policy commitments	Sustainable Development Governance Business Ethics Whistleblower Protection Green Operations Human Rights Protection Occupational Health and Safety Supply Chain Responsibility Co-Prosperity with the Community	
	2-24 Embedding policy commitments	Sustainable Development Governance Business Ethics Whistleblower Protection Green Operations Human Rights Protection Occupational Health and Safety Supply Chain Responsibility Co-Prosperity with the Community	

GRI Standards	Disclosure	Location	Omission
General Disclosures			
GRI 2:General Disclosures 2021	2-25 Processes to remediate negative impacts	Addressing Climate Change Whistleblower Protection Information Security Green Operations Human Rights Protection Safety Inspection Occupational Health Management Responsible Products and Services	
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholders Engagement Whistleblower Protection Human Rights Protection Responsible Products and Services Co-Prosperity with the Community	
	2-27 Compliance with laws and regulations	Board of Directors Business Ethics Tax Management Information Security IPR Protection Green Operations Human Rights Protection Occupational Health and Safety Responsible Products and Services	
	2-28 Membership associations	C&D Inc. Highlight Moments in Industry Development	
	2-29 Approach to stakeholder engagement	Stakeholders Engagement	
	2-30 Collective bargaining agreements	Human Rights Protection	
Material topics			
GRI 3:General Disclosures 2021	3-1 Process to determine material topics	Stakeholders Engagement	
	3-2 List of material topics	Stakeholders Engagement	

GRI Standards	Disclosure	Location	Omission
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Development Governance Addressing Climate Change Stakeholders Engagement	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	ESG Key Performance Indicators	
	201-2 Financial implications and other risks and opportunities due to climate change	Addressing Climate Change Risk Management and Compliance	
	201-3 Defined benefit plan obligations and other retirement plans	Employee Benefits	
	201-4 Financial assistance received from government	ESG Key Performance Indicators	
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Benefits Co-Prosperity with the Community	
GRI 2:Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	This Report Does Not Cover It	Given the confidentiality requirements of some of our subsidiaries, this report is temporarily unable to compile reliable data on individual salaries. However, we require that all subsidiaries' entry level salary should be above the local minimum wage
	202-2 Proportion of senior management hired from the local community	This Report Does Not Cover It	In view of the confidentiality requirements of some of our subsidiaries, this report is temporarily unable to compile reliable data on individual remuneration
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics	Achieve a Sustainable City and Community	
GRI 203:Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Co-Prosperity with the Community Lift Kids Up with Love and Bright Future Rural Revitalization	
	203-2 Significant indirect economic impacts	Rural Revitalization C&D Inc. Endeavors on Philanthropy Food Security Ensures Flavorful Life For All Co-Prosperity with the Community C&D Inc. Highlight Moments in Industry Development	

GRI Standards	Disclosure	Location	Omission
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Co-Prosperity with the Community	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	This Report Does Not Cover It	Considering the supplier confidentiality requirements of some of our subsidiaries, this report is temporarily unable to compile a reliable percentage
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics Risk Management and Compliance	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics Risk Management and Compliance	
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics	
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics	
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics	
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	Tax Management	
GRI 207: Tax 2019	207-1 Approach to tax	Tax Management	

GRI Standards	Disclosure	Location	Omission
Tax			
GRI 207: Tax 2019	207-2 Tax governance, control, and risk management	Tax Management Risk Management and Compliance	
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Management Stakeholders Engagement	
	207-4 Country-by-country reporting	This Report Does Not Cover It	We have disclosed in our 2022 Annual Report
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Circular Economy for Climate Action Sustainable Product Design and R&D Data Overview	
	301-2 Recycled input materials used	Circular Economy for Climate Action Sustainable Product Design and R&D Data Overview	
	301-3 Reclaimed products and their packaging materials	Circular Economy for Climate Action Sustainable Product Design and R&D Data Overview	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Data Overview	
	302-2 Energy consumption outside of the organization	This Report Does Not Cover It	Due to the privacy policies of some of our customers, this report is not able to provide reliable statistics on energy consumption outside the organization at this time
	302-3 Energy intensity	Environment Data Overview	
	302-4 Reduction of energy consumption	Green Industry Investment Green Operations	
	302-5 Reductions in energy requirements of products and services	This Report Does Not Cover It	Not available in this report

GRI Standards	Disclosure	Location	Omission
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Product Design and R&D Green Operations Data Overview	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Sustainable Product Design and R&D Green Operations	
	303-2 Management of water discharge-related impacts	Sustainable Product Design and R&D Green Operations	
	303-3 Water withdrawal	Data Overview	
	303-4 Water discharge	Data Overview	
	303-5 Water consumption	Data Overview	
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Green Operations	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	This Report Does Not Cover It	None of our business operations are located in or adjacent to protected areas and biodiversity-rich areas outside the protected areas
	304-2 Significant impacts of activities, products and services on biodiversity	Green Operations	
	304-3 Habitats protected or restored	This Report Does Not Cover It	None of our business operations are located in protected or restored habitat
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	This Report Does Not Cover It	None of our business operations are located in protected or restored habitat
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	Green Operations Data Overview	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Data Overview	
	305-2 Energy indirect (Scope 2) GHG emissions	Data Overview	

GRI Standards	Disclosure	Location	Omission
Emissions			
GRI 304: Biodiversity 2016	305-3 Other indirect (Scope 3) GHG emissions	This Report Does Not Cover It	Not available in this report
	305-4 GHG emissions intensity	Data Overview	
	305-5 Reduction of GHG emissions	Green Industry Investment Green Operations	
	305-6 Emissions of ozone-depleting substances (ODS)	This Report Does Not Cover It	Our operations do not involve relevant emissions
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air	Data Overview	
Waste			
GRI 304: Biodiversity 2016	3-3 Management of material topics	Environment	
GRI 304: Biodiversity 2016	306-1 Waste generation and significant waste-related im-	Green Operations	
	306-2 Management of significant waste-related impacts	Circular Economy for Climate Action Green Operations	
	306-3 Waste generated	Data Overview	
	306-4 Waste diverted from disposal	Circular Economy for Climate Action Green Operations	
	306-5 Waste directed to disposal	Data Overview	
Supplier environmental assessment			
GRI 304: Biodiversity 2016	3-3 Management of material topics	Responsible Sourcing	
GRI 304: Biodiversity 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Sourcing	
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Sourcing	
Employment			
GRI 304: Biodiversity 2016	3-3 Management of material topics	Human Rights Protection	

GRI Standards	Disclosure	Location	Omission
Employment			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Data Overview	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits	
	401-3 Parental leave	This Report Does Not Cover It	Considering the privacy policies of some of our subsidiaries, this report is currently unable to provide a comprehensive and reliable analysis of parental leave.
Labor management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
	402-1 Minimum notice periods regarding operational changes	Human Rights Protection	
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety	
	403-2 Hazard identification, risk assessment, and incident investigation	Safety Inspection	
	403-3 Occupational health services	Occupational Health Management Employee Benefits	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Safety Training	
	403-5 Worker training on occupational health and safety	Safety Training	
	403-6 Promotion of worker health	Occupational Health and Safety Employee Benefits	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety Inspection Emergency Management and Drills Safety Training	
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety	
	403-9 Work-related injuries	Occupational Health Management Data Overview	
	403-10 Work-related ill health	Occupational Health Management	

GRI Standards	Disclosure	Location	Omission
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	Personal Development	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Personal Development Data Overview	
	404-2 Programs for upgrading employee skills and transition assistance programs	Personal Development	
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Rights Protection Personal Development Data Overview	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Personal Development	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Personal Development Data Overview	
	405-2 Ratio of basic salary and remuneration of women to men	This Report Does Not Cover It	Considering the privacy policy of some of our subsidiaries, the relevant data cannot be compiled in this report for the time being
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	Personal Development	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Personal Development	
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	Personal Development	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Personal Development	
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Personal Development	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Personal Development Responsible Sourcing	

GRI Standards	Disclosure	Location	Omission
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Protection Responsible Sourcing	
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	This Report Does Not Cover It	Not available in this report
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	This Report Does Not Cover It	Not available in this report
Rights of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics	Co-Prosperity with the Community	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Co-Prosperity with the Community	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Achieve a Sustainable City and Community	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Achieve a Sustainable City and Community	
	413-2 Operations with significant actual and potential negative impacts on local communities	This Report Does Not Cover It	We are not involved in operations that have an actual or potentially significant negative impact on the local community
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Sourcing	
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Sourcing	
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	This Report Does Not Cover It	We are not involved in related matters
GRI 415: Public Policy 2016	415-1 Political contributions	This Report Does Not Cover It	We are not involved in related matters

GRI Standards	Disclosure	Location	Omission
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Products and Services	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Responsible Products and Services	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Responsible Products and Services Data Overview	
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Products and Services	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Responsible Products and Services	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Responsible Products and Services Data Overview	
	417-3 Incidents of non-compliance concerning marketing communications	Responsible Products and Services Data Overview	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Products and Services	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy	Data Overview	

TCFD Recommendations

TCFD Core Elements of Recommendations	Recommended Disclosures	Location
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Sustainable Development Governance
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainable Development Governance
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Addressing Climate Change
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Addressing Climate Change
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	This Report Does Not Cover It
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Addressing Climate Change Risk Management and Compliance
	b) Describe the organization's processes for managing climate-related risks.	Risk Management and Compliance
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk Management and Compliance
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Addressing Climate Change
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Addressing Climate Change Data Overview
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Occupational Health and Safety

SASB Index

SASB Topics	Accounting Metrics	Location
Energy Management in Retail & Distribution	CG-MR-130a.1: (1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable energy	Data Overview
Data Security	CG-MR-230a.1: Discussion of management approach to identifying and addressing data security risks	Information Security
	CG-MR-230a.2: (1) Number of data security breaches (2) Percentage involving customers' personally identifiable information (PII) (3) Number of customers affected	Information Security
Fair Labor Practices	CG-MR-310a.1: (1) Average hourly wage (2) Percentage of in-store employees earning minimum wage, by region	This Report Does Not Cover It
	CG-MR-310a.2: Employee turnover rate for in-store employees (1) Voluntary (2) Involuntary	Data Overview
	Amount of legal and regulatory fines and settlements associated with labor law violations	This Report Does Not Cover It

SASB Topics	Accounting Metrics	Location
Workforce Diversity & Inclusion	CG-MR-330a.1: Percentage of gender and racial/ethnic group representation for (1) Management (2) All other employees	Human Rights Protection Data Overview
	CG-MR-330a.2: Amount of legal and regulatory fines and settlements associated with employment discrimination	This Report Does Not Cover It
Product Sourcing, Packaging, and Marketing	CG-MR-410a.1: Revenue from products third-party certified to environmental and/or social sustainability standards	This Report Does Not Cover It
	CG-MR-410a.2: Description of processes to assess and manage risks and/or hazards associated with chemicals in products	Responsible Products and Services Green Operations
	CG-MR-410a.3: Description of strategies to reduce the environmental impact of packaging	Sustainable Product Design and R&D
	CG-MR-000.A: (1) Number of retail locations (2) Number of distribution centers	Not Applicable
	CG-MR-000.B: Total area of (m2): (1) Retail space (2) Distribution centers	Not Applicable



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