

**China Sunshine Paper Holdings Company Limited**  
**中國陽光紙業控股有限公司\***

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 2002



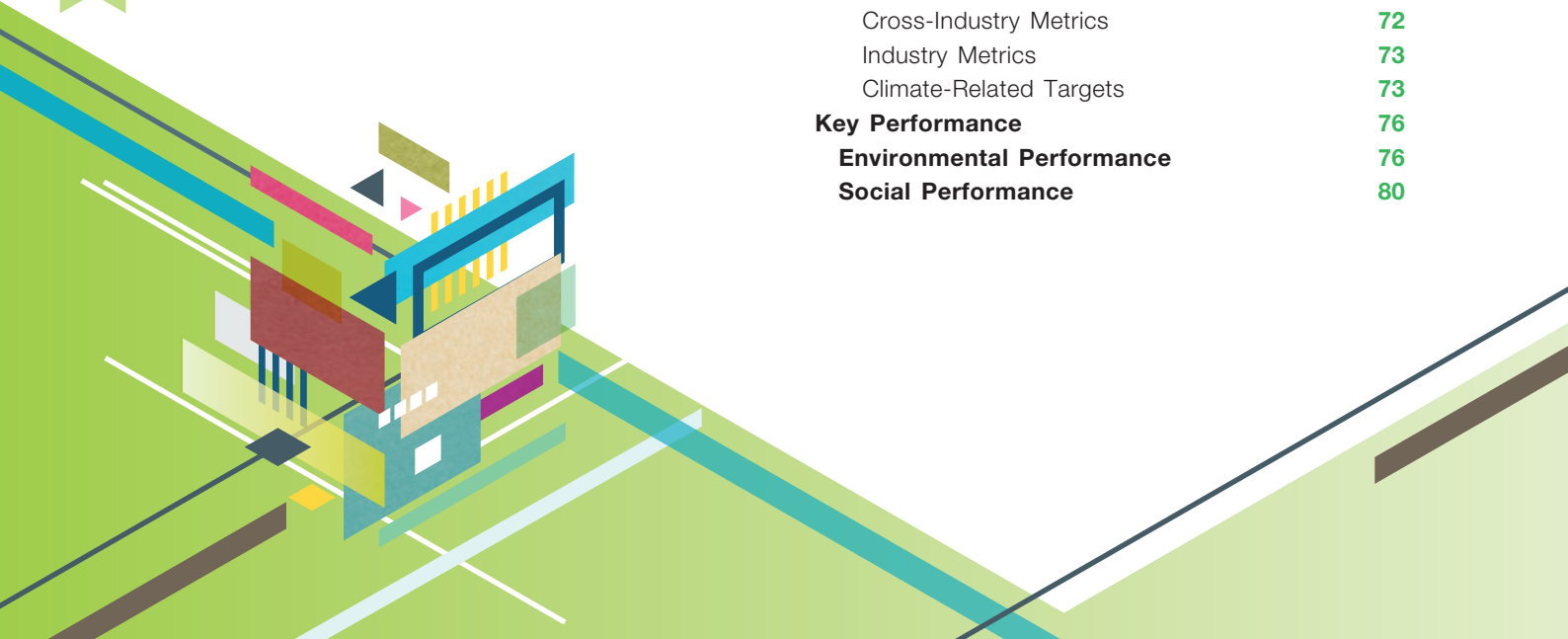
# 2025

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

\*For identification purposes only

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# Environmental, Social and Governance Report

## ABOUT THE REPORT

### Reporting Scope

China Sunshine Paper Holdings Company Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are pleased to present the Environmental, Social and Governance (“ESG”) Report for the financial year ended 31 December 2025 (the “Reporting Period”). The reporting scope of this Report is consistent with that of the Group’s annual consolidated financial statements and covers the Group’s principal business operations and the related ESG management activities.

During the Reporting Period, Century Sunshine (Shouguang) Specialty Paper Co., Ltd. was included in the scope of the Group’s consolidated financial statements for the first time. Accordingly, the reporting scope of this Report has been adjusted compared with previous years, and the company has been included in the scope of ESG data statistics and disclosure. Due to the change in reporting scope, the absolute values of certain ESG indicators increased compared with the previous year. Such changes primarily reflect the expansion of the reporting scope and do not represent any adverse change in the effectiveness of the Group’s related management practices.

### Reporting Principles

The Group has adhered to the following principles in preparing this Report:

- Materiality:** Under the supervision of the Board, the Group identifies and discloses ESG issues that have significant impacts on investors and other stakeholders. The Group also discloses climate-related risks and opportunities that may reasonably be expected to affect its cash flows, access to finance and cost of capital over the short, medium or long term.
- Quantitative:** The Group discloses measurable key performance indicators (KPIs) and establishes targets in relation to relevant environmental, social and governance impacts (including quantitative targets or forward-looking directional statements) to assess and verify the effectiveness of relevant policies and management measures. Quantitative information is accompanied by necessary explanations and comparative data where appropriate.
- Balance:** The Group strives to present its ESG performance in an objective and unbiased manner, avoiding any undue influence on the judgement of report users resulting from selective disclosure, omissions or presentation.
- Consistency:** The Group adopts consistent disclosure approaches and statistical methodologies to ensure the comparability of ESG data and to support long-term trend analysis. Where adjustments to the relevant approaches or methodologies are made due to practical considerations, appropriate explanations will be provided.

### Reporting Standard

Appendix C2 “Environmental, Social and Governance Reporting Code” to the Listing Rules of The Stock Exchange of Hong Kong Limited (“SEHK”).



## ABOUT US

### Our Business



The Group's business is centred on papermaking and extends to packaging and related supporting industries, forming an integrated industry chain layout.

In the papermaking segment, the Group is a leading company in the niche markets of White Top Test Liner and Coated White Top Test Liner in China. The Group focuses on the production and sale of high-quality, versatile and environmentally friendly packaging paper products, primarily including White Top Test Liner, Coated White Top Test Liner, Core Board Base Paper, Premium Corrugated Medium and Specialty Paper.

In the packaging segment, the Group provides packaging solutions covering packaging structure and process design, pre-printing, colour printing and paper product processing based on client needs, and has established collaborative partnerships with downstream clients.

In terms of supporting industries, the Group has developed businesses including combined heat and power generation, recycling of renewable resources, logistics and environmental protection services. These operations provide support to the papermaking and packaging segments while enhancing overall operational efficiency and resource utilisation.

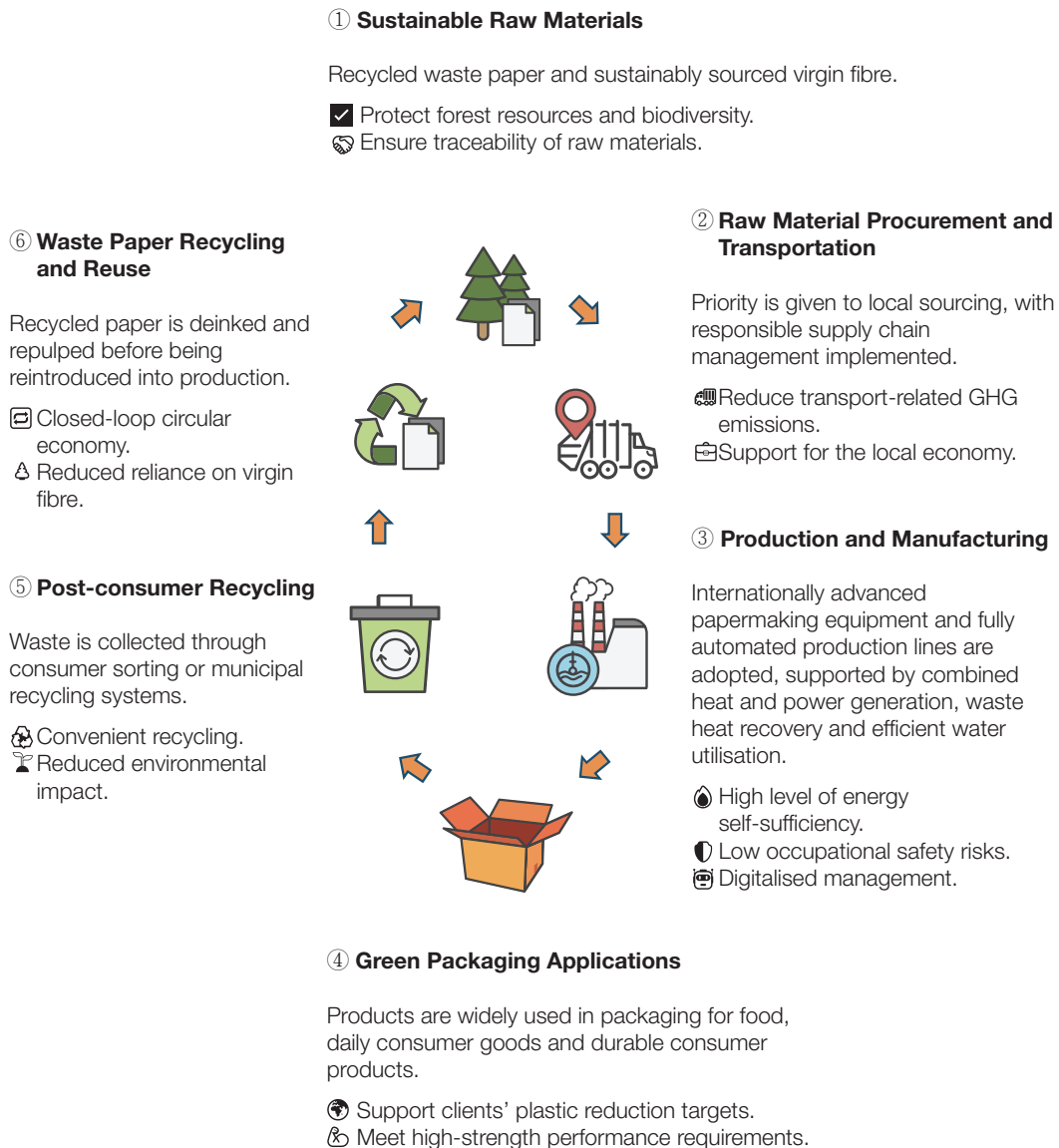
Leveraging its differentiated product positioning, large-scale production capacity and continuous technological investment, the Group has established stable competitive advantages in the relevant niche markets. The Group operates 34 sales branches in China, and its overseas marketing network covers regions including North America, Oceania, Europe, Southeast Asia, the Middle East, Japan and South Korea. The Group has also established long-term cooperative relationships with a number of fast-moving consumer goods and durable consumer goods brand owners. The Group focuses on end markets including FMCG, home appliances, pharmaceuticals, and household products. It maintains long-term partnerships with leading industry players such as AB InBev, Tsingtao Brewery, Yanjing Beer, China Resources Snow Beer, Mengniu Dairy, Yili Group, Uni-President, Tingyi, Hisense, Yadea, Aima, Xiuzheng Pharmaceutical Group, Tonghua Dongbao, and Oppein, continuously promoting responsible supply chains and collaboration across green value chains.

### Operating Philosophy

The Group adopts a resource-circulation-oriented production model with recovered paper as its primary raw material. In its production operations, the Group deploys internationally advanced pulping and papermaking equipment and automated production lines, supported by combined heat and power systems, waste heat recovery facilities, efficient wastewater treatment systems and reclaimed water reuse systems, to enhance energy and resource efficiency and reduce reliance on external energy sources.

At the same time, the Group integrates digital technologies and supply chain management systems into its production management. By establishing a new-generation digital operations management platform, an intelligent manufacturing platform and a big data centre, the Group has developed a 5G-enabled fully connected smart factory. Its digital transformation achievements have been selected as a case study by the School of Economics and Management of Tsinghua University.

### From Forest to Recovery: The Life Cycle of White Top Test Liner

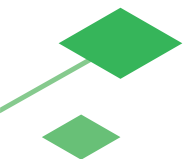




The Group continues to explore innovative tools and management approaches in its digitalisation and intelligent manufacturing transformation, with a view to enhancing operational efficiency and resource utilisation. To embed artificial intelligence into daily management and production processes, the Group organised its inaugural “AI Efficiency Pioneer Competition” during the Reporting Period, encouraging employees to propose practical and implementable AI solutions.

**Initiative Highlights:** AI Efficiency Pioneer Competition

- |                            |  |
|----------------------------|--|
| Background and Objectives  | <ul style="list-style-type: none"> <li>• The Group’s daily operations span multiple business processes, including EHS inspections, packaging material procurement, raw material management and project progress tracking.</li> <li>• To explore the practical application of AI technologies, enhance management efficiency and reduce manual errors, the Group organised its inaugural “AI Efficiency Pioneer Competition”, aiming to develop practical, scalable and replicable intelligent management solutions.</li> </ul> |
| Key Initiative Areas       | <ul style="list-style-type: none"> <li>• “AI + Multi-dimensional Tables” for round-the-clock intelligent EHS inspections.</li> <li>• “Smart Packaging Procurement Platform”.</li> <li>• Integrated intelligent management for raw materials.</li> <li>• AI-enabled project progress visualisation based on multi-dimensional tables.</li> <li>• Multi-dimensional tables as a foundation for energy visualisation and management.</li> <li>• AI-powered image recognition system for 6S management in factories.</li> </ul>    |
| Final Round and Evaluation | <ul style="list-style-type: none"> <li>• The final round was judged by senior management and external AI experts, based on implementation feasibility, innovation, scalability, value creation and quality of presentation.</li> </ul>   |
| Key Outcomes               | <ul style="list-style-type: none"> <li>• Nearly 300 participants or departments submitted a total of 147 efficiency improvement initiatives, of which 19 flagship initiatives advanced to the final round.</li> <li>• These initiatives are expected to deliver cumulative efficiency gains equivalent to approximately 1,946 person-days.</li> </ul>  |





### Awards and Recognitions

The Company has been consistently ranked among the Global Top 100 Paper Manufacturing Companies, the Top 15 Paper Manufacturing Companies in China, and the Top 500 Private Manufacturing Enterprises in China.

In terms of green development, the Company has been recognised as a National Green Factory, a Zero-waste Factory Enterprise, and a Water Efficiency Benchmark Enterprise. It is also a member of the China Green Companies Alliance and has contributed to the formulation of group standards for environmentally friendly packaging paper in China.

In the area of technology and innovation, the Company has received the First Prize of Science and Technology Award from the China Packaging Federation, and operates a CNAS-accredited laboratory as well as a provincial-level engineering research centre.

In addition, the Company has been honoured with various industry and regional recognitions, including the title of Advanced Enterprise in Work Safety in the Light Industry Sector at the provincial level.

In 2025, supported by the stable market competitiveness of its Coated White Top Test Liner and the product advantages of its high-strength, low-basis-weight corrugated medium (48–70 g/m<sup>2</sup>), the Company successfully passed the re-assessment for the National-level Manufacturing Single Champion Enterprises, and was again recognised as a Shandong Provincial Single Champion Enterprise, further demonstrating its sustained competitiveness in market segments.



## Top 100

Global Paper Manufacturing Companies

## Top 15

Paper Manufacturing Companies in China

## Top 500

Private Manufacturing Enterprises in China

CNAS-accredited Laboratory

First Prize of Science and Technology Award (China Packaging Federation)

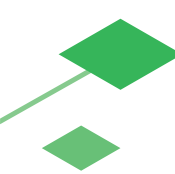
Manufacturing Single Champion Enterprise

National Green Factory

Zero-waste Factory Enterprise

Water-saving Benchmark Enterprise

Advanced Enterprise in Work Safety



## SUSTAINABILITY GOVERNANCE FRAMEWORK

### ESG Management Policy and Board Statement

The Group's Board of Directors assumes full oversight responsibility for environmental, social and governance issues. The Board has established an ESG Management Leadership Team to set the Group's ESG strategic direction, supervise senior management in strategy implementation, and receive regular reports from the ESG Task Force to monitor execution progress. Key areas such as safety and environmental protection are directly overseen by the Executive Directors, who collaborate with functional department heads to ensure ESG strategies are implemented in daily operations.

The Board's ESG management policies and strategies include:

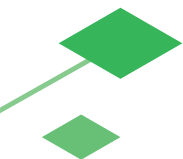
Materiality Assessment:	Systematically identify and assess ESG issues with significant impact on the Group's business and stakeholders, analyse potential risks and opportunities, and determine priority management areas.
Strategic Direction Setting:	Based on the materiality assessment, formulate short-, medium-, and long-term ESG development directions aligned with the Group's business operations, guiding related strategies and actions.
Internal Oversight and Control:	The Board supervises senior management in integrating ESG strategies into day-to-day operations, establishes and enhances internal control and monitoring mechanisms, and uses digital tools to strengthen execution monitoring and data management, ensuring effective implementation.
External Professional Support:	Engage independent third-party organisations when necessary to optimise management with external professional advice.
Board ESG Training:	Board members receive regular ESG training to update and broaden their understanding of ESG issues, including sustainability and climate-related developments, enhancing awareness of ESG risks and opportunities and decision-making on ESG issues.



## Stakeholder Engagement

The Group continuously identifies key stakeholders who have significant impact on business operations and sustainability. Through diversified communication channels, the Group maintains dialogue with stakeholders, collects their concerns and suggestions, and uses this input as an important reference for ESG issue assessment and prioritisation.

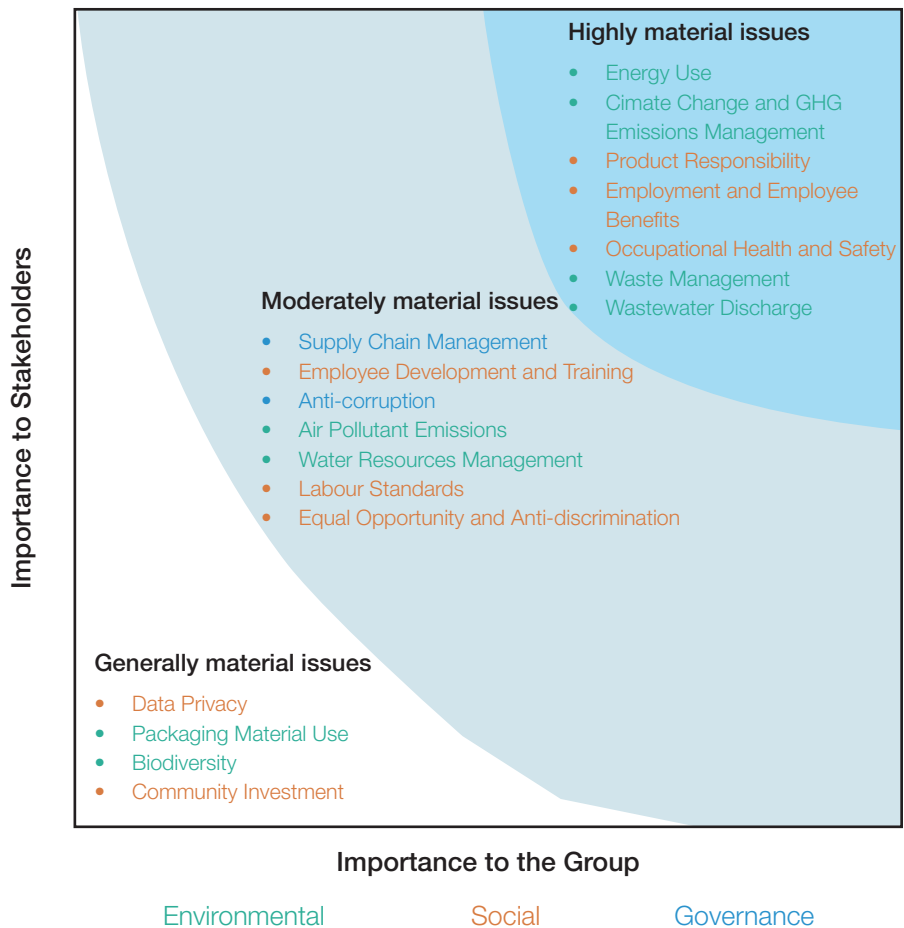
Stakeholders	Communication Channels
Client	<ul style="list-style-type: none"> <li>• Client service hotline</li> <li>• Regular visits by the sales team</li> <li>• Client meetings and interviews</li> </ul>
Suppliers and Partners	<ul style="list-style-type: none"> <li>• On-site inspections</li> <li>• Regular assessments</li> <li>• Supplier forums</li> <li>• Anti-bribery agreements</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Department meetings</li> <li>• Employee interviews</li> <li>• Employee activities and training</li> <li>• Internal dedicated complaint mailbox</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Annual and interim reports, company announcements</li> <li>• Company website</li> <li>• Business performance roadshows</li> </ul>
Government and Regulatory Bodies	<ul style="list-style-type: none"> <li>• Meetings and interviews</li> <li>• Policy consultations and compliance communications</li> </ul>



### Materiality Matrix

The Group conducts regular assessments of ESG issues to determine management priorities. The process includes:

- Issue identification: ESG issues that may impact the Group’s operations and stakeholders are identified through stakeholder engagement and business analysis.
- Assessment and prioritisation: Issues are prioritised based on their potential risks and opportunities to the business, as well as the level of stakeholder concern. A materiality matrix is developed to classify issues into high, medium and general importance, forming the basis for strategy and management focus.
- Management and monitoring: Management and control measures are established according to issue prioritisation. Material issues are integrated into daily operations and the overall risk management framework, with progress regularly tracked and updated to ensure continuous response to stakeholder expectations and changes in the external environment.





## ENVIRONMENT

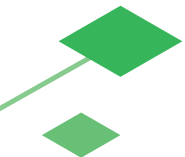
### Emissions

The Group integrates environmental protection into its daily operations and continuously enhances its environmental management system and environmental risk control mechanisms. Adhering to the principles of compliant operations and pollution prevention, the Group adopts a combined approach of system development, facility investment and systematic management to strengthen the effectiveness and robustness of emissions management.

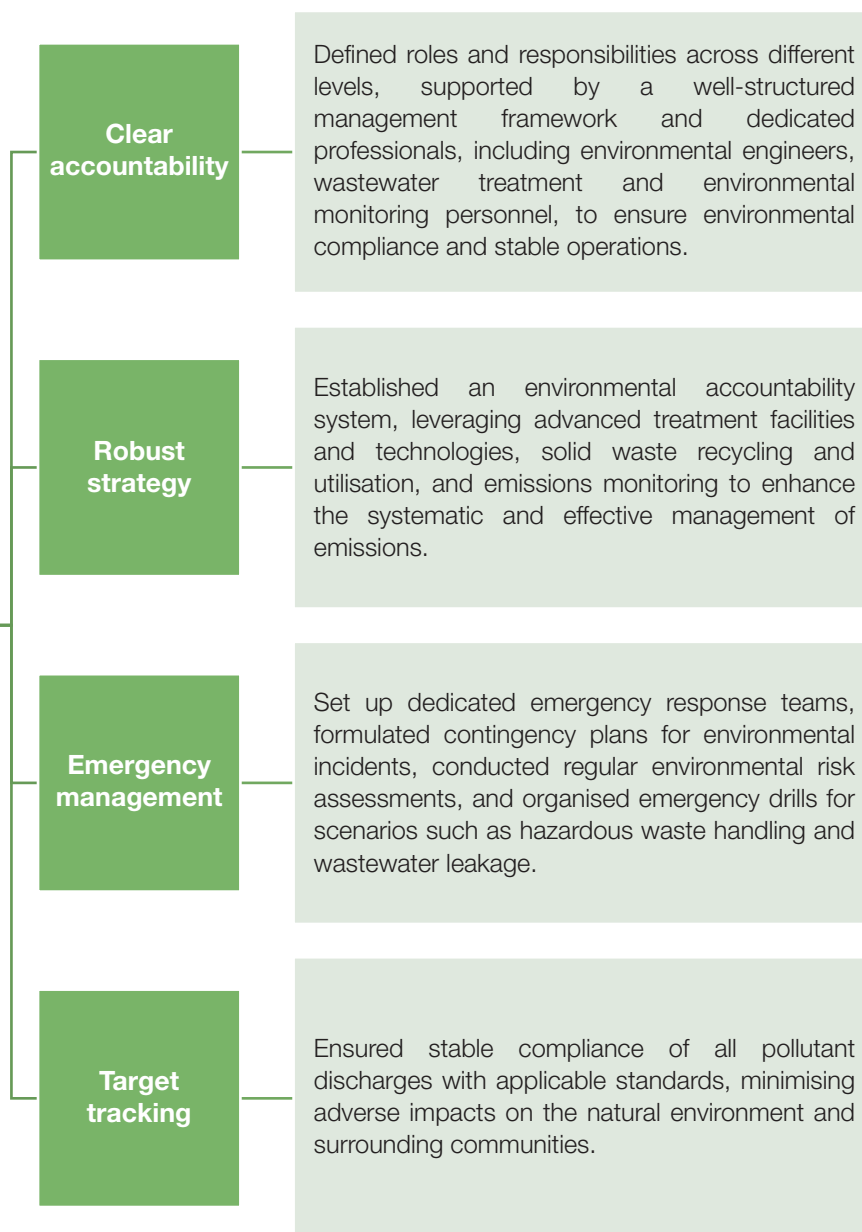
At the policy level, the Group strictly complies with relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, and the Regulation on the Administration of Permitting of Pollutant Discharges, as well as applicable local discharge standards. An environmental accountability system has been established and implemented to ensure all emissions-related activities are in full compliance.

At the operational level, the Group employs dedicated environmental engineers and professional personnel responsible for wastewater treatment and environmental monitoring, with clearly defined responsibilities across all levels for pollution control and emissions management. The Group has also established specialised emergency response teams to conduct regular risk assessments of pollutant discharge. Contingency plans for environmental incidents are formulated in a timely manner, and emergency drills — covering scenarios such as hazardous waste handling and wastewater leakage — are conducted to enhance preparedness.

In addition, the Group has established a comprehensive emissions monitoring and management system. Self-monitoring plans for pollutants have been developed, with regular monitoring and management of key indicators including wastewater, air emissions and noise. These measures ensure stable compliance with discharge standards and minimise impacts on the natural environment and surrounding communities.



**Emission Management**





### Air Emissions

The Group's air emissions primarily arise from fossil fuel combustion in the packaging segment, as well as coal consumption in coal-fired combined heat and power (CHP) plants operated within the supporting industries segment. Focusing on the in-house CHP systems, the Group has established an air emissions management framework that integrates source control with end-of-pipe treatment. Through optimised fuel management, enhanced combustion efficiency, and the installation of high-efficiency dust removal, desulphurisation and denitrification facilities, the Group ensures the continuous achievement of ultra-low emission levels for key air pollutants.

During the Reporting Period, the concentrations of sulphur dioxide, nitrogen oxides and particulate matter were all significantly below the limits stipulated by national and Shandong provincial standards. Details of the emissions data are set out below:

Air Pollutants	Emissions in 2025	Emission Intensity in 2025
	(tonnes)	(tonnes per billion m <sup>2</sup> )
<b>Packaging Segment</b>		
Sulphur dioxide	17.65	17.18
Nitrogen oxides	5.99	5.83
Particulate matter	0.36	0.35
<b>Supporting Industries Segment</b>		
	(tonnes)	(tonnes per TJ)
Sulphur dioxide	83.22	0.01
Nitrogen oxides	274.40	0.02
Particulate matter	12.20	0.001
<b>Total</b>		
	(tonnes)	/
Sulphur dioxide	100.87	/
Nitrogen oxides	280.39	/
Particulate matter	12.56	/

Note: Emission intensity for air pollutants in the packaging segment is expressed in tonnes per billion square metres. Emissions from the supporting industries segment are all from Shengshi Thermoelectricity, with intensity expressed in tonnes per TJ (Shengshi Thermoelectricity's electricity and steam output are measured in TJ).

In accordance with the limits set under the pollutant discharge permit, Shengshi Thermoelectricity's air pollutant emissions are subject to annual total control, with approved annual emission caps of:

- Sulphur dioxide: below 221.65 tonnes/year
- Nitrogen oxides: below 414.27 tonnes/year
- Particulate matter: below 35.63 tonnes/year

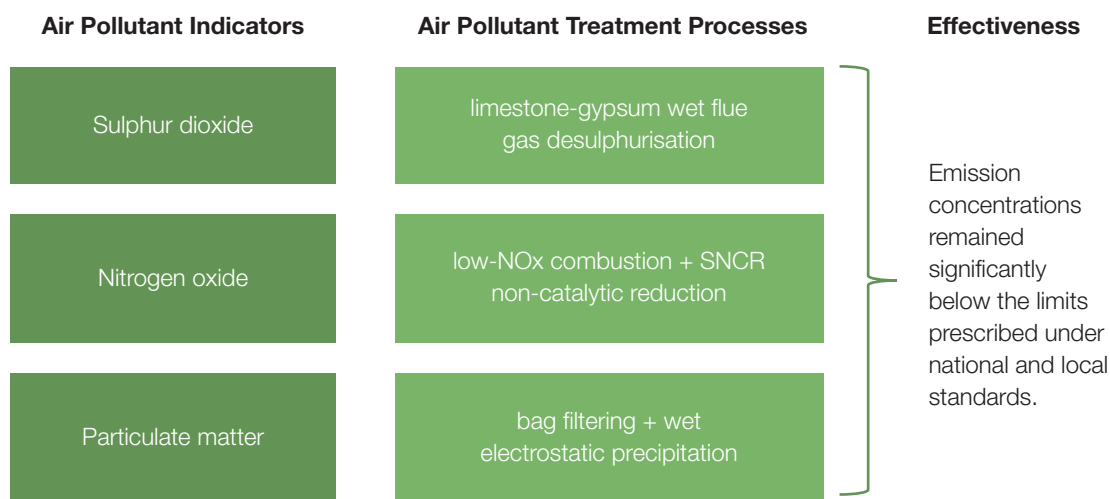


During the Reporting Period, emissions of all air pollutants from Shengshi Thermolectricity remained within the approved annual limits, in full compliance with regulatory requirements. Going forward, the Group will continue to strengthen emissions management based on existing performance, further optimising pollutant discharge levels.

**Initiative Highlights:** Ultra-Low Emission and Stable Operation of Coal-Fired Boilers

The Group’s CHP plant boilers adopt circulating fluidised bed (CFB) technology and are equipped with integrated emission control processes, including limestone – gypsum wet flue gas desulphurisation, low-NOx combustion with SNCR non-catalytic reduction, and bag filtering plus wet electrostatic precipitation. These measures effectively reduce the generation and discharge of sulphur dioxide, nitrogen oxides and particulate matter during combustion and emission stages.

During the Reporting Period, sulphur dioxide removal efficiency remained consistently above 99%, with emission concentrations well below the national limit of 35 mg/m<sup>3</sup>. Nitrogen oxide emissions were stably maintained below 40 mg/m<sup>3</sup>, significantly lower than the limits prescribed in the Emission standard of air pollutants for thermal power plants in Shandong Province (DB37/664–2019). Particulate matter emissions were also well below the national limit of 5 mg/m<sup>3</sup>.



**Initiative Highlights:** Comprehensive Control of Fugitive Emissions

To address fugitive emissions during production and logistics, the Group has constructed enclosed, fully automated dust-suppression coal storage facilities, complemented by automatic vehicle cleaning systems at exit points. This enables full-process, systematic control over fuel storage, handling and transportation, effectively suppressing dust generation and dispersion, and continuously reducing impacts on the surrounding environment and air quality.



### Wastewater Discharge

The Group adopts a “reduce, reuse, and compliant discharge” approach, promoting refined management across the entire wastewater lifecycle to achieve both source reduction and control of water pollutants.

Wastewater is primarily generated from the papermaking segment, including processes such as pulping, papermaking, and subsequent processing. Other business segments generate little or no process wastewater.

To minimise wastewater generation, the Group applies advanced papermaking technologies combined with measures such as graded whitewater reuse and cascading utilisation, steam condensate recovery, sealed equipment water recovery, and reclaimed water reuse.

Discharged wastewater is conveyed via municipal pipelines to downstream wastewater treatment plants for further centralised treatment, constituting indirect discharge. Key indicators — including chemical oxygen demand (COD), ammonia nitrogen (NH<sub>3</sub>-N), total nitrogen (TN), suspended solids (SS), colour, biochemical oxygen demand (BOD<sub>5</sub>), and pH — all comply with national and local standards.

During the Reporting Period, emissions of key pollutants to downstream wastewater treatment plants were as follows:

Water Pollutants	Emissions in	Emission
	2025	Intensity in
		2025
		(tonnes per
		thousand tonnes
		of paper)
Papermaking Segment	(tonnes)	
COD	1,387.02	0.65
NH <sub>3</sub> -N	7.06	0.003
TN	127.46	0.06

The Group strictly manages water pollutants in accordance with the discharge targets approved under its pollutant discharge permits. During the Reporting Period, actual emissions of all key pollutants were below the prescribed limits, achieving full compliance. In 2026, the Group will continue to manage wastewater in line with these targets, ensuring sustained compliance for water pollutants. The main control limits are as follows:

- COD: below 3,744.51 tonnes/year
- NH<sub>3</sub>-N: below 253.84 tonnes/year
- TN: below 628.82 tonnes/year
- Other indicators, including suspended solids (SS), colour, biochemical oxygen demand (BOD<sub>5</sub>) and pH, all meet the required standards



**Initiative Highlights:** Efficient Wastewater Treatment and Reuse System

The Group has established two water treatment facilities designed by Paques (Netherlands), with a combined daily capacity of 55,000 cubic metres. The system applies advanced papermaking wastewater treatment technology, using a pre-treatment + anaerobic + aerobic + flocculation process. It enables deep wastewater treatment and reuse, achieving a wastewater recycling rate of over 95%. This has also reduced freshwater consumption, overall energy use, and dry fibre consumption to meet the national B-level clean production standards.



Designer	Paques (Netherlands)
Treatment Capacity	55,000 m <sup>3</sup> /day
Core Technology	pre-treatment, anaerobic, aerobic, flocculation process
Effectiveness of Treatment	Wastewater reuse rate after treatment over 95%, with freshwater consumption, overall energy use, and dry fibre consumption meeting National B-level Clean Production Standards

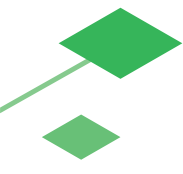
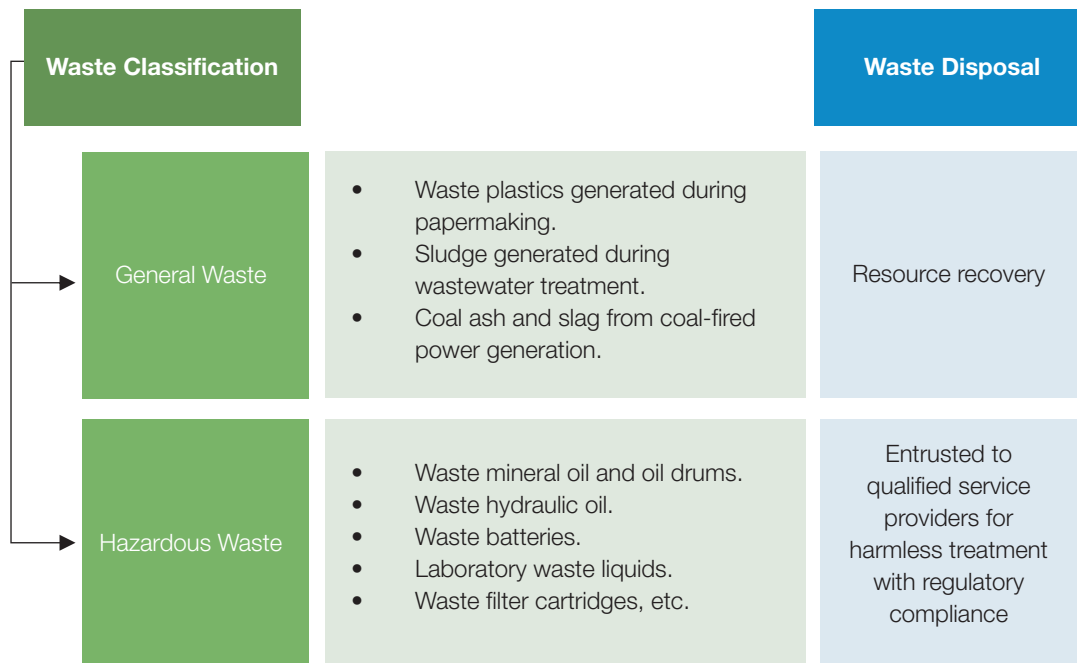


### Waste Management

The Group adheres to the principles of Reduction, Resource Recovery and Harmless Treatment, and has established a Solid Waste Management System and a Hazardous Waste Management System to ensure classified management and proper disposal of waste. Clear requirements are set for classification, storage, transportation and disposal, with detailed record-keeping to ensure safe and compliant handling.

Waste is collected, stored and transferred according to classification, with standardised operational procedures for each type.

General waste is prioritised for resource recovery, while hazardous waste is disposed of harmlessly by qualified service providers in accordance with national regulations. Storage, record-keeping, and transfer processes fully comply with the Hazardous Waste Standardized Management Indicator System, and the Group submits information on hazardous waste type, generation, storage and flow to regulatory authorities, effectively mitigating environmental risks.



The Group has set a target to ensure 100% comprehensive utilisation and compliant disposal of waste.

During the Reporting Period, all waste generated was managed in line with the principles of Reduction, Resource Recovery and Harmless Treatment, achieving the set targets with no environmental incidents resulting from improper waste management. The generation data for different types of waste are as follows:

Waste	Generation in 2025	Generation Intensity in 2025
	(tonnes)	(tonnes per thousand tonnes of paper)
<b>Papermaking Segment</b>		
Sludge	1,491.00	0.70
Waste plastics	116,597.17	54.70
Pulping heavy rejects (containing metallic impurities)	19,420.28	9.11
Hazardous waste	75.10	0.04
<b>Packaging Segment</b>		
	(tonnes)	(tonnes per billion m <sup>2</sup> )
Hazardous waste	2.42	2.36
<b>Supporting Industries Segment</b>		
	(tonnes)	(tonnes per TJ)
Coal ash, coal slag	199,539.48	15.11
<b>Total</b>		
	(tonnes)	/
<b>General waste, including:</b>	337,047.93	/
Sludge	1,491.00	/
Coal ash, coal slag	199,539.48	/
Waste plastics	116,597.17	/
Pulping heavy rejects (containing metallic impurities)	19,420.28	/
<b>Hazardous waste</b>	77.52	/

Notes:

- Emission intensity units are tonnes per thousand tonnes of paper for the papermaking segment, tonnes per billion square metres for the packaging segment, and tonnes per TJ for waste generated by Shengshi Thermoelectricity in the supporting industries segment.
- The significant reduction in sludge generation this year is due to a change in statistical scope; sludge sent to CHP plants for fuel reuse is no longer included, reflecting the Group's circular management of sludge resources.

In future years, while maintaining the established targets, the Group will continue to enhance refined waste classification management, improve the added value and utilisation efficiency of recovered resources, strengthen end-to-end risk control, and further reduce environmental impacts.



**Initiative Highlights:** Resource Recovery from Waste

- |   |  |
|---|--|
| Co-incineration of Sludge for Energy Recovery | <ul style="list-style-type: none"> <li>• Sludge generated during wastewater treatment is fully conveyed to the Group’s subsidiary CHP system and co-incinerated with coal for steam and electricity production, achieving volume reduction and energy recovery while avoiding the environmental risks associated with landfilling.</li> </ul>  |
| Circular Use of Industrial By-products        | <ul style="list-style-type: none"> <li>• Coal ash and slag from the Group’s self-operated CHP plants are fully handed over to qualified service providers for use as construction material raw inputs.</li> <li>• Waste plastics sorted during papermaking and pulping are entrusted to compliant partners for recycling, promoting the integration of production by-products into a circular utilisation system and improving overall resource efficiency.</li> </ul> |

**Use of Resources**

**Energy Use**

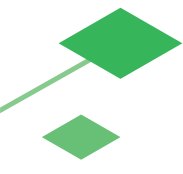
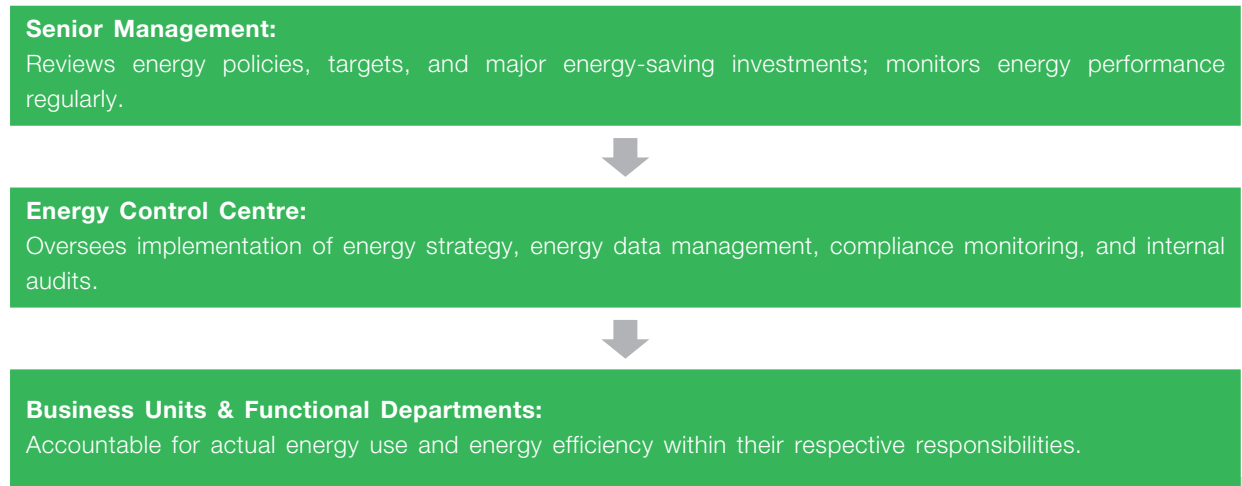
*Energy Governance*

The Group has established a robust energy governance framework in line with ISO 50001 and GB/T23331, ensuring clear responsibilities, effective oversight, and continuous improvement in energy management.

Senior management holds ultimate responsibility for energy governance, reviewing energy policies, targets, and major energy-saving investments, while regularly monitoring energy performance. The Group has also set up an Energy Control Centre to oversee implementation, manage energy data, ensure compliance, and conduct internal audits. Each business unit and functional department is accountable for actual energy use and efficiency within their remit.

Through this top-down governance structure and cross-departmental collaboration, the Group integrates energy management into daily operations and supports long-term sustainability objectives.

**Energy Governance Structure**





Energy Management System Certification

*Energy Policy and Strategy*

The Group upholds the following energy policy to guide management and related decisions:

- Comply with Laws and Promote Clean Production
- Optimise Energy Structure and Control Processes
- Pursue Circular Development and Build a Green Pulp & Paper Industry

Under this policy, the Group implements the following strategies:

- |   |   |
|---|---|
| Compliance & Clean Production             | <ul style="list-style-type: none"> <li>• Continuously identify and update laws, regulations, and national/industry standards related to energy use, efficiency, and consumption limits to ensure all operations meet requirements.</li> <li>• Promote clean production through employee proposals and energy-saving training, raising awareness and uncovering opportunities for energy and emission reductions.</li> </ul> |
| Structural Optimisation & Process Control | <ul style="list-style-type: none"> <li>• Apply strict monitoring of incoming energy and drive technical upgrades and equipment renewal, prioritising high-efficiency, energy-saving technologies.</li> <li>• Implement systematic, process-based management to control each production step and continuously reduce energy consumption per unit of product.</li> </ul>  |
| Circular Economy & Cascade Use of Energy  | <ul style="list-style-type: none"> <li>• Actively pursue waste heat recovery and cascade energy use, alongside “waste-to-resource” initiatives and waste recycling, to enhance overall energy and resource efficiency, reduce waste, and support green manufacturing and low-carbon transition.</li> </ul>  |



### *Energy-related Risk and Opportunity Management*

The Group systematically integrates energy-related risks and opportunities into its overall risk management and strategic planning processes. A regular mechanism for identification, assessment and review has been established, enabling dynamic management of relevant risks and opportunities, with corresponding actions embedded into energy management implementation plans.

Key Energy-related Risk and Opportunity Assessment Dimensions:

- |                      |  |
|----------------------|--|
| Energy Risks         | <ul style="list-style-type: none"> <li>• Impact of energy price volatility and supply stability on operating costs.</li> <li>• Compliance risks arising from tightening energy consumption quotas and regulations.</li> <li>• Risk of declining energy performance due to inefficient or ageing equipment.</li> <li>• Potential impacts of climate change and extreme weather on energy supply and operational stability.</li> </ul>   |
| Energy Opportunities | <ul style="list-style-type: none"> <li>• Reduction of energy costs through energy-saving retrofits and equipment upgrades.</li> <li>• Enhancement of overall energy efficiency through waste heat recovery and system optimisation.</li> <li>• Strengthened market competitiveness and client recognition through clean production and green manufacturing.</li> <li>• Improved energy management system maturity to support long-term stable operations and sustainable development.</li> </ul> |

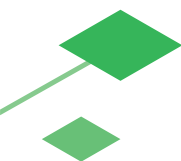
### *Energy Audit*

The Energy Control Centre conducts at least one systematic energy audit annually in accordance with the General Principles of Energy Audit and relevant standards. The audits aim to identify key energy use areas and energy-saving potential, supporting decision-making and continuous improvement.

The audits cover energy supply structure, energy use and consumption levels, performance of major energy-consuming equipment and systems, as well as opportunities for technical and managerial improvements. Findings are documented in formal reports, forming an important basis for setting energy targets, implementing energy-saving measures, and optimising energy management.

### *Energy Targets, Indicators and Performance Management*

Based on the Group's energy policy, the results of risk and opportunity assessments, and energy audit findings, the Group establishes measurable energy targets and indicators. These are cascaded across different functional levels and aligned with the Group's overall development strategy.



## Environmental, Social and Governance Report

Integrated Energy Management Process:

Energy data collection



Analysis of energy use and consumption



Identification of key energy use areas



Evaluation of energy performance



Identification and prioritisation of improvement opportunities



Preparation of energy audit reports



Integration into management decisions and action plans



Departmental breakdown and implementation



Monitoring and Continuous Improvement



### Energy Consumption

During the Reporting Period, the Group's total energy consumption amounted to 4,898,660 MWh (equivalent to approximately 602,045 tce). The detailed energy mix is set out below:

Energy	Energy Consumption in 2025 (MWh)	Energy Intensity in 2025 (MWh/ RMB10,000 Revenue)
<b>Non-renewable Energy</b>		
Coal	4,590,769.49	5.894
Petrol	783.87	0.001
Diesel	20,744.98	0.027
Liquefied Petroleum Gas	25.11	0.00003
Purchased Electricity	584,894.42	0.751
Purchased Steam	751,418.64	0.965
Electricity Sold	254,781.84	0.327
Steam Sold	825,730.05	1.060
<b>Renewable Energy</b>		
Solar Power	27,724.41	0.036
Market-based Green Electricity	2,811.19	0.004
<b>Total</b>		
Total Energy Consumption	4,898,660.22	6.290

Notes:

- Solar power used by the Group refers to on-site PPA electricity, whereby photovoltaic facilities are constructed and operated by third-party providers at the Group's premises. The electricity generated is supplied directly to the Group via dedicated lines without transmission through the public grid. Market-based green electricity refers to electricity procured through power retailers under green electricity trading contracts, with transmission and distribution via the grid.
- Coal consumption during the Reporting Period amounted to 4,590,769.49 MWh (equivalent to approximately 564,206 tonnes of standard coal), representing a slight decrease compared to the previous year.
- Total energy consumption is calculated with reference to the GRI Standards, based on the sum of direct and indirect energy consumption minus energy sold externally.

### ***Water Resource Management***

The Group places strong emphasis on the sustainable management of water resources and is committed to building a water-efficient enterprise. Water consumption is primarily sourced from third-party suppliers, with no groundwater extraction involved.

In terms of governance, the Group strictly withdraws water in accordance with government approvals and regulatory requirements. In line with national standards such as the General Principles for Evaluating the Rational Utilization of Water in Enterprises and the Evaluating Guide for Water Saving Enterprises, the Group has established a comprehensive water-saving management system. Grid-based monitoring is applied to production, auxiliary, and domestic water use, as well as key water-consuming equipment, enabling refined, full-process management.

To enhance water efficiency, the Group actively promotes reclaimed water reuse and white water recycling systems. Each production line is equipped with advanced recovery facilities to minimise wastewater generation at source. In addition, the Group operates advanced wastewater treatment facilities, enabling effective treatment and reuse of most wastewater, achieving a reuse rate of over 75% and significantly reducing freshwater consumption.

In recognition of its performance, the Group was named a “Water Efficiency Leader” by the Ministry of Industry and Information Technology in 2022, and was awarded the title of Shandong Provincial Water-saving Benchmark Enterprise in 2023.

The Group has set a five-year target for papermaking operations, aiming to limit freshwater consumption per tonne of paper to no more than 6 tonnes. During the Reporting Period, total water consumption of the papermaking segment was 8,365,548 tonnes, with water intensity of 3.92 tonnes per tonne of paper, achieving the target and remaining significantly below the national Grade I standard (17 tonnes per tonne of paper).

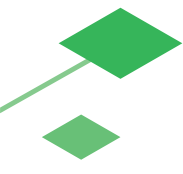
The Group currently faces no issues in sourcing water that is fit for purpose. Looking ahead, the Group will continue to strengthen water management practices and promote water conservation and recycling to support green development and sustainable operations.



<b>Water Consumption</b>	<b>Water Consumption in 2025</b>	<b>Water Intensity in 2025</b>
	(tonnes)	(tonnes per thousand tonnes of paper)
<b>Papermaking Segment</b>		
Water Consumption	8,365,548.00	3,924.28
<b>Packaging Segment</b>	(tonnes)	(tonnes per billion m <sup>2</sup> )
Water Consumption	87,366.00	85,039.32
<b>Supporting Industries Segment</b>	(tonnes)	/
Water Consumption	4,271,839.00	/
<b>Total</b>	(tonnes)	/
Water Consumption	12,724,753.00	/

Notes:

1. Water intensity for the papermaking segment is expressed as “tonnes per thousand tonnes of paper”, while for the packaging segment it is “tonnes per billion square metres”. The supporting industries segment (including Shengshi Thermoelectricity, Shenyi Logistic and Tianwei Environmental Protection Technology) involves diverse business activities with non-uniform output units; therefore, water intensity is not calculated for the Reporting Period.
2. The calculation methodology for water consumption per tonne of paper has been refined during the Reporting Period. Previously, it was calculated using total Group water consumption divided by total paper production. It is now based on water consumption of the papermaking segment only, providing a more accurate reflection of water efficiency by excluding non-papermaking activities. For comparability, the Group has also assessed that the indicator remains compliant with the target under the previous methodology. This adjustment enhances the accuracy and transparency of data disclosure.



### Use of Packaging Materials

Subject to product protection and transportation requirements, the Group adheres to the principles of minimal and green packaging, continuously optimising packaging design and reducing the use of non-renewable materials. Packaging materials are primarily used in the papermaking segment during production and product delivery. The Group mainly adopts paper-based packaging materials and stretch film to protect products from contamination or damage during transportation and storage. During the Reporting Period, total packaging material consumption amounted to 2,605 tonnes, of which paper-based materials accounted for 84.5%.

Packaging Material	Consumption in 2025 (tonnes)	Intensity in 2025 (tonnes per thousand tonnes of paper)
Packaging Materials	2,605.00	1.22

### Natural Resources and Biodiversity

The Group promotes its “Paper Substituting Plastic” business, increasing the application of paper-based materials in packaging and other scenarios, thereby reducing society’s reliance on non-renewable resources to a certain extent.

Waste Paper Recycling	Using recycled paper as the primary raw material, the Group minimises impacts on natural resources, the environment, and biodiversity through resource recycling and full-process management.
Virgin Wood Fibre Management	Virgin wood fibre, where still required, is fully traceable and systematically managed in line with client requirements, ensuring responsible sourcing.

#### Waste Paper Recycling

The Group operates as a recycled paper-based manufacturer, using recycled paper as its primary raw material. Most products are produced from recycled paper, reducing reliance on virgin wood fibre and lowering pressure on forest resources. Adhering to the principles of reduce, reuse, recycle and replace, the Group implements full-process management of waste paper procurement, inspection and utilisation, continuously monitoring and mitigating its impact on natural resources, the environment and biodiversity.

#### Virgin Wood Fibre Management

While recycled paper is the primary raw material, certain products require virgin wood fibre to meet performance and quality requirements. The Group has obtained Forest Stewardship Council Chain of Custody (FSC-CoC) certification and applies systematic, traceable management across procurement, inspection, storage and usage in accordance with client requirements. Forest resource management is embedded into daily operations, covering supplier selection, contract management, raw material inspection and inventory control, ensuring a fully traceable and responsibly managed supply chain.



## SOCIAL

### Employment

#### Local Employment

The Group strictly complies with the Labour Law of the People's Republic of China and other applicable regulations, conducting recruitment and employment management in accordance with the law. It is committed to establishing a fair, compliant, and sustainable talent employment system. Employee remuneration is determined based on job responsibilities and performance, with market benchmarking applied to ensure timely adjustments, supporting stable operations and talent retention.

As of the end of the Reporting Period, the Group employed 4,534 full-time staff. The workforce structure has remained stable, effectively supporting daily operations and management needs. The Group's production bases are primarily located in Shandong Province, China. During the Reporting Period, employees in Shandong Province accounted for 88.1% of the workforce, with the remaining employees mainly based in other regions of China, including Liaoning Province, Jilin Province, Tianjin and Shanghai, as well as in Thailand. Employment arrangements prioritise the local labour pool around production sites, providing substantial and stable job opportunities to surrounding communities.

Looking ahead, the Group will continue to uphold a localisation principle in employment, ensuring compliance and talent quality while supporting local employment and community development, achieving mutual benefits for both the enterprise and the regions in which it operates.

Employee Structure	2025		2024	
	Number	Percentage (%)	Number	Percentage (%)
Total Employees	4,534	100.0	4,636	100.0
<b>By Gender</b>				
Male	3,377	74.5	3,447	74.4
Female	1,157	25.5	1,189	25.6
<b>By Age</b>				
Under 30	1,146	25.3	1,251	27.0
30-50	3,119	68.8	3,126	67.4
Above 50	269	5.9	259	5.6
<b>By Region</b>				
Shandong Province	3,996	88.1	4,093	88.3
Outside Shandong Province (including overseas locations)	538	11.9	543	11.7

### ***Diversity, Equity and Inclusion***

The Group is committed to fostering a diverse, equitable, and inclusive work environment, ensuring all employees have equal opportunities in recruitment, training, promotion, remuneration, and benefits. The Group prohibits discrimination or unfair treatment based on gender, age, race, religion, marital or family status, disability, pregnancy, or any other legally protected or socially unacceptable grounds.

To institutionalise this commitment, the Group has established an Anti-Discrimination and Anti-Harassment Management Policy, embedding equality requirements across all management processes and strictly prohibiting any form of discrimination, harassment, or unfair treatment. This policy applies to all employees at the Group headquarters and subsidiaries, and provides guidance to employees of controllable contractors and suppliers.

The Group also maintains multiple channels for grievances, allowing employees to report discrimination, harassment, or unfair treatment. The process ensures anonymity and confidentiality, with a dedicated team investigating reports and taking strict action against confirmed violations.

Support systems are available for affected employees, including psychological, career, legal, and medical counselling services, as well as health monitoring and follow-up mechanisms to ensure necessary assistance is provided.

During the Reporting Period, no incidents of employee discrimination, harassment, or unfair treatment were recorded.

- Diversity, Equity and Inclusion (DEI) Management Measures:

- Equal Employment

- Committed to providing equal opportunities in recruitment, training and development, promotion, remuneration and benefits.
    - Prohibits discrimination on the grounds of gender, age, race, religion, marital or family status, disability, pregnancy, or any other legally protected characteristics.

- Anti-discrimination and Anti-harassment

- Established and implemented the Anti-discrimination and Anti-harassment Policy, integrating equal treatment requirements into routine management processes such as recruitment, job assignment, performance evaluation and employment management.
    - Strictly prohibits any form of discriminatory behaviour or language, gender-based violence or sexual harassment, as well as inappropriate or overly harsh management practices, to maintain a safe and orderly working environment.

- Equal Pay for Equal Work

- Implements the principle of equal pay for equal work, with remuneration and related benefits determined based on job responsibilities, performance and professional competence.



- |                               |  |
|-------------------------------|--|
| Anonymous Grievance Mechanism | <ul style="list-style-type: none"><li>• Established multi-channel employee grievance mechanisms to provide formal channels for reporting discrimination, unfair treatment or harassment.</li><li>• Adheres to the principles of anonymity and confidentiality, with designated departments handling and following up on cases in accordance with established procedures.</li></ul> |
| Remedial Measures             | <ul style="list-style-type: none"><li>• Established support systems for employees subjected to unfair treatment, providing psychological, career, legal and medical advisory services, alongside wellbeing care and follow-up mechanisms to ensure affected employees receive necessary assistance and ongoing support.</li></ul>  |

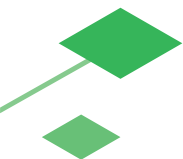
### **Employee Stability**

The Group places strong emphasis on maintaining a stable workforce. Through well-established human resources management systems and standardised exit management procedures, the Group maintains a stable workforce structure and supports the continuity of its operations.

In terms of employee mobility management, the Group has established a clear exit management mechanism, categorising cases such as voluntary resignations, termination due to performance or contractual fulfilment issues, and dismissal due to misconduct. This ensures that all arrangements comply with applicable laws and regulations as well as internal policies. During the exit process, standardised approval and handover procedures are implemented to ensure orderly transition of duties and assets, thereby minimising disruption to daily operations.

During the Reporting Period, the Group's overall employee turnover rate decreased compared to the previous year and remained at a reasonable level. Overall workforce mobility was in line with industry characteristics. This improvement reflects the gradual effectiveness of the Group's employee management and retention measures.

Looking ahead, the Group will continue to enhance employee protection and management measures, address the retention needs of different employee groups, and further strengthen workforce stability, thereby providing stable human capital support for long-term development.



Employee Turnover	2025		2024	
	Employees Leaving	Turnover Rate (%)	Employees Leaving	Turnover Rate (%)
Total	885	19.5	1,365	29.4
<b>By Gender</b>				
Male	650	19.2	1,022	29.6
Female	235	20.3	343	28.8
<b>By Age</b>				
Under 30	400	34.9	701	56.0
30–50	422	13.5	618	19.8
Above 50	63	23.4	46	17.8
<b>By Region</b>				
Shandong Province	767	19.2	1,128	27.6
Outside Shandong Province (including overseas locations)	118	21.9	237	43.6

Note: The calculation methodology for employee turnover rate has been revised during the year to align with the recommended approach set out in the ESG Reporting Guide of SEHK, whereby the turnover rate for each category is calculated as the number of employees leaving in that category divided by the total number of employees in the same category. To ensure comparability, the turnover data for the previous year has been restated on the same basis.

### Employee Benefits

The Group has established an Employee Benefits Policy to standardise and regulate its benefits framework, ensuring fairness, compliance and transparency. Comprehensive support is provided across work, life and health aspects, including:

- |                                     |  |
|-------------------------------------|--|
| Statutory and Care-related Benefits | <ul style="list-style-type: none"> <li>• Social insurance and housing provident fund contributions.</li> <li>• Maternity leave.</li> <li>• Breastfeeding leave.</li> <li>• Marriage leave.</li> <li>• Bereavement leave.</li> <li>• Paternity/care leave.</li> <li>• Home leave, etc.</li> </ul> |
|-------------------------------------|--|



Allowances and Subsidies

- Meal allowances.
- Heat allowance.
- Housing subsidies.
- Professional qualification allowances.
- Further education subsidies.
- Long service allowances.
- Festive benefits.
- Birthday benefits, etc.

Health and Medical Support

- Free annual health check-ups.
- Psychological counselling services, etc.

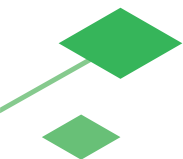
Accommodation and Living  
Facilities

- Staff dormitories equipped with central air conditioning, broadband and basic living facilities.
- Subsidised housing with access to a range of recreational and leisure facilities.

Commuting Support

- Free shuttle bus services for daily commuting.

In addition, the Group actively fosters a diverse and engaging employee cultural life by regularly organising a variety of recreational and sports activities, including dedicated welcome events for graduate recruits and table tennis competitions. These initiatives enrich employees' leisure time, promote interaction and team cohesion, and contribute to a positive and dynamic corporate culture.





Welcome Evening for Graduate Recruits



Table Tennis Competition



## Health and Safety

### *Safety Management System Framework*

The Group has established a comprehensive set of safety management policies in accordance with national and local occupational health and safety laws and regulations, including the Law of the People's Republic of China on Work Safety, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Safety Regulations on Confined Space Operations in Industrial and Trading Enterprises, Administrative Measures for Work Safety Training, and Regulations of Shandong Province on Work Safety. Key Group-level safety management policies include: the Occupational Health and Safety Management System, Safety Risk Hierarchical Control System, Safety Education and Training Management System, High-Risk Work Safety Management System, and Management System for Personal Protective Equipment (PPE) and Health Care Products, which guide occupational health and safety across the Group.

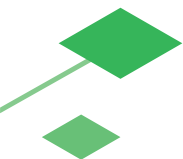
The Group has also developed a robust safety management system, with a top-down, hierarchical accountability structure that covers policy formulation, risk management, safety education, on-site execution, and continuous improvement, effectively safeguarding production safety and operational stability.

The Chief Safety Officer assumes overall responsibility for the Group's work safety management under the operation of the system. The Safety Director assists the Chief Safety Officer in fulfilling their duties, directly overseeing the unit's occupational health and safety risk management, including risk identification, risk classification, and control measures. The Safety Department, as the Group's dedicated safety management unit, is responsible for policy development, safety training, supervision and assessment, as well as evaluating the effectiveness of safety management and recommending improvements.

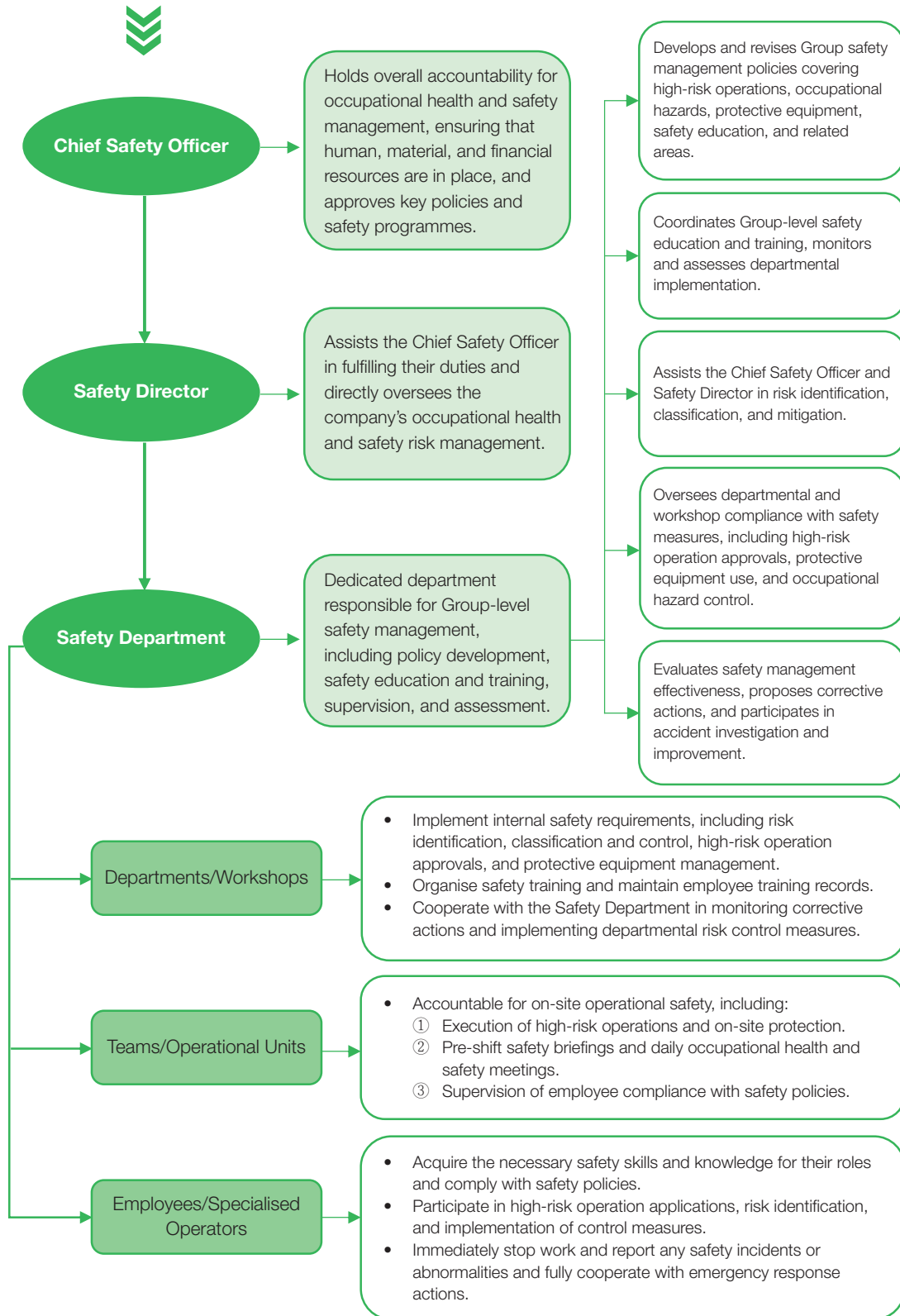
Departments and workshops are responsible for implementing internal safety requirements, including risk identification, classification and control, approval of high-risk operations, and management of protective equipment. They organise safety training, maintain employee training records, and coordinate with the Safety Department to implement corrective actions and risk control measures.

Teams and operational units are accountable for on-site safety, including execution of high-risk operations, on-site protection, pre-shift safety briefings, and daily safety activities. They supervise employee compliance with safety policies.

Employees, including those performing specialised operations, are required to acquire necessary safety skills and knowledge for their roles, comply with safety policies, participate in high-risk operation applications and the implementation of risk control measures, and immediately stop work and report any safety incidents or abnormalities, cooperating fully with emergency response procedures.



Group Safety Management Structure





### **Occupational Safety Risk Tiering and Control**

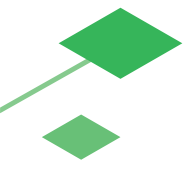
The Group's production and operational activities cover multiple process units, including pulping, papermaking, environmental protection, and auxiliary operations. With numerous operational steps and equipment-intensive processes, potential safety hazards exist, such as mechanical injuries and confined space operations. To fulfil its primary responsibility for production safety and to systematically identify and manage risks at the source, the Group has established the Safety Risk Tiering and Control Policy. Through scientific identification, assessment, and tiering, the policy shifts risk management from reactive response to proactive prevention, reducing both the likelihood and severity of incidents.

#### Risk Control Mechanism and Tiering Principles

- Risk tiering and control involves comprehensive identification and evaluation of hazards in production and operational processes. Risks are assessed based on the likelihood of occurrence and potential severity of consequences, and assigned to graded tiers. Control responsibilities, accountable parties, and mitigation measures are determined according to each risk tier.
- The Group classifies risks into four tiers: Major, Significant, General, and Low, represented by red, orange, yellow, and blue, respectively, implementing tiered, categorised, and dynamic control measures.

#### Control Process and Implementation

- In accordance with national laws, regulations, and industry standards, and taking into account operational realities, the Group has established a tiered risk control system covering all units.
- At the organisational level, led by the Chief Safety Officer, and coordinated by the Safety Director and the Safety Department, responsibilities are implemented across departments, workshops, teams, and positions according to a graded system, ensuring full participation and accountability at all levels.
- At the operational level, risk assessment focuses on facilities, components, locations, zones, and operational activities, and includes:
  - ① Using Job Hazard Analysis (JHA) and Safety Check List (SCL) methods to evaluate various hazards.
  - ② Applying the Job Operational Condition Risk Assessment (Likelihood, Exposure, Consequence, LEC) method to quantitatively assess accident probability, exposure frequency, and consequence severity, determining the risk tier.
  - ③ For risks tiered as Significant or above, implementing engineering, management, training, personal protection, and emergency measures, with escalation of control measures as needed.



Effectiveness and Continuous  
Improvement

- The Group maintains a tiered risk control register, clearly identifying responsible parties for each risk point. Employees are informed of operational risks and preventive requirements via risk signage, notice boards, and targeted training. This work is integrated into annual training plans and the Group-wide occupational safety accountability system, and dynamically updated through an information management platform.
- Furthermore, the outcomes of tiered risk control provide the basis for hazard identification and remediation, supporting a shift from experience-based to systematic and precise safety management.

**Protection Measures for High-Risk Positions**

The Group places great emphasis on the safety management of high-risk operations. For tasks potentially involving hot work, confined space entry, blind flange removal, work at height, lifting operations, temporary electrical use, excavation, line isolation, and other high-risk activities, the Group has established comprehensive High-Risk Operations Management Policies. Responsibilities are clearly defined at all levels, and operational risks are controlled throughout the process — from work plan preparation and risk identification to on-site supervision and emergency response — ensuring the effective implementation of safety measures.

Before Work

- Relevant units must identify potential hazards and harmful factors on-site and develop targeted protective measures.
- Workers must receive safety training and technical briefings, familiarising themselves with operational risks, emergency procedures, and the correct use of personal protective equipment (PPE).
- The site must be equipped with standard-compliant protective equipment, emergency rescue gear, and safety warning signs.
- Tools, scaffolding, lifting equipment, and power tools must comply with national safety standards.

During Work

- Dedicated personnel must provide supervision.
- Workers must correctly wear helmets, safety harnesses, protective clothing, respirators, earmuffs, dust masks, and other PPE, and comply with on-site management and multi-trade coordination requirements.
- Hot work and confined space operations must include real-time monitoring of gas concentrations, oxygen levels, and harmful substances to ensure safety.
- In the event of abnormalities or emergencies, workers have the right to stop work and evacuate, and the site supervisor and safety monitor must promptly report and coordinate emergency response.



During the Reporting Period, the Group's key health and safety performance indicators are as follows:

Health and Safety	2025	2024	2023
Work-related fatalities	1	0	1
Lost workdays due to work-related injuries	706	954	1,917

### **Safety Education and Training**

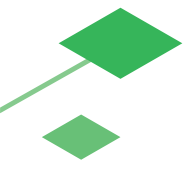
To enhance safety awareness and operational capabilities among all employees and relevant personnel, and to strengthen their ability to identify, assess, and mitigate risks, the Group has established a structured and systematic safety education and training system. Through standardised training management and effective implementation of training requirements, the Group aims to prevent unsafe behaviours and incidents, thereby safeguarding production safety and operational stability.

In terms of training management, the Safety Department is responsible for formulating the annual safety training plan, developing company-level training content, and maintaining training records. Departments and teams organise and implement department-level and team-level training in accordance with their respective responsibilities. External training institutions are engaged to provide professional safety training for Chief Safety Officers, safety management personnel, and specialised operators.

The Group adopts differentiated training requirements for different personnel categories:

- New employees are required to complete three-tier safety training (company-level, workshop-level, and team-level) and must pass pre-job competency assessments before assuming duties independently.
- Employees undergoing job transfer, returning to work, or involved in the “Four New Elements” (new processes, new technologies, new equipment, and new materials) must receive relevant safety training and assessments.
- Specialised operators must undergo professional safety and technical training, obtain relevant certifications prior to commencing work, and participate in regular refresher training and qualification renewal.

The Group maintains individual safety training records for all employees, documenting training time, content, duration, and assessment results, ensuring full traceability of training management. Annual refresher training is provided to ensure employees remain up to date with safety requirements, risk prevention measures, and emergency response capabilities. Through continuous improvement of its training system, the Group enhances employee competency and strengthens overall safety management standards.



Training Scope

- Chief Safety Officer
- Safety management personnel
- New employees (company-level, workshop-level, and team-level training)
- Transferred/returning employees
- Specialised operators
- Personnel involved in the “Four New Elements”
- Contractors, dispatched personnel, and interns

Training Content

- Safety laws, regulations, and policies
- Group safety management policies and operating procedures
- Hazard identification and risk management
- Occupational health and protective measures
- Emergency response and contingency plans
- Case studies of typical incidents
- Professional skills and job-specific competencies

Training Method

- Instructor-led training
- On-site practical training
- Case analysis
- Online learning and digital assessments
- Pre- and post-shift safety meetings
- Safety campaigns, awareness activities, and competitions

Training Management

- Annual training plan (formulated and implemented by the Safety Department)
- Individual training records (one file per employee)
- Pre-job competency assessments
- Annual refresher training
- Assessment and continuous improvement (including re-assessment and corrective action plans)



**Initiative Highlights:** Integrating Safety Training with Practical Drills to Strengthen Emergency Response and Occupational Health Awareness

To enhance safety awareness, self-protection capabilities, and emergency response preparedness, the Group adopts a combination of structured drills, practical competitions, and ongoing awareness programmes. A comprehensive safety and occupational health management framework has been established, covering office, production, and residential areas, thereby reducing accident risks and strengthening the foundation for safe operations.

During the Reporting Period, the Group achieved the following progress:

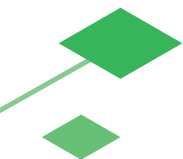
- Enhanced employee awareness of safety, self-protection, emergency evacuation, and response capabilities.
- Strengthened prevention and emergency management capabilities for key risks such as fires and chemical incidents.
- Continued implementation of occupational health protection and mental wellbeing initiatives, improving employee awareness of relevant laws, regulations, and protective measures.
- Ongoing promotion of safety culture to support safe and stable operations.

Structured Drills

- The Group regularly organises fire safety and evacuation drills tailored to different risk scenarios. In April and September 2025, the Security Department conducted fire evacuation drills for all employees at “Sunshine Building”. During the drills, the fire control centre activated emergency broadcasts and alarm systems, while floor wardens and volunteer fire responders guided personnel to evacuate along designated routes. The central control room simultaneously activated pressurised ventilation systems to ensure safe evacuation. Evacuation times were significantly reduced compared to previous drills.
- The Group also places emphasis on safety in residential areas. In May 2025, dormitory fire evacuation drills were conducted, simulating smoke conditions and guiding employees to use wet towels to cover their mouths and noses and evacuate in a low posture, enhancing their self-rescue and mutual aid capabilities.

Practical Competitions

- In June 2025, the Group organised an emergency response skills competition, involving 24 teams and 52 participants from various factory premises and subsidiaries. The competition included practical scenarios such as fire emergency response and escalation handling of chemical incidents, assessing participants’ response capabilities and technical skills, while encouraging proactive learning and skill enhancement.



- Ongoing Awareness Programmes
- The Group strengthened safety awareness and occupational health initiatives. In April 2025, in conjunction with the National Occupational Disease Prevention and Control Week, the Group collaborated with local health authorities to conduct awareness campaigns, including exhibitions, distribution of materials, medical consultations, and mental health training.
  - In June 2025, the Group organised a safety knowledge competition covering safety regulations, operational procedures, and emergency response requirements, promoting the integration of safety awareness into daily work practices.



## Development and Training

### Enhancing Career Development Pathways

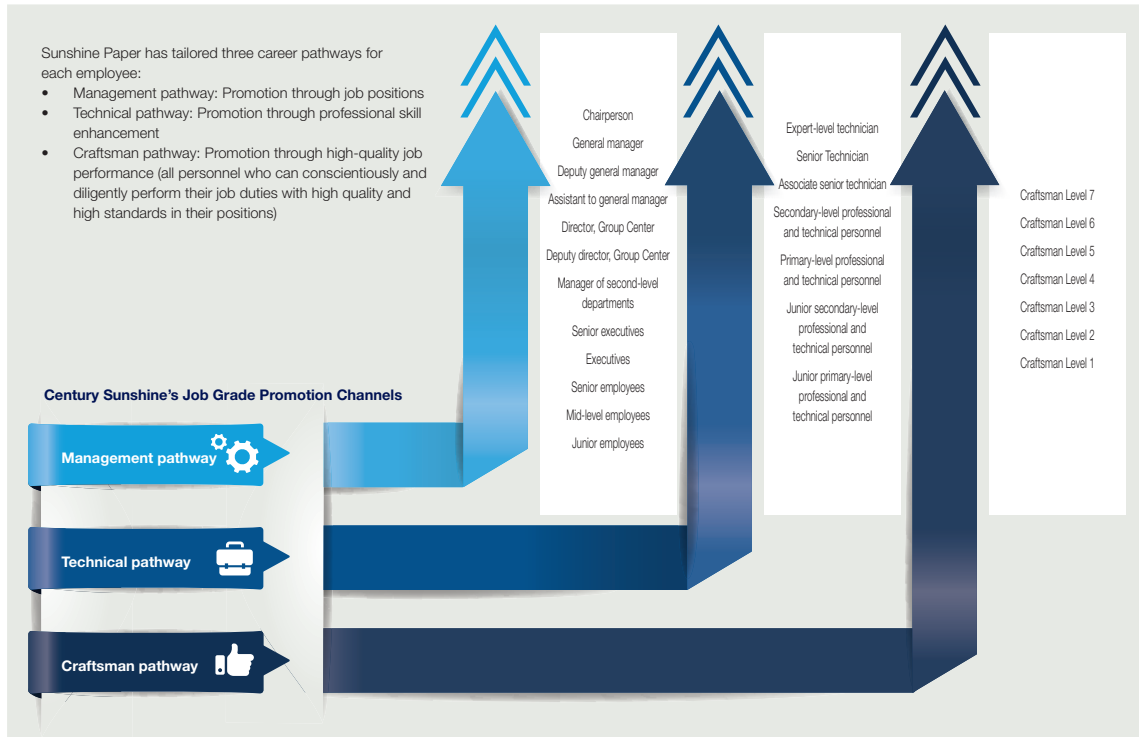
Employees are the cornerstone of the Group's sustainability. The Group implements a talent development strategy and, through systematic talent cultivation and diversified career pathways, is progressively building a well-structured talent pipeline with clear progression levels, promoting the shared growth and long-term development of both employees and the Group.

To effectively implement this strategy, the Group has established three primary career pathways, providing clear development directions for employees across different roles and professional backgrounds:

- **Management Pathway:** Enables employees to assume increasing management responsibilities through progressive advancement in managerial positions.
- **Technical Pathway:** Provides a clear and sustainable development route for enhancing professional expertise and advancing through technical grades.



- **Craftsman Pathway:** Focuses on high-quality job performance and professional capability development, supporting employees in continuously refining their skills and achieving excellence in their respective roles.

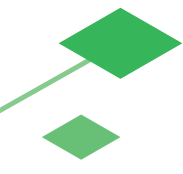


In addition, the Group continues to enhance its remuneration and performance management systems. It has established a market-competitive remuneration strategy, with appropriate incentives for key positions and core talent. At the same time, through a robust performance management framework, the Group comprehensively evaluates employee performance and contributions, providing employees with development opportunities and clear pathways for career advancement.

### **Diversified Training Programmes**

The Group's employee training system is closely aligned with its career development pathways, providing targeted training programmes for different job functions to effectively support the continuous enhancement of employees' management capabilities, professional skills, and craftsmanship.

In terms of talent development, the Group adopts a model of "internal development as the primary approach, supplemented by external resources". By integrating internal and external resources, the Group delivers multi-level education and training programmes covering business management, professional knowledge, capability development, practical skills, and technological innovation. These initiatives aim to continuously enhance employees' academic qualifications, professional competencies, and technical capabilities, while strengthening the development of skilled technical talent to drive technological advancement and industrial upgrading.



	Management Pathway	Technical Pathway	Craftsman Pathway
Training Objectives	<ul style="list-style-type: none"> <li>Enhance management capabilities, decision-making skills, and team collaboration to support career progression along the management pathway.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen professional skills, operational capabilities, and professional conduct to support development along the technical pathway.</li> </ul>	<ul style="list-style-type: none"> <li>Improve technical craftsmanship, operational precision, and innovation capabilities to support the development of highly skilled craftsmen.</li> </ul>
Training Programmes	<ul style="list-style-type: none"> <li>Internal management courses.</li> <li>Young Leaders Development Camp.</li> <li>Team leader training programmes.</li> <li>Future Elite Training Programme.</li> </ul>	<ul style="list-style-type: none"> <li>Professional skills training.</li> <li>Safe operation training.</li> <li>Professional conduct and values training.</li> <li>Online learning platforms supporting flexible learning.</li> </ul>	<ul style="list-style-type: none"> <li>Skills competitions (including electrical and instrumentation, mechanical, fire safety, high-voltage operations, internal trainer competitions, and micro-learning contests).</li> <li>Practical skills training.</li> </ul>

During the Reporting Period, the Group recorded a total of 70,612 training hours, with an average of 15.7 training hours per employee. All employees were provided with equal access to training opportunities. Detailed training data are set out below:

### Employee Training

2025

#### Percentage of Employees Trained (%)

##### By Gender

Male	75.20
Female	24.80

##### By Employee Category

Senior Management	1.27
Middle Management	5.43
Other Employees	93.30

#### Average Training Hours per Employee (hours)

##### By Gender

Male	16.86
Female	12.24

##### By Employee Category

Senior Management	14.06
Middle Management	17.70
Other Employees	15.62

Notes:

1. The percentage of employees trained by category = number of employees trained in the relevant category ÷ total number of employees trained × 100; the average training hours by category = total training hours of employees in the relevant category ÷ total number of employees in that category.
2. Employee training data for the year covers Mainland China employees only. As overseas operations remain relatively small in scale and the relevant data collection scope and systems are still being refined, training data for overseas employees (a total of 35 employees in Thailand) has not been included in this year's reporting scope. These employees participated in regular training during the Reporting Period. The Group will continue to enhance its data collection and management systems, with a view to progressively expanding the scope of disclosure.

**Initiative Highlights:** Establishing a Dual-Tier Talent Development System — “Eaglet — Kunpeng” to Strengthen Management Career Pathways

Against a backdrop of increasing economic complexity and rising corporate expectations for both managerial and professional capabilities, the Group has continued to enhance its employee career development framework and management pathways.

To facilitate the progression of core frontline talent into middle and senior management roles, during the Reporting Period, the Group continued to implement the “Eaglet Programme” and the “Kunpeng Programme” through dedicated training camps. By adopting a systematic and tiered training approach, the Group aims to build a robust talent pipeline, nurture young professionals, and ensure that talent development remains aligned with business growth needs.



“Eaglet Programme”

Future Elite Training Programme

- Focuses on reserve and young talent. Through intensive training, the programme covers corporate culture, role awareness, time management and fundamental management tools, guiding participants to clarify career goals while fostering continuous learning and problem-solving capabilities.
- During the Reporting Period, the fourth session of the Future Elite Training Programme was held at the third-floor conference room of “Sunshine Building”, with a total of 36 participants. Through practical exercises and group discussions, participants enhanced their problem-solving skills and adaptability in role transition, laying a solid foundation for future advancement into management roles.

“Kunpeng Programme”

Young Leaders Development  
Camp

- Designed for experienced business backbones and potential managers, with the aim of systematically enhancing the overall managerial capabilities of young leaders.
- During the Reporting Period, the ninth session of the Young Leaders Development Camp was held at Linqi Lancui Lake, with 36 sales elites and procurement personnel participating. Senior management were deeply involved in delivering training and engaging with participants, clarifying managerial competency requirements. Through case studies, group presentations and performance evaluations, the programme promoted practical application of knowledge and significantly strengthened participants’ capabilities in sales management, communication and coordination, team building, and execution.

**Initiative Highlights:** Leveraging Professional Skills Competitions to Cultivate and Develop Craftsmanship Talent

To enhance its diversified talent development framework, the Group has established, alongside its management career pathway, a dedicated craftsmanship talent development channel focused on professional expertise and hands-on skills. By encouraging employees to participate in high-level professional skills competitions, the Group promotes the practical growth of skilled personnel and continuously improves the professional competence and innovation capacity of its frontline technical teams.

During the Reporting Period, the Group organised and supported employees from the Electrical & Instrumentation (E&I) branch to participate in the 11th Professional Skills Competition, hosted by the People’s Government of Changle County, actively engaging in the Electrician category. Participants demonstrated solid theoretical foundations and stable practical skills, achieving multiple honours, including county-level first, second, and third prizes.

At the municipal level, employees also distinguished themselves in the Industrial Vision System Operations & Maintenance Skills Competition, securing a third prize, reflecting their strong technical proficiency.

Through the continuous implementation of a “learn through competition, train through competition, apply through competition” talent development mechanism, the Group has achieved notable outcomes in building its craftsmanship talent channel:

Quantifiable Skills Achievements

- Multiple employees received awards at county and municipal competitions, providing authoritative recognition of their professional capabilities.

Regularised Capability  
Development

- Competitions serve as a driver for learning and training, facilitating the translation of skill achievements into practical production.

Strengthened Skilled Talent  
Pipeline

- The Group continues to build a knowledge-based, skills-oriented, and innovation-driven workforce, ensuring a stable foundation for high-quality business development.



### Labour Standards

The Group strictly complies with the Labour Law of the People’s Republic of China and other relevant laws and regulations, ensuring that all recruitment and employment practices meet statutory requirements. The Group explicitly prohibits the engagement of child labour and any form of forced labour, and has incorporated this requirement into recruitment, onboarding, and daily human resources management processes.

At the recruitment stage, all candidates are required to provide complete personal and qualification information, which is reviewed by the Human Resources Department to ensure that all employees meet the minimum legal working age and are employed on a voluntary basis. These measures, embedded in the Group’s systems and processes, help prevent the risk of child labour and forced labour from the outset. The Group also extends labour compliance requirements to supply chain management. To the extent practicable, contractors and suppliers are assessed and guided to ensure adherence to regulations prohibiting child labour and forced labour, thereby mitigating the risk of such issues affecting the Group’s operations.

For ongoing monitoring and issue management, the Group regularly reviews recruitment and employment practices. If any breach of labour standards or relevant laws and regulations is identified, corrective actions are promptly taken, including suspending related employment arrangements, conducting internal investigations, and holding responsible parties accountable in accordance with applicable laws and internal policies, thereby safeguarding employees’ lawful rights and interests.

During the Reporting Period, no incidents involving child labour or forced labour were identified within the Group or its controllable supply chain.

## Supply Chain Management

### Supplier Admission

The Group has established a systematic supplier admission process through a series of internal policies, including the Supplier Management Policy, Procured Materials Trial Policy, and Tender Management Policy. The process encompasses demand initiation and technical engagement, trial and preliminary assessment, as well as multi-departmental joint evaluation. Key assessment criteria include suppliers' legal compliance, quality management capabilities, environmental and safety performance, fulfilment capability, and operational stability. Suppliers that pass the evaluation are required to complete a standardised registration and qualification verification process to ensure that all submitted information is true, complete and compliant before being formally included in the Group's supplier management system.

New Supplier Admission Process:

- ① Demand Initiation and Technical Engagement
  - Propose requirements for new material introduction, optimisation of existing materials, or service procurement.
  - The Procurement Management Centre coordinates with the Production and Technical Function Department to conduct technical exchanges with suppliers.
  - Where applicable, trial arrangements are carried out in accordance with requirements from the Production and Technical Function Department.
- ② Trial and Preliminary Assessment
  - During the trial phase, relevant departments conduct preliminary assessments on technical compatibility, quality performance, and potential environmental and safety risks of the materials.
- ③ Multi-departmental Joint Evaluation
  - On-site or equivalent evaluations are conducted depending on supplier type and business nature.
  - Evaluations are typically carried out jointly by the Procurement Management Centre, Production and Technical Function Department, and User Department, focusing on legal compliance, quality management, environmental and safety performance, fulfilment capability, and operational stability.
- ④ Evaluation Outcome and Risk Classification
  - Suppliers are categorised based on evaluation results, forming the basis for subsequent cooperation and ongoing monitoring.
- ⑤ Supplier Registration and Qualification Verification
  - Approved suppliers are required to complete registration, with relevant departments reviewing their qualification documents to ensure authenticity, completeness, and compliance.
- ⑥ Admission Decision
  - Suppliers are formally incorporated into the Group's supplier management system upon completion of registration and verification.

As at the end of the Reporting Period, the Group had a total of 2,391 qualified suppliers. During the Reporting Period, the Group, in accordance with its established supplier admission procedures, continuously conducted qualification assessments for potential suppliers, completing the admission evaluation of 1,003 suppliers, all of whom were incorporated into the supplier management system.

At the same time, the Group maintained a dynamic supplier list management mechanism, optimising and updating its supplier base through regular evaluations, adjustments based on business needs, and performance reviews, to ensure the stability and compliant operation of the supply chain. Among the newly admitted suppliers, 105 further underwent on-site assessments in accordance with established procedures.

The Group's qualified suppliers are predominantly domestic, accounting for approximately 99% of the total. Of these, 54% are located in Shandong Province, 16% in the Yangtze River Delta (Jiangsu, Zhejiang and Shanghai), 8% in the three northeastern provinces, 7% in the Beijing — Tianjin region, and 15% in other regions of mainland China. Overseas suppliers totalled 19, located in the United Arab Emirates, Austria, Finland, the United States, Chile, Sweden and Singapore, representing approximately 1% of the total supplier base.

### **Supply Chain Risk Management**

To manage supply chain risks, the Group has established a systematic mechanism to identify, assess and monitor ESG risks across all stages of the supply chain. Key areas of focus include governance risks such as compliant operations; environmental risks (for production-related suppliers), including environmental pollution, resource consumption and the use of hazardous materials; and social risks, including occupational safety and the protection of employee rights.

A cross-functional evaluation team conducts regular or ad hoc supplier assessments and performance evaluations based on business needs. The Corporate Management and Inspection Centre, together with the Audit and Supervision Centre, provides end-to-end oversight over key supplier management processes.

Where potential or actual risk issues are identified, the Group promptly activates corresponding risk control procedures, including requiring corrective actions, suspending cooperation, or freezing supplier status, to ensure the stable operation of the supply chain.

- |                            |   |
|----------------------------|---|
| Governance Risk Management | <ul style="list-style-type: none"> <li>• Suppliers must be legally established and possess legal person status or the capacity to independently assume civil liabilities.</li> <li>• Suppliers are required to provide valid business licences and other supporting qualification documents during registration.</li> <li>• Where false information or illegal or unethical conduct is identified during the review process, the supplier registration procedure will be terminated.</li> </ul> |
|----------------------------|---|

- Environmental Risk Management
- For production-related suppliers, the Group places emphasis on environmental certification, environmental protection practices, resource consumption and the use of hazardous materials, including:
    - ① Whether the supplier has obtained ISO 14000 environmental management system certification (with a valid certificate).
    - ② Whether environmental pollution occurs during the manufacturing process.
    - ③ Whether effective measures are implemented to mitigate environmental pollution during production.
    - ④ Whether standards for resource consumption are established and strictly enforced.
    - ⑤ Whether hazardous materials are used in the manufacturing process.
- Social Risk Management
- For construction-related suppliers, the Group focuses on safety management indicators, including:
    - ① Whether safety qualifications comply with regulatory and contractual requirements, and whether staffing meets contractual and safety agreement requirements.
    - ② Whether safety management of construction teams is properly coordinated and issues are rectified in a timely manner.
    - ③ Whether on-site protection measures, equipment and materials, and fire safety arrangements comply with relevant standards, and whether potential hazards are promptly addressed.
    - ④ Whether employment practices are lawful, workers comply with regulations and receive safety training, and whether personnel engaged in specialised operations are duly certified.
  - For production-related suppliers, the Group assesses employee qualifications, the level of automation in process control, on-site management standards, and quality control processes, to ensure safe operations, compliance with standard operating procedures, and adherence to product quality requirements.

### **Responsible Procurement**

In supplier selection and product procurement, the Group adheres to the principles of green procurement. In addition to product quality, supply stability and cost considerations, ESG factors are also taken into account. The Group requires suppliers to comply with fundamental business ethics and social responsibility principles, including lawful and compliant operations, protection of labour rights, and environmental stewardship. The procurement department continuously monitors supplier performance and promotes improvements through document reviews, business communication and, where necessary, on-site assessments.



The Group is progressively advancing the development of a green supply chain. Across procurement, transportation and sales, it gives due consideration to options with relatively lower environmental impact. For example, priority is given to local or geographically proximate suppliers to reduce transportation distances and associated GHG emissions. In addition, the transportation of certain raw materials and base paper is arranged by the Group's subsidiaries, enabling more direct control over logistics arrangements, better coordination of routes and schedules, improved transportation efficiency, and support for relatively low-carbon logistics practices.

## Product Responsibility

### *Our Products*

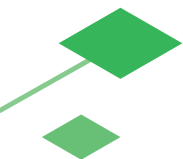
The Group has built a comprehensive product portfolio encompassing paper products, pre-printing, and cartons, with advanced pulp and paper manufacturing technology at its core, and is committed to delivering products that comply with the Product Quality Law of the People's Republic of China and other applicable laws, regulations, and standards.

White Top Test Liner and Coated White Top Test Liner are the Group's core paper products, primarily used as the outer liner of cartons. White Top Test Liner features a multi-layer fibre structure that, when combined with corrugated medium, forms a durable board with high compression strength and excellent printability. It is widely used in mid-to-high-end carton packaging for dairy products, beverages, food, and electrical appliances. Coated White Top Test Liner applies a thin coating to the bleached surface of White Top Test Liner, enhancing colour brightness, surface gloss, and print stability, while delivering superior ink performance. Compared with traditional coated white board, the thinner coating reduces coating material usage and lowers environmental impact. The Group's paper business also includes Core Board Base Paper, Premium Corrugated Medium and Specialty Paper.

In product design and manufacturing, the Group actively integrates environmental protection and sustainability principles. Measures include reducing base paper grammage, enhancing fibre strength, using recycled paper materials, and adopting water-based inks and flexographic pre-printing techniques. These initiatives not only ensure product performance and consistent quality but also reduce resource consumption and GHG emissions, providing clients with efficient, eco-friendly, and socially responsible paper and packaging solutions.



Coated White Top Test Liner production line with an annual capacity of 500,000 tonnes





White Top Test Liner production line with an annual capacity of 450,000 tonnes

Product Name	Main Applications	Key Highlights
Coated White Top Test Liner, White Top Test Liner	Outer liner for packaging of dairy products, beer, beverages, food and electrical appliances	Low grammage and high strength; Coated White Top Test Liner can replace traditional coated greyboard, featuring a thinner coating that saves materials and coating agents.
Core Board Base Paper	High-strength fibre tubes, textile yarn tubes, and industrial paper tubes	Stable quality, high interlayer bonding strength, effectively replaces imported products and reduces transportation-related carbon footprint.
Premium Corrugated Medium	High-strength corrugated and specialty corrugated boards	High strength, water resistance, low grammage. The “Violet” series adopts advanced water-resistant technology to prevent board deformation or carton collapse under high humidity, cold-chain storage, or transportation.
<b>Specialty Paper</b>		
① Décor Paper	Mainly used for engineered panel lamination	High opacity
② Electronic Carrier Tape Paper	Chips, integrated circuits, surface-mount electronic components, and new energy applications	High interlayer bonding strength supports high-tech and new energy industries, enhancing production precision and efficiency.
③ Composite Paper	Composite paper bags	Made from recycled materials, high strength, stable colour.
④ Wet Curtain Paper	Water curtain manufacturing	Good water absorption and tensile strength, meeting domestic and international production requirements.

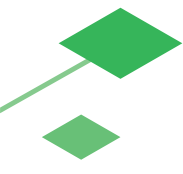


**Initiative Highlights:** Sunshine Series Showcased at 2025 WEPACK

In April 2025, the Group presented its core products at the 2025 WEPACK (World Expo of Packaging Industry) under the theme “Practising Low-Carbon Solutions, Protecting Our Natural Environment”. Featured offerings included the Low-Carbon Series — digital printing paper, plastic-free paper, and eco-friendly paper bags — alongside the full range of packaging papers such as White Top Test Liner and Coated White Top Test Liner, demonstrating the Group’s comprehensive product portfolio and R&D achievements in packaging paper.

During the exhibition, the Group engaged in in-depth discussions with leading brands including AB InBev, Tsingtao Brewery, Yili Group, Tingyi, Wahaha, Dali Group, and Chi Forest, as well as major corporate groups such as Bingxin Group, Hop Hing Group, and Kuan Yuan Group. More than 40 core brands, including Tianjin Baide, Linyi Jinghua, and Yantai Shanyuan, also attended for business exchanges.

Participating brands highly recognised the Group’s low-carbon products and commended its innovative approach. Going forward, the Group will continue to upgrade its product mix towards green and low-carbon solutions, developing and promoting environmentally friendly packaging papers to meet the growing demand from downstream brand clients for sustainable packaging solutions.



**Initiative Highlights:** Recognised as Shuanghui Strategic Cooperation Supplier for 2025

In March 2026, the Company was recognised as a 2025 Strategic Cooperation Supplier by Shuanghui at its Supplier Conference and Awards Programme, in recognition of its overall performance in supply assurance, quality control and collaborative responsiveness.

Shuanghui noted in its evaluation that the Group's White Top Test Liner demonstrated outstanding performance in price stability and supply assurance, with priority supply secured during critical and urgent situations, and efficient collaboration with clients, reflecting a long-standing foundation of stable cooperation and mutual trust. This recognition reflects market acknowledgement of the Group's supply assurance capability and collaborative service level, and further strengthens its long-term strategic partnership with key customers.



**Our Service**

The Group has established a systematic client complaint management mechanism to address feedback on product and service quality, safeguarding client rights. Clients can submit feedback through multiple channels, and the responsible units must respond promptly, arranging on-site inspections or sample returns where necessary to ensure swift initial resolution.

Upon receiving feedback, the Company collects relevant samples and information for internal analysis. Relevant departments identify the source of the issue, propose corrective actions, and record the handling process in the system to ensure full traceability.

Clients may agree with the Company on the final resolution, including replenishment, replacement, or compensation, all subject to management review to ensure fairness and effective follow-up. Management regularly reviews client feedback and resolution outcomes, analysing root causes and implementing continuous improvement measures to enhance client satisfaction.

During the Reporting Period, no product recalls were required for safety or health reasons. A total of 780 client complaints were received, primarily related to product quality, all of which were properly resolved.

**Privacy Protection**

The Group places strong emphasis on the protection of client data and personal information, incorporating it into its product responsibility and corporate governance framework. The Group is committed to handling data collection, use, storage and sharing in a transparent, lawful and secure manner, using such data solely for order processing, client services, product improvement and sustainability assessments, thereby safeguarding client rights and data security.

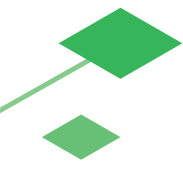


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| Privacy Protection Measures  | <ul style="list-style-type: none"> <li>• Compliance Management: Adheres to applicable domestic and international privacy regulations, incorporating data protection into the corporate governance and internal audit framework.</li> <li>• Data Security: Applies encryption technologies and access controls to prevent unauthorised access or data leakage, with regular system vulnerability assessments.</li> <li>• Employee Training: Provides regular privacy protection training to ensure employees understand data handling requirements and that data collection, use and disposal processes remain compliant.</li> <li>• Client Rights Protection: Establishes dedicated complaint and feedback channels to address client privacy concerns in a timely manner, with appropriate corrective and improvement actions.</li> </ul> |
| Implementation and Oversight | <ul style="list-style-type: none"> <li>• Roles and Responsibilities: Establishes a dedicated privacy protection team and appoints responsible officers to coordinate cross-functional implementation and oversight.</li> <li>• Continuous Improvement: Regularly reviews the effectiveness of policies, optimises processes in line with ESG objectives and client feedback, and encourages stakeholder participation in oversight.</li> <li>• Incident Response: Develops data breach response plans to ensure prompt action and minimise potential risks in the event of incidents.</li> </ul>   |
| Complaint Mechanism          | <ul style="list-style-type: none"> <li>• Establishes dedicated complaint and feedback channels to promptly address client privacy concerns and implement necessary corrective and improvement measures.</li> </ul>   |
| Transparency Commitment      | <ul style="list-style-type: none"> <li>• Regularly discloses privacy protection information to enhance client trust.</li> </ul>  |

### **Intellectual Property**

The Group places strong emphasis on scientific innovation and technological development, and has established a systematic intellectual property (IP) management and incentive framework to promote technological advancement, enhance core competitiveness, and encourage continuous innovation among employees. The framework applies to IP generated by technical personnel of the Group and its subsidiaries, covering research and technologies, patents, computer software copyrights, national standards, as well as academic papers and publications, across business areas including pulp and paper, packaging and printing, digitalisation, and finance.

The Group has developed incentive schemes based on the type of achievements to encourage innovation in research outcomes, the application and protection of patents and other IP, as well as participation in standards development and the publication of high-quality academic outputs. The framework emphasises the assessment of value and contribution, with incentives designed to foster innovation while taking into account the practicality of outcomes and the lawful protection of IP rights.



To ensure fairness, impartiality and transparency, the Group has established a standardised evaluation process:

① submission of supporting materials and required documentation by applicants → ② eligibility review and verification by the R&D department → ③ disclosure of evaluation results with a feedback and objection mechanism → ④ final approval by management and implementation of the incentive scheme.

## Anti-corruption

### *Anti-corruption Framework*

The Group places strong emphasis on integrity and ethical governance, and is committed to preventing all forms of corruption, bribery, extortion, fraud and other improper conduct in its business operations. All Directors and employees are required to strictly comply with the Group's Provisions on Anti-occupational Corruption, upholding a fair, transparent and accountable operating environment.

As the core policy governing anti-corruption, the Provisions on Anti-occupational Corruption apply to all personnel of the Group. The policy explicitly prohibits improper conduct, including but not limited to bribery, kickbacks, illicit transfer of benefits, abuse of authority and conflicts of interest. It also sets out requirements on secondary employment, management of conflicts of interest, public asset use and personnel discipline. The Group further requires suppliers to sign anti-corruption agreements to uphold shared integrity standards.

Anti-corruption Management System:

Governance Structure and  
Responsibilities

- Establishes a dedicated anti-corruption leadership group responsible for policy review, implementation oversight and effectiveness evaluation.
- All departments and subsidiaries are required to implement tailored preventive and control measures, subject to centralised supervision.
- The Human Resources Centre and Corporate Culture Centre coordinate integrity education and anti-corruption training, with regular participation required for Directors, management and employees, including induction training for new hires.

Integrity and Conflict of Interest  
Management

- Clear requirements are established for Directors and employees regarding benefits, hospitality and conflict of interest management, including:
  - ① acting with integrity and refraining from seeking improper benefits through position or influence.
  - ② prohibition of accepting gifts or hospitality that may compromise impartial decision-making.
  - ③ prohibition of unauthorised profit-making activities or participation in investments that compete with or relate to the Group's business.
  - ④ strict compliance with policies on public assets and financial management, prohibiting misuse of resources and extravagance.



- |   |   |
|---|---|
| Risk Control Measures in High-risk Areas              | <ul style="list-style-type: none"> <li>Enhanced controls are implemented across high-risk functions such as procurement, sales, construction projects, warehousing and financial management. These include procurement and tendering procedures, contract and expense review, inventory management and financial oversight, to prevent misconduct and enhance operational transparency.</li> </ul>  |
| Whistleblowing Mechanism and Protection               | <ul style="list-style-type: none"> <li>Multiple confidential and anonymous reporting channels are established, including dedicated hotlines, email, QR codes, internal platforms and suggestion boxes, enabling employees and stakeholders to report suspected misconduct.</li> <li>All cases are handled in accordance with established procedures and investigated under principles of fairness, impartiality and confidentiality. Retaliation is strictly prohibited, and verified whistleblowers are provided with appropriate protection and support.</li> </ul> |
| Implementation, Monitoring and Continuous Improvement | <ul style="list-style-type: none"> <li>The Group conducts regular meetings, internal audits and policy reviews to monitor the implementation of anti-corruption measures, and continuously enhances its policies and whistleblowing mechanisms.</li> </ul>  |

### **Anti-corruption Training**

During the Reporting Period, the Group provided anti-corruption and integrity compliance training to employees, with a focus on departments engaged in frequent economic activities. Training covered relevant national laws and regulations on anti-corruption and unfair competition, the Group's internal policies, case studies, and emerging trends and developments. These initiatives aim to strengthen Directors' and employees' understanding of integrity requirements and enhance compliance awareness and risk prevention capabilities.

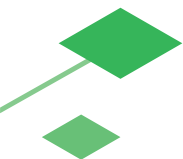
In addition, Directors participated in anti-corruption training and discussions through regular meetings, further reinforcing ethical standards and compliance awareness at the governance level.

During the Reporting Period, the Group was not involved in any concluded legal cases of corruption against the Group or its employees, nor were there any identified corruption incidents.

### **Community Investment**

The Group is committed to balancing business development with community interests. Through multi-level community engagement, the Group seeks to understand local needs and ensure that its operations contribute to community well-being while supporting corporate growth.

The Group continues to support local employment and talent development in the communities where it operates, while actively contributing resources to community development. In 2025, we prioritised hiring from communities surrounding our production bases, creating approximately 180 new local jobs. We also deepened industry-academia collaboration, hosting over 180 student visits and internships, including participants from Qilu University of Technology. These initiatives provide practical learning opportunities for young people, supporting career development and strengthening the local talent pipeline.



As a practical example of community engagement, Changle Shengshi Thermoelectricity, a subsidiary of the Group, provides industrial steam and winter heating services to the Changle Economic and Technological Development Zone and local residents, covering surrounding communities and enterprises. Since commencing operations, the company has not only ensured stable energy supply but has also actively invested in energy-saving and emission reduction upgrades. By improving steam and heating pipeline networks and adopting efficient, low-emission technologies, it has contributed to local energy efficiency improvements and economic development.

Looking ahead, the Group will continue to strengthen its community engagement strategy by aligning business development with community needs, fostering shared growth with local communities and delivering sustainable social and economic value.

## CLIMATE-RELATED DISCLOSURES

### Governance

The Group places strong emphasis on the capabilities and competencies of the Board and management in overseeing climate-related issues. Through targeted training and organisational arrangements, the Group ensures that they possess the necessary knowledge and skills to effectively supervise and respond to climate-related risks and opportunities. Board members are expected to understand the potential impacts of climate change on the Group's operations and long-term development, thereby supporting informed decision-making and oversight. To this end, the Group continuously enhances Directors' and senior management's knowledge of climate and sustainability topics through specialised training.

During the Reporting Period, the Group arranged ESG training for Directors delivered by external experts via online sessions. The training covered the ESG regulatory framework of The Stock Exchange of Hong Kong Limited, including both governance and disclosure requirements, with a particular focus on climate-related issues. Topics included the impact of climate-related risks and opportunities on the daily operations and current and future financial position of paper manufacturing enterprises, the linkage between green finance and climate issues, developments in China's green finance market, and leading client practices in addressing climate change. This enabled the Board to strengthen its understanding of climate-related risks and opportunities.

In terms of governance processes and information flow, climate-related issues have been integrated into the Group's management and decision-making framework. The Board and management are regularly updated through periodic reporting and dedicated workstreams on the progress of climate-related risks and opportunities, including carbon management initiatives. Key information focuses on areas such as GHG emissions reduction management, product carbon footprint assessment and certification, ensuring that the Board remains informed of the Group's key climate priorities.

The Board assumes overall oversight responsibility for climate governance, monitoring the Group's strategic direction and execution in addressing climate-related risks and opportunities. Through regular review of carbon management initiatives and related progress, the Board assesses whether management's actions align with the Group's operational realities and provides guidance on key issues where necessary.



At the management level, the Group has established a “Carbon Peak and Carbon Neutrality Leading Group” responsible for the overall planning and coordination of climate-related initiatives. A dedicated Carbon Management Office has also been set up to implement relevant actions, including driving the execution of GHG emissions reduction measures and organising product carbon footprint quantification and certification. These arrangements ensure clear allocation of responsibilities and effective implementation of climate-related initiatives under the Board’s oversight.

## Strategy

### *Climate-related Risks and Opportunities*

The Group has integrated the identification and assessment of climate-related risks and opportunities into its overall risk management and strategic planning processes, and continuously evaluates the potential impacts of climate change on its business operations. The Group’s production bases are primarily located in Changle and Shouguang in Shandong Province, Tianjin, Tonghua in Jilin Province, and Fushun in Liaoning Province.

During the Reporting Period, taking into account regional climate characteristics and its operational profile, the Group conducted qualitative assessments and referenced various climate and water risk assessment tools to identify physical and transition risks associated with climate change. At the same time, it evaluated potential business opportunities arising from the low-carbon transition.

Category	Indicator	Description of Risk/ Opportunity	Time Horizon	Key Assessment Tools/Approaches
Physical Risks	Typhoons	Strong winds and associated rainfall from tropical cyclones may affect facility safety, logistics and transport, and operational continuity.	Medium to long term	Climate Analytics Climate Impact Explorer; Aqueduct Water Risk Atlas; historical climate event analysis
	Fires	Fire risks arising from natural or operational factors under high-temperature, dry or extreme weather conditions, potentially threatening assets and personnel safety.	Short, medium and long term	
	Heavy rainfall and flooding	Short-term intense rainfall or prolonged precipitation may cause waterlogging and flooding, disrupting operations, equipment safety and transportation.	Short, medium and long term	
	Extreme heat	Temperatures significantly above historical averages may increase energy consumption, affect equipment stability and impact working conditions.	Short, medium and long term	



Category	Indicator	Description of Risk/ Opportunity	Time Horizon	Key Assessment Tools/Approaches
	Extreme cold	Temperatures significantly below historical averages may adversely affect equipment operation, energy supply and logistics arrangements.	Short, medium and long term	
	Water stress and drought	Insufficient precipitation, uneven water distribution or increased demand may lead to water scarcity, affecting water availability for production.	Medium to long term	
Transition Risks	GHG emissions reduction policies	Policies, regulations and regulatory requirements introduced by national and local governments to achieve GHG emissions reduction targets may impact operations and compliance.	Short, medium and long term	Policy and regulatory tracking; internal compliance assessments
	Carbon pricing	Pricing GHG emissions through carbon trading or other market-based mechanisms, which in turn affect the Group's cost structure for GHG emissions.	Medium to long term	Carbon market policy tracking; historical carbon price trend analysis
	Low-carbon transition investment	Capital and resource investments required for low-carbon transition, including R&D, equipment upgrades and process optimisation, may place pressure on capital allocation.	Medium term	Analysis of national and local decarbonisation, energy efficiency and industrial policies; industry technology trend assessment
Transition Opportunities	Paper Substituting Plastic	Market opportunities arising from the replacement of plastic products with paper-based materials under plastic reduction and sustainable consumption trends.	Short, medium and long term	National plastic reduction policies; market trend analysis



Category	Indicator	Description of Risk/ Opportunity	Time Horizon	Key Assessment Tools/Approaches
	Growth in recycled paper demand	Increased demand for recycled paper and fibre products driven by circular economy development and changing client preferences.	Short, medium and long term	Industry market research
	Low-carbon and carbon-neutral products	Opportunities from products with lower carbon footprints or certified carbon-neutral attributes, driven by increasing demand for low-carbon solutions.	Medium to long term	Market and client demand trend analysis

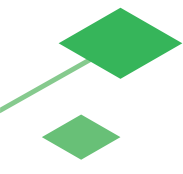
#### *Definition of Time Horizons and Linkage to Strategic Planning*

The Group defines the time horizons for climate-related risks and opportunities based on its business characteristics and the development trajectory of national climate policies.

- Short term: Refers to the next one to two years, aligned with annual operational planning and budgeting cycles. This primarily reflects the immediate impacts of extreme weather events and short-term regulatory requirements on operations.
- Medium term: Refers to the period up to around 2030, aligned with national carbon peaking targets. Impacts during this period may be reflected in evolving policy requirements, cost structures and market demand.
- Long term: Refers to the period from post-2030 to around 2060, aligned with national carbon neutrality targets and the Group's long-term development strategy. Climate-related factors during this period may have more profound implications for asset allocation, technology pathway selection and long-term financing capacity.

#### *Business Model and Value Chain*

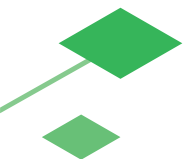
The Group attaches significant importance to the current and potential impacts of climate-related risks and opportunities on its business model and value chain. During the Reporting Period, the Group conducted a systematic identification and assessment of such impacts. At the business model level, the Group focuses on operational adjustments relating to production facilities, resource consumption and operational arrangements. At the value chain level, the assessment covers upstream raw material supply, logistics and transportation, as well as changes in downstream client demand. In addition, the Group has analysed the concentration of climate-related risks and opportunities across different geographical regions and value chain segments, with the findings presented in the assessment results (see table below).



Category	Indicator	Impact on Business Model	Impact on Value Chain
Physical Risk	Typhoon	<ul style="list-style-type: none"> <li>In the past five years, no public records indicate that the Group's main facilities were directly impacted by strong typhoons. Residual circulation from typhoons or northern temperate cyclones may cause localized heavy rainfall and flooding, causing short-term disruption to production plans and operational arrangements.</li> <li>Overall, the impact on the business model is limited, mainly presenting short-term challenges to production continuity and operational stability.</li> </ul>	<ul style="list-style-type: none"> <li>Extreme precipitation from residual typhoons or temperate cyclones may affect upstream raw material transport, midstream production, and downstream logistics. Short-term delays in raw material supply and temporary disruptions in product delivery may occur.</li> <li>Overall, impacts are mainly localised supply chain interruptions and logistics delays, with limited risk.</li> </ul>
	Fire	<ul style="list-style-type: none"> <li>No records in the past five years show fires caused solely by high temperature, dry conditions, or extreme weather at the Group's main facilities. Fire risk mainly manifests as short-term operational disruption or safety management challenges, requiring temporary adjustments to fire prevention, equipment maintenance, and production scheduling.</li> <li>Overall, the probability of significant impact on daily operations and long-term business model is low, though continuous monitoring and high-standard fire management remain necessary.</li> </ul>	<ul style="list-style-type: none"> <li>Recent years have seen an increase in wildfires globally, affecting some overseas pulp supply regions.</li> <li>As the Group sources part of its pulp internationally, wildfires could temporarily disrupt raw material supply and cause pulp price fluctuations.</li> </ul>



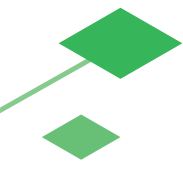
Category	Indicator	Impact on Business Model	Impact on Value Chain
	Heavy rain & flooding	<ul style="list-style-type: none"> <li>Shouguang (Shandong) is located downstream of the Mi River floodplain, a low-lying area with dense agricultural greenhouses, where drainage pressure is high. Short-duration heavy rain or flood events have occasionally disrupted local production and logistics. Other sites in Changle and Tianjin occasionally experience urban flooding and extreme rainfall. While the Group's facilities have not been directly affected, flood prevention measures and contingency management are required to maintain operational continuity.</li> </ul>	<ul style="list-style-type: none"> <li>Local heavy rain and flooding may disrupt raw material transport and product delivery temporarily. For example, in Shouguang's floodplain area, raw material supply delays may occur.</li> <li>Overall, impacts are localised, short-term, and manageable through diversified sourcing and logistics adjustments.</li> </ul>
	Extreme high temperature	<ul style="list-style-type: none"> <li>Changle, Shouguang, and Tianjin have recently experienced frequent extreme heat events. Meteorological records show multiple consecutive summer days with maximum temperatures above 38°C, significantly exceeding historical averages. Climate models indicate annual days exceeding the critical threshold of 40°C.</li> <li>High temperatures may increase facility electricity and cooling loads, stress production equipment, and affect outdoor workers, indirectly impacting production efficiency and equipment stability.</li> </ul>	<ul style="list-style-type: none"> <li>Extreme heat may affect upstream suppliers and logistics. High regional electricity demand may prompt controlled power use, impacting operations; logistics providers may need to adjust transport of sensitive or hazardous goods, increasing complexity and costs.</li> </ul>



Category	Indicator	Impact on Business Model	Impact on Value Chain
	Extreme low temperature	<ul style="list-style-type: none"> <li>Tonghua (Jilin) and Fushun (Liaoning) are located in cold northeastern regions, with minimum temperatures dropping below <math>-25^{\circ}\text{C}</math>. Low temperatures can limit water, steam pipelines, and machinery operation, increase energy consumption and supply uncertainty, indirectly challenging winter production continuity.</li> </ul>	<ul style="list-style-type: none"> <li>Extreme cold may create short-term pressure on suppliers and logistics. Roads may close or shipments be delayed, affecting raw material and equipment supply; suppliers without frost prevention may face limited production. Cold also increases risk of transport-related product damage.</li> </ul>
	Water stress & drought	<ul style="list-style-type: none"> <li>Changle, Shouguang, and Tianjin face long-term water scarcity and seasonal drought. Spring droughts are common in Shandong; low precipitation occurs in Tianjin in spring and early winter. Water risk models indicate high water stress in these regions.</li> <li>Water scarcity may constrain production water demand, affecting pulp processing and paper production efficiency; additional water treatment and recycling are required to ensure continuous operations.</li> <li>The Group's advanced water treatment processes and high water use efficiency have so far prevented production disruptions due to water shortages.</li> </ul>	<ul style="list-style-type: none"> <li>Water stress and drought may indirectly affect upstream raw material supply. Pulp chemical production is moderately to highly water-dependent; upstream suppliers under water stress may reduce output, impacting raw material availability.</li> </ul>



Category	Indicator	Impact on Business Model	Impact on Value Chain
Transition Risk	GHG emissions reduction policies	<ul style="list-style-type: none"> <li>As national and local carbon reduction and climate policies evolve, regulatory requirements in the Group's operating regions may become stricter, affecting energy use, emission management, and compliance workload, and influencing operational arrangements and management resource allocation.</li> </ul>	<ul style="list-style-type: none"> <li>Carbon reduction policies may also affect upstream and downstream operations. Upstream suppliers may need to adjust production; downstream clients' increasing focus on compliance and low-carbon performance may influence procurement preferences.</li> </ul>
	Carbon pricing	<ul style="list-style-type: none"> <li>The Group's thermal power plants are included in the national carbon emissions trading market, with the Shandong pulp and paper segment in a "quasi-inclusion" status. As the carbon pricing mechanism matures, the cost of carbon allowances and GHG emissions is on an upward trend, potentially increasing production and operating expenses.</li> </ul>	<ul style="list-style-type: none"> <li>Downstream clients may gradually incorporate carbon cost considerations into supplier selection and procurement evaluations.</li> </ul>
	Low-carbon transition investment	<ul style="list-style-type: none"> <li>To align with the low-carbon transition, the Group may need additional capital and management resources for technology upgrades, equipment renewal, and process optimisation.</li> </ul>	<ul style="list-style-type: none"> <li>Investment needs may affect value chain coordination; the maturity of upstream equipment, technology, and service providers influences transition progress.</li> </ul>
Transition Opportunity	Paper Substituting Plastic	<ul style="list-style-type: none"> <li>Driven by plastic reduction policies and sustainable consumption trends, paper gradually replaces plastics in certain applications, providing potential market demand growth and enabling product portfolio optimisation.</li> </ul>	<ul style="list-style-type: none"> <li>The "Paper Substituting Plastic" trend encourages upstream and downstream collaboration. Suppliers must provide materials meeting performance and environmental requirements; clients may co-develop alternatives, gradually reshaping the value chain.</li> </ul>



Category	Indicator	Impact on Business Model	Impact on Value Chain
	Increased demand for recycled paper	<ul style="list-style-type: none"> <li>Growing circular economy awareness and shifting customer preferences increase demand for recycled paper and fibre products, supporting expansion of related product applications.</li> </ul>	<ul style="list-style-type: none"> <li>Rising recycled paper demand heightens dependence on waste paper collection systems. Stability and quality control of upstream recycling channels are critical. Downstream clients may prioritise recycled fibre content and traceability, affecting supply chain management focus.</li> </ul>
	Low-carbon and carbon-neutral products	<ul style="list-style-type: none"> <li>Rising market demand for low-carbon solutions positions certified low-carbon or carbon-neutral products as a differentiator in certain markets and client segments.</li> </ul>	<ul style="list-style-type: none"> <li>Low-carbon or carbon-neutral products often require upstream and downstream collaboration. Suppliers must provide low-carbon raw materials and energy; clients may incorporate product carbon performance into procurement, promoting coordinated value chain management.</li> </ul>

### Strategy and Decision-Making

The Group recognises the impact of climate-related risks and opportunities on business strategy and decision-making, and has integrated these considerations into its business model, resource allocation, and value chain management. For physical risks, the Group has implemented or plans to implement corresponding adaptation and mitigation measures, including infrastructure reinforcement, disaster preparedness and response management, and adjustments to production and operational arrangements, to ensure business continuity and value chain resilience. For transition risks and opportunities, the Group incorporates their implications for resource allocation and business development into strategic decisions, continuously optimising the management framework to support long-term growth. The Group has climate-related transition plans in place, encompassing carbon-neutral factories, promotion of low-carbon products, and collaboration with value chain partners to advance decarbonisation; the successful delivery of this plan depends on supportive regulatory policies, the technical and economic feasibility of low-carbon solutions, and sustained market demand for certified green products.



Category	Indicator	Physical Risk Mitigation/ Transition Risk or Opportunity Response Measures
Physical Risk	Typhoon	<ul style="list-style-type: none"> <li>Reinforce infrastructure and factory roofs; gradually establish and update typhoon response plans with dedicated personnel; monitor meteorological typhoon warnings; conduct regular inspections and maintenance to ensure infrastructure resilience.</li> </ul>
	Fire	<ul style="list-style-type: none"> <li>Equip each facility with fire extinguishers and firefighting materials; establish full-time and part-time emergency firefighting teams; implement electronic monitoring and 24-hour on-duty systems; enforce fire management procedures to control external fire sources and hot work; conduct regular fire drills to enhance awareness and response capabilities.</li> </ul>
	Heavy rain & flooding	<ul style="list-style-type: none"> <li>Set up a flood prevention task force; clear drainage systems before the rainy season with assigned personnel for inspections; prepare flood response materials (sandbags, pumps, lighting, etc.); establish emergency plans and operational procedures to maintain production and logistics resilience under extreme rainfall.</li> </ul>
	Extreme heat	<ul style="list-style-type: none"> <li>Strengthen heat awareness and education, with focus on heatstroke prevention; provide cooling items (ice cream, mung bean soup, herbal drinks, etc.); install fan-assisted cooling systems in production areas; improve health intervention and emergency response; monitor weather warnings and avoid high-heat operations.</li> </ul>
	Extreme cold	<ul style="list-style-type: none"> <li>Insulate critical pipelines and facilities; enhance protection of power and heating systems; develop extreme cold emergency plans including ice prevention on roads; provide employee guidance on personal protection to reduce operational risks in low temperatures.</li> </ul>
	Water stress & drought	<ul style="list-style-type: none"> <li>Implement water recycling (e.g., clean water reuse, greywater reuse) and advanced water treatment processes to improve efficiency; promote water-saving awareness; adjust production plans according to water availability.</li> </ul>
Transition Risk	GHG emissions reduction policies	<ul style="list-style-type: none"> <li>Strengthen internal energy-saving and emission-reduction measures; optimise energy use; maintain communication with government and industry departments to ensure compliance; monitor policy trends and proactively adjust management and operational strategies.</li> </ul>
	Carbon pricing	<ul style="list-style-type: none"> <li>Continuously monitor carbon trading markets and policy changes; integrate carbon costs into production and business management; apply energy-saving and emission-reduction technologies to reduce GHG emission costs.</li> </ul>



Category	Indicator	Physical Risk Mitigation/ Transition Risk or Opportunity Response Measures
	Low-carbon transition investment	<ul style="list-style-type: none"> <li>Assess the maturity of upstream equipment and service suppliers; invest in technology upgrades, equipment renewal, and process optimisation as needed, allocating capital and management resources appropriately.</li> </ul>
Transition Opportunity	Paper Substituting Plastic	<ul style="list-style-type: none"> <li>Develop and promote paper-based alternatives to plastic products to expand application scenarios; collaborate with upstream and downstream partners to ensure raw materials meet environmental and performance requirements, and co-develop replacement solutions.</li> </ul>
	Increasing demand for recycled paper	<ul style="list-style-type: none"> <li>Stabilise recycled paper sources and improve quality management; develop recycled fibre products that meet customer traceability requirements and expand market applications.</li> </ul>
	Low-carbon and carbon-neutral products	<ul style="list-style-type: none"> <li>Establish carbon-neutral factories and launch carbon-neutral products with relevant certifications; promote low-carbon products according to market and customer demand; collaborate across the value chain to provide low-carbon raw materials and energy support, fostering coordinated value chain management.</li> </ul>

**Initiative Highlights:** Collaboration with Budweiser China on Carbon-Neutral Packaging Materials

As brand clients accelerate their net-zero targets, low-carbon packaging and value chain carbon reduction have become key drivers of industry transformation. During the Reporting Period, the Group continued to provide sustainable packaging solutions through green material R&D and low-carbon manufacturing.

The Group held a full value chain sustainability collaboration meeting with long-term partner Budweiser China and signed a letter of intent for cooperation on carbon-neutral materials. The collaboration focuses on carbon-neutral material development, low-carbon packaging products, and coordinated carbon reduction across the industry chain. Previously, both parties successfully launched carbon-neutral test liner for beer and jointly established the first carbon-neutral packaging factory in the beer industry.

Through this deepened collaboration, the Group and Budweiser China will continue to promote the application and innovation of carbon-neutral materials, further reduce the carbon footprint of packaging products, support clients in achieving full value chain net-zero targets, and advance the beer packaging sector towards a greener, low-carbon future.



Speech by Mr. Wang Changhai, General Manager of the Group



Speech by Mr. Yang Kai, Vice President of Global Raw Materials Procurement, Budweiser Group



Signing of the Letter of Intent for Carbon-Neutral New Materials with Budweiser



Group Photo of the Meeting Participants

### **Financial Position, Performance, and Cash Flows**

Due to the interplay of climate factors with other business and market variables, some financial impacts are difficult to isolate or reliably quantify. In line with the materiality and financial impact exemption principle, the Group has not provided specific quantitative data on climate-related risks and opportunities, but discloses their potential effects qualitatively.

Overall, climate-related risks may affect the Group's operating costs, resource consumption, and cash flows to a certain extent. For example, extreme weather events could necessitate temporary adjustments in production planning, logistics arrangements, and facility operations, potentially causing fluctuations in day-to-day operating expenses and short-term cash flow. Carbon reduction policies, carbon pricing, and low-carbon transition requirements may also increase energy and compliance management costs and influence capital expenditure allocation and strategic decision-making.

At the same time, climate-related opportunities may generate potential positive financial effects, such as revenue and gross margin improvements and more efficient resource allocation, driven by product portfolio adjustments, diversified raw material sourcing, and growing demand for low-carbon products.

The above disclosure primarily focuses on operating expenses, capital expenditures, and cash flow items, reflecting the qualitative impact of climate-related risks and opportunities under current and anticipated conditions. The Group will continue to monitor climate-related factors' effects on its operations and value chain and, as capabilities and conditions allow, supplement or quantify relevant financial impacts in future reporting periods.

### ***Climate Resilience***

Climate resilience refers to the Group's ability to adjust its strategy and business model in response to uncertainties related to climate change, including managing physical and transition risks and capturing climate-related opportunities. To provide investors and other stakeholders with a clear understanding of the Group's climate resilience, as of the end of the Reporting Period, the Group has qualitatively assessed the potential impacts of climate-related changes on its strategy and business model based on operational characteristics and risk exposures.

Regarding strategy and business model impacts, the Group has identified that extreme weather events, water resource pressures, carbon reduction policy changes, and shifts in market demand may affect production facility stability, operational continuity, cost structures, and product demand. To enhance climate resilience, the Group has implemented relevant management and operational measures, including infrastructure reinforcement, emergency management, optimized resource use, and low-carbon product development, to mitigate the potential impacts of climate-related risks on core operations and progressively adjust product mix and resource allocation to align with low-carbon and sustainable development trends.

In areas of uncertainty, the Group recognizes that climate-related impacts are long-term and highly uncertain, with assessments subject to assumptions regarding future climate pathways, frequency and intensity of extreme weather, policy evolution, and market responses. Currently, judgments on climate resilience are based on internal operational data, past experience in responding to extreme weather, industry practices, and publicly available information, applying reasonable assumptions in management decisions. As relevant data and methodologies continue to evolve, some potential impacts remain difficult to quantify reliably.

In terms of adjustment and adaptation capabilities, the Group maintains a degree of strategic flexibility and operational adaptability to manage climate-related risks and seize related opportunities. The Group can gradually invest in energy efficiency, emissions reduction, equipment upgrades, process optimization, and low-carbon product development through existing financial resources and capital allocation mechanisms. It also has the capacity to reallocate, repurpose, upgrade, or, if necessary, gradually divest high-risk assets, thereby reducing dependency on vulnerable assets and enhancing overall operational resilience.

Regarding scenario analysis, the Group considers climate-related scenario analysis an important tool for understanding potential climate risks and opportunities. However, due to uncertainties in scenario selection, key assumptions, and long-term climate data, and the limited availability of reasonably reliable information, the Group, in accordance with the reasonable data exemption principle, has not disclosed specific results of climate-related scenario analyses or quantified assessments of climate resilience during this Reporting Period. Going forward, as internal capabilities, methodologies, and data foundations mature, the Group plans to gradually improve relevant analyses and disclose the main assumptions, scope, and impacts on strategy and business model where conditions allow.



## Risk Management

### *Identification, Assessment, and Prioritisation*

The Group has established a management process to identify, assess, and monitor climate-related risks and opportunities, integrating it into the overall risk management framework. This ensures that climate-related matters are appropriately considered in strategic planning, operations, and resource allocation.

#### Identification of Risks and Opportunities

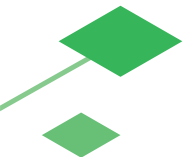
- The Group identifies climate-related physical risks, transition risks, and potential opportunities by leveraging internal operational data, past experience in responding to extreme weather events, industry practices, and publicly available information that can be reasonably obtained.
- The process covers the Group's key production sites and core business activities, with a focus on climate factors that could affect production facility safety, operational continuity, resource and energy usage, cost structure, and market demand.
- Input data includes internal operational metrics, equipment and facility conditions, historical climate event records, publicly available information from government, industry, and meteorological authorities, as well as model data and indicators from third-party authoritative climate and water risk assessment platforms.

#### Risk and Opportunity Assessment

- Assessment primarily relies on qualitative analysis, supplemented by quantitative methods, considering the nature, likelihood, and potential impact of risks and opportunities.
- The evaluation process accounts for exposure levels across business activities, the importance of affected assets, and potential impacts on safety, production, cost, and compliance, forming the basis for management judgment.
- Given the long-term and highly uncertain nature of some climate-related impacts, the Group has not established uniform quantitative thresholds for all climate risks and opportunities, instead determining their relative significance through professional judgment and internal discussion.

#### Prioritisation

- Climate-related risks and opportunities are assessed alongside other operational, compliance, and safety risks within the overall risk and opportunity evaluation framework. Prioritisation is determined based on potential business impact and urgency.
- High-priority climate-related risks or opportunities are assigned corresponding management or mitigation measures and are continuously monitored within daily operational management.



### *Monitoring and Integration of Risks and Opportunities*

The Group continuously monitors climate-related risks and opportunities by regularly reviewing operational performance, tracking extreme weather events and policy changes, and following key energy, water, and emission indicators. Relevant information is incorporated into internal management reports and risk discussions as appropriate, ensuring that management remains informed of potential changes.

Compared with the previous reporting period, the Group has continued to enhance its climate-related risk and opportunity management processes, including clarifying the scope of risk and opportunity identification, strengthening attention to extreme weather and policy developments, and gradually improving internal awareness and coordination on climate-related matters. In the future, the Group will continue to optimise these processes and methodologies in line with business development, external environment changes, and internal capability improvements.

Overall, the Group's processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are fully integrated into the Group's broader risk and opportunity management framework. By embedding climate considerations into the existing risk management mechanism, the Group aims to maintain operational stability while gradually enhancing its resilience to climate-related uncertainties.

## Metrics and Targets

### *Greenhouse Gas (GHG) Emissions*

The Group calculates greenhouse gas emissions in accordance with the GHG Protocol "A Corporate Accounting and Reporting Standard", using the operational control approach. The accounting covers Scope 1 (direct emissions) and Scope 2 (energy indirect emissions). Activity data and emission factors used are reliable, and the methodology is well established. During the Reporting Period, the calculation methods, input data, and assumptions remained consistent with previous years, with no significant changes.

### GHG Emissions

### 2025 Emissions

(tCO<sub>2</sub>e)

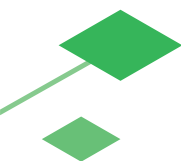
Scope 1	1,565,415.69
Scope 2 (location-based)	609,398.38
Scope 2 (market-based)	653,923.01

#### Notes:

- Scope 1 emissions mainly comprise direct emissions from the Group's fossil fuel consumption, including all direct emissions from combined heat and power plants.
- Scope 2 emissions cover indirect emissions from purchased and consumed electricity and steam.
- The Group has not yet compiled data for Scope 3 emissions in this year. In line with the materiality and reasonable data exemption principle, Scope 3 emissions are not disclosed at present. The Group plans to gradually disclose Scope 3 emissions as data collection and accounting systems improve.
- Scope 1 emissions in the current year slightly decreased compared with the previous year, while Scope 2 emissions slightly increased, due to lower coal consumption and higher purchased electricity.



Measurement Methodology and Input Data	<ul style="list-style-type: none"> <li>• Standard: The GHG Protocol: A Corporate Accounting and Reporting Standard</li> <li>• Measurement Approach: Operational control approach</li> </ul>
Scope 1 Emissions	<ul style="list-style-type: none"> <li>• Activity Data: Direct emissions from the Group's own operations, including fuel combustion from stationary and mobile sources.</li> <li>• Key Data: Consumption of coal, diesel, gasoline, etc.</li> <li>• Emission Factors: Adopted from the national greenhouse gas emission factor database.</li> </ul>
Scope 2 Emissions	<ul style="list-style-type: none"> <li>• Activity Data: Indirect emissions from purchased electricity and steam.</li> <li>• Key Data: Purchased and consumed electricity and steam, volumes of market-based green electricity transactions, renewable energy certificates, and carbon credit offsets.</li> <li>• Emission Factors: Adopted from the national greenhouse gas emission factor database and emission factors provided by the Ministry of Ecology and Environment.</li> </ul>
Method Selection and Changes	<ul style="list-style-type: none"> <li>• The Group selected the above methodology and input data mainly because: <ul style="list-style-type: none"> <li>① The method is well-established and widely used in the industry.</li> <li>② It ensures the operability and accuracy of data collection and accounting.</li> <li>③ It is highly relevant to the Group's business model and operational scope.</li> </ul> </li> <li>• During the Reporting Period, there were no significant changes to the measurement methods, input data, or assumptions. In the future, the Group will continue to improve its emissions accounting and management system and update methodologies and assumptions in line with policy requirements, data availability, and business changes.</li> </ul>



### **Cross-Industry Metrics**

In preparing this report, the Group, based on the materiality and reasonable data exemption principle, has not yet quantified certain cross-industry climate-related metrics. Specifically:

#### Compensation

- As of the end of the Reporting Period, the Group's remuneration policies have not incorporated climate-related factors into compensation decisions or performance assessment metrics. This is primarily because the Group is still in the process of refining its climate management system and related performance evaluation metrics. Quantifiable and operational climate performance measurement standards have yet to be established, and comparability and fairness across different business units must also be ensured.
- The Group will continue to monitor climate-related policies, industry best practices, and internal management needs, and will evaluate, at an appropriate time, the feasibility of integrating climate-related metrics into compensation and performance management to support sustainable business development and enhance climate management effectiveness.

#### Internal Carbon Pricing

- As of the end of the Reporting Period, the Group has not established or applied a fixed internal carbon pricing mechanism across overall business and investment decisions.
- Currently, the Group only incurs costs related to greenhouse gas (GHG) emissions in certain operational segments. Notably, the Group's self-owned power plants are included in the national carbon emissions trading market, with GHG emission costs directly linked to market prices, which have actually affected operational costs and energy management.
- At this stage, the Group's assessment of GHG emission costs primarily refers to the carbon market price levels and fluctuations, and is applied for carbon compliance management and related cost accounting. Since no unified internal carbon price benchmark has been established and carbon market prices are uncertain, the Group has not disclosed specific internal pricing per tonne of GHG emissions as of the Reporting Period.
- In the future, the Group will continue to monitor developments in the carbon market and related policies, and, in line with the improvement of its carbon management system, evaluate the feasibility of gradually integrating carbon pricing into investment decisions, operational management, and scenario analysis to more comprehensively reflect the potential costs and impacts associated with GHG emissions.

#### Climate-Related Transition Risks

- The Group has not yet quantified the value or percentage of assets or business activities affected by climate-related transition risks.

- |                                |   |
|--------------------------------|---|
| Climate-Related Physical Risks | • The Group has not yet quantified the value or percentage of assets or business activities affected by climate-related physical risks.                   |
| Climate-Related Opportunities  | • The Group has not yet quantified the value or percentage of assets or business activities involved in climate-related opportunities.                    |
| Capital Deployment             | • The Group has not yet quantified the capital expenditures, financing, or investments specifically allocated to climate-related risks and opportunities. |

With the improvement of data collection, accounting methodologies, and internal control systems, the Group will gradually supplement the above quantitative information to enhance the completeness and transparency of climate-related disclosures.

### **Industry Metrics**

The Group, referencing the IFRS S2 industry disclosure guidance and considering the characteristics of the pulp and paper sector, discloses industry metrics related to climate and resource management. Specifically, the Group has set a five-year water management target: to limit freshwater consumption to no more than 6 tonnes per tonne of paper produced, promoting efficient and sustainable use of water in production processes. Going forward, the Group will continue to assess the applicability of other industry metrics related to energy, waste, and climate, and disclose them progressively where appropriate.

### **Applicability of Cross-Industry and Industry Metrics**

- **Cross-Industry Metrics:** At present, the Group has not quantified the specific impacts of climate-related remuneration, internal carbon pricing, transition and physical risks, opportunities, or capital deployment on assets and business activities. Therefore, cross-industry climate-related metrics are not yet fully applicable at this stage. These metrics will be progressively incorporated into assessment and disclosure as the Group's climate management system, data collection, and accounting methods mature, and operational practices evolve.
- **Industry Metrics:** By referencing the pulp and paper industry characteristics and IFRS S2 guidance, the Group has set a water management target to promote efficient water use in paper production. Given the close relationship between the Group's business model and water usage, this industry metric has high applicability. The Group will continue to evaluate the applicability of other energy, waste, and climate-related industry metrics and disclose them progressively as appropriate.

### **Climate-Related Targets**

The Group recognises the significant impact that climate change may have on operations, energy costs, and long-term development, and is gradually establishing a climate-related target system in line with national "carbon peaking and carbon neutrality" policies, industry trends, and its operational realities, to monitor progress in low-carbon transition, energy management, and greenhouse gas reduction. This framework is informed by the long-term goals of the Paris Agreement and China's Nationally Determined Contributions (NDCs), supporting the development of a decarbonisation pathway that contributes to global climate efforts.

### Group-Level Climate Targets

At the Group level, the long-term development direction aligns with the national targets of achieving carbon peaking by 2030 and carbon neutrality by 2060, which are integrated into medium- and long-term strategic planning and operational management. The Group is continuously improving the GHG emissions data management system and methodologies to enhance data completeness and accuracy, and will establish more specific quantitative reduction pathways and milestone targets when conditions permit.

### Factory-Level Climate Targets

In addition to Group-level targets, certain operational units are exploring more concrete low-carbon and carbon-neutral practices. For example, Liaoning Sunshine Tianze Packaging has achieved factory-level carbon neutrality and obtained certification from an independent third-party organisation. The plant will continue to operate in accordance with carbon-neutral factory requirements, including:

- Continuously enhancing energy efficiency and reducing emissions in production processes.
- Procuring green electricity through market-based mechanisms.
- Supporting renewable energy development and offsetting a portion of electricity-related emissions by purchasing green electricity certificate (GEC).
- Offsetting unavoidable residual emissions using third-party verified carbon credits in accordance with relevant standards.

Target Type	Group Dual-Carbon Target	Specific Factory Carbon Neutrality Target
Target Description	<ul style="list-style-type: none"> <li>• Achieve Group-level carbon peaking by 2030, with the long-term goal of carbon neutrality by 2060</li> </ul>	<ul style="list-style-type: none"> <li>• Liaoning Sunshine Tianze Packaging to achieve factory-level carbon neutrality</li> </ul>
Metrics	<ul style="list-style-type: none"> <li>• Carbon Peaking: A gross GHG emissions target for Scope 1 and Scope 2.</li> <li>• Carbon Neutrality: A net GHG emissions target for Scope 1 and Scope 2.</li> </ul>	<ul style="list-style-type: none"> <li>• Net GHG emissions from Scope 1 and Scope 2 at the factory level</li> </ul>
Objective	<ul style="list-style-type: none"> <li>• Promote low-carbon transition and gradually reduce operational carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain carbon-neutral plant operations and explore replicable low-carbon practices</li> </ul>
Scope	<ul style="list-style-type: none"> <li>• Group-wide operations</li> </ul>	<ul style="list-style-type: none"> <li>• Designated factory</li> </ul>
Timeline	<ul style="list-style-type: none"> <li>• Medium- to long-term</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous long-term target</li> </ul>
Base Year	<ul style="list-style-type: none"> <li>• To be gradually established based on the future GHG data management system</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon neutrality certification year</li> </ul>
Target Nature	<ul style="list-style-type: none"> <li>• GHG emission control and reduction target</li> </ul>	<ul style="list-style-type: none"> <li>• Net-zero GHG emission target</li> </ul>



#### *Target Setting, Review, and Monitoring*

Climate-related targets are set by the management and periodically reviewed and updated under the supervision of the Board. Target formulation takes into account national policy requirements, industry trends, and the Group's operational realities. Currently, Group-level climate targets have not undergone third-party verification, while the carbon neutrality achievement of Liaoning Sunshine Tianze Packaging has been independently certified. The Group continuously monitors energy use and GHG emissions through its internal energy and emissions management system and regularly reviews associated management measures and progress.

#### *Target Performance and Trend Analysis*

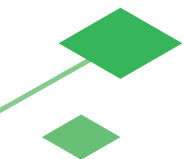
During the Reporting Period, the Group continued to advance energy and carbon management initiatives while maintaining the carbon-neutral operational model at the Tianze plant. These practices enhance the Group's capacity to manage energy use and GHG emissions and lay the foundation for gradually extending low-carbon transition practices to more operational units.

#### *Scope and Notes on GHG Emission Targets*

For the Group's climate-related targets:

- Covered GHGs: For Liaoning Sunshine Tianze, GHGs include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>.
- Covered Emission Scopes: Scope 1 and Scope 2 emissions.
- Use of Industry Decarbonisation Methods: No unified industry-level decarbonisation approach is currently applied.
- Use of Carbon Credits: At the carbon-neutral plant level only, third-party verified carbon credits are applied as supplementary offsets; at the Group level, a systematic carbon credit programme has not yet been established. The credits used are from technology-based emission reduction projects.

Looking ahead, as the Group improves its emission data foundation and internal management capabilities, it plans to further optimise the climate-related target framework and gradually disclose more specific reduction pathways and target progress when conditions allow.



## KEY PERFORMANCE

### Environmental Performance

Air Pollutants	Emissions in 2025	Emission Intensity in 2025
Packaging Segment	(tonnes)	(tonnes per billion m <sup>2</sup> )
Sulphur dioxide	17.65	17.18
Nitrogen oxides	5.99	5.83
Particulate matter	0.36	0.35
Supporting Industries Segment	(tonnes)	(tonnes per TJ)
Sulphur dioxide	83.22	0.01
Nitrogen oxides	274.40	0.02
Particulate matter	12.20	0.001
Total	(tonnes)	/
Sulphur dioxide	100.87	/
Nitrogen oxides	280.39	/
Particulate matter	12.56	/

Note: Emission intensity for air pollutants in the packaging segment is expressed in tonnes per billion square metres. Emissions from the supporting industries segment are all from Shengshi Thermolectricity, with intensity expressed in tonnes per TJ (Shengshi Thermolectricity's electricity and steam output are measured in TJ).

Water Pollutants	Emissions in 2025	Emission Intensity in 2025
Papermaking Segment	(tonnes)	(tonnes per thousand tonnes of paper)
COD	1,387.02	0.65
NH <sub>3</sub> -N	7.06	0.003
TN	127.46	0.06



<b>Waste</b>	<b>Generation in 2025</b>	<b>Generation Intensity in 2025</b>
	(tonnes)	(tonnes per thousand tonnes of paper)
<b>Papermaking Segment</b>		
Sludge	1,491.00	0.70
Waste plastics	116,597.17	54.70
Pulping heavy rejects (containing metallic impurities)	19,420.28	9.11
Hazardous waste	75.10	0.04
<b>Packaging Segment</b>		
	(tonnes)	(tonnes per billion m <sup>2</sup> )
Hazardous waste	2.42	2.36
<b>Supporting Industries Segment</b>		
	(tonnes)	(tonnes per TJ)
Coal ash, coal slag	199,539.48	15.11
<b>Total</b>		
	(tonnes)	/
<b>General waste, including:</b>	337,047.93	/
Sludge	1,491.00	/
Coal ash, coal slag	199,539.48	/
Waste plastics	116,597.17	/
Pulping heavy rejects (containing metallic impurities)	19,420.28	/
<b>Hazardous waste</b>	77.52	/

## Notes:

- Emission intensity units are tonnes per thousand tonnes of paper for the papermaking segment, tonnes per billion square metres for the packaging segment, and tonnes per TJ for waste generated by Shengshi Thermolectricity in the supporting industries segment.
- The significant reduction in sludge generation this year is due to a change in statistical scope; sludge sent to CHP plants for fuel reuse is no longer included, reflecting the Group's circular management of sludge resources.

Energy	Energy Consumption in 2025 (MWh)	Energy Intensity in 2025 (MWh/ RMB10,000 Revenue)
<b>Non-renewable Energy</b>		
Coal	4,590,769.49	5.894
Petrol	783.87	0.001
Diesel	20,744.98	0.027
Liquefied Petroleum Gas	25.11	0.00003
Purchased Electricity	584,894.42	0.751
Purchased Steam	751,418.64	0.965
Electricity Sold	254,781.84	0.327
Steam Sold	825,730.05	1.060
<b>Renewable Energy</b>		
Solar Power	27,724.41	0.036
Market-based Green Electricity	2,811.19	0.004
<b>Total</b>		
Total Energy Consumption	4,898,660.22	6.290

Notes:

- Solar power used by the Group refers to on-site PPA electricity, whereby photovoltaic facilities are constructed and operated by third-party providers at the Group's premises. The electricity generated is supplied directly to the Group via dedicated lines without transmission through the public grid. Market-based green electricity refers to electricity procured through power retailers under green electricity trading contracts, with transmission and distribution via the grid.
- Coal consumption during the Reporting Period amounted to 4,590,769.49 MWh (equivalent to approximately 564,206 tonnes of standard coal), representing a slight decrease compared to the previous year.
- Total energy consumption is calculated with reference to the GRI Standards, based on the sum of direct and indirect energy consumption minus energy sold externally.

**GHG Emissions**

**2025 Emissions**  
(tCO<sub>2</sub>e)

Scope 1	1,565,415.69
Scope 2 (location-based)	609,398.38
Scope 2 (market-based)	653,923.01



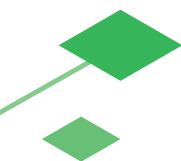
Notes:

1. Scope 1 emissions mainly comprise direct emissions from the Group's fossil fuel consumption, including all direct emissions from combined heat and power facilities.
2. Scope 2 emissions cover indirect emissions from purchased and consumed electricity and steam.
3. The Group has not yet compiled baseline data for Scope 3 emissions in this year. In line with the materiality and reasonable data exemption principle, Scope 3 emissions are not disclosed at present. The Group plans to gradually disclose Scope 3 emissions as data collection and accounting systems improve.
4. Scope 1 emissions in the current year slightly decreased compared with the previous year, while Scope 2 emissions slightly increased, due to lower coal consumption and higher purchased electricity.

<b>Water Consumption</b>	<b>Water Consumption in 2025</b>	<b>Water Intensity in 2025</b>
	(tonnes)	(tonnes per thousand tonnes of paper)
<b>Papermaking Segment</b>		
Water Consumption	8,365,548.00	3,924.28
<b>Packaging Segment</b>		
	(tonnes)	(tonnes per billion m <sup>2</sup> )
Water Consumption	87,366.00	85,039.32
<b>Supporting Industries Segment</b>		
	(tonnes)	/
Water Consumption	4,271,839.00	/
<b>Total</b>		
	(tonnes)	/
Water Consumption	12,724,753.00	/

Notes:

1. Water intensity for the papermaking segment is expressed as "tonnes per thousand tonnes of paper", while for the packaging segment it is "tonnes per billion square metres". The supporting industries segment (including Shengshi Thermolectricity, Shenyi Logistic and Tianwei Environmental Protection Technology) involves diverse business activities with non-uniform output units; therefore, water intensity is not calculated for the Reporting Period.
2. The calculation methodology for water consumption per tonne of paper has been refined during the Reporting Period. Previously, it was calculated using total Group water consumption divided by total paper production. It is now based on water consumption of the papermaking segment only, providing a more accurate reflection of water efficiency by excluding non-papermaking activities. For comparability, the Group has also assessed that the indicator remains compliant with the target under the previous methodology. This adjustment enhances the accuracy and transparency of data disclosure.



<b>Packaging Material</b>	<b>Consumption in 2025</b> (tonnes)	<b>Intensity in 2025</b> (tonnes per thousand tonnes of paper)
Packaging Materials	2,605.00	1.22

### Social Performance

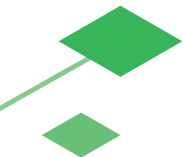
<b>Employee Structure</b>	<b>2025</b>		<b>2024</b>	
	<b>Number</b>	<b>Percentage (%)</b>	<b>Number</b>	<b>Percentage (%)</b>
Total Employees	4,534	100.0	4,636	100.0
<b>By Gender</b>				
Male	3,377	74.5	3,447	74.4
Female	1,157	25.5	1,189	25.6
<b>By Age</b>				
Under 30	1,146	25.3	1,251	27.0
30–50	3,119	68.8	3,126	67.4
Above 50	269	5.9	259	5.6
<b>By Region</b>				
Shandong Province	3,996	88.1	4,093	88.3
Outside Shandong Province (including overseas locations)	538	11.9	543	11.7



Employee Turnover	2025		2024	
	Employees Leaving	Turnover Rate (%)	Employees Leaving	Turnover Rate (%)
Total	885	19.5	1,365	29.4
<b>By Gender</b>				
Male	650	19.2	1,022	29.6
Female	235	20.3	343	28.8
<b>By Age</b>				
Under 30	400	34.9	701	56.0
30–50	422	13.5	618	19.8
Above 50	63	23.4	46	17.8
<b>By Region</b>				
Shandong Province	767	19.2	1,128	27.6
Outside Shandong Province (including overseas locations)	118	21.9	237	43.6

Note: The calculation methodology for employee turnover rate has been revised during the year to align with the recommended approach set out in the ESG Reporting Guide of SEHK, whereby the turnover rate for each category is calculated as the number of employees leaving in that category divided by the total number of employees in the same category. To ensure comparability, the turnover data for the previous year has been restated on the same basis.

Health and Safety	2025	2024	2023
Work-related fatalities	1	0	1
Lost workdays due to work-related injuries	706	954	1,917



## Employee Training

2025

### Percentage of Employees Trained (%)

#### By Gender

Male	75.20
Female	24.80

#### By Employee Category

Senior Management	1.27
Middle Management	5.43
Other Employees	93.30

### Average Training Hours per Employee (hours)

#### By Gender

Male	16.86
Female	12.24

#### By Employee Category

Senior Management	14.06
Middle Management	17.70
Other Employees	15.62

#### Notes:

1. The percentage of employees trained by category = number of employees trained in the relevant category  $\div$  total number of employees trained  $\times$  100; the average training hours by category = total training hours of employees in the relevant category  $\div$  total number of employees in that category.
2. Employee training data for the year covers Mainland China employees only. As overseas operations remain relatively small in scale and the relevant data collection scope and systems are still being refined, training data for overseas employees (a total of 35 employees in Thailand) has not been included in this year's reporting scope. These employees participated in regular training during the Reporting Period. The Group will continue to enhance its data collection and management systems, with a view to progressively expanding the scope of disclosure.