

2022 Sustainability Report

Shanying International Holdings Co., Ltd.



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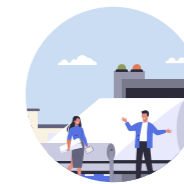
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About this Report

This report is the 4th *Sustainability Report* of Shanying International Holdings Co., Ltd., which discloses to various stakeholders regarding the Company's concepts, management methods, efforts and achievements in sustainable development.

Reporting Scope

This report covers Shanying International Holdings Co., Ltd. and its subsidiaries (hereinafter referred to as "Shanying International", the "Company", "we" or "Shanying"). Unless otherwise specified, the scope of this Report is consistent with the scope of Shanying International (stock code: 600567.SH) Consolidated Financial Statements for the same period.

Reporting Period

This report covers the period from January 1, 2022 to December 31, 2022. Unless otherwise specified, all data in this report are for this period.

Basis of Preparation

This report is prepared according to the *Shanghai Stock Exchange Guidelines No. 1 on Self-regulation of Listed Companies – Standardized Operation (2022)*, and also with reference to Global Reporting Initiative (GRI) *Sustainability Reporting Standards (GRI Standards) (2021)* and the United Nations Sustainable Development Goals (SDGs).

Data Description

Data and cases in this report are excerpted from the Company's official business records.

The financial data in this report are all in CNY. In case of any inconsistency between financial data in this report and the Company's annual financial report, the annual financial report shall prevail.

Reporting Principles

Materiality

The Company identifies the operation-related material topics concerned by investors and other stakeholders and makes them the key points of this report. While discussing the material topics, this report attaches importance to the characteristics of the industries and regions involved in the operation of the Company, material topic analysis and result as seen in the "About Shanying International" and "Sustainability Strategies" section of this report. This report focuses on environmental, social and governance matters that may exert important influence on investors and other relevant parties.

Accuracy

This report ensures that the information is as accurate as possible. The statistical scope, calculation basis and assumptions are provided for each calculation result of quantitative information, to prevent the calculation errors from misleading information users. See the details of quantitative information and notes in the "Key Quantitative Performance Table" section of this report.

The Board of Directors guarantees that this report is free from any false records, misrepresentations or material omissions.

Balance

This report reflects objective facts, and discloses positive or negative information about the Company in an impartial manner. According to the search of the objects within the scope of this report in public database, there was no negative event that should be disclosed but was not disclosed during the reporting period.

Clarity

This report is published in simplified Chinese and English. In case of any inconsistency between the two versions, the Chinese shall prevail. Tables, model diagrams, etc. are incorporated in this report as supplements to the text to facilitate stakeholders' understanding. To help stakeholders acquire relevant information more rapidly, this report provides the contents and the index table of sustainable development standards.

Quantitative and Consistency

This report discloses the key quantitative performance indicators, and as much historical data as possible. The statistical and disclosure method shall remain consistent for the same indicator in different reporting periods. Any change in the statistical and disclosure method will be explained in the notes to the report, to help stakeholders conduct meaningful analysis and evaluate the development trend of the Company's sustainability performance.

Completeness

Unless otherwise specified, this report covers Shanying International Holdings Co., Ltd. and its subsidiaries.

Timeliness

This is an annual report for the period from January 1, 2022 to December 31, 2022. The Company strives to release the report as soon as possible after the end of the reporting year, providing timely information for stakeholders to make decisions.

Verifiability

The cases and data disclosed in this report come from the Company's original records or financial reports related to the actual operation.

Access to the Report

This report is published in electronic form on the information disclosure platform designated by the stock exchange, and can also be viewed or downloaded at the Company's official website (<https://www.shanyingintl.com/>).

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Preface

The year of 2022, at the historic crossroad of the “Two Centenary Goals”, is a year of extraordinary significance. Since this year, China has embarked on the new career of building a modern socialist country, and started striving for the great rejuvenation of the Chinese nation. Having risen up to all complex changes in domestic and foreign environment, Shanying International is committed to becoming “an integrated global green packaging solutions provider that creates long-term value for customers”, with all core businesses contributing to its steady development.

Be a Pioneer Pursuing “Carbon Peaking and Carbon Neutrality”

With multiple measures, Shanying International has been actively providing new solutions for carbon neutrality. In 2022, we put forward the carbon reduction goal far beyond the goal of 2°C temperature control specified in the *Paris Agreement*, and became one of the first paper manufacturers in China that proposed science-based targets recognized by Science Based Targets Initiative (SBTi). After one-year effort to incorporate carbon management system into every detail of corporate operation, we have become the pioneering manufacturer receiving EATNS carbon management system certification in China and in the industry. Moreover, we have examined and certified the carbon footprint of 18 kinds of products, and advanced the carbon neutrality certification for products as requested by customers. We have continuously increased investment in carbon peaking and carbon neutrality, and promoted the low-carbon transformation of the whole value chain, thus making Shanying’s high-quality development “greener”.

Safeguard Shanying by Promoting “Integrated” Development with “Digitalization + Intelligence”

Our unremitting pursuit is to develop integrated solutions characterized by global reach and industry chain collaboration. As a core competence for enterprise transformation in the new economic situation, we cooperate with partners to build the integrated development ecosystem of “recycled fiber recycling – paper making – packaging,” which lays a solid foundation for sustainable development of Shanying. In the meantime, we empower every node in production and operation with digitalization and intelligence, and make remarkable breakthroughs in digital operation. Also, by throwing ourselves to the whole industry-chain operation, we are constructing an interconnected and shared ecosystem depending on digital industrial Internet. For this purpose, we build four ecosystems simultaneously at the front, middle and back end, respectively recycled resources, paper making, packaging and logistics. We also open our all-encompassing professional resources and years of deep understanding of the industry to the whole industry, and promote “integrated” development of the industry chain with “digitalization and intelligence,” thus safeguarding Shanying.

Join Hands to Co-create a Better Life

Adhering to the cultural core of “creating and sharing value,” Shanying International has diversified stakeholders on board to co-create a better life. In 2022, we have carried out organizational changes to promote the comprehensive development of each Shanying member. We focus on customer satisfaction, regarding customer testimonials as the most important standard in product quality assessment. We also support our efficient, high-quality and integrated solutions relying on agile cross-department organization and talent team construction. Caring about the community, we cooperate with public welfare organizations to carry out charity projects such as rural revitalization and medical and education aid, offer daily necessities to the community and strengthen diversified communication, in order to jointly improve people’s livelihoods and enhance community development.

When hoisting the sails to cross the sea, we will ride the winds and cleave the waves. By centering on the main business of paper making and packaging, endeavoring to cultivate a green root system in a sustainable manner, and seeking quality development with the whole industry on the path heading to industry chain integration, Shanying International is building itself into a world-leading sustainable eco-enterprise of great value creativity.

About Shanying International

Our Profile

Shanying International is an international enterprise that integrates comprehensive utilization of green resources, industrial and specialty paper manufacturing, customization of packaging products and industrial Internet platforms. It is committed to building an industrial ecosystem and innovating business models to become "an integrated global green packaging solutions provider that creates long-term value for customers".

Company Overview

Company name	Shanying International Holdings Co., Ltd.
Established in	1957
Stock exchange & stock code	Shanghai Stock Exchange (stock code: 600567.SH)
Headquarters	Shanghai, China
Served market	With deep penetration in China and a global vision, Shanying International spreads its business to China, the United States, the United Kingdom, Sweden, Norway, the Netherlands, Thailand, Vietnam, etc.

By December 31, 2022, the Company has **42** renewable resource recovery enterprises at home and abroad, **8** bases for industrial and specialty paper manufacturing, **71** packaging product customization enterprises and **2** industrial Internet platforms.



The Company's main business includes the production and sale of liner board, corrugating medium, specialty paper, cardboard and carton, and the trading of recycled fiber in China and abroad. Its products are widely used in consumer and industrial products such as consumer electronics, home appliances, chemicals, light industry, etc. Leveraging the integration of industry chain, Shanying International has achieved synergetic development of papermaking, packaging and recycled fiber, and developed industrial Internet through business model innovation.

Paper products

Newsprint

"Shanying" newsprint

Quantitative gram weight: 45-55g/m²

Application: Newspapers, cultural paper, publicity materials, etc.

Origin: Anhui Shanying



Newsprint

Kraft board paper

"Yew" kraft board paper

Quantitative gram weight: 140-250g/m²

Application: Cover paper for high-grade paper cartons and paper boards to replace some all-wood paper and meet customer demands for high-grade paper

Origin: Zhejiang Shanying, Anhui Shanying

"Silver Fir" kraft board paper

Quantitative gram weight: 115-250g/m²

Application: Medium- and high-grade cardboard boxes, cardboard paper, and products with high requirements on paper carton and cardboard strength

Origin: Zhejiang Shanying, Anhui Shanying

"Redwood" kraft board paper

Quantitative gram weight: 100-235g/m²

Application: Cover paper for common paper cartons and paper boards, and lining paper for medium- and high-grade paper cartons

Origin: Anhui Shanying, Zhejiang Shanying, Huazhong Shanying, Fujian Shanying, Guangdong Shanying



Kraft board paper

Paper products

Liner board paper

“T” liner board paper

Quantitative gram weight: 65-180g/m²

Application: Lining paper for common paper cartons and paper boards

Origin: Anhui Shanying, Zhejiang Shanying, Huazhong Shanying, Guangdong Shanying



Liner board paper

Corrugated paper

High-strength corrugated base paper (AA grade)

Quantitative gram weight: 45-170g/m²

Application: Core paper of high-strength paper cartons and paper boards

Origin: Anhui Shanying, Zhejiang Shanying, Huazhong Shanying, Huanan Shanying, Guangdong Shanying



Corrugated paper

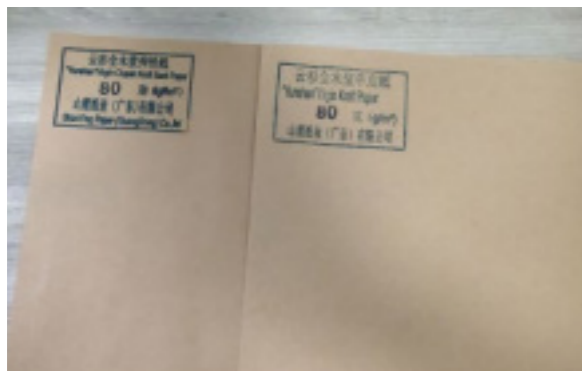
Special paper

“Spruce” extensible paper

Quantitative gram weight: 60-120g/m²

Application: 50kg paper bags for cement, rice and other foods, chemical raw materials, and high-strength packages

Origin: Guangdong Shanying



Spruce all-wood extensible paper/kraft paper

“Metasequoia” kraft paper

Quantitative gram weight: 60-150g/m²

Application: 25kg paper bags for mortar and other building materials, chemical paper bags, and high-strength packages

Origin: Guangdong Shanying



“Metasequoia” extensible paper/kraft paper

Paper products

Special paper

“Cedrus” kraft paper

Quantitative gram weight: 65-120g/m²

Application: 25kg paper bags for clothing handbag, paper sticks, cotton swab sticks, paper straws, sugar sticks, paper cups, food bags, films, and other high-strength packages

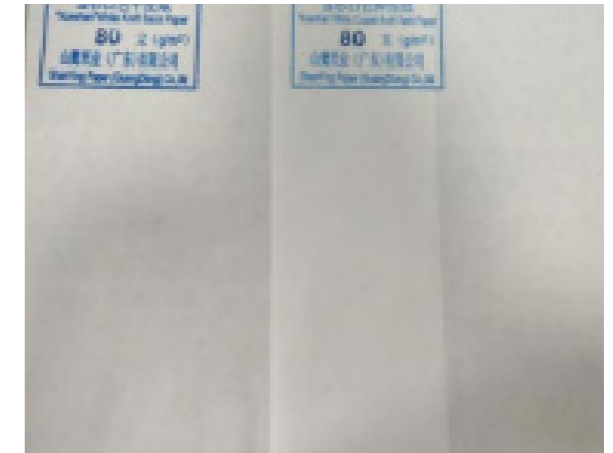
Origin: Guangdong Shanying

Special kraft paper

Quantitative gram weight: 33-157g/m²

Application: Food bags, fertilizer bags, handbags, absorbent paper, etc.

Origin: Nordic Paper – Participated company of Shanying International



“Cedrus” white extensible paper/kraft paper

Packaging



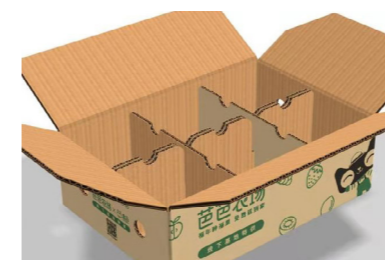
Beverage packaging



Packaging of industrial products and electronic products



Packaging for fast-moving consumer goods



Packaging for products of special specifications



Home appliance product packaging



Food grade paper plastic packaging

DEVELOPMENT COURSE

STRIDING AHEAD
WITH GREAT AMBITION

1993
FUJIAN TAISON
INDUSTRY
CO., LTD. WAS
ESTABLISHED

1957
MA AN SHAN
PAPER MILL WAS
ESTABLISHED

1997
FORMATION OF ANHUI SHANYING
PAPER GROUP CO., LTD

2001
SHANYING PAPER INDUSTRY
(600567) LISTED ON SHANGHAI
STOCK EXCHANGE

2002
ZHEJIANG JI'AN
CONTAINER CO., LTD.
WAS ESTABLISHED

2004
HEADQUARTERS OF
FUJIAN TAISON MOVED
TO SHANGHAI

2007
THE AMERICAN CYCLE
LINK WAS FOUNDED., AS
THE FIRST STEP TOWARDS
INTERNATIONALIZATION

2011
JI'AN GROUP WAS
ESTABLISHED

2013
SHANYING PAPER CO., LTD. WAS
REORGANIZED WITH JI'AN GROUP TO
ESTABLISH ANHUI SHANYING PAPER
CO., LTD

2017
RENAMED AS SHANYING
INTERNATIONAL HOLDING CO.,LTD

2019
SHANYING INTERNATIONAL
HEADQUARTERS BUILDING STOOD IN
NORTH SHANGHAI BUND. SHANYING
WILL CONTINUE FROM HERE



Honors in 2022

- ★ Elected in *Fortune China* 500 for seven consecutive years
- ★ Elected in “Best Managed Companies” published by Deloitte China for four consecutive years
- ★ Awarded with **National Patent Award** (1 silver award and 4 excellence awards since 2018)
- ★ Elected in 2022 National Intellectual Property Demonstration Enterprise
- ★ Elected in 2022 Top 50 Listed Companies in Comprehensive Development Capacity in Anhui
- ★ Five paper making bases recognized as “National Green Plant”
- ★ Awarded with 2021 Top 10 Enterprises in Light Industry Papermaking in China
- ★ Appearing on the list of “2022 China Brand Value Evaluation” with a brand strength of 879 and a brand value of CNY 8.489 billion, and ranking the 15th among light industry brands in China



Sustainability Strategies

Sustainability Management

While creating profits for shareholders and ensuring steady business development, Shanying International also takes the initiative to fulfill its social responsibility and undertake its responsibility for employees, communities, industry partners and other relevant parties, so as to achieve the coordinated and sustainable development of the Company and diversified stakeholders in economic, social and environmental dimensions. Adhering to the general objective of “Becoming a world-leading sustainable eco-enterprise of great value creativity by virtue of responsible operation and quality development,” we develop the principles for sustainability management, i.e., being strategic, comprehensive, systematic and participatory, centering on which we guide and carry out sustainability-related work of the Company.



We set up the dedicated working team and special positions that are responsible for developing strategic goals, carrying out work related to sustainable development, organizing regular topic discussions for stakeholders that may be affected by the business of each department, and identifying and lowering relevant operational risks so as to promote scientific and standardized sustainability development of the Company.

In the meantime, we integrate sustainability factors into each business process and decision, and set up our sustainable development goals, striving to build ourselves into a world-leading sustainable eco-enterprise of great value creativity.

Shanying International Sustainability Strategies

Green cycle

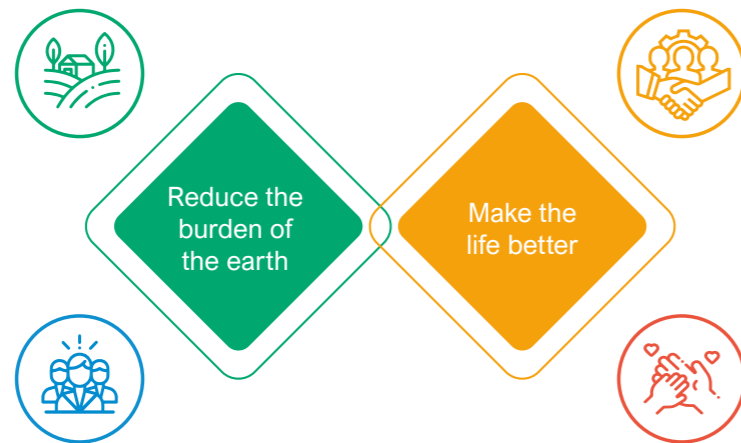
Continue deepening the green cycle of the Company, advance resource conservation and reduce energy consumption and waste discharge during production and operation

- Lower the water consumption, comprehensive energy consumption and air pollutant emissions per product
- Increase the proportion of clean energy use
- Increase the recycled fiber recovered

Industrial win-win situation

Commit to becoming "an integrated global green packaging solutions provider that creates long-term value for customers with integrated services"

- Perform life-cycle management of suppliers
- Strengthen lean management of production
- Build an integrated green supply chain for the whole industry



Low carbon

Reduce the greenhouse gas emissions during production and operation, and drive low-carbon and green upgrading of the industry and society

- Reduce greenhouse gas emissions
- Develop innovative products to replace plastics with paper

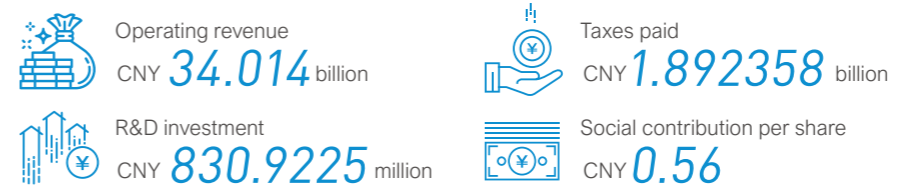
Love for employees and the community

Uphold the principle of fair employment, respect employee diversity, and safeguard female employees' rights and interests. Attach importance to the development of employees, and offer them a professional platform to realize their self-value. Make great efforts in community co-construction and rural revitalization, contribute to the society, and improve people's livelihood at the places where the Company offices are located

- Provide employees with Shanying + Foundation
- Customize employee growth plans, and guarantee employees' equal rights in salary and benefits
- Actively participate in rural revitalization and medical and education aid projects
- Encourage employees to participate in volunteer services

Sustainability Highlights in 2022

Economic performance



Social performance



Environmental performance



Contributing to Global Sustainable Development Goals

Actively responding to the implementations of the United Nations Sustainable Development Goals (SDGs), Shanying International aligns its key focuses of business development with the United Nations SDGs, determines the key SDGs that the Company focuses on this year, and plans to develop the long-term sustainable development goals. By doing so, we aim to advance the implementations of the Agenda for Sustainable Development with actual deeds, contribute to the global vision for sustainable development, and seek the win-win result of commercial value and social value.



SDGs	Actions in 2022
<p>Goal 1 No poverty</p>	<ul style="list-style-type: none"> • Actively participated in rural revitalization, helped disadvantaged groups, and advanced the development of local industries
<p>Goal 3 Good health and well-being</p>	<ul style="list-style-type: none"> • Identified occupational hazards, protected employees' occupational health with environmental and equipment safety protection, personal protective equipment and occupational health knowledge campaigns, and raised employees' awareness of occupational health • Organized chemicals management training and chemicals leakage drills to improve employees' understandings of the safe use and operation of chemicals
<p>Goal 4 Quality education</p>	<ul style="list-style-type: none"> • Cooperated with non-profit organizations to offer children and students in difficulties with education opportunities by financial donations • Improved the employee training system, provided various training and courses for new employees as well as employees in professional positions and management positions by integrating internal and external resources, and satisfied employees' requirements for ability improvement

SDGs	Actions in 2022	
	Goal 5 Gender equality	<ul style="list-style-type: none"> Constantly increased the ratio of female managers, and supported the growth of female employees
	Goal 6 Clean water and sanitation	<ul style="list-style-type: none"> Enhanced wastewater treatment ability through substitution of raw materials, innovation of wastewater treatment technologies and recovery and usage of treated wastewater, and reduced wastewater discharge
	Goal 7 Affordable and clean energy	<ul style="list-style-type: none"> Deployed clean energy projects such as photovoltaic (PV) and solid waste power generation, applied renewable sources (such as biomass energy) as alternative fuels, and increased the ratio of renewable energy use
	Goal 8 Decent work and economic growth	<ul style="list-style-type: none"> Attached importance to technology innovation, developed more energy-efficient and environment-friendly high-quality process, and continued to supply customers with quality products such as "Snow White+" and cold-chain honeycomb box, thus leading the quality development of the industry Upheld the concept of "People Orientation and Compliant Employment", respected employees during recruitment, employment and dismissal, and prohibited child labor and forced labor Organized intercultural training to promote the interactions and communications among employees of different cultural backgrounds and nationalities, and created diversified and inclusive working environment Paid special attention to the employment of the disabled, set up a comprehensive employment and management system for the disabled, and helped them live a better life
	Goal 9 Industry, innovation and infrastructure	<ul style="list-style-type: none"> Adopted multiple measures for energy conservations and low-carbon transitions, including launching projects for low-carbon technology innovation, implementing clean energy projects, and increasing the ratio of alternative fuel use Emphasized R&D innovation, increased R&D investment and R&D talent cultivation, and enhanced the competences of R&D innovation, which further advanced the achievements of the goal of "setting the energy efficiency benchmarks of the industry"
	Goal 12 Responsible consumption and production	<ul style="list-style-type: none"> Actively enhanced the energy efficiency and comprehensive utilization of resources Strengthened management over exhaust gas, wastewater, general industrial solid waste and hazardous waste, and regularly monitored the discharge of exhaust gas, wastewater and waste, to prevent any negative impact on environment Conducted comprehensive resource utilization projects, which disposed of waste in different ways such as incineration of industrial combustible solid waste for power generation, so as to promote efficient utilization of resources, reduce waste discharge and improve environmental protection
	Goal 13 Climate action	<ul style="list-style-type: none"> Adhered to green cycle as the development goal and the foundation for low-carbon transition, and explored comprehensive, whole-process and well-directed carbon reduction measures to achieve quality development and develop the path and strategy for building a new Shanying Joined the SBTi, so as to contribute to the realization of "carbon peaking and carbon neutrality" goals through carbon reduction in the whole life cycle Launched a series of "Low-carbon Season" themed activities including green energy station, Vegetarian Month and low-carbon library construction, and advanced the carbon management talent team building through carbon peaking and carbon neutrality knowledge training and other projects, thus creating an overall atmosphere of carbon reduction
	Goal 16 Peace, justice and strong institutions	<ul style="list-style-type: none"> Developed the <i>Basic Guidelines for Compliance</i> to define the compliance standards for key areas such as market transactions, business partners, anti-fraud and corruption measures, conflicts of interest and fraud prevention, integrity and good faith, and anti-corruption overseas Enacted the principles of "Eight Don'ts in Purchasing" to enhance the integrity, transparency and efficiency of purchasing Had employees sign the <i>Letter of Commitment for Integrity and Ethical Compliance</i> and business partners sign the <i>Letter of Commitment for Sunshine Cooperation</i>

Stakeholders Communication and Material Topics Analysis

Stakeholders Communication

Shanying International highly values stakeholders' opinions. We have established diverse communication channels to actively communicate and exchange with stakeholders, so as to understand their expectations and demands for our management of sustainable development, and respond to their concerns about our management of sustainable development issues by optimizing management measures and practices.

Main Stakeholders	Concerns	Communication Channels
 Government	<ul style="list-style-type: none"> Green products and operation Emissions management Business ethics and anti-corruption Corporate governance 	<ul style="list-style-type: none"> Government communication meetings Regular visits Official website of the Company
 Shareholders/ investors	<ul style="list-style-type: none"> Protection of investors' rights and interests Internal control and risk management R&D innovation Intellectual property rights protection 	<ul style="list-style-type: none"> Investor research, roadshow, visits, etc. Announcements "SSE e-interview" platform Mailbox and investor hotline
 Customers and consumers	<ul style="list-style-type: none"> Product quality management Customer service management R&D innovation Business ethics and anti-corruption 	<ul style="list-style-type: none"> Customer visits/ communication meetings Satisfaction surveys Official website of the Company Chairman mailbox
 Suppliers	<ul style="list-style-type: none"> Business ethics and anti-corruption Responsible supply chain Product quality management 	<ul style="list-style-type: none"> Daily communication via emails and calls Supplier meetings
 Employees	<ul style="list-style-type: none"> Employee rights and benefits Employee growth and development Occupational health and safety 	<ul style="list-style-type: none"> Trade union and workers' congress Intranet Corporate cultural activities WeChat official accounts Employee symposium
 Academic institutions	<ul style="list-style-type: none"> R&D innovation Resource management Emissions management 	<ul style="list-style-type: none"> Cooperative R&D mechanism Talent cultivation Official website of the Company
 Community representatives	<ul style="list-style-type: none"> Public welfare and charity Green product and operation Resource management Emissions management 	<ul style="list-style-type: none"> Community opinion management and feedback Public welfare activities in the community Daily visits
 Media	<ul style="list-style-type: none"> Product quality management Green product and operation R&D innovation 	<ul style="list-style-type: none"> Media coverage Official website of the Company WeChat official accounts Press conference

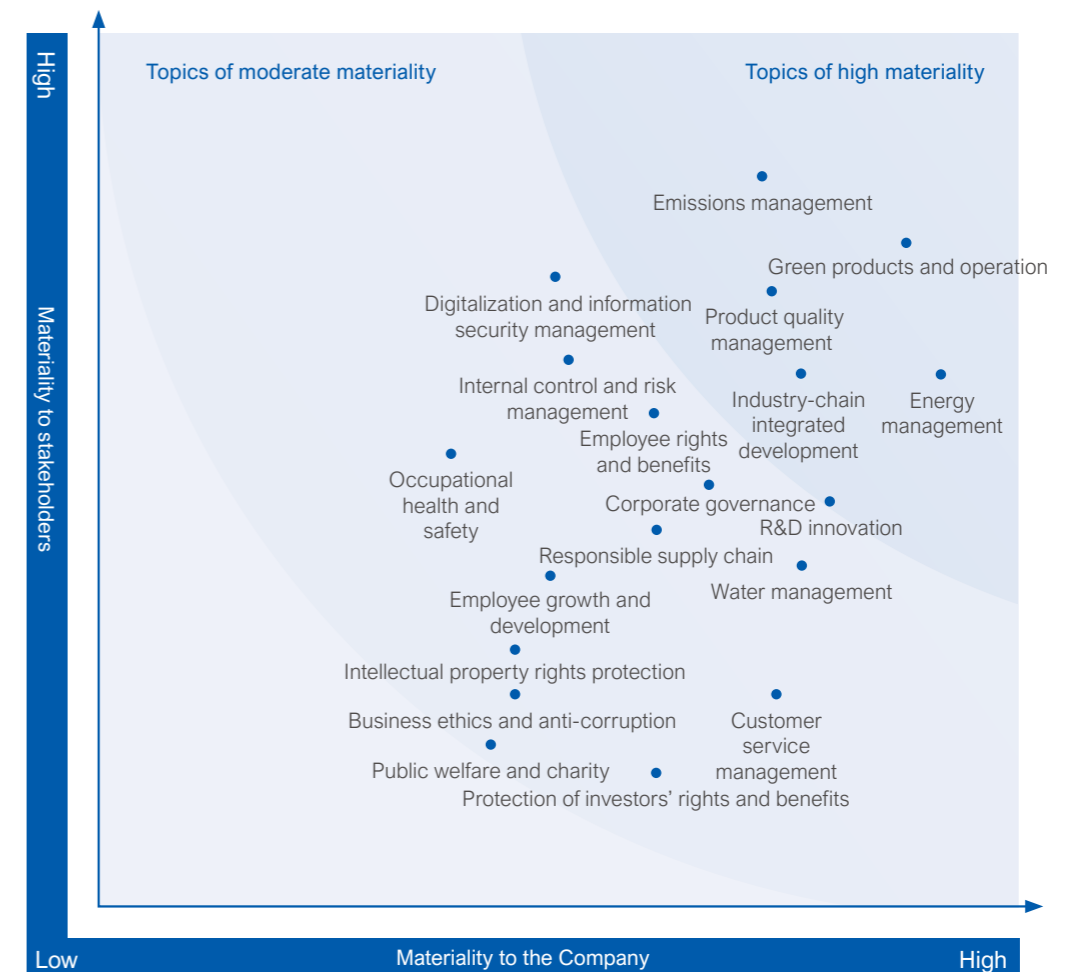
Material Topics Analysis

Based on the Global Reporting Initiative (GRI) *Sustainability Reporting Standards* and the *Shanghai Stock Exchange Guidelines No. 1 on Self-regulation of Listed Companies – Standardized Operation*, Shanying International regularly investigates material topics to deeply understand stakeholders' opinions and expectations and establish the material topic matrix of the Company. We also analyze material topics each year and upgrade the material topic matrix combining the results of policy benchmarking, peer analysis and expert opinions. In 2022, according to the latest policy requirements, material topics of industry peers and the Company's work focus of the year, we adjusted our material topics based on the process of material topic analysis, had them approved by the Board of Directors, and finally established our material topic matrix.

Process of Material Topic Analysis



Material Topic Matrix



Notes for Adjustment to Material Topics

Methods	Topics
New topics	Corporate governance, digitalization and information security management, industry-chain integrated development, protection of intellectual property rights
Adjusted topics	Internal control and risk management, business ethics and anti-corruption, protection of investors' rights and benefits, customer service management, R&D innovation, employee growth and training, employee rights and benefits, occupational health and safety, responsible supply chain, green product and operation, resource management, public welfare and charity, water management, emissions management



Special Topics of Sustainable Development

Special Topic I Explore the Beauty and Seek a New Green Picture through Carbon Reduction

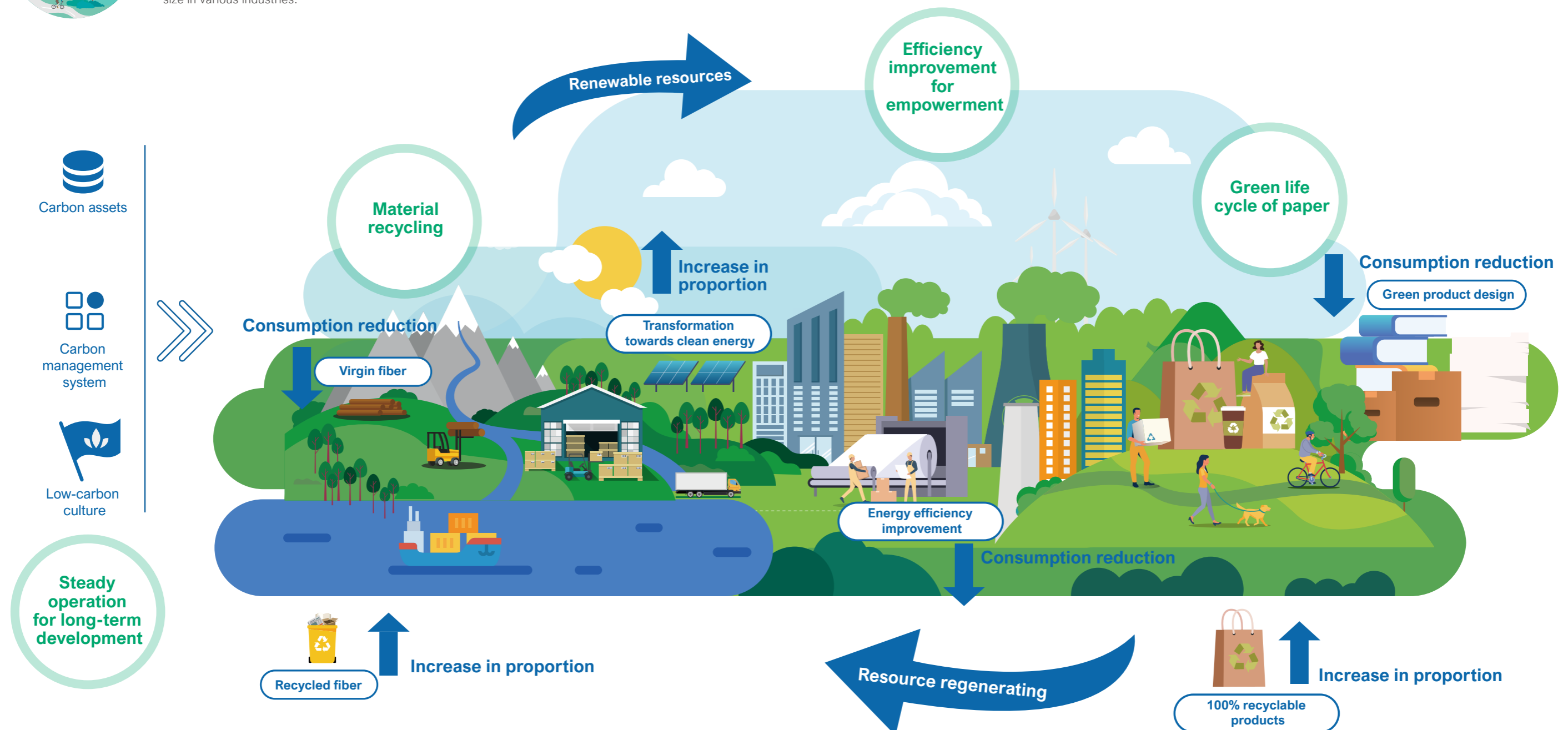
– Carbon Neutrality Journey of Shanying International



Climate change is a global challenge. The international community has gradually reached a consensus on how to address global climate change, and is accelerating the transformation towards a green and low-carbon economy. The Chinese government has proposed the goal of carbon peaking by 2030 and carbon neutrality by 2060, focused on building a “1+N” policy system, and also set clear carbon reduction targets for industrial enterprises above a designated size in various industries.

As a traditional energy-intensive industry, papermaking is one of the key industries to be included in the national carbon market during the “14th Five-Year Plan” period. Progressing to a new stage of low-carbon development not only makes an inevitable choice for the industry to survive and develop considering the carbon peaking and carbon neutrality goals, but also provides enterprise with new opportunities to build itself into a low-carbon benchmark and achieve high-quality sustainable development.

Upholding green cycle as the key support for low-carbon transformation, Shanying International actively implements comprehensive, whole-process and well-directed carbon reduction measures, and explores the path and strategy for high-quality development of new Shanying. We have joined the SBTi, set up the carbon reduction target and plan for 2020-2030, and adopted multiple measures centering on the optimization of energy structure, innovation of low-carbon products and low-carbon ecosystem, aiming to contribute to China’s carbon peaking and carbon neutrality goals by means of carbon reduction throughout the entire life cycle.



Shanying International Joined the SBTi, Marking a Milestone in Decarbonization

In August 2022, the letter of commitment submitted by Shanying International to Science Based Targets Initiative (SBTi), which proposed a scientific carbon reduction goal that went beyond 2°C control, was officially approved, symbolizing that Shanying International had become the advanced paper manufacturer that set a scientific Greenhouse gas GHG emission target in China. We will achieve entire life-cycle carbon reduction of products and services, to make contributions to the realization of the temperature control goal specified in the *Paris Agreement*.



Progress of Science Based GHG Emissions Targets in 2022

Science Based GHG Emissions Targets of Shanying International

Carbon intensity per unit product in Scope 1 and Scope 2 reduced by **39%** by 2030 compared to 2020 (base year)

Paths to achieving targets

- Transformation towards clean energy**
 - Power generation by renewable energy such as PV, biomass and solid waste
 - Energy conversion projects such as electrification and thermoelectric complementarity
- Energy efficiency improvement**
 - Equipment and facilities optimization
 - Recovery of waste heat and energy
 - Optimization of papermaking technology
 - Supporting auxiliary energy-saving equipment
- Carbon management system construction**
 - Carbon peaking & carbon neutrality management structure construction
 - EATNS carbon management system pilot project and certification

Carbon intensity per unit product in Scope 3 reduced by **20%** by 2030 compared to 2020 (base year)

- Purchased products and services**
 - Increase in the proportion of recycled fiber use
 - Procurement of low-carbon raw materials
 - Material consumption reduction via green process
- Scrapping and disposal of products sold**
 - Promoting the recovery of products at the end of their life cycle
 - Using 100% recyclable raw and auxiliary materials
- Activities associated with fuel and energy**
 - Transformation towards clean energy
 - Applying low-carbon fuels via green product design
- Others**
 - Transportation means and route planning
 - Encouraging employees' low-carbon trips

Emission performance in 2022

Intensity of GHG emissions in Scope 1+2



Intensity of GHG emissions in Scope 3



Progress

Overall progress in fulfillment of the science based GHG emissions target

59%

Overall progress in fulfillment of the science based GHG emissions target

30%

Material Recycling: Explore an Innovative Path to Carbon Reduction at the Source

Currently, China is experiencing an increasing volume of recycled waste paper, with waste paper recycling and utilization rates both exceeding 50%, which demonstrates that a low-carbon circular economy centering on recycling and reuse in the paper industry has become a trend. "Urban papermaking" in Shanying International, with the recovery and comprehensive utilization¹ of waste paper as the core, is considered as an important innovative path to satisfy industrial demand, reducing the compensation of natural resources and lowering carbon emissions at the source.

Shanying International promotes green, low-carbon and circular economy with its industry-leading competence in comprehensive and innovative utilization of resources. The raw materials for the Company's base paper production are mainly derived from recycled fibers. By overcoming the technical difficulties in base paper R&D and innovating the paper recycling model, we have established a global procurement network for recycled fibers, and controlled the quality of these fibers at both the input end and the output end, thus driving the virtuous circle of "recycled resources – production – consumption – resource recycling."



As shown in the results of the cooperative research by *Shanying International* and China Resource Recycling Association²:

For **1 ton** of waste paper recycled and reused

The consumption of **timber** and **raw coal** will be respectively lowered by **0.3 ton** and **0.54 ton**

Equivalent to reduction of **1.46 tons of carbon dioxide** emissions



In Shanying International, recycled fibers account for **over 90%** of total cost

95% raw materials are derived from recycled fibers (only in important papermaking subsidiaries)

More than 6 million tons of recycled fibers are recovered every year, equivalent to protecting **270 thousand hectares of forest**

Reducing **carbon dioxide emissions by 486 thousand tons**³

Shanying International is committed to achieving an interconnected industrial recycling loop, and actively developing efficient procurement and logistics platforms for recycled resources. Its subsidiary Ningbo Deeploop has empowered the efficient circulation of urban resources with its "intelligent environmental sanitation" model by integrating urban environmental sanitation, waste classification, resource recovery and some other systems. In addition, the Company has also made valuable explorations in traceability management of waste paper procurement information, standardized layout of waste paper processing centers, and construction of comprehensive sorting centers. It has been recognized as a pilot enterprise for domestic waste paper product information traceability and standardized quality management by China Resource Recycling Association.

¹ "Recycling" here refers to the process of collecting and reorganizing the paper products that have been consumed and discarded to replace new paper products, components or materials and fulfill their functions. "Comprehensive utilization" means the process and results of introducing such materials as recycled fibers to the practical production of new paper through preparation for reuse, recycling and other recovery means. "Regeneration" refers to the performance and process where paper products are collected and reused or recycled at the end of their service life. In the following text associated with waste paper, these terms shall have the same meaning.

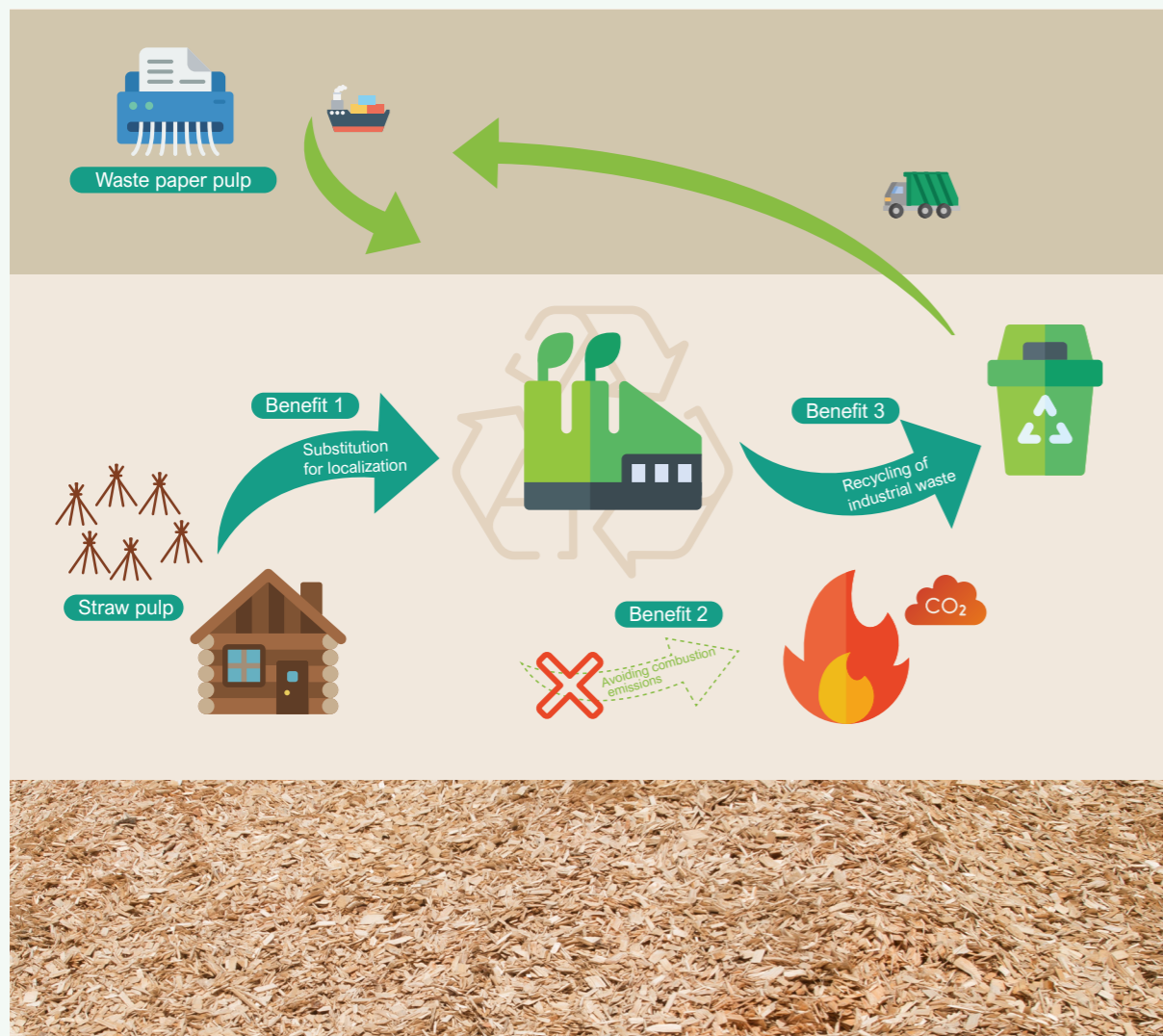
² This refers to the research results of the carbon emission reduction contribution model of recycled corrugated paper in the *Research on Carbon Emission Reduction Accounting Method for Waste Paper Recycling Industry* in which Shanying International engaged.

³ The carbon emissions reduced here are calculated based on the global average carbon sequestration rate of 1.8 tons of CO₂ equivalent per hectare per year in forests as designated in the UNESCO publication *World Heritage Forests: Carbon Sinks under Pressure* (2023).

Straw-based Pulping: Seek Multiple Benefits of Carbon Reduction at the Source with “Substitution + Recycling”

With the development of society, economy and the whole industry, the demand for raw materials such as wood pulp and waste paper pulp has been increasing year by year in domestic papermaking enterprises, with imported waste paper pulp accounting for a considerable share in the overall consumption of pulp raw materials. Therefore, by using straw pulp as the non-wood pulp raw materials to replace the imported recycled fibers, we can promote the localized and sustainable development of the circular economy of the industry. In addition, straw-based pulping also constitutes an important approach to increase the utilization rate of straw resources and drive the low-carbon transformation of agriculture. For the comprehensive utilization of 1 ton of straw, the carbon dioxide emissions caused by straw burning can be reduced by approximately 1.64 tons. The waste liquid and organic solid waste produced during pulping can be made into other high-value-added products by recycling and reuse, thus minimizing the environmental footprint of the entire process.

In 2022, the phase I of Jilin Shanying project of 300,000 tons of corrugated paper and 100,000 tons of straw pulp commenced the production of straw pulp and related biorefinery by-products depending on advanced and efficient clean pulping technology. The production of fiber raw materials in this project can further stabilize raw material supply, effectively change the high-pollution disposal of straw in the Northeast China such as burning and discarding, increase local farmers' income, and improve climate and ecological environment. Hence, this project achieves multiple benefits in agriculture, industry, ecological integration, economy and society.



Efficiency Improvement for Empowerment: Drive Green and Low-carbon Transformation in Production

For Shanying International, reducing direct carbon emissions from production is a key to performing control over both total carbon emissions and intensity and accomplishing its carbon reduction goal. In a manufacturing enterprise like Shanying International, carbon reduction at the production end should center on more efficient energy management. By promoting the transformation towards clean energy and boosting efficiency improvement, we not only meet the national requirements for emissions control, but also empower green and low-carbon manufacturing, and seize new opportunities for sustainable development.

Transformation towards Clean Energy

Seeing the high consumption and high emissions of traditional fossil fuels, the Company adopts cleaner alternative fuels and improves the comprehensive utilization rate to transform and optimize the energy structure.

Renewable energy boasts multiple benefits, including near-zero emissions, clean and efficient use, and low compensation of natural resources. Focusing on PV power generation and biomass power generation, the Company invests heavily in infrastructure construction and project deployment, aiming to support carbon neutrality in production and operation with the self-sufficiency of renewable resources.

Main Measures and Achievements of Renewable Energy Power Generation in 2022

<p>PV power generation</p>	<ul style="list-style-type: none"> Invested in the construction and development of PV facilities through self-financing or cooperation with third parties. By the end of the reporting period, the total installed capacity of PV power generation achieved 66MW, with the annual power generation reaching 62.567 million kWh, equivalent to a reduction of 35.7 thousand tons of carbon dioxide emissions. The total installed capacity of PV projects under construction is expected to be around 79MW In 2022, Guangdong Shanying newly built an 8.8MW PV power generation facility and connected it to the grid. This facility generated 7.95 million kWh power every year, equivalent to a reduction of 4.5 thousand tons of carbon dioxide emissions
<p>Biomass power generation</p>	<p>Applied agricultural and forestry waste such as straw to power generation and combined heat and power co-generation, and achieved lower coal consumption for power generation and heating than centralized heating boilers, having saved 76,678.44 tons of standard coal in total</p> <ul style="list-style-type: none"> Jilin Shanying Biomass Power Plant efficiently generated electricity with corn straw residue, sawdust and waste paper pulp as raw materials, and used the ash produced from straw biomass power generation for agricultural production. It is estimated that carbon dioxide emissions will be reduced by 150 thousand tons per year Guangdong Shanying promoted the construction of the biogas-powered internal combustion engine unit, which utilizes biogas, the byproducts of anaerobic fermentation from the sewage treatment section, for heating and power generation. The annual power generation is expected to reach 48 million kWh, equivalent to reducing carbon dioxide emissions by 27.4 thousand tons Yangzhou Xiangheng upgraded its coal-fired boilers to biomass boilers, reducing carbon dioxide emissions by approximately 10 thousand tons per year <p>Actively initiated collaborative projects for reduction and recycling of slag pulp, municipal sludge and other solid waste, with a total investment of CNY 2.5 billion and an annual comprehensive solid waste disposal capacity of 1.29 million tons</p> <ul style="list-style-type: none"> Anhui Shanying commenced the slag pulp, light pulp and coal-substitute sludge power generation projects, which reduce energy consumption by some 73.9 thousand tons of standard coal per year, equivalent to lowering carbon dioxide emissions by about 197 thousand tons Huazhong Shanying started the projects for comprehensive utilization of solid waste such as waste plastics, non-polyester net and sludge, and recycled heat from solid waste for heating and power generation. Committed to low-carbon combustion without coal, it achieved a coal blending rate lower than 20% of the total furnace mass, equivalent to lowering carbon dioxide emissions by about 102 thousand tons Aituo Environmental Energy carried out solid waste power generation projects with papermaking waste, papermaking sludge, municipal sludge, printing and dyeing sludge and waste fabrics as raw materials, achieving an annual power generation of approximately 300 million kilowatt-hours, equivalent to reducing carbon dioxide emissions by about 171 thousand tons

In addition, Shanying International also attaches importance to the role of other clean energy in decarbonization, and actively launches projects such as replacing boilers with steam and diesel-to-electric conversion for forklift trucks, to promote the wide spread of clean energy.

Energy Efficiency Improvement

Shanying International continues to adopt measures of energy-saving technology innovation and energy efficiency improvement in production, and promotes the collaborative effect of energy conservation, pollution reduction and carbon emissions reduction by integrating and optimizing the energy, resource and emissions management systems. In 2022, we developed and continuously traced production efficiency indicators for each base according to the path planning and schedule for emission reduction goals, and deployed 46 projects for carbon reduction technology improvement. The energy efficiency of the system has been improved through steam system optimization, waste heat and energy recovery, papermaking technology optimization and supporting auxiliary energy-saving equipment.

In addition, we further strengthen lean production management and improve relevant measures, to constantly stimulate our passion in energy saving and carbon reduction. Our five papermaking bases have all been selected as the national-level green plants for their excellent performance in green and low-carbon production.



Main Measures and Achievements of Energy Conservation and Carbon Reduction in 2022



Equipment & facility optimization

- **Huanan Shanying:** Optimized the steam system in workshops, lowering steam consumption per unit paper product by 0.03 ton, equivalent to reducing carbon dioxide emissions by 5,690.3 tons per year
- **Zhejiang Shanying:** Performed frequency conversion renovation of the feed pump and achieved electricity savings by 1,000 kWh per hour, which suggests electricity savings by 4.464 million kWh/year, equivalent to reducing carbon dioxide emissions by 2,545.8 tons per year
- **Anhui Shanying:** Implemented energy-saving innovation of fans and achieved electricity savings by 50 kWh per hour. It is estimated that approximately 300 thousand kWh of electricity will be saved per year, equivalent to reducing carbon dioxide emissions by 171.1 tons per year
- **Huazhong Shanying:** Carried out temperature control over cooling tower fans, which is predicted to save 75.6 thousand kWh of electricity per year, equivalent to reducing carbon dioxide emissions by 43.9 tons per year



Waste heat and energy recovery

- **Huazhong Shanying:** Launched the combined heat and power generation project to supply boiler steam of the thermal power plant to its own power generation and production facilities and the companies surrounding the development area. The heat supply of the park reaches 2.53 million GJ per year, equivalent to reducing carbon dioxide emissions by 278 thousand tons per year
- **Huanan Shanying:** Recovered methane produced from anaerobic treatment of wastewater and applied it to heat-power co-firing, equivalent to reducing carbon dioxide emissions by 76,599.2 tons per year
- **Guangdong Shanying:** Advanced the steam residual pressure power generation project, which is predicted to generate 79.2 million kWh of electricity per year, equivalent to reducing carbon dioxide emissions by 45,167.8 tons per year



Production technology optimization

- **Shoe press technology:** Replaced the press roll with shoe press equipment to expand the contact face and increase the pressure on the equipment line, lowering the heat consumption per unit product by more than 20%
- **Film press technology:** Introduced new equipment such as the scraper and jet chamber to replace the conventional soaking process, lowering heat consumption per unit product by more than 10%
- **Paper machine speed increase:** Increased the take-up speed to 1,100 m/min during production, reducing steam and power consumption per unit product



Supporting energy-saving equipment

- **Zhejiang Shanying:** Upgraded and optimized the economizers of boilers, and improved the boiler efficiency by about 1%, which will save energy consumption by 1,066 tons of standard coal per year, equivalent to reducing carbon dioxide emissions by 6,074.8 tons per year
- **Huanan Shanying:** Newly mounted PM31 to PM32 steam pipelines, saving steam by 600 tons per month, equivalent to reducing carbon dioxide emissions by 2,276.14 tons per year



Lean production management

- **Equipment time efficiency improvement:** Improved the time efficiency of paper machine through SOP management to reduce energy and resource waste caused by machine halt and paper breaking
- **Employee competence development:** Further improved employees' ability, strengthened their comprehensive understanding of the operational status, and adjusted the process in a timely and accurate manner according to the consumption of auxiliary chemicals and energy
- **Improvement projects exploration:** Unleashed the spirit of craftsmanship to investigate every detail of existing problems and focus on exploring more energy-saving and consumption-reduction projects

Green Life Cycle: Support Carbon Neutrality Throughout the Entire Product Life Cycle

Achieving carbon reduction throughout the entire life cycle of products and services is not only the solemn commitment and goal of Shanying International, but also an important approach for the Company to realize net-zero carbon emissions for the whole value chain. In 2022, Shanying International cooperated with domestic authoritative institutions to conduct the carbon footprint examination and certification for 18 products, and acquired corresponding assessment reports, product carbon footprint certificate and product carbon footprint label. By doing so, we got a further understanding of the carbon footprint of various products.

Results of Product Carbon Footprint Analysis



Papermaking products: The “**cradle-to-gate**” product carbon footprint ranges between 1.1 and 1.8 tons of carbon dioxide equivalent per ton of paper, demonstrating the Company’s industry-leading energy efficiency in the production stage. For an instance, the “**cradle-to-gate**” product carbon footprint of liner board paper (T paper) is 1,159.99 kg carbon dioxide equivalent per ton of products



Packaging products: The “**cradle-to-grave**” product carbon footprint of corrugated carton is 0.7768 kg carbon dioxide equivalent per kg of products, lower than the international average level



Zhongyin products: The “**cradle-to-grave**” product carbon footprint of the ink-free printed document envelope is 1,707.94 kg carbon dioxide equivalent per ton of products. The energy consumption structure in production has been constantly optimized, guaranteeing the high energy efficiency and low emissions of the product



According to the results of product carbon footprint analysis, we have further extended the entire life-cycle carbon reduction to “**cradle-to-grave**”. By means of design and development of green and low-carbon products, carbon reduction in product use, recovery and final disposal, and “**replacement of plastics with paper**” that avoids emissions at the product end, we can contribute to low-carbon transformation of the whole ecosystem. During the reporting period, 11 types of packaging paper or cardboard products of the Company have been selected as the national-level green design products.



Replace plastic products on the market with paper varieties of new functions
The use of **10 billion** paper cushioning bubble bags each year
Will reduce carbon dioxide emissions by **500 thousand tons**



According to the carbon footprint calculation results of ink-free printed products
The entire life-cycle carbon emissions of the product decreases by **20%** compared to previously used products
The use of **10 billion** ink-free printed document envelopes each year
Will reduce carbon dioxide emissions by **400 thousand tons**, equivalent to planting **37.33 million** trees



Zhongyin Technology: One-stop Low-carbon Design Enables Zero-carbon Solutions

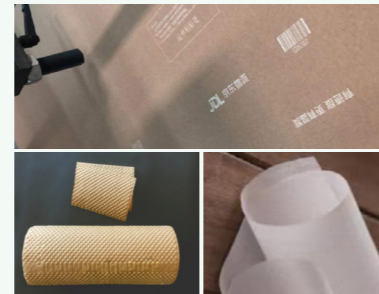
Zhongyin Technology, a subsidiary of Shanying International, is dedicated to the development and application of new low-carbon materials and technologies, and provides customers with one-stop low-carbon sustainability solutions covering packages and products. Its products are made from 100% recyclable raw materials, and can be recycled at the end, achieving the entire life-cycle carbon reduction. Its multiple products have received the *Green Product Certificate*.

Innovative Green & Low-carbon Products of Zhongyin Technology

Low-carbon package

- **Ink-free print:** Replace the traditional white-ink print with the zero-ink and zero-water consumption print technology, presenting multiple benefits in carbon reduction such as low power consumption, zero water consumption and 100% recycle
- **Replacing plastics with paper:** Develop the patented product, high-strength spruce paper, which is 100% produced with virgin wood pulp paper from FSC certified plants and 100% recyclable after use. It can effectively replace the traditional plastic-made bubble bag with excellent qualities such as high bursting strength, high cushioning and high water resistance

In addition, new material products such as non-plastic-coated paper and soft paper towels can also replace plastic coated paper, plastic film, etc., supporting plastic and carbon reduction in consumer electronics, e-commerce logistics, food, health care, chemicals for daily use and some other industries



Low-carbon gift box

- **Low-carbon design:** Adhere to the “4R1D” principle (reduce, reuse, recycle, recovery and degradable) when supplying one-stop design, customization and delivery services of festival gift boxes, business gift boxes, multifunctional gift boxes and other low-carbon gift boxes
- **Low-carbon raw materials:** Use recyclable materials such as natural bamboo and plant fibers as gift box built-in materials and high-gloss and oil-resistant coatings to replace lamination, thus enabling 100% recyclable and 100% degradable inside packaging and contributing to carbon reduction at the end of the product life cycle
- **Low-carbon process:** Select low-carbon materials certified by environmental protection institutions for the design and print of gift boxes. The ink introduced complies with Rosh and Reach standards, and the customization of ink-free print is provided, which can lower the negative environmental impacts from production and use of products and further reduce carbon emissions



Low-carbon goods

- Develop the sub-brand “Long Island Life” which is dedicated to the development of sustainable products such as low-carbon bags, accessories and home furnishings
- Products such as the briefcase, business bag and cosmetic bag are made of materials including environment-friendly kraft paper, high-strength spruce paper, ecological dupont paper, paper vine and paper weaving, combined with environment-friendly PU and TPU. By doing so, we not only improve the product usage and maintenance performance, but also develop recyclable and degradable products featuring entire life-cycle low carbon, recyclability, safety and efficiency



Steady Operation for Long-term Development: Enhance Comprehensive Carbon Management

In the long and arduous carbon neutrality journey of Shanying International, an important support to sustainable carbon reduction is the top-down carbon management. Shanying International puts great efforts in “building a full-coverage carbon management system” and “implementing comprehensive carbon reduction measures” simultaneously, and consolidates the foundation for carbon management by focusing on the establishment of the management system and organization, construction of the talent team and improvement of overall capability. We also introduce various carbon reduction measures into the carbon management system based on meticulous analysis to set a benchmark for carbon management in the papermaking industry.

Establish a Carbon Management System

Priority is given to the establishment of regulations and institutions. The Company set up the Carbon Peaking and Carbon Neutrality Management Steering Committee in 2022, which is responsible for coordinating and approving the Company’s development strategies, management policies, budgets, targets and work programs associated with carbon management, and supporting the solution of relevant problems and key decision making. Five task forces have been established under the Committee, namely carbon emissions management team, carbon asset management team, carbon neutrality management team, energy transformation promotion team and climate change responding team. They are responsible for advancing specific work such as institutional development in relevant fields, project development and progress and project research.

Based on the top-down governance structure, we will further develop the all-round carbon management system as well as the communication links that advance the implementation of the system and improve management efficiency. We have successfully carried out the pilot project of EATNS carbon management system at Anhui Shanying, and become an early enterprise in the papermaking industry that has obtained corresponding carbon management system certification.

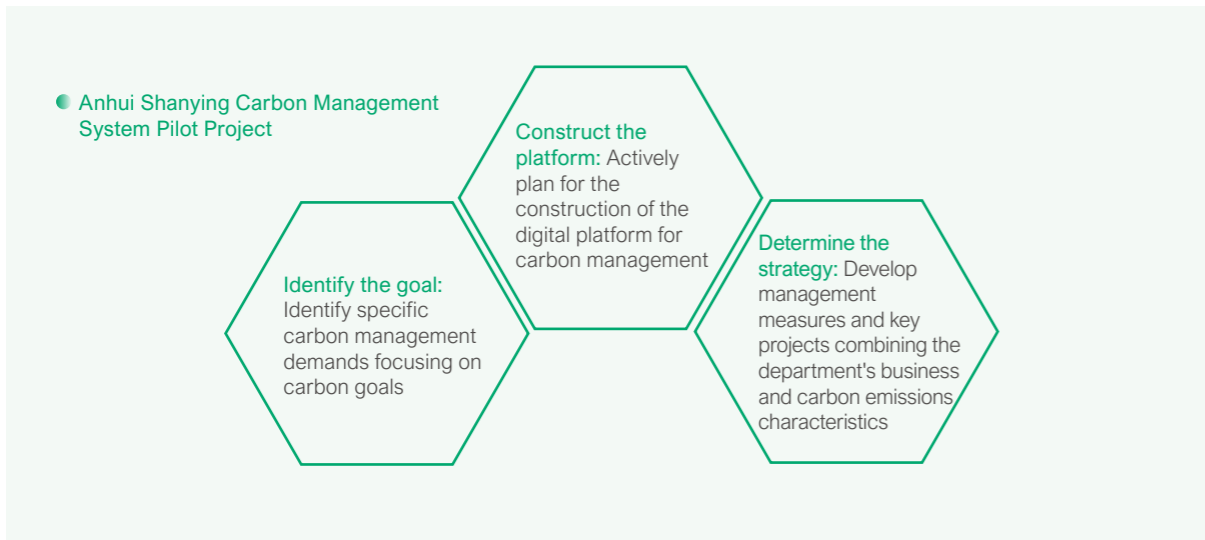
Establish a Carbon Management System: Explore the Industry-leading Carbon Peaking and Carbon Neutrality Management Practice

Officially published by China Industrial Energy Conservation and Cleaner Production Association in November 2021, *Carbon Management Systems – Requirements with Guidance for Use* is not only an important reference for Shanying International to determine the carbon management policies and goals and cultivate a systematic management system comprising four major modules, including “carbon emissions, carbon assets, carbon trade and carbon neutrality” (hereinafter referred to as “EATNS carbon management system”), but also the comprehensive standard that integrates with internationally recognized management systems including ISO 14000, ISO 14064, ISO 50000 and ISO 55000.

We pay close attention to relevant dynamics and respond to industry-leading management requirements. By signing the strategic cooperation agreement with Shanghai Academy of Quality Management, we have taken the lead to build Shanying International EATNS carbon management system that complies with relevant requirements.

In October 2022, Anhui Shanying succeeded in the pilot project, passed the review of EATNS carbon management system, and became the pioneering enterprise with this certification in China. As the industry-leading explorer and promoter of carbon management practices, we are actively endeavoring to obtain the carbon management system certification for other 4 papermaking bases, and striving for the cooperative carbon reduction and efficiency increase across the whole Group.





Seize the Low-carbon Opportunity

While steady low-carbon management contributes to the sustainable development of the Company, energy conservation and carbon reduction will directly give wings to the rise of the value of Company's carbon assets. We should seize the new opportunity in the broader emerging low-carbon market to achieve new growth.

In 2022, the Company joined the carbon market and actively participated in relevant carbon trading to explore the efficient new mode for trading and build a flexible portfolio for value preservation and appreciation of carbon assets. In addition, we also see comprehensive opportunities brought by climate change due to the non-traded assets such as the carbon emissions subsidies provided by the government, tax exemption and reduction related to carbon reduction and returns from carbon financial investment.

In the meantime, the Company throws itself to voluntary emissions reduction projects and the development of carbon financial derivatives such as green medium-term notes, and incorporates them in its positive asset system in the "Shanying Carbon Asset Panorama." We also actively explore the potential for the development of emerging emissions reduction projects such as Carbon Capture, Utilization and Storage (CCUS) of forestry. We inventory the internal projects that may comply with Chinese Certified Emission Reduction (CCER) and Verified Carbon Standard (VCS), set up special funds to support the development and trading of CCER projects, and make preliminary calculation of potential emissions reduction.

Create Low-carbon Corporate Culture

We attach importance to building carbon management talent team and cultivating the carbon reduction atmosphere across the Company, based on which we can improve our carbon management capability and create the "people-centered" low-carbon corporate ecosystem. We encourage employees to participate in internal and external trainings, and support them to obtain qualification certificates of carbon emission managers, carbon traders, carbon management system evaluators and registered carbon managers.

In 2022, with the implementation of the carbon management system, subsidiaries of Shanying International had organized 7 internal trainings on "Carbon Peaking and Carbon Neutrality Management," "Path to Carbon Neutrality" and some other themes, invited the team from Shanghai Academy of Quality Management (the Academy) to provide more than 10 training sessions associated with carbon management system requirements and internal auditors, and assigned employees to participate in courses such as "Carbon Emissions Managers" and "Connotation and Application of Carbon Management System" at the Academy and local ecology and environment bureau. Lasting for about 150 hours in total, these trainings covered about 300 employees. In addition, as supported by the Company, 35 employees associated with carbon management conducted self-directed learning for 2,220 hours, passed the exams and received certificates.

Low-carbon Action Season: Cultivate Green and Low-carbon "Shanying Members"

In June 2022, when the 22nd National Low Carbon Day came, Shanying International initiated a themed activity, "Explore the Beauty and New Life of Paper Through Carbon reduction" Shanying International Low-carbon Action Season, among all staff. Centering on six major themes, including "environment-friendly office, green trip, energy saving, reducing meat intake, rational consumption and afforestation", and combined with the stationing points of the low-carbon print station, green and low-carbon energy station, low-carbon library and low-carbon waste paper recycling station, and the publicity and education programs such as green trip, environment-friendly office and "Vegetarian Month", we aim to cultivate employees' low-carbon habits, raise their low-carbon awareness, and encourage employees to undertake and accomplish the "carbon peaking and carbon neutrality" responsibility and goal together with the Company.

Environment-friendly office

The headquarters and subsidiaries have set up the low-carbon collection depot. Through the environment-friendly office initiative, 80 kg of waste paper can be recovered from the low-carbon collection depot at Shanying Headquarters Building every week, equivalent to reducing carbon emissions by approximately 103 kg

Green trip

The function of "Colleague Carpooling" is released on the internal platform, which significantly increases the passenger number in each car for commuting and reduces the waste of passenger seats. This green trip initiative reduces carbon emissions by 173 g for each kilometer

Low-carbon library

The headquarters and subsidiaries of Shanying International have built "Low-carbon Libraries," to call on employees to donate second-hand books, which will promote the effective utilization of second-hand resources and reduce unnecessary waste. For each book donated, carbon emissions can be reduced by 308g



Special Topic II Explore the New Direction of Industry Development Based on Digital and Intelligent Interconnection

– Way Towards Integration in Shanying International



The Report to the 20th National Congress of the Communist Party of China stated the mission: “We will accelerate the development of the digital economy, further integrate it with the real economy, and build internationally competitive digital industry clusters.” With the prosperous development of digital technologies such as big data, cloud computing and artificial intelligence, the digital economy has become an important driving force for innovative development and industry optimization and upgrading.

The papermaking and packaging industry also embraces great development opportunities brought by the digital economy. By seizing the opportunity of digital transformation, the Company can further integrate and coordinate industry resources, capitalize on the market development trend, timely adjust strategies and improve production efficiency, and thus achieve high-quality development.

Currently, the papermaking and packaging industry is also faced with the opportunities and challenges raised by the policies such as “Restricting Waste Order,” “Restricting Plastic Order” and “Carbon Peaking and Carbon Neutrality”. The “Restricting Waste Order” pushes enterprises to strengthen the management of and balance between market demand and industry supply. The “Restricting Plastic Order” and “Carbon Peaking and Carbon Neutrality” policies urge enterprises to explore innovative green and low-carbon products depending on its advantage in integration. To respond to the current pressure, papermaking and packaging enterprises should increase the concentration ratio of the industry, enhance the integration of the industry chain, and coordinate the upstream and downstream of the industry chain to address the market change, thus realizing high-quality development jointly.

Adhering to the great concept of “establishing an enablement system for the whole value chain and industry chain with intelligent machine and service platform”, Shanying International has been deepening its digital transformation, and empowering its internal production and operation based on digitalization and intelligence, to create the engine for the integrated development of the industry chain. We also rely on our complete industry chain operation practices to build an interconnected and sharing ecosystem of the industry, share our comprehensive professional resources and deep understanding of the industry accumulated in these years with the industry, and thus support the high-quality development of the industry.

● A new engine which is fully integrated and considered internationalization

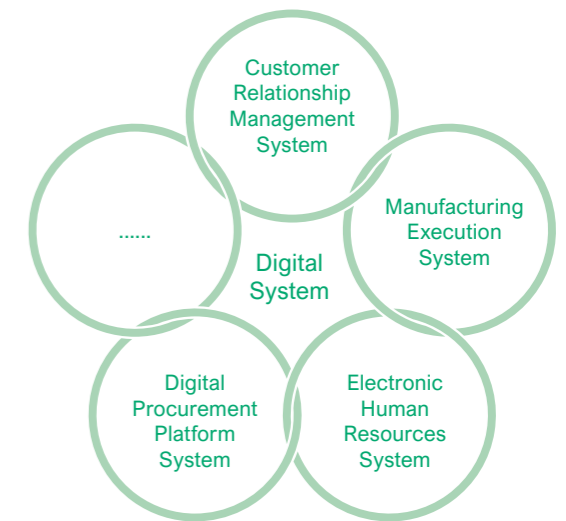


Digitalization and Intelligence Drives the Efficiency Improvement in Production and Operation

Seeing the influence of global market change on the supply chain and raw material cost, the papermaking and packaging industry needs to rebuild its competitive edge and seize the development opportunities brought by digital transformation. Shanying International continues to advance digital and intelligent transformation and upgrading, thus empowering its internal operation, production and other links, solving the isolated data island problem, applying data flexibly, and timely seizing the development trend of the industry. In this way, we can enhance our core competitiveness in the era of digital economy, and maintain a dominant position in the market.

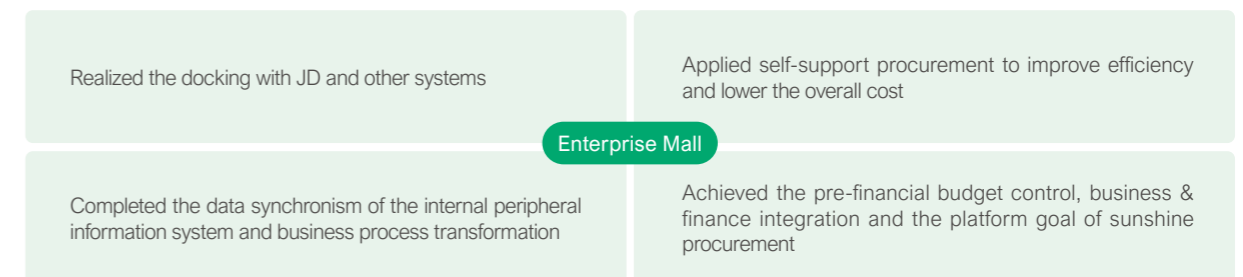
Digitalization of Operation

Shanying International is actively promoting the digital transformation of its management system to improve efficiency and further inspire innovation and creativity. Stressing the application of digital technology to business operation, we integrate the data of raw material procurement, papermaking and finished products sales by means of the Customer Relationship Management (CRM), Manufacturing Execution System (MES), Electronic Human Resources (EHR) and Digital Procurement Platform (DPP), recreate the business process, and guide the lean production of papermaking and packaging business, so as to enhance the resource efficiency.



In 2022, Shanying International introduced digital technologies to procurement and supply chain management. A unified and comprehensive digital procurement collaboration platform was established based on big data and 5G network + the Internet of Things to enhance the efficiency of internal and external resource coordination in the supply chain. With this digital procurement management platform, we have built the entire life-cycle management and procurement management system for suppliers, optimized the whole procurement system for a standardized management, and made full use of big data to enhance data communication between the production end and the demand end, so as to render precise support to decision making of the Company, and guarantee the safe transmission and efficient collaboration of the information at the upstream and downstream of the supply chain.

In the meantime, Shanying International strengthens procurement management and enhances the efficiency of internal procurement by means of digital technology. Our Enterprise Mall enables the online operation of the whole process covering “demand – procurement – delivery – acceptance”, which allows the tracing, analysis and audit of transparent construction object. Therefore, the Enterprise Mall further improves users' procurement experience, shortens the procurement cycle and reduces procurement cost. By December 31, 2022, 43 subsidiaries of Shanying International have commenced online operation, reaching a transaction amount of CNY 16.75 million in total.

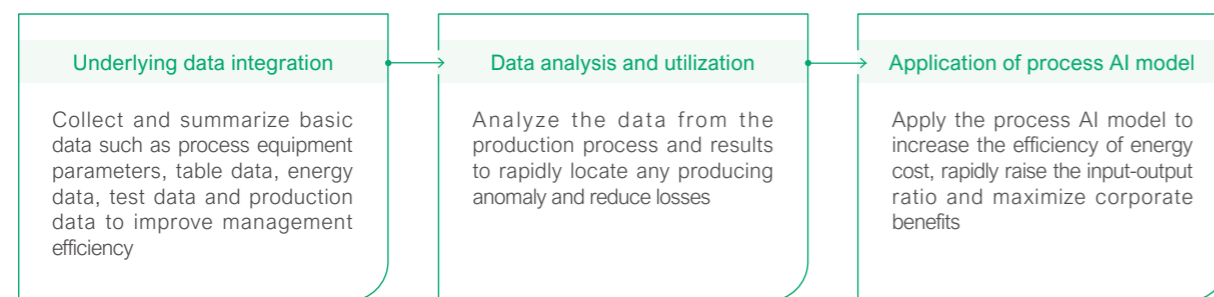


In the future, we will explore more new scenarios and modes for digital procurement, support the digitalization of procurement of the enterprise and even the whole industry, and cooperate with supply chain partners to co-build the industry quality standards.

Construction of Smart Factory

Based on digital technology and combining intelligent technologies such as big data and AI, Shanying International spares no effort to build smart factory in terms of operation and production, to improve production and operation efficiency and provide intelligent support for the optimization of internal management.

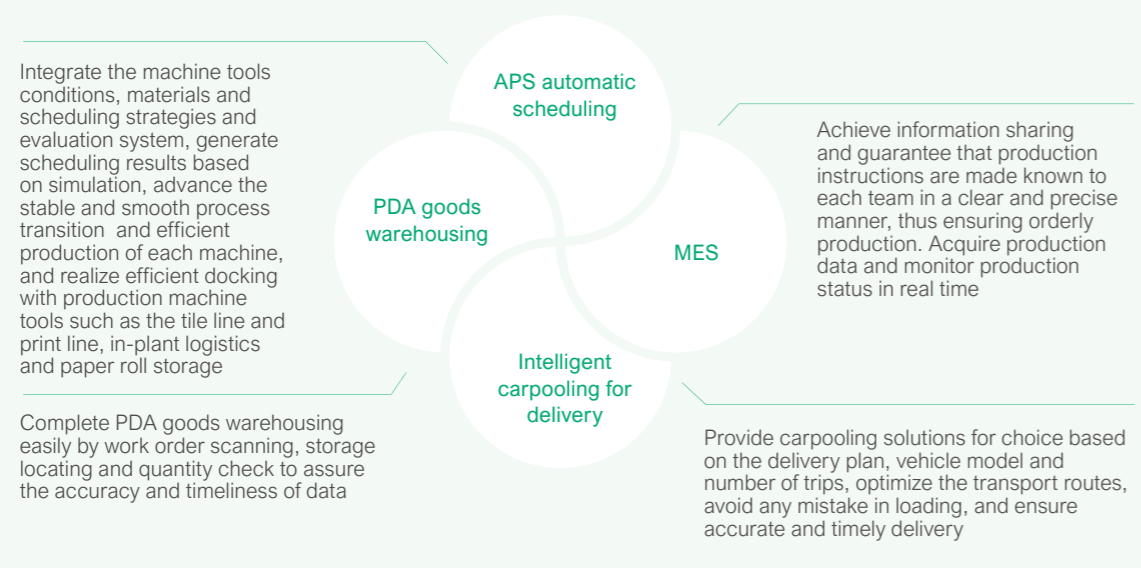
At the operation side, we set up the digital production and operation platform at the production bases by underlying data integration, data analysis and utilization and process AI model. The platform collects, models, analyzes and presents the data at all links of production, and therefore provides intelligent decisions for managers, seeks the optimum practice and realizes a significant breakthrough in digital operation.



At the production side, we actively apply digital infrastructure including MES and APS across the Group, introduce intelligent devices such as the intelligent logistics management system and intelligent goods shipping terminal, and advance the construction of smart plants, to gradually achieve vertical integration of the whole industry chain and unattended business chain.

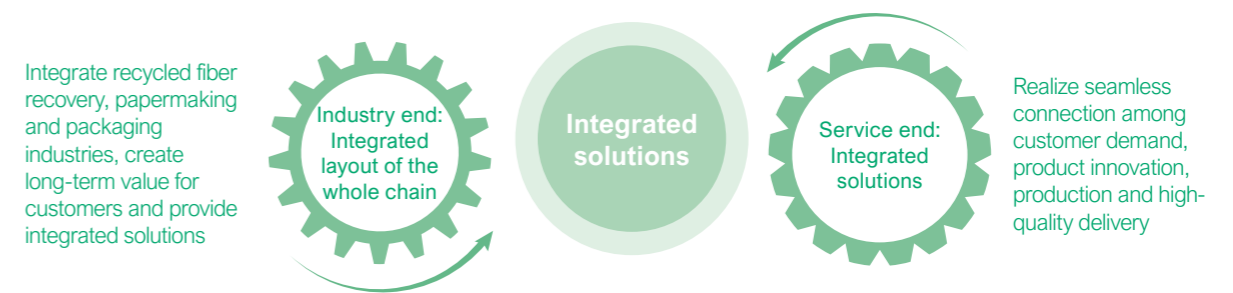
Construction of Smart Factory at Jiaying Xiangheng

With an intelligent management system, Jiaying Xiangheng has realized automatic production scheduling and automatic vehicle scheduling for delivery, and coordinated all major links such as paper roll storage, tile line, watermark, preprint, offset printing, warehouse and in-plant logistics. In this way, Jiaying Xiangheng not only reduces labor cost and improves production efficiency, but also practically improves the market competitiveness of the product. Upon the establishment of its smart factory, Jiaying Xiangheng will become the benchmark for the cardboard packaging industry in Jiaying and surrounding areas and lead the packaging industry to stride forward the Internet-of-Things era.



Integration Drives Construction of Industrial Interconnected Ecosystem

In 2022, adhering to the strategic position of “an integrated global green packaging solutions provider that creates long-term value for customers” and upholding the guiding principles of “one bottom line, one core, two-way development”, Shanying International accelerates integration for the industry and services, improves the resilience of supply chain, and actively responds to customer demands, hereby providing one-stop packaging solutions. We rely on the experience and resources in the supply chain accumulated for years to build the interconnected ecosystem for the whole industry, and join hands with the industry to achieve common high-quality and sustainable development.



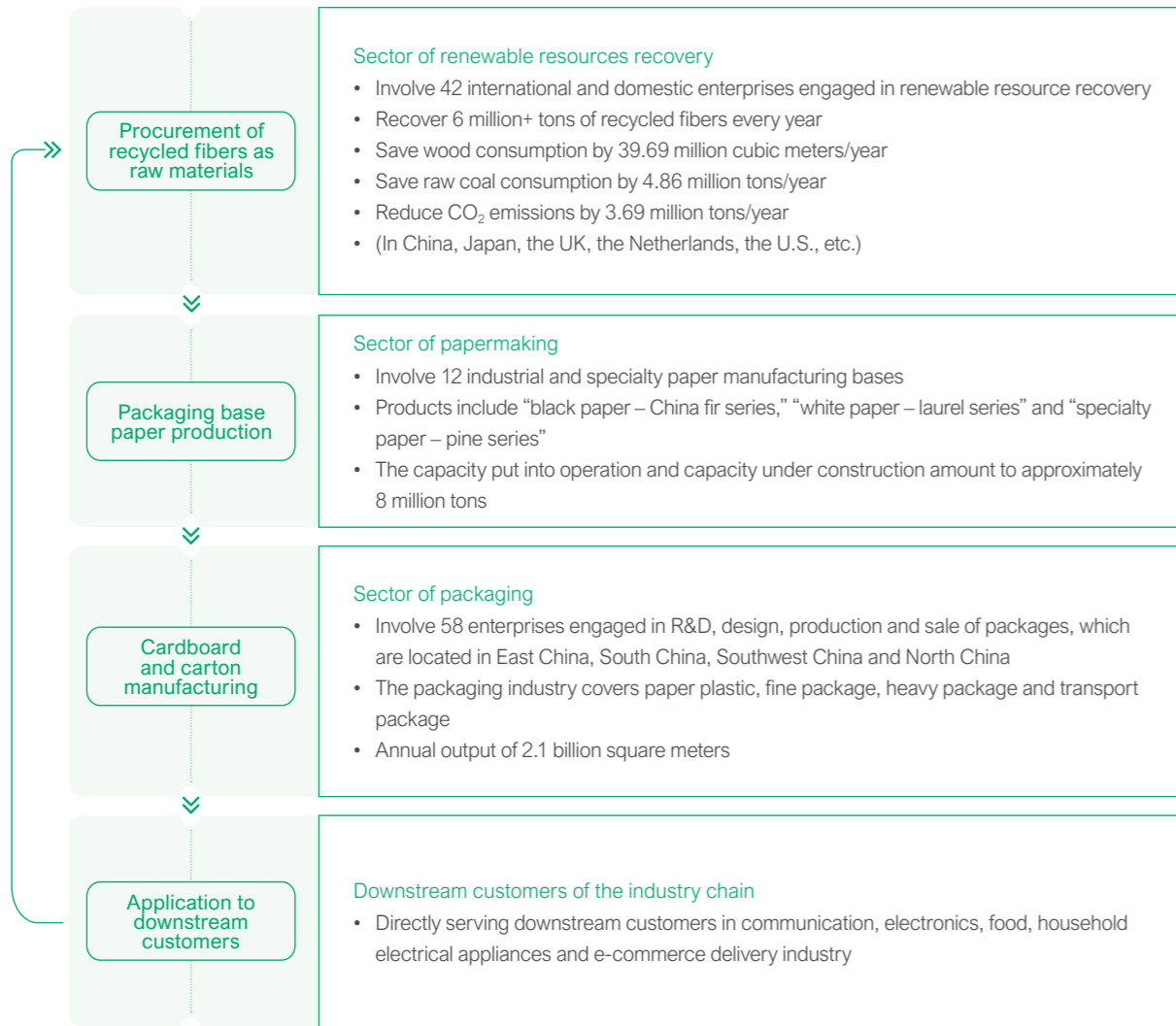
Integrated Layout of the Whole Chain

Shanying International has been improving its business layout to achieve collaborative development of papermaking, packaging and fiber recovery. It also supports the integrated development of the industry chain in a form of industrial Internet to create long-term value for customers.

We actively build a resilient industry chain, and steadily provide customers with quality products. In 2022, we have established an industry chain that covers the procurement of recycled fibers as raw materials, the production of packaging base paper, and the manufacturing of cardboards and cartons. This industry chain contributes to efficient utilization of resources, improves the resilience of the supply chain, and provides customers with one-stop packaging solutions. The upper end of the industry chain includes the network of domestic and foreign procurement of recycled fibers, while the lower end covers the packaging plants all over the country, supplying products to downstream customers in sectors such as communication, electronics, food, household electrical appliances and e-commerce delivery.



● Industry Chain and Business Sectors



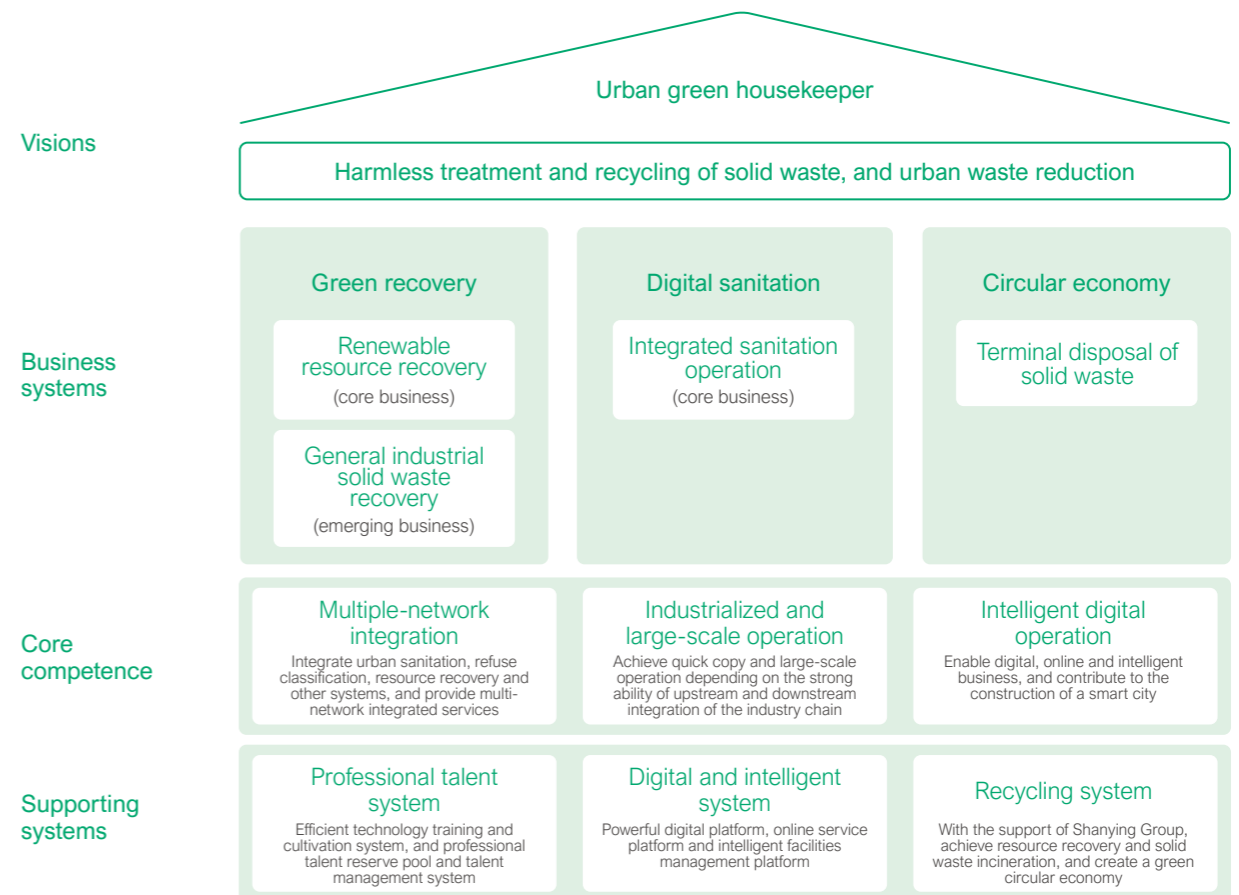
Shanying International has been constantly improving the deployment of domestic industry chain, and boosting the development of its papermaking and packaging business. By 2022, we have established five papermaking bases in Ma'anshan Anhui, Jiaying Zhejiang, Zhangzhou Fujian, Jingzhou Hubei and Zhaoqing Guangdong. In the meantime, we have founded packaging enterprises across China, extending our presence to Jiangsu, Zhejiang, Anhui, Fujian, Guangdong, Hubei, Shandong, Sichuan, Tianjin and other provinces and municipalities. In 2022, an one-million-ton high-grade packaging paper project was officially put into operation at Guangdong Shanying, which considerably increases the production capacity of Guangdong Shanying base. Our projects under construction include the 770,000-ton papermaking project in Zhejiang Shanying, Phase I project of 300,000 tons of corrugated paper and 100,000 tons of straw pulp in Jilin Shanying, and Phase I papermaking project of 200,000 tons of wheat-straw pulp, 400,000 tons of wood-chip pulp and 1.8 million tons of packaging paper in Suzhou Shanying.

We continue to expand our operations overseas to further ensure the supply of high-quality raw materials from the upstream. By conducting recycled fiber trade at the main sources of recycled pulp and recycled fibers, we have access to long fibers of excellent quality and increase the production capacity of pulp paper. Phoenix Paper in the U.S., a holding subsidiary of Shanying International, reaches a production capacity of 360 thousand tons of cultural pulp paper of multiple varieties. In addition, our 700,000-ton recycled pulp project in Thailand (Golden Dragon), and 400,000-ton recycled pulp project in Thailand (Prachin Buri) have come on stream, while a part of the 320,000-ton recycled pulp project in the U.K. and the Netherlands has been put into operation. A wholly-owned subsidiary of the Company, Cycle Link, develops trade at the main sources of recycled fibers in North America and Europe, with the annual trade volume of recycled fibers overseas reaching 2.45 million tons.

Meanwhile, we also promote the development of renewable resource recovery in China. The stable supply of resources is guaranteed by means of the construction of renewable resource recovery center and network online and offline, integrated industry chain and cooperation with downstream customers.

Shanying International incorporates Ningbo Deeploop and Yunrong Technology in its sector of renewable resource recovery, and pushes ahead the development of renewable resource recovery in China combining online and offline measures. As for the offline end, Ningbo Deeploop accelerates its construction of urban renewable resource sorting centers; and at the online end, we establish the renewable resource recovery network platform through Yunrong Technology to strengthen the management of renewable resources. Moreover, through the construction of urban renewable resource sorting centers, we serve the government and the community and improve the efficiency of urban renewable resource management. With the acceleration of the construction of urban renewable resource sorting centers, we can serve the government and the community by means of the new multi-network integration mode that covers refuse classification, urban and rural sanitation and renewable resource utilization, and construct the “full-category, all-region, integrated + public service” renewable resource recovery system. In 2022, our full-category resource recycling reached 161 thousand tons.

● Strategic Position and Core Business Competence of Ningbo Deeploop



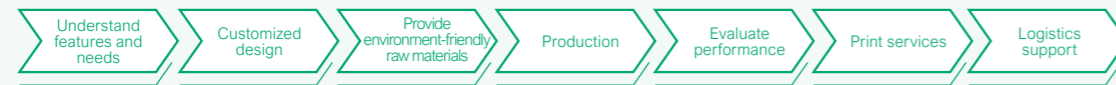
We give full play to the cooperative effect of the integrated industry chain and promote the efficient utilization of resources. Relying on industry chain integration, we can acquire information about recycled fibers and base paper in a more timely and accurate manner, timely adjust the pricing strategies for raw materials and products and reduce internal inventory and stocks, thus enhancing the delivery capability. We have also established channels for waste paper procurement and base paper sales, and cooperated with packaging subsidiaries and end customers at the downstream to establish the channel for recycled fibers procurement, so as to directly acquire recycled fibers with quality and quantity guaranteed. By doing so, we assure the stable and continuous production of base paper and reduce resource waste.

Integrated Solutions

Shanying International puts continuous efforts to explore and realize integrated service solutions. We drive innovation, production and high-quality delivery oriented on customer demand, and provide excellent solutions for the industry and customers. In 2022, we established the "key customer" management system, aiming to develop customized service solutions that integrate papermaking and packaging based on customer needs and thus promote integration of services.

Offer Integrated Solutions Centering on Customer Needs

The Company has had in-depth communication with a furniture and building materials retail customer to understand customers' product features and needs. On this ground, the Company has customized a comprehensive carton packaging solution, provided whole-process services including raw materials, production, verification, print and logistics support, and therefore supplied the customer with a full-process, efficient and sustainable carton packaging solution.

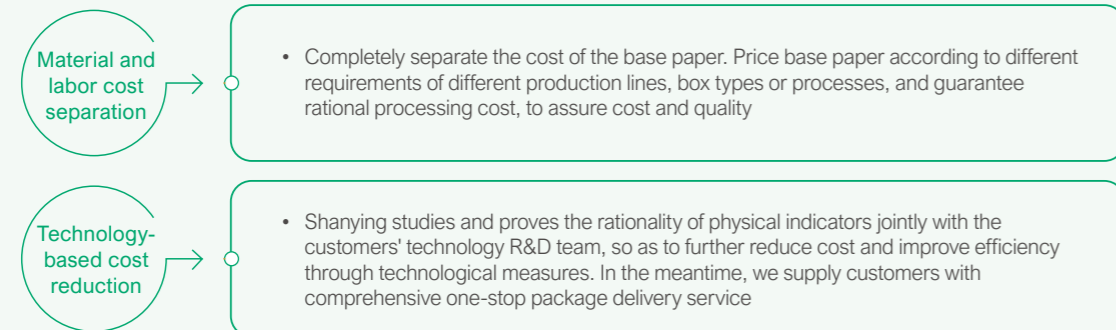


Upon our understanding of the product features, we design the packages according to different product sizes and shapes, make cartons with high-quality, environment-friendly and recyclable materials, and offer extra protection using other environment-friendly materials. In the meantime, we conduct laboratory test and verification for products to guarantee the optimum protection performance of the packaging solution.

In addition, we also provide print and logistics support services for customers. We cooperate with the logistics company to monitor the cargo status during transportation, and timely adopt measures to ensure the safe delivery of products at their destination.

Customize Solutions Centering on Customer Needs

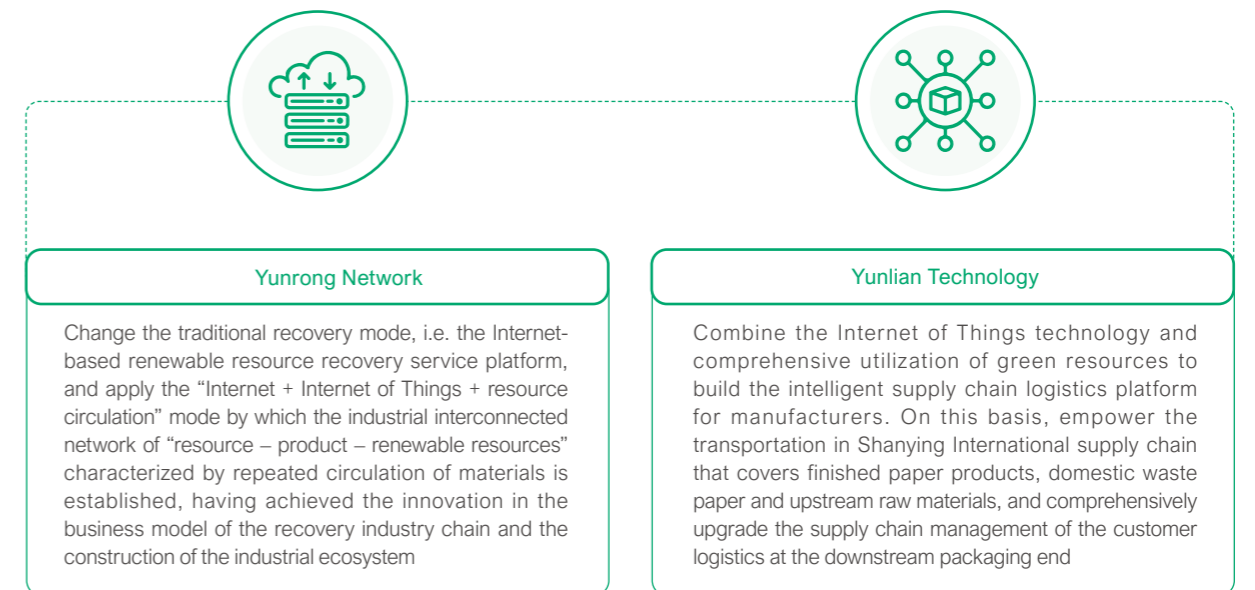
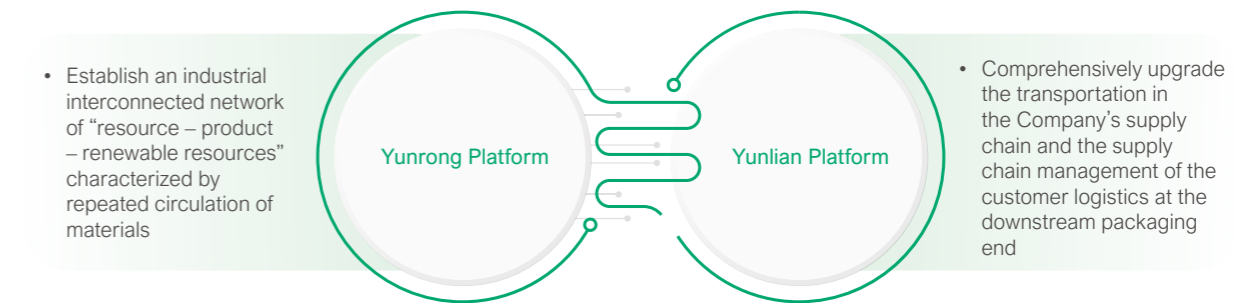
One of our customers in the electronic information industry is suffering from high defect rate of packages and price inequality. In this context, Shanying International satisfies customers' core demands to reduce cost and improve efficiency by two means: material and labor cost separation and technology-based cost reduction. By doing so, we not only achieve papermaking-packaging integration, but also help customers realize their ultimate goal of cost reduction and efficiency improvement, thus co-creating long-term value with customers.



Industrial Interconnected Eco-platform

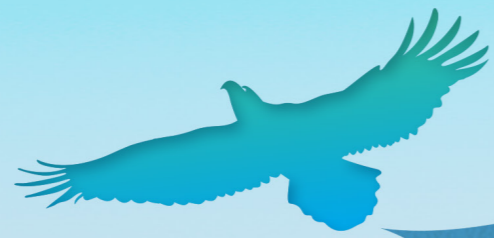
With long-term efforts in the upstream and downstream of the papermaking and packaging industry chain, Shanying International has aggregated deep industry insights and rich professional resources. Through its "Yunrong, Yunlian" industrial Internet eco-platform that covers the whole papermaking and packaging industry chain, it serves the recycled fiber recovery and industrial transportation optimization in China, creates an interconnected and harmonious eco-system for the industry, and achieves the innovation in business models and operation transformation.

Industrial Interconnected Eco-platform



In the future, Shanying International will leverage its advantage in integrated industry chain that includes recycled fibers, papermaking and packaging, cooperate with packaging partners to build the industrial Internet to satisfy downstream customers' demand, and find the third road leading to industry upgrading. In this way, we can achieve light-asset investment, high-efficiency operation and ecological development.

Practices of Sustainable Development



Environmental Responsibility | Environmental Management System



By December 31, 2022, **more than 30** subsidiaries have obtained the ISO 14001 environmental management system certification.

Adhering to the idea of "Ecological Shanying, Centennial Foundation" and the environmental protection policy of "regulation compliance, pollution prevention and control, energy conservation and harmonious development," Shanying International strictly observes the *Environmental Protection Law of the People's Republic of China*, *National Environmental Policy Act* and other domestic and foreign laws and regulations to establish the environmental management system that covers all levels from the Company headquarters to subsidiaries.

The Health, Safety and Environment (HSE) Management Committee has been established with the Company President as the Director, and with members of the headquarters management team and heads of headquarters centers and business units as the committee members. The Committee will be responsible for guiding, supervising and urging environmental management of the group including resource management and emissions management.

In addition to developing management regulations such as the *HSE Management Regulations*, Shanying International also requires its subsidiaries to develop environmental management system and goals according to local and industrial requirements. In the meantime, the Company incorporates environmental management goals into enterprises' annual management goals, thus to promote environmental management through appraisal, incentives and punishments. Subsidiaries constantly improve their environmental management ability by strengthening managing organization construction, upholding compliant management, formulating environmental protection improvement plan and organizing environmental protection-themed training. During the reporting period, the Company has paid environmental protection-related taxes and charges of CNY 2.9919 million. No incident of violating environmental protection laws and regulations has occurred in the Company in this period.

Environmental Management Measures and Progress in 2022



Seven subsidiaries of Shanying International have been incorporated in the list of key pollutant discharging units, including Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Guangdong Shanying, Aituo Environmental Energy and Putian Xiangheng. The key pollutant discharging units of the Company observe the *Management Measures for Legal Disclosure of Enterprise Environmental Information* and other relevant regulations, and carry out online monitoring of pollutants, environmental information disclosure, development of emergency plans for sudden environmental incidents and some other measures. During the reporting period, the seven subsidiaries maintained normal operation of environmental protection facilities and had no excessive emissions.

Resource Management

Energy Management

The energy consumed during operation (including production and daily office work) consists of electricity, raw coal, natural gas, steam and diesel and gasoline used by company-owned vehicles.

Actively responding to the national goal of "carbon peaking by 2030 and carbon neutrality by 2060," we have formulated the development strategy accordingly, established the carbon management system, developed the management regulations and energy saving management regulations, and carried out several measures on energy conservation and low-carbon transformation of energy. For instance, we have launched the projects of technology innovation for carbon reduction, carried out clean energy projects, and increased the ratio of alternative fuel use. See more details about energy saving and emissions reduction in the section *Explore the Beauty and Seek a New Green Picture through Carbon Reduction – Carbon Neutrality Journey of Shanying International*.

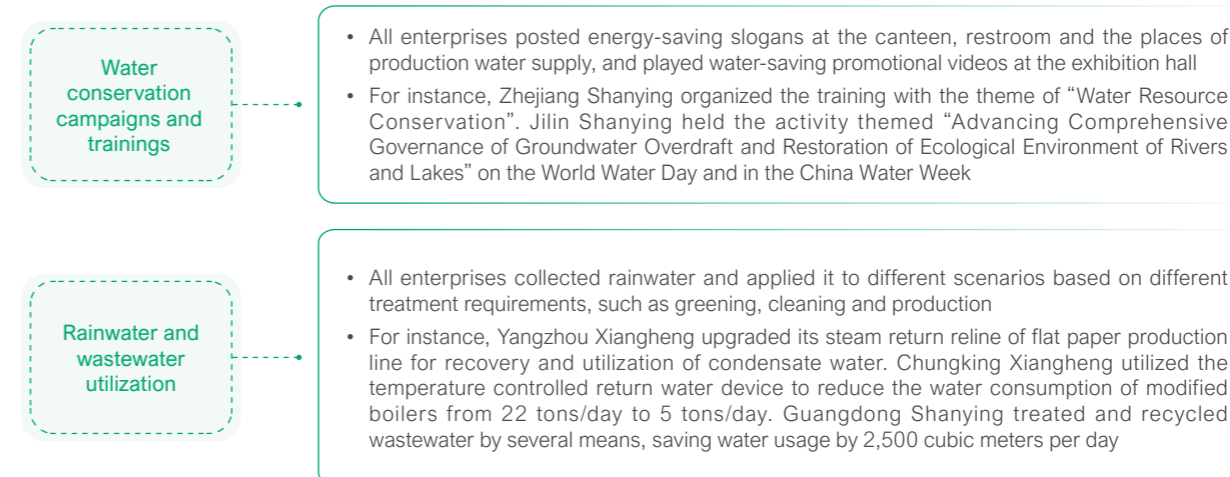
Water Management

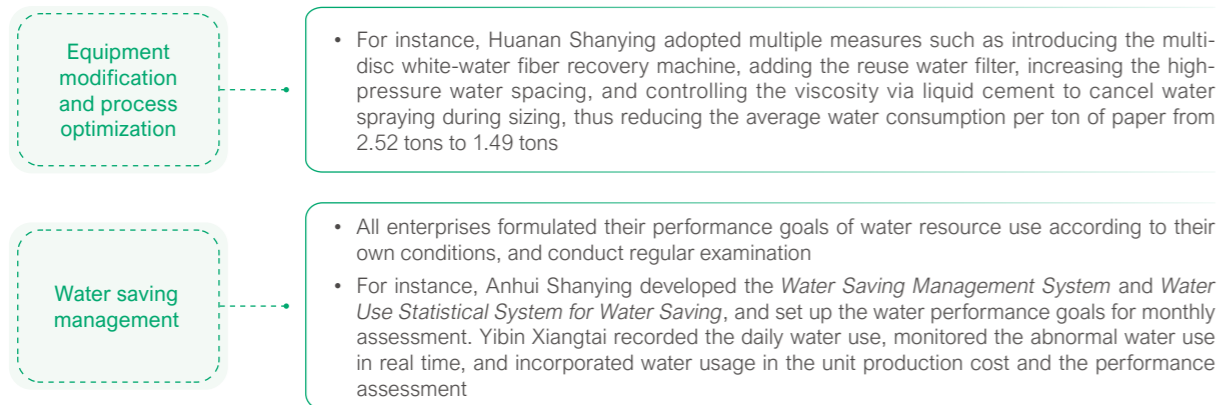
Water used in the operation of Shanying International (including production and daily office work) is mainly sourced from surface water, municipal water supply, rainwater and reclaimed water.

The Company strictly abides by the *Water Law of the People's Republic of China*, *Regulations on the Administration of Water Intaking Licenses and Water Resources Fee Collection*, and other relevant laws and regulations. For using of surface water, the Company has acquired the license according to the rules, paid the water resources fee timely, and exerted no significant environmental impacts in terms of water using.

We are committed to water protection and conservation and scientific and reasonable use of water. Subsidiaries have developed their own water saving management regulations, and adopted such measures as water conservation campaigns and trainings, rainwater and wastewater utilization, equipment modification and process optimization and water saving management, to improve water resource utilization rate and lower water resource consumption.

Water Saving Management Measures and Progress in 2022





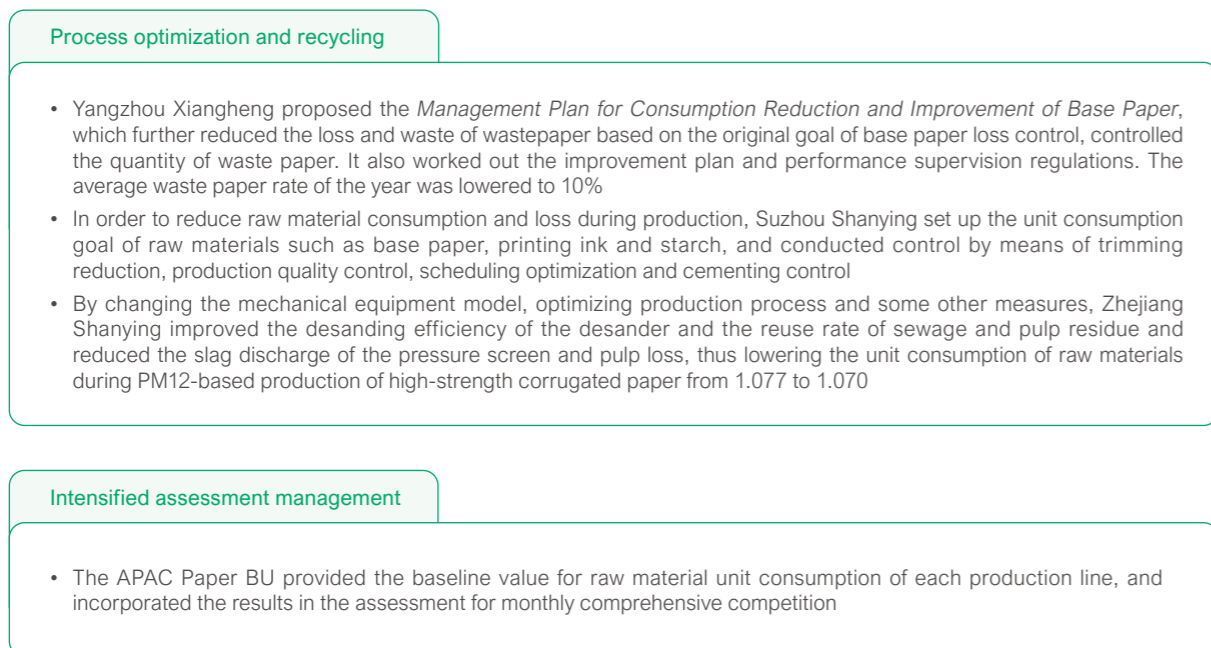
Raw Materials and Packages Management

Shanying International mainly adopts recycled fibers (waste paper in China etc.) and virgin fibers (wood fibers, bamboo fibers, etc.) as the raw materials of papermaking, and base paper, starch, printing ink, etc. as the raw materials of packaging. Packages used by the Company mainly include coated paper and packing strap.

By developing the *Measurement Management Regulations*, *Warehouse Management Regulations*, *Raw Materials Inventory Regulations* and *Logistics Management Regulations*, the Company regulates the warehouse inbound and outbound, storage and transportation of raw materials.

We constantly reduce the loss and waste of raw materials and packages through lean management. In the meantime, we vigorously develop green and low-carbon circular economy, actively advance the entire life-time carbon neutrality of products, and reduce environmental impacts of raw materials by means of material innovation, process optimization and recycling, and intensified assessment management.

Raw Materials Management Measures and Progress in 2022



Emissions Management

Wastewater Management

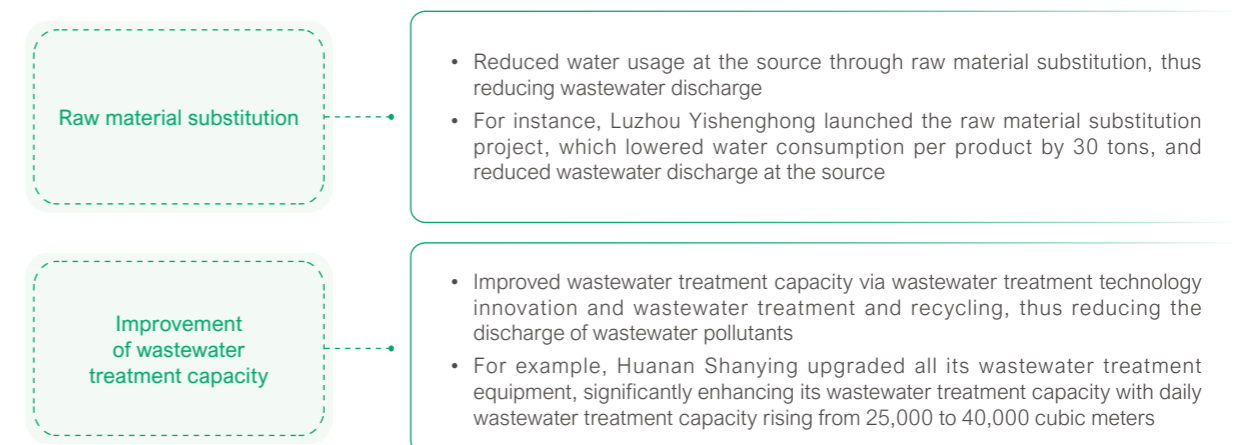
The wastewater produced by Shanying International mainly comprises industrial wastewater and domestic sewage. In strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, *Discharge Standard of Water Pollutants for Pulp and Paper Industry*, *Integrated Water Discharge Standard* and other relevant laws, regulations and rules, the Company develops the *Wastewater Pollutant Discharge Management Regulations* and *Online Pollutant Monitoring Facilities Management Regulations*, which regulate the wastewater treatment, monitoring and discharge of the Company and avoid environmental pollution caused by wastewater discharge.

Wastewater Treatment and Discharge

Types of Wastewater	Monitored Indicators	Treatment Methods	Discharge Methods
Domestic sewage	<ul style="list-style-type: none"> Chemical oxygen demand (COD), biochemical oxygen demand in five days (BOD₅), suspended solids (SS), ammonia nitrogen, etc. 	<ul style="list-style-type: none"> Oil separation treatment for canteen wastewater Septic tank treatment for other domestic sewage 	<ul style="list-style-type: none"> Up-to-standard treated wastewater discharged to the municipal pipe network
Wastewater from papermaking	<ul style="list-style-type: none"> COD, BOD₅, SS, ammonia nitrogen, etc. 	<ul style="list-style-type: none"> Advanced anaerobic system + aerobic system + Fenton oxidation tertiary chemical treatment process (sand filtration devices introduced to some subsidiaries) Pollutant concentration far lower than that specified in the national standard 	<ul style="list-style-type: none"> Up-to-standard treated wastewater discharged to the municipal pipe network or external environment
Wastewater from packaging	<ul style="list-style-type: none"> COD, SS, ammonia nitrogen, etc. 	<ul style="list-style-type: none"> Treated with the enterprise's wastewater treatment facilities or a third party entrusted 	<ul style="list-style-type: none"> Up-to-standard treated wastewater discharged to the municipal pipe network, or recycled by the enterprise

By means of raw material substitution, improvement of wastewater treatment capacity and other measures, the Company has strengthened wastewater control, and lowered the impacts of wastewater on local environment.

Wastewater Management Measures and Progress in 2022



Emissions Management

Emissions produced by Shanying International are mainly caused by product manufacturing and sewage treatment. In accordance with *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Emission Standard of Air Pollutants for Thermal Power Plants (GB 13223-2011)*, *Emission Standard of Air Pollutants for Boiler (GB 13271-2014)* and other relevant laws, regulations and rules, the Company has developed the *Emissions Pollutant Discharge Management Regulations* and *Online Pollutant Monitoring Facilities Management Regulations*, to regulate the emissions treatment, monitoring and discharge of the Company and avoid environmental pollution caused by emissions discharge.

● Emissions Treatment and Discharge

Types of Emissions	Monitored Indicators	Treatment Methods	Discharge Methods
Emissions from papermaking	<ul style="list-style-type: none"> Dust, smoke, sulfur dioxide (SO₂), nitrogen oxide (NO_x), offensive smell, etc. 	<ul style="list-style-type: none"> Adopted mature and reliable emissions pollution prevention and control technology and equipment Carried out ultra-low emissions transformation to reduce the concentration of atmospheric pollutant discharge 	<ul style="list-style-type: none"> Up-to-standard treated emissions discharged to the air through the chimney
Emissions from packaging	<ul style="list-style-type: none"> Volatile organic compounds (VOCs), particulate matters, etc. 	<ul style="list-style-type: none"> Collected organic waste gas and treated it with photocatalytic oxidation + activated carbon absorption equipment 	<ul style="list-style-type: none"> Up-to-standard treated emissions discharged to the air through the chimney

We actively respond to relevant requirements of China specified in the *Three-year Action Plan to Fight Air Pollution*, *Circular on Further Promoting the Nationwide Battle to Prevent and Control Pollution*, etc. by strengthening the emissions control ability. On one hand, we reduce emissions at the source through technological innovation; on the other hand, by means of ultra-low emissions transformation of the coal-burning boilers and combined heat and power generation units and emissions treatment technology research and development, we improve our emissions treatment capacity, reduce atmospheric pollutant discharge, and support the fight against air pollution.



In 2022, Shanying International invented a patent, "a treatment process for papermaking emissions", which won the **Excellent China Patent Award**

Waste Management

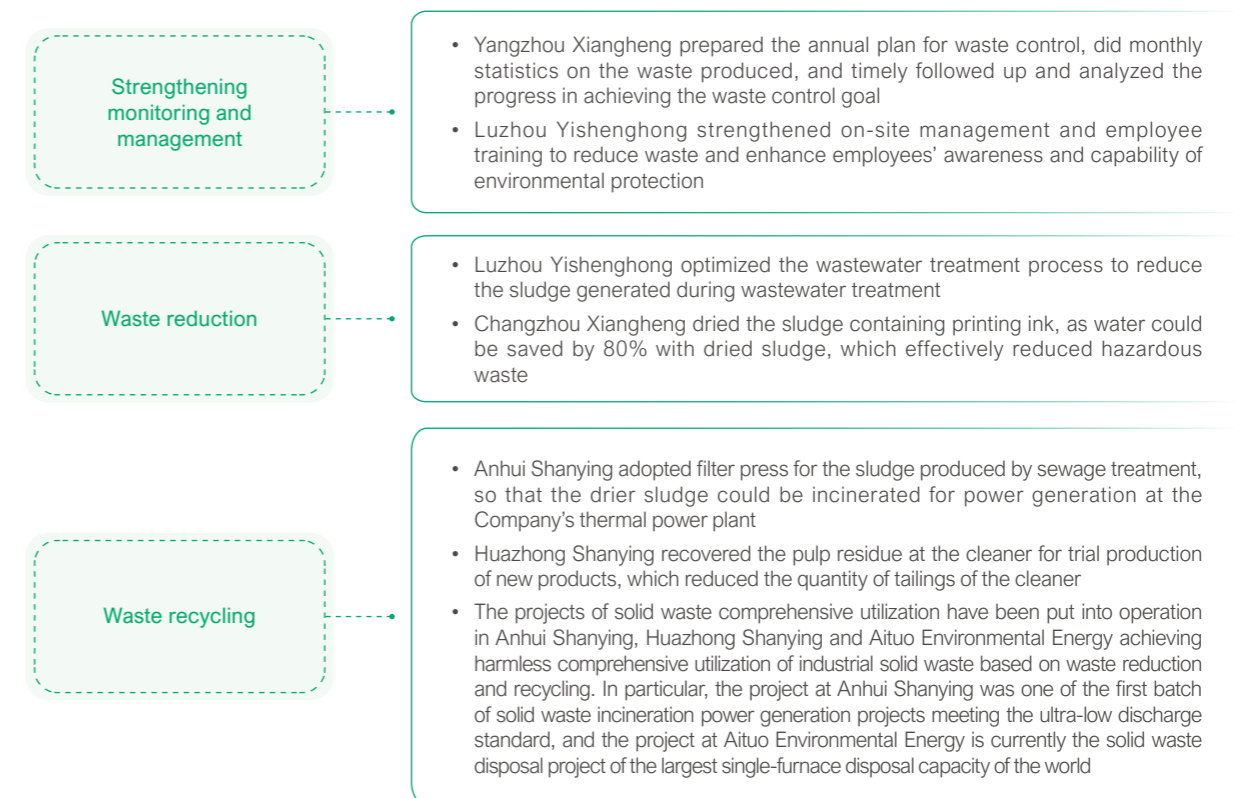
Wastes produced by Shanying International mainly come from product manufacturing and daily office work, including general industrial solid waste and hazardous waste. In accordance with the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, *National Catalogue of Hazardous Wastes (2021)* and other relevant laws, regulations and rules, the Company has formulated the *Regulations on Classification, Storage and Disposal of General Industrial Solid Waste* and *Hazardous Waste Management Regulations*, to regulate the collection, classification, storage, transportation and disposal of waste in the Company, and avoid any environmental pollution cause by leakage or other incidents.

● Types of Waste and Disposal Methods

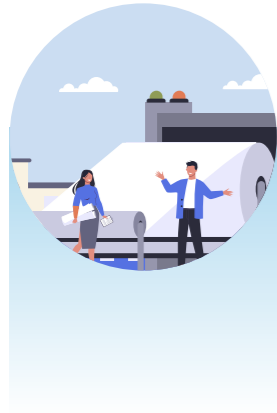
Business Types	Types of Waste	Main Waste	Disposal Methods
Papermaking	General waste	<ul style="list-style-type: none"> Coal ash, coal cinder, desulfurized gypsum, waste packaging wire, etc. 	<ul style="list-style-type: none"> Delivered to a qualified third party for disposal
	Hazardous waste	<ul style="list-style-type: none"> Waste engine oil etc. 	<ul style="list-style-type: none"> Prioritized the recovery of materials containing hazardous waste Any unrecyclable waste delivered to a qualified unit for disposal
Packaging	General waste	<ul style="list-style-type: none"> Machine accessories, waste paper, leather belt, wooden bed, strapping tape, etc. 	<ul style="list-style-type: none"> Sold to the outside, or delivered to a qualified third party for disposal
	Hazardous waste	<ul style="list-style-type: none"> Paint bucket, light tube, battery, sludge, printing ink bucket, etc. 	<ul style="list-style-type: none"> Delivered to a qualified company for disposal
Daily office work	General waste	<ul style="list-style-type: none"> Domestic garbage 	<ul style="list-style-type: none"> Delivered to local sanitation departments for centralized disposal

Furthermore, we constantly strengthen the monitoring and management over waste, and employ relevant measures to reduce and recycle waste, in order to further lower the environmental impacts of the waste produced.

● Waste Management Measures and Progress in 2022



Product and Service Responsibility



Product Quality Improvement

Whole Life-cycle Product Quality Management

Strictly complying with the *Product Quality Law of the People's Republic of China* and other relevant laws, regulations and rules, Shanying International has developed the *Raw Material Management Regulations*, *Production Management Regulations*, *Quality Management Regulations* and *Finished Product Management Regulations*. The Company constantly optimizes the measures for quality control over the production process, regulates and manages raw materials and process control and quality control over finished products, to guarantee product quality.

Quality Certification (Valid in the Reporting Period)

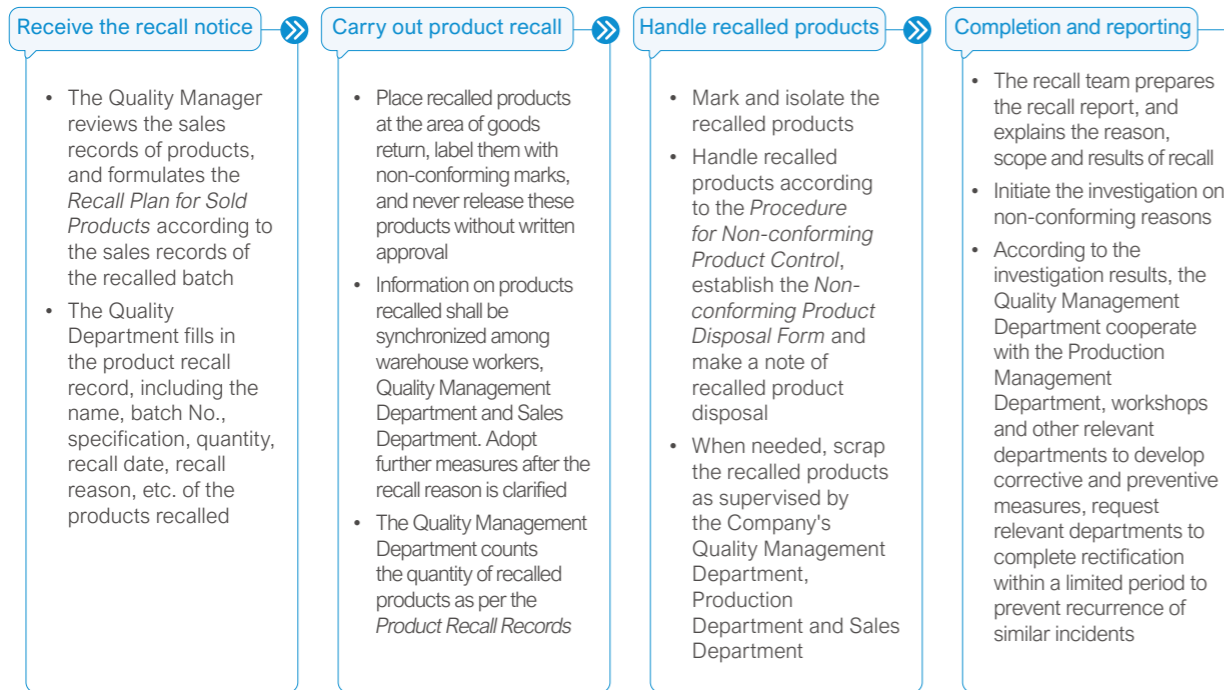
Certifications	Coverage
Quality management system ISO 9001 2015	Papermaking: Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Guangdong Shanying, Maanshan Tianshun Packaging: 28 companies including Hefei Xiangheng, Wuhan Xiangheng, Putian Xiangheng, Zhejiang Xiangheng
Graphic Measures International	Packaging: 8 companies including Putian Xiangheng, Tianjin Xiangheng, Zhejiang Xiangheng, Huadong Packaging, Hangzhou Xiangheng and Qingdao HengGuangtai.
G7 certified enterprises	Packaging: Zhejiang Xiangheng and Putian Xiangheng
FSC Standard for Chain of Custody Certification	Papermaking: Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Guangdong Shanying Packaging: 23 companies including Luzhou Yishenghong, Hefei Xiangheng, Zhejiang Xiangheng and Maanshan Xiangheng

Production Quality Control Measures



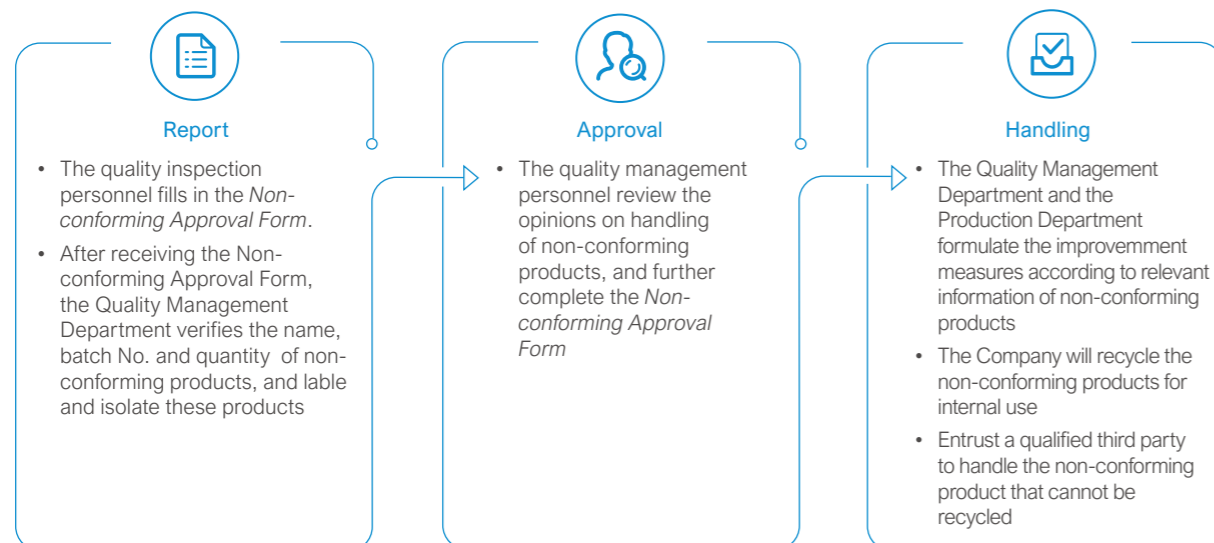
The APAC Paper BU and the Xiangheng Packaging BU have developed the product recall system, requiring that the APAC Paper BU and the Xiangheng Packaging BU should recall products according to the *Procedure for Non-conforming Product Control*, and make records at the equipment account. During the reporting period, the APAC Paper BU and the Xiangheng Packaging BU have not recalled any product. The subsidiary Maanshan Xiangheng organized 2 recall and tracing drills.

● Procedure for Product Recall



For the below-standard products identified, the Company has formulated the *Standard Operating Procedure for Handling Non-conforming Products*, to clarify the definition, requirements and handling of non-conforming products.

● Procedure for Handling of Non-conforming Products



Furthermore, the production-oriented subsidiaries establish the Quality Management Department. Responsible for the overall management of product quality, the department regularly organizes the quality analysis meeting, reviews and discusses product quality, adjusts the product quality inspection standards and methods and introduces automation equipment and new technologies pursuant to customers' requirements and industry development trend. It also establishes the reward and punishment mechanism, and constantly optimizes the quality management measures to improve product quality. In the meantime, the Company regularly provides the training for finished product monitoring personnel, so as to guarantee that they know well the Company's product quality requirements and implement product inspection accordingly. We also conduct self-test on product quality every year, cooperate with customers to launch product quality audit, and investigate and correct any defect discovered in a limited period.

● Highlights of Quality Management Measures in 2022

Huazhong Shanying	Applied the wrapping machine to the production line to reduce the product quality deviation caused by seasonal humidity and guarantee product quality
Guangdong Shanying	Linked the quality of finished products to the performance of the General Manager of the APAC Paper BU to stimulate the executives to guarantee product quality

During the reporting period, the Company's subsidiaries passed the on-site quality audit performed by several customers. There was no violation against the laws or regulations associated with product quality, and also no lawsuit arising from above matters.

Lean Management

To achieve the goal of "reducing cost continuously and pursuing zero waste relentlessly," Shanying International has established the lean management system. By integrating management principles, tools and the digital system, we have put forward a series of countermeasures or solutions to improve our organizational capability and management, consolidated project achievements through follow-up and constant improvements, and cultivated a standard process. The Company has formulated the *Methods for Lean Management of the APAC Paper BU*, and set up the Lean Management Committee to regulate lean management. During the reporting period, the Company has settled 15 lean management projects, and conducted twice on-site lean management evaluation, having reduced cost by CNY 67.11 million.

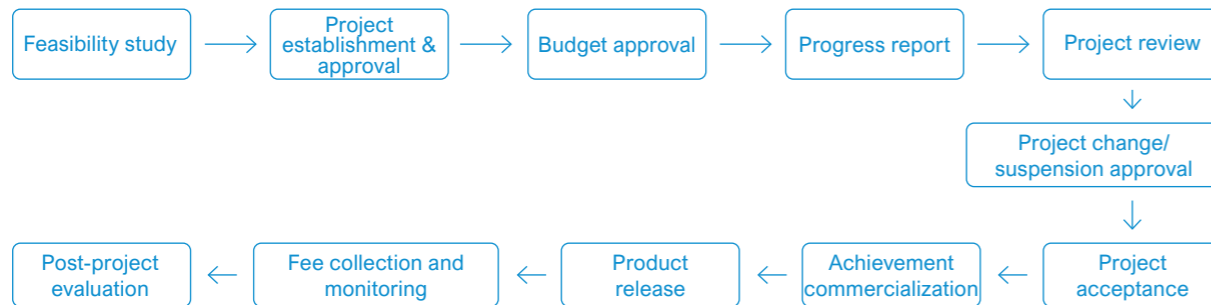
● Lean Management System

Process for Lean Improvement Project Management		
Project establishment	Project implementation and follow-up	Project settlement
<ul style="list-style-type: none"> Systematically analyze the business scenarios and opportunities for improvement by means of digital analysis, field observation, brainstorming, value stream map analysis and benchmarking Prepare the improvement map for the enterprise, machine and team, and implement improvements based on the priority level Formulate the annual plan for lean projects and report it to the Business Unit for record 	<ul style="list-style-type: none"> Develop the concrete and workable improvement plans according to the five-step method for 6-sigma projects (Define, Measure, Analysis, Improve, Control, DMAIC), and clarify the person in charge, implementation progress, etc Record the implementation in details and report the progress monthly Fill in and submit a new <i>Improvement Plan Establishment Form</i> according to the original project establishment process in case of any deviation during implementation 	<ul style="list-style-type: none"> Fill in the <i>Improvement Plan Settlement Form</i> and <i>Report on Lean Improvement Project</i>, and submit them to relevant departments for record Standardize the operation and consolidate the achievements by standardizing the operation instructions and developing and optimizing the process Follow up the project for three months to consolidate the project achievements and make constant improvements Acquire approval level by level according to the process for the revenues from the project

R&D Innovation

Shanying International attaches importance to R&D Innovation. We have formulated the *Innovation and Research and Development Management Regulations* to constantly improve the innovation and R&D management as well as the design development process, and also strengthened the investment in R&D and R&D talent cultivation to raise the level of R&D innovation, thus further achieving the goal of “setting the energy efficiency benchmarks for the industry”.

Procedure for R&D Management



The Company has set up the R&D and testing centers and enterprise technology centers at the provincial level. Through independent R&D and external cooperation, the Company not only studies how to raise the waste paper output ratio, but also explores the feasibility of using other non-wood resources, turns waste into treasure, and enables cleaner and more efficient energy utilization. During the reporting period, our three major R&D innovation centers in Qingdao, Suzhou and Shanghai have focused on different areas and jointly contributed to the development of the Company.

We have built our independent R&D team through the construction of postdoctoral workstation, management trainee development and introduction of domestic and foreign talent. In the meantime, we have also formulated the *Brand and Intellectual Property Management Regulations* to strengthen the incentives and rewards to R&D talent and encourage R&D innovation projects. By the end of the reporting period, we have established R&D platforms at all levels including the postdoctoral scientific research workstations, the provincial enterprise technology center and the recycled fibers papermaking technology research center, and gathered 1,140 members in our R&D team.

We emphasize technological innovation and develop the process of higher quality and better environmental performance to supply customers with quality products and lead the high-quality development of the whole industry.

Introduction to Technological Innovation Products (Partial)

<p>Cold-chain honeycomb box</p>	<ul style="list-style-type: none"> • Zhongshan Xiangheng developed the “cold-chain honeycomb box” to replace the conventional KT board cold chain and EPS foam box that cannot be recycled • Leveraging the characteristics of honeycomb cardboard and combining the insulated, waterproof and impermeable aluminum foil, the “cold-chain honeycomb box” can be applied to the logistics of fruits and fresh food, frozen storage packaging and traditional cold-chain packaging • In addition to the excellent moisture-proof and heat-insulation performance, the “cold-chain honeycomb box” applies completely recyclable materials, contributing to the realization of the carbon neutrality goal
<p>“Snow White+”</p>	<ul style="list-style-type: none"> • Guangdong Shanying made breakthroughs in R&D by developing the white extensible paper. Overcoming the technical difficulties in white, high-porosity, high-strength extensible paper, it successfully developed the paper product with the permeability exceeding 25um/pa.s and the physical strength meeting the standard for high-strength bag paper

R&D Achievements

2022

2 postdoctoral workstations 9 hi-tech enterprises 3 R&D and testing centers

Obtained **1,020** effective authorizations in total

R&D investment
CNY **830.9225** million

Including **82** invention patents **888** utility model patents

50 industrial design patents

1 Silver China Patent Award and **4** Excellent China Patent Awards

The liner board paper (T paper) independently developed by Anhui Shanying and three kinds of kraft board paper were selected in the “*List of Green Manufacturing*” of the Ministry of Industry and Information Technology of the People's of Republic China

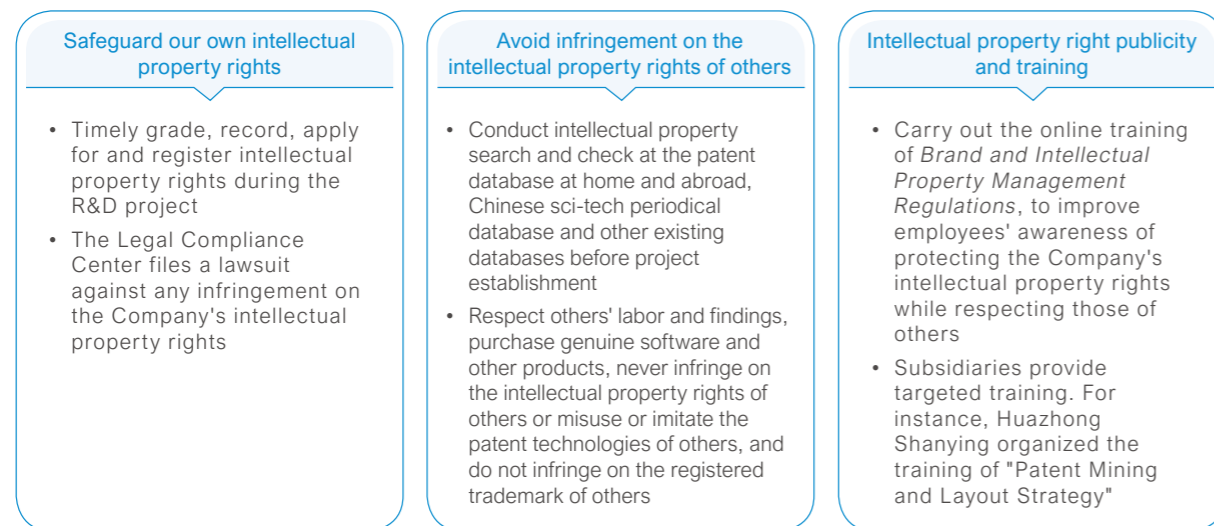


Intellectual Property Protection

In strict compliance with the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, *Measures for the Registration of Computer Software Copyright* and other relevant laws, regulations and rules, Shanying International has formulated the *Brand and Intellectual Property Management Regulations* to standardize the management of intellectual property rights.

The Company assigns special personnel to be responsible for intellectual property rights at the headquarters and has special personnel assist in intellectual property management. It also regularly reviews the intellectual property management system, and constantly optimizes its measures for intellectual property management. In addition, we strengthen the management over the protection of intellectual property rights, to safeguard our own intellectual property rights while ensuring no infringement on the intellectual property of others.

Intellectual Property Management Measures



During the reporting period, the Company was selected in the list of "2022 National Intellectual Property Demonstration Enterprises", with its several subsidiaries receiving multiple certifications in terms of intellectual property management.

Huanan Shanying met the requirements of the *Enterprise Intellectual Property Management* (GB/T 29490-2013), and was recognized as the **National Dominant Enterprises in Intellectual Property**.

Anhui Shanying was recognized as the **National Intellectual Property Demonstration Enterprises**

Zhejiang Shanying was selected as the **Intellectual Property Demonstration Enterprises in Zhejiang Province**

Luzhou Yishenghong Packaging passed the **Enterprise Intellectual Property Management System Specification** (GB/T 294290-2013)

Build a Responsible Supply Chain

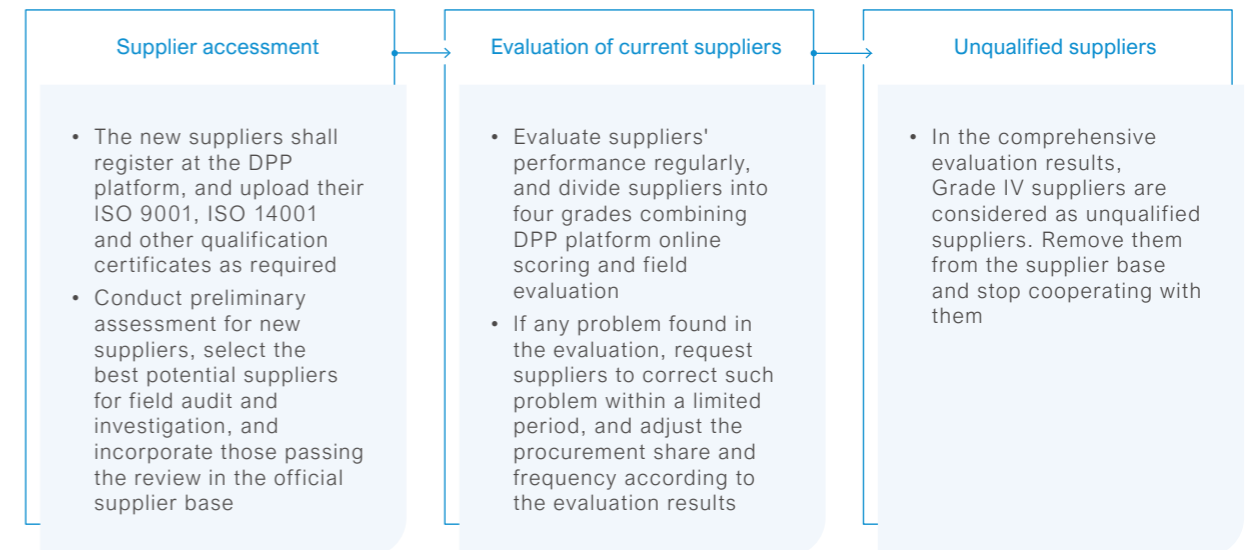
Shanying International has formulated the *Supplier Management Regulations*, *Procurement Management Regulations* and *Domestic Waste Paper Management Regulations* to regulate and manage all nodes in the supply chain and constantly optimize management measures. The suppliers of the Company can be categorized into production, trade, agency and service suppliers, and into Grade I, II, III and IV based on the supplier performance evaluation results. We have built a diverse supplier base to ensure timely and high-quality production within the scheduled period, thus guaranteeing our timely and high-quality delivery of goods.

Supply Chain Quality Management

The Company develops the supplier evaluation system based on five major dimensions, i.e., safety, quality, deliverable, cost and environment (SQDCE), and conducts supplier evaluation regularly. Any problem discovered in the evaluation shall be corrected by the supplier within a limited period, and the procurement share and frequency shall be adjusted accordingly. During the reporting period, the Company has conducted quality evaluation over 4 key suppliers, 100% of which has passed the evaluation.

In the meantime, we carry out supplier exchange and training activities regularly to help suppliers understand the culture and brand of Shanying International. Through honor and other incentives, we stimulate suppliers to constantly improve their quality management.

Supplier Management Process

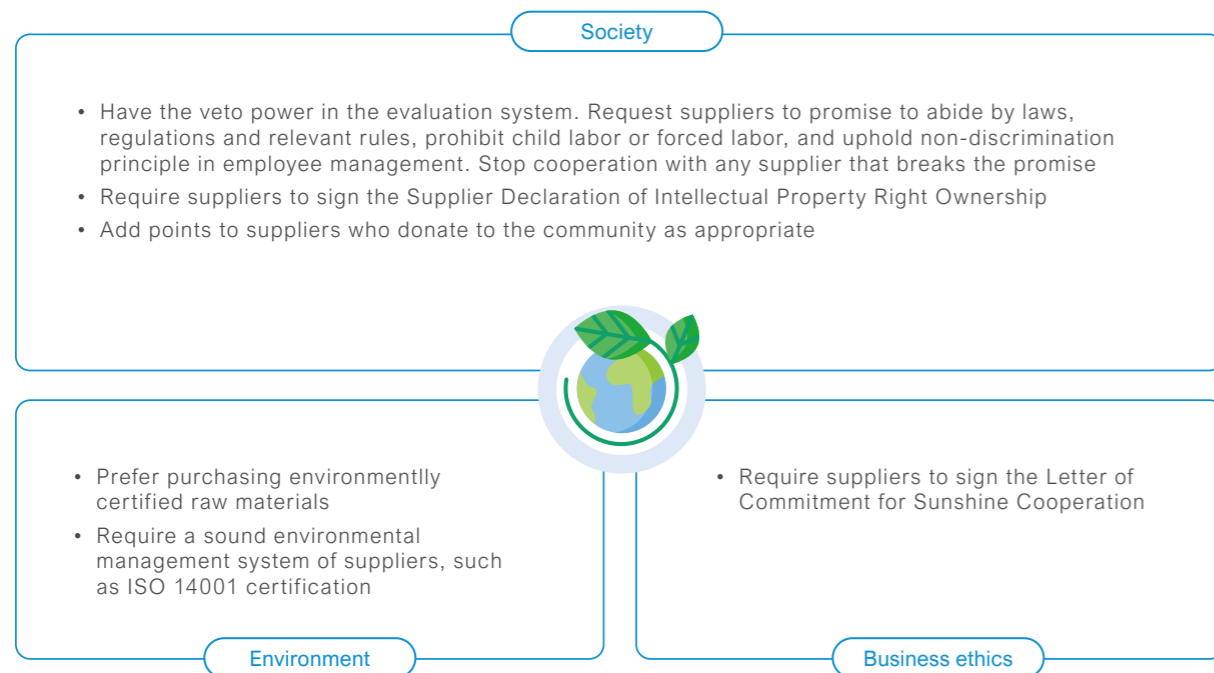


Environmental and Social Management of Supply Chain

Being aware of the environmental and social impacts of the Company's procurement, Shanying International actively practices the principle of sustainable procurement, and gives priority to the suppliers with ISO 14001 and FSC qualifications for cooperation. In the meantime, the Company will cooperate with suppliers to reduce environmental impacts through technology innovation and energy conservation.

By 2022, the Company has conducted assessment including environmental and social management indicators for more than **700** suppliers

● Measures of Sustainable Procurement



Customer Service Management

Customer Service Management System

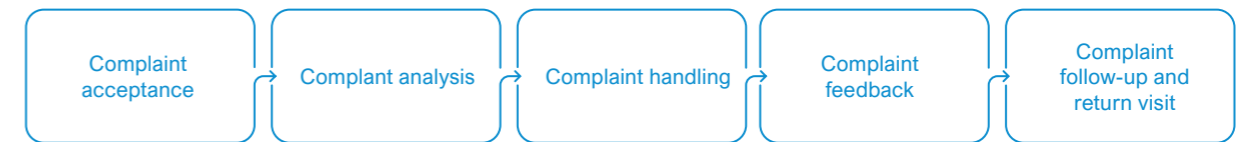
Shanying International attaches importance to improving customer service. In strict accordance with the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, we have developed the *Sales Management Regulations* and built diverse customer communication channels such as sales specialists, hotline, WeChat official account and e-mail.

We conduct regular customer satisfaction survey and monthly after-sale meeting to better understand customer demand and improve our service. In addition, we analyze customers' problems and complaints, and adopt improvement measures accordingly to enhance customer satisfaction.



In 2022, the customer satisfaction reached **94%** according to the investigation, with **100%** complaints handled

● Procedure for Customer Complaint Handling



Responsible Marketing

To guarantee the accuracy of publicized information, the Company has developed the *Brand and Intellectual Property Management Regulations* and *Information Disclosure Regulations*, which establish a sound external information review process and improve publicity risk management. Moreover, the Company strengthens the training for sales specialists and customer service personnel, and enhances customer service personnel's awareness of responsible marketing.

● Information Review Process and Requirements

Review Process		
Business Unit	Public Affairs Center	Securities Department
Prepare information for its industry and products	Guarantee that the information is consistent with the Company's brand and culture and complies with the requirements in the <i>Brand and Intellectual Property Management Regulations</i>	Review whether the external information complies with the requirements specified in the <i>Information Disclosure Regulations</i> , and safeguard investors' rights and interests
Review Requirements		
<ul style="list-style-type: none"> • Do not make false or misleading commercial advertisements about the feature, function, quality, sales status, user appraisal, honors, etc. of products, or deceive or mislead consumers • Do not help other business operators make false or misleading commercial advertisements by conducting false trading or fabricate or disseminate false or misleading information to damage the goodwill of a competitor or the reputation of its products • It is strictly prohibited to publish any content or speech that violates national laws and regulations, public morality or the values of Shanying International. We should also observe the regulations on enterprise information security 		

During the reporting period, there was no violation against the laws or regulations associated with marketing, and also no lawsuit arising from above matters.

Employee Management Responsibility



Employee Rights and Benefits

In strict compliance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other relevant laws, regulations and rules, Shanying International has developed the *Human Resources Management Regulations* and *Management Measures for Punishment and Accountability* to regulate the management over employee recruitment and employment. During the reporting period, there was no violation against the laws or regulations associated with employee employment and dismissal, working hours and holidays, promotion and equal opportunities, etc.

Talent Management System

Principles	Values first, open minded towards talent, appropriate position for appropriate talent, cultivation before promotion
Strategy	Attract talent with excellent culture, retain talent with competitive benefits, inspire talent with value sharing, cultivate talent with efficient investment, and educate talent with an open platform
Regulations	<p><i>Human Resources Management Regulations</i></p> <ul style="list-style-type: none"> Employment: Prohibit forced or child labor, assure the compliance of recruitment, and safeguard job hunters' legal rights and benefits Promotion: With the concept of "determining the position based on capability, assigning appropriate talent to appropriate position", carry out regular performance assessment and provide appropriate training for professional and managerial employees

Huazhong Shanying was titled as the "Model Home for Employees in Jingzhou"



Company employees are divided into labor contract workers, dispatched workers, post-retirement workers and interns. The Company pays "five social insurances (endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and housing fund" for labor contract workers, with the social security coverage reaching 100%, and purchases commercial insurances for interns and post-retirement workers. Meanwhile, the trade union has been established by the Company, and the representatives of the trade union will sign the *Collective Agreement* with the Company to safeguard employees' legal rights and benefits. In daily work, the Company cares about employees' work, life and health needs, and optimizes their rights and benefits and the welfare management measures, such as the employee canteen, employee dormitory, paid leave, support to employees in difficulty and equity incentives.

Employee Equality and Diversity

Shanying International values diversity, equality and inclusiveness, and has "zero tolerance" policy for workplace discrimination and harassment. In strict accordance with the *Employment Promotion Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Women's Rights and Interests* and other relevant laws, regulations and rules, we have developed the *General Principles of Human Resources Management (Applicable Outside China) Trial Version*, and actively adopted measures to avoid workplace discrimination and harassment. During the reporting period, there was no workplace discrimination or harassment occurring in the Company.

Advocating gender equality, we have been raising the proportion of female managers, supporting the development of female employees and removing the obstacles in their career development. In 2022, female managers accounted for 19.16% of all managers in the Company; and over a hundred female employees were cultivated as the back-up for middle and senior management, occupying 20% of the middle and senior management reserve.

We have offices in many places in China such as Shanghai, Suzhou and Wuhan and also in several countries such as the United States and Canada, and employ local residents. In order to promote the interaction and communication among employees of different cultural background and nationalities, we have organized cross-cultural training and created diverse and inclusive working atmosphere.

We also pay attention to the employment of the disabled. With a sound employment system and management mechanism for the disabled, we provide rights and benefits such as salary and social security for each disabled employee, and help them live a better life. We provide convenient experience for disabled employees by constructing accessible infrastructure according to the *Code for Accessibility Design*. During the reporting period, we have offered jobs to more than 900 persons with disabilities. Our subsidiary Zhejiang Xiangheng was selected as "2022 Top 100 Enterprises for Employing Disabled Persons in Zhejiang Province" by Zhejiang Provincial Disabled Persons' Federation.

Measures for Caring for Disabled Employees

Infrastructure	Training and Development	Daily care
<ul style="list-style-type: none"> Lay no-step passages, reduce thresholds, equip special restrooms for the disabled, and provide high and low wash basins and handrails 	<ul style="list-style-type: none"> Hire external deaf-mute teachers to provide safety training for the deaf and mute, etc. Set up a public welfare workshop (for simple handwork), which employs employees with severe disability to increase their income 	<ul style="list-style-type: none"> Assign special personnel to help disabled employees adapt to the working environment Release gift packs to disabled employees on the Disabled Day

Care for and Communication with Employees

Having employees at heart, Shanying International actively organizes recreational and sports activities, holiday activities and aid employees in difficulty, to create a warm workplace environment.

Employee Care Actions in 2022

Holiday activities	<ul style="list-style-type: none"> Organized the dinner on the Spring Festival's Eve and Spring Festival celebration activities for employees staying where they work during the holiday, such as the Tiger Year Tug-of-War
Care for women	<ul style="list-style-type: none"> Carried out "You Are the Most Beautiful" Women's Day event, including health lecture, flower DIY and some other activities Provided the welfare card exclusive for female employees
Support to employees in difficulty	<ul style="list-style-type: none"> Set up the "Shanying Love Foundation" and aid employees in financial difficulty. In 2022, we offered help to many employees who suffered from critical illnesses or major property loss or injury due to natural disaster or accident as well as employees' children who had difficulty attending school

The Company has developed the *Management Method for Reasonable Suggestions*. We have established the multi-channel employee communication system such as the workers' congress, "Shanying intelligent HR platform" and Chairman's mailbox, thus actively communicating with employees, understanding their thoughts about life and work, handling their complaints and enhancing their sense of happiness. In the meantime, emphasizing communications with employees, the Company's management carries out employee satisfaction survey regularly, organizes the employee symposium, shortens the distance with employees, and increases the interaction with employees.

Employee Growth and Development

Employee Training

At Shanying International, we attach importance to the development of employees. We constantly improve the employee training system and collaborate with internal and external resources of provide training for new employees, special-position employees and managers, in order to satisfy employees' demand for capability improvement and cultivate more excellent employees. In 2022, with a total investment in talent training reaching CNY 13.2 million (including the trade union training cost), 97.08% employees have accepted training sessions.

Employee Training System

	Attendees	Goals	Contents
Onboarding training	New employees	Reduce the time for employees to adapt to the working environment, and help employees integrate into the Company rapidly	Corporate culture, management regulations, etc.
General ability training	All employees	Improve employees' professional quality	Business etiquette, interpersonal communication, etc.
Professional competence training	Technical staff	Improve employees' professional competence through "master instructing apprentice" model and offline training	Professional expertise and practical operation of the position, etc.
Production and operation training	Production and operation staff	Enhance employees' understanding of production and operation	Production Management Regulations, procedure for production, etc.
Sales management training	Sales staff	Improve employees' selling skills and after-sale service	Selling skills, Sales Management Regulations, procedure for customer complaint handling, etc.
Papermaking & packaging frontline production	Papermaking & packaging frontline production personnel	Improve employees' production process technology and product quality	Production Management Regulations, Quality Management Regulations and other regulations, production process, etc.
Leadership training	Management staff	Enhance management staff's comprehensive quality and leadership	Management skills, leadership development, team leading ability, etc.

Training Achievements in 2022 (Partial)

Internal training:

- Training methods: Mentorship and online and offline trainings
- More than 60 middle and senior managers of Shanying International attended "Martial-art Squat Management Workshop"
 - A total of 12 management trainees of Shanying International joined the "Shanying International Management Trainee Comprehensive Ability Improvement Project"
 - 28 back-up talented employees from Xiangheng Packaging BU participated in the "'three-in-one' university student cultivation system of Xiangheng Packaging BU"

External training:

- Training models: School-enterprise cooperation and external lecturer
- Cooperated with China Europe International Business School (CEIBS) to launch the "Shanying – CEIBS mini EMBA Business School Program," offering comprehensive and systematic business management education and competence improvement training for employees, which covers 45 managers in key positions

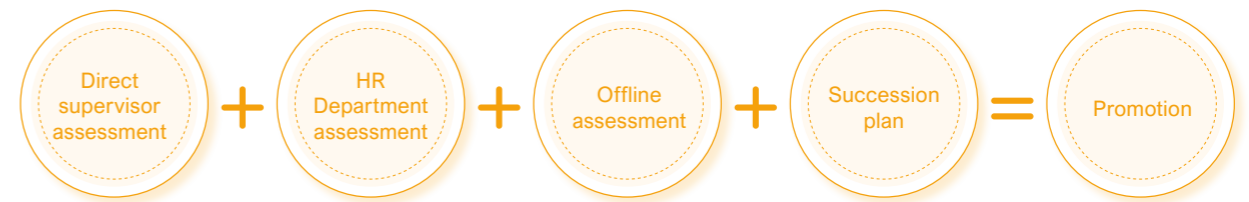
In addition, we have built the internal lecture system, by which we offer training to employee lecturers, and encourage employees to apply for company certification and share practical experience. During the reporting period, the Company has certified 307 internal lecturers.

Employee Promotion and Development

Shanying International upholds the employee management policy of "equal stress on integrity and ability, integrity first, determining the position based on capability, assigning appropriate talent to appropriate position". It sets up the dual promotion channels in terms of technology and management, and constantly perfects the internal flow system to provide employees with diverse opportunities of promotion and development.

We develop the personal career development planning / succession plan (Individual Development Plan, IDP) based on employees' interest and competence, and regularly conduct talent inventory and employee performance assessment, with the assessment results as the reference for employee promotion.

Procedure for Assessment and Promotion



Moreover, we have formulated such regulations and documents as the *Management Method for Honor System*, *Notice on Management Commendation Award "Up-to-the-standard Sales Prize"* and *2022 Key Employee Stock Ownership Plan (Draft)* to boost employees' growth. In 2022, we developed and executed the leadership model, which offered talent support to the Company's development through cultivation, selection and absorption of talented persons.

Talent Attraction Measures



Safe Production and Occupational Health

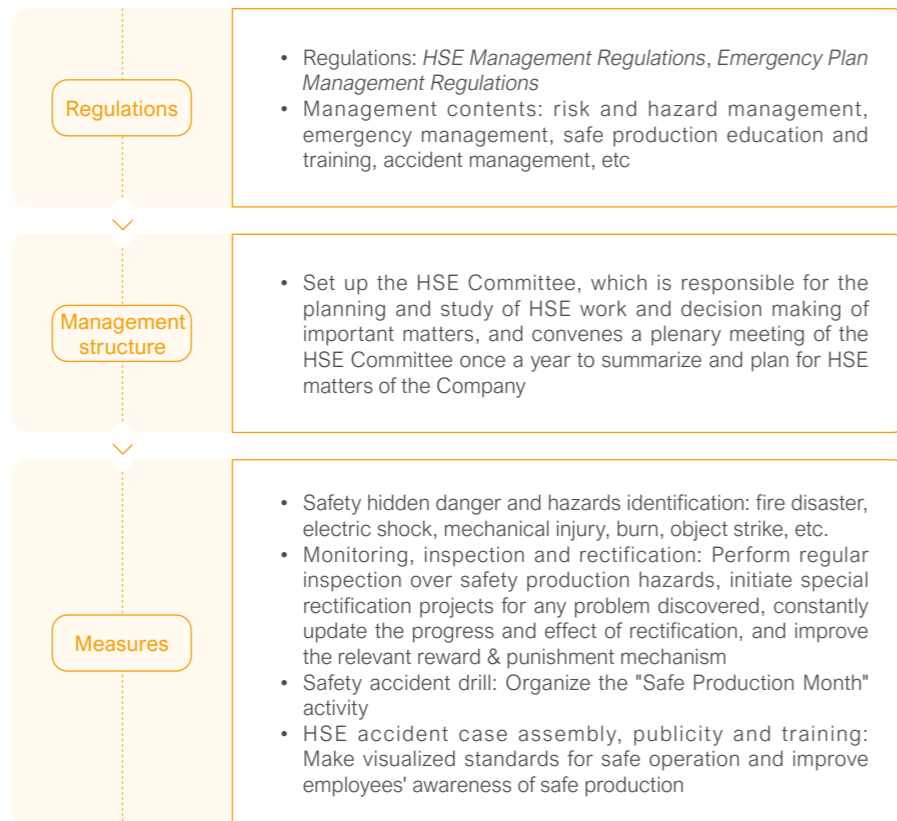
In 2022, Huazhong Shanying was titled as the "Excellent Unit in Safe Production"



Safe Production

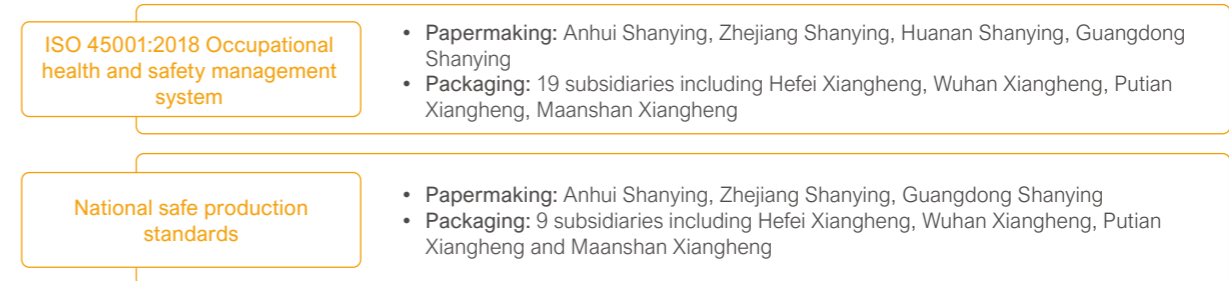
Strictly abiding by the *Work Safety Law of the People's Republic of China*, *Emergency Response Law of the People's Republic of China*, *Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents* and other relevant laws, regulations and rules, Shanying International has formulated the *HSE Management Regulations* and *Emergency Plan Management Regulations*, and set up the HSE Committee. It provides employees with safe working environment by constantly optimizing the measures for safe production. During the reporting period, there was no work-related death or fire accident in the Company.

Safe Production System



All subsidiaries develop their own HSE Management Rules based on their management policy in accordance with the *HSE Management Regulations*. Main subsidiaries shall observe and pass the ISO 45001 occupational health and safety management system certification, or national safe production standard certification.

Safe Production Certifications of Subsidiaries (Valid within the Reporting Period)



The Company regularly formulates the HSE supervision and inspection plan, and organizes the Operational Excellence Center and the Business Unit to conduct safety inspection on subsidiaries. During the reporting period, the Company performed 2 rounds of inspection over production subsidiaries and logistics subsidiaries, which focused on the control and inspection of fall from height, vehicle-caused injury, fire disaster, mechanical injury caused by violation of regulations. Subsidiaries were requested to correct any problem found in the inspection within a limited period, and continuously follow up the rectification and effect. The rectification rate reached 100%.

Occupational Health

In strict accordance with the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and other relevant laws, regulations and rules, Shanying International identifies the occupational disease hazards in the life cycle of production and adopts protective measures to safeguard employees' occupational health. During the reporting period, there was no occupational disease or suspected case in the Company.

The Company identifies the risks in occupational disease, protects employees' occupational health by means of environmental and equipment safety protection, personal protective equipment and occupational health knowledge publicity for workplaces and positions exposed to hazards, and enhances employees' awareness of occupational health.

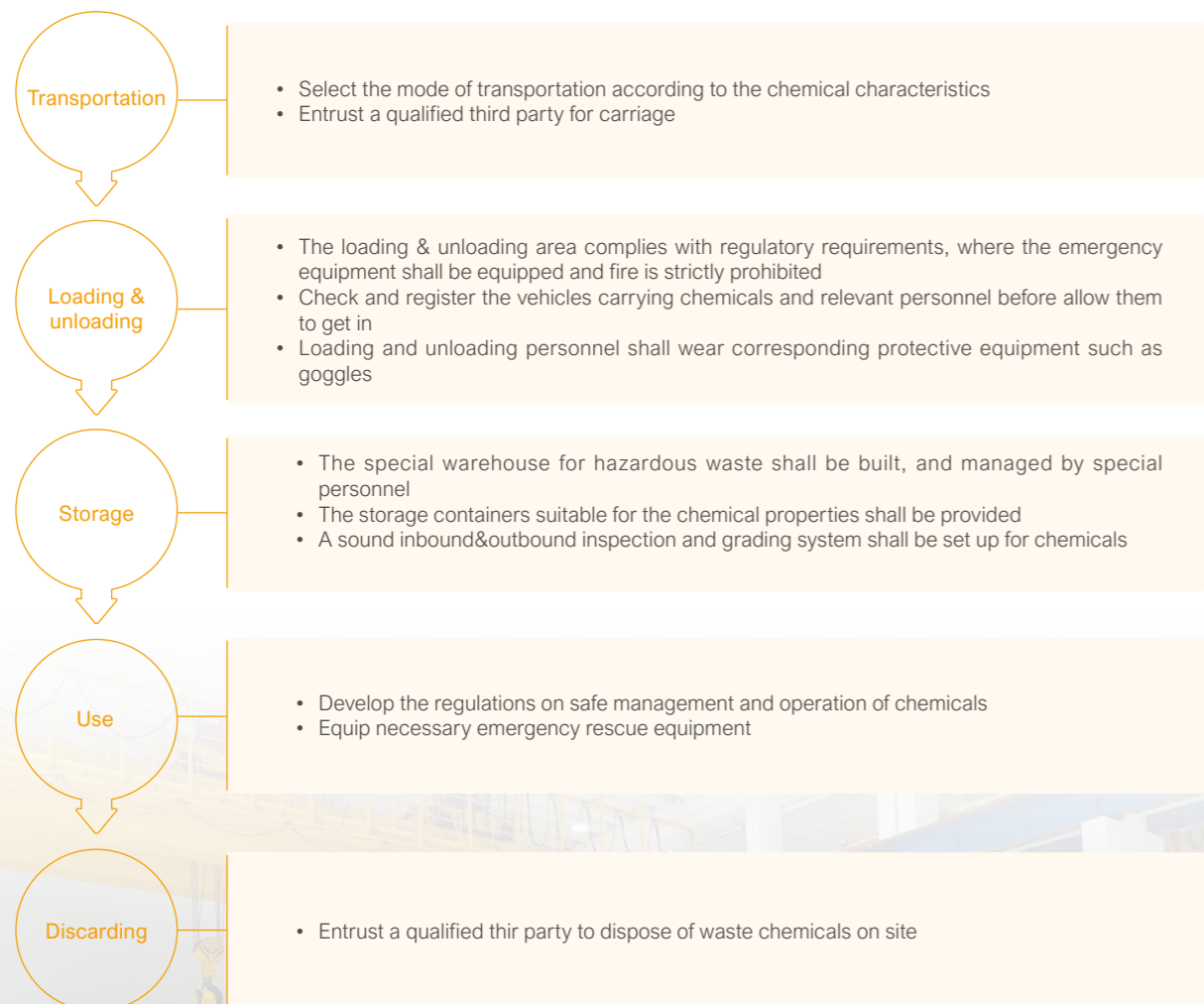
Occupational Health Hazards Identification and Preventive Measures

Types of Occupational Hazard		Workplaces Involved
Noise, dust, high temperature, radiation, etc.		Pulping and papermaking workshop, flat paper workshop, waste paper packaging room, paste making workshop, coal bunker, main powerhouse, boiler island
Preventive Measures		
Environmental and equipment safety protection	Personal protective equipment	Occupational health knowledge publicity
<ul style="list-style-type: none"> Prioritize the use of new technologies, processes and materials that favor the prevention and control of occupational diseases and the protection of workers' health Set up warnings and notice boards on site, and release protective equipment to employees Perform special inspection on the use of labor protection appliances on site, and urge employees to use personal protective equipment consciously and correctly 	<ul style="list-style-type: none"> Provide protective appliances including the safety helmet, safety shoes, earplug and earmuff Carry out occupational health inspection for workers exposed to occupational disease hazards before, during and after work 	<ul style="list-style-type: none"> Organize health lectures targeting the common sub-health issues among employees

Chemical Safety Management

In strict compliance with *Regulations on the Safety Administration of Dangerous Chemicals*, Shanying International has developed the *Hazardous Substances Safety Management Regulations* to identify chemicals that are hazardous to human health, facilities and environment, including sodium hydroxide, hydrochloric acid, sodium hypochlorite, sodium sulfite and hydrogen peroxide solution. In the meantime, the Company actively organizes chemicals management training and chemicals leakage drills to improve employees' safe operation of chemicals.

Procedure for Management of Chemicals Safety



Public Welfare Responsibility

Charity



Adhering to the spirit of "pioneering and innovating, striving for the first class and contributing to the community" and strictly abiding by the *Charity Law of the People's Republic of China*, *Law of the People's Republic of China on Donation for Public Welfare Undertakings* and other relevant laws and regulations, Shanying International has formulated the Charity and Public Welfare Management Regulations. It has been throwing itself to social charity and public welfare activities and encouraging employees to participate in volunteer services.

In 2022, we have donated a total of CNY 5.216 million to public welfare and charity projects including rural revitalization and medical and schooling assistance.

Main Progress of Charity and Public Welfare Actions in 2022 (Partial)

Rural revitalization

Made donations as a title sponsor

- Zhejiang Shanying donated a charity fund of CNY **1** million to the charity branch of the development zone (Xitangqiao Neighborhood) as a title sponsor, dedicated to helping the people in need in Haiyan County Development Zone (Xitangqiao Neighborhood). Zhejiang Shanying donated and will continue to donate CNY **200** thousand every year from 2021 to 2025

Contributed to rural revitalization

- Huazhong Shanying cooperated with the Blue Ribbon Volunteer Association in Gonggan County to co-establish the "self-service class" rural revitalization practice base in Sanzhong Village, Jiazhuoyuan Town, to offer services such as living care, help, psychological comfort, health care, recreational, sports and entertaining activities and legal aid to the left-behind children and old people and create a "safe, assured and peaceful" living environment for them
- Huazhong Shanying was titled as the "**Kind Unit**" by the Blue Ribbon Volunteer Association in Gonggan County, and as the "**Excellent Units in Consolidating Poverty Alleviation Achievements in the County in 2021**" by the county Party committee and government

Medical and schooling aid

Provided medical aid

- Shanying International has been long cooperating with Wealove Foundation of Shanghai Charity Foundation, with CNY **150** thousand dedicated to medical aid
- Jilin Shanying donated CNY **1** million to the charity association in Songyuan and Fuyu in Jilin Province for local pandemic prevention and control
- Anhui Shanying donated materials worth of CNY **153,658** to Huashan District, Maanshan for local pandemic prevention and control
- Guangdong Shanying donated materials worth of CNY **49,900** to the High-tech District, Zhaoqing, and contributed CNY **200,000** to the High-tech District, Dawang, Zhaoqing, for local pandemic prevention and control

Financial aid to students

- Zhejiang Shanying donated CNY **1** million to the Community Development Foundation of Xitangqiao Subdistrict, Haiyan County, dedicated to aiding and rewarding education in Xitangqiao Subdistrict, providing schooling opportunities to the children of talented people introduced by the enterprise and supporting the development of education undertaking. From 2021 to 2025, Zhejiang Shanying donated and will donate CNY **200** thousand every year
- Huazhong Shanying donated CNY **1.5** million to Gonggan County Charities for "financial aid to out-of-school children" in Gonggan County, which will be donated in 3 years, CNY **500** thousand per year

Community Communication and Development

Upholding the concept of "growing with the local community," Shanying International actively participates in community communication and development construction, closely links corporate development to the development of the local community, and focuses on diverse interaction with the community, daily necessities support and volunteer blood donation, to jointly boost the prosperity of the neighboring communities of the enterprise and the improvement of people's livelihood.

Progress in Community Communication and Development Actions in 2022

- Zhejiang Shanying actively cooperated with the development area to organize the unpaid blood donation activity and encouraged employees to participate in blood donation
- Zhejiang Xiangheng actively organized employees to join the volunteer blood donation activity in the community



- Ningbo Deeploop donated **8** tons of vegetables to support Shanghai
- Anhui Shanying volunteer corps delivered **1,450** fresh supplies (worth of about CNY **160** thousand) to the residents in Huashan District to guarantee their life needs
- Tianjin Xiangheng actively contacted local management committees to open a green channel for the transportation of daily necessities to guarantee that those materials can be delivered to residents in need timely
- Shanying International donated vegetables worth of approximately CNY **150** thousand, tissues and roll toilet paper to Yangpu District and Changning District, Shanghai. More than **28,000** supplies valued over CNY **1.87** million

- Guangdong Shanying provided financial aid for the families and youths in difficulty, provided company for the old people in difficulty, and satisfied the needs of disadvantaged groups in the community
- Yibin Xiangtai donated CNY **50,000** to the "You Are My Eyes – Artistic Performance of Sichuan Disabled Peoples' Troupe of Arts – Special Art Entering Xingwen" sponsored by Xingwen County government, to support the cause of local disabled people

Governance Responsibility | Corporate Governance



In strict compliance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Code of Corporate Governance for Listed Companies*, Shanying International has developed the *Articles of Association*, to constantly perfect the Company's governance structure and regulate the Company's operation mechanism. During the reporting period, the actual governance structure of the Company complies with the requirements specified in the regulatory documents on governance of listed companies published by China Securities Regulatory Commission.

The Company has established a corporate governance structure comprising the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the senior management, and developed management regulations such as *Rules of Procedure for Shareholders' Meeting*, *Rules of Procedure for the Board of Directors* and *Rules of Procedure for the Board of Supervisors*. The shareholders' meetings and the meetings of the Board of Directors and Supervisors shall be convened according to legal procedures, to guarantee the standardized operation and objective and scientific decisions and further improve corporate governance. During the reporting period, the Company revised the *Articles of Association* in terms of the registered capital, total share capital and other matters, and published the new version.

Having set up the Strategy Committee, Audit Committee, Nominating Committee and Remuneration and Appraisal Committee, the Board of Directors fulfills its responsibilities prudently, seriously and diligently in strict accordance with the *Company Law of the People's Republic of China*, the *Articles of Association*, *Work Rules of the Strategy Committee under the Board of Directors*, *Work Rules of the Audit Committee under the Board of Directors*, *Work Rules of the Nominating Committee under the Board of Directors* and *Work Rules of the Remuneration and Appraisal Committee under the Board of Directors*.

Being responsible to shareholders, the Board of Supervisors effectively supervises the duty fulfillment of the Company's directors and senior management and the financial position of the Company, gives independent opinions, and safeguards the legal rights and interests of the Company and all shareholders.

Composition of the Board of Directors and Board of Supervisors and the Three Meetings Convened in 2022

Composition of the Board of Directors	The Board of Directors consists of 6 directors, including 3 female directors.
	3 independent directors
Board of Supervisors	3 supervisors, including 1 employee supervisor
Three Meetings	7 shareholders' meetings
	14 meetings of the Board of Directors
	11 meetings held by special committees of the Board of Directors
	9 meetings of the Board of Supervisors
	42 proposals or reports discussed or reviewed

Protection of Investors' Rights and Interests

In 2022, the Company has organized multiple activities of investor relation management, and actively explored the interaction with investors. It has convened **6 interim general meetings of shareholders, 1 annual general meeting of shareholders** and **4 performance briefing sessions**. Besides, the Company organized the "March 15 Investor Protection-themed Education Activity" to raise investors' awareness of rational investment



Investor Relation Management

Shanying International has formulated the *Investor Relation Management Regulations*, and established diverse channels for communication with investors including telephone (021-60360888), e-mail (stock@shanyingpaper.com), SSE E-interactive platform, performance briefing and shareholders' meetings, to enhance the interaction between investors and the Company.

The Company has formulated the *Related Party Transaction Management Regulations*, which provides detailed regulations on the review, disclosure and withdrawal system of the related party transactions, so as to regulate the related party transactions and reduce unnecessary related party transactions, and ensure the fairness and impartiality of the Company's related party transaction decisions to all shareholders. During the reporting period, the decision approval process for related party transactions occurring in the Company complies with relevant laws, regulations and above rules. In the meantime, the Company has fulfilled its obligations of information disclosure timely, and has not damaged the interests of the Company and minority shareholders utilizing the related party transactions. In addition, the Company has prepared reasonable profit distribution policy, method and dividend sharing proposal, to give back to shareholders.

Information Disclosure

In strict compliance with the *Administrative Measures for Information Disclosure of Listed Companies*, Shanying International has developed and strictly executed the *Information Disclosure Regulations, Management Measures for Information Submission and Insider Information Management Regulations*, to clarify the person in charge of information disclosure. The Securities Department is assigned to be responsible for information disclosure, receiving investor visitors and providing advisory services.

We disclose information through *China Securities Journal, Shanghai Securities News, Securities Times*, the official website of Shanghai Stock Exchange, etc., and guarantee the authenticity, accuracy, integrity, timeliness and fairness of information disclosure as well as the equal access to information of all shareholders.

In strict accordance with the *Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Basic Norms for Internal Control of Enterprises* and other relevant laws, regulations and rules, Shanying International has established and improved the risk compliance and internal control management system to give wings to the steady development of the Company.

The Company has established the risk compliance system, which was managed by the Legal Compliance Center at the headquarters, and formulated the *Basic Guidelines for Compliance and Contract Management Regulations*. All functional departments of the headquarters and subsidiaries will execute the compliance management measures.

Risk Compliance Management System

Risk Compliance Management Measures and Effect

Risk identification

- Identify the compliance risks in various operating activities of the Company, and urge the centralized responsible departments to incorporate their compliance obligations and risk prevention and control measures in the institutional design
- In 2022, focusing on 17 key areas including employment, environmental protection and safety, tax fund and market trading, the Company put forward relevant compliance risks and had relevant departments to follow up and handle the risks

Risk assessment	<ul style="list-style-type: none"> Investigate the compliance risks of operating activities, prepare the risk report and urge relevant departments to strengthen control and make improvements In 2022, the Company conducted risk assessment over credit risk, inventory risk and solid waste disposal
Institutional compliance review	<ul style="list-style-type: none"> Perform compliance review over any establishment, change and termination of various processes in the information system In 2022, the Company reviewed 62 processes in total
Risk compliance training	<ul style="list-style-type: none"> Organize centralized training for all employees covering the regulations updated in the year, and assure the timely and effective implementation of the updated regulations In 2020, the Company provided training of <i>Identification of Common Legal Risks in Enterprises and Contract Management</i> for the key positions in Xiamen Xiangheng, Huanan Shanying and other subsidiaries, to improve key personnel's awareness of and skills in prevention and control of common risks in the enterprise

The Company has established the internal control management system, which is managed by the Audit Committee under the Board of Directors, and formulated the *Internal Audit Management Regulations* and *Internal Control Self-appraisal Regulations*, to regulate and supervise internal audit and evaluate the effectiveness of internal control. The Audit Supervision Center is responsible for building the internal audit system and performing internal control and audit.

Internal Control Management System

Internal Control Management Measures and Effect

Internal audit	<ul style="list-style-type: none"> Conduct internal control audit, management audit, economic responsibility audit, special audit (including anti-corruption investigation), etc In 2022, the Company completed 94 projects of audit, investigation, review, certificate authentication of the tender and engineering acceptance, put forward audit opinions and supervised all departments to conduct rectification
Internal control appraisal	<ul style="list-style-type: none"> Evaluate the defects in execution and design of internal control, and offer basis for strengthening, improving and perfecting internal control In 2022, the Company revised the <i>Internal Control Handbook</i> completed the consolidated enterprise appraisal and report disclosure, and gave rectification suggestions
Cultivation of auditors' business capability	<ul style="list-style-type: none"> Cultivate audit talented employees integrating business, finance and audit expertise through internal and external training In 2022, the Company organized 12 internal training activities, covering 16 employees from audit positions

Information Security and Privacy Protection

Oriented on its own development requirements, Shanying International performs information security and privacy protection management strictly pursuant to the *Cybersecurity Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *General Data Protection Regulation* and other relevant laws, regulations and rules and referring to *Information Security Technology – Information System Security Management Requirements*, *Information Security Technology – Information System Security Engineering Management Requirements* and *Information Security Technology – Baseline for Classified Protection of Information System*.

The Company has formulated the *Digital Work Management Regulations*, *Management Method for Digital System Operation and Maintenance*, and *Master Data (MDG) Management Method*, and established and improved the security management systems including safety inspection, regular assessment, risk management and emergency response. By means of both regulation and process establishment, we guarantee the information security of the Company, and cooperate with the advancement and strategic transformation of the Company's digital projects.

The *Basic Guidelines for Compliance* developed by the Company provides clear regulations on network security and data protection. The Guidelines prohibits employees from disclosing trade secrets, personal privacy and other information of the Company, employees and external customers to any unrelated third party, and strictly prohibits illegal storage, processing, transmission, trading, provision or disclosure of the data collected. Through the user account permission management, we guarantee that each employee is only accessible to the Company data related to his/her position and therefore further assure the Company's information security.

In 2022, the Company consolidated the achievements in information security, strengthened the organizational construction of information security management, created the data back-up mechanism and optimized and upgraded the database audit process, which further improved the Company's management over information security and user privacy protection. During the reporting period, there was no violation against laws and regulations in terms of information security and privacy protection in the Company.

Information Security Management System

High-availability data center	<ul style="list-style-type: none"> Establish the highly reliable and professional data center infrastructure at T4 level Set up the independent access control and monitoring system to assure the physical security of IT infrastructure Construct the high-availability network security environment, divide the network security domains by the importance of business, and carry out access control
Safe and reliable basic network	<ul style="list-style-type: none"> Establish an internal special-line network across the country to ensure safe and reliable network communication Non-enterprise terminals are connected to the network through VPN to guarantee the safe communication of the access links Equip multiple safety devices at the network ports of the data center to assure the security of data entry and exit
Data security	<ul style="list-style-type: none"> Deploy security software at the terminals to offer security of the terminal and protection of sensitive data Apply unified authentication for online access at the office, and carry out online behavior management Conduct safety audit on data operation and keep every operation safe and in control Establish a sound data back-up mechanism
System and application security	<ul style="list-style-type: none"> The system adopts a high-availability structure to assure the continuity of business Apply multiple technical means to safety protection against external access, to guarantee business safety

Anti-corruption and Business Ethics

Anti-corruption and Business Ethics

Shanying International attaches importance to business ethics management. The Company has zero tolerance for fraud and corruption, and prohibits bribery and corruption in any form. Shanying International strictly observes the *Criminal Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China*, *Anti-Money Laundering Law of the People's Republic of China*, *Interim Provisions of the State Administration for Industry and Commerce on Prohibiting Commercial Bribery* and other relevant laws and regulations.

In 2022, the Company prepared the *Basic Guidelines for Compliance*, which clarifies the guidelines for compliance in the key areas such as market trading, compliance of business partners, prohibition on fraud and corruption, conflict of interest and fraud, honesty and integrity, and overseas anti-corruption, thus strengthening anti-corruption and business ethics management and lowering the operating risk.

Moreover, the Company put forward the *Code of Integrity and Ethics* and the *Letter of Commitment for Sunshine Cooperation*, to provide clear regulations on business ethics of company employees and business partners. The Company had employees sign the *Letter of Commitment for Integrity and Ethical Compliance* and business partners sign the *Letter of Commitment for Sunshine Cooperation*, to effectively maintain a fair and impartial trading environment. During the reporting period, there was no lawsuit of corruption that was lodged against the Company or the employees and concluded.

We also actively cultivate the clean culture, and organize anti-corruption training and propose anti-corruption requirements and principles for different employees to enhance employees' integrity awareness. We offer anti-corruption training to new employees regularly. As for key departments and sensitive positions, we not only provide regular training, but also carry out regular rotation and control measures to lower the corruption risks of the Company.

In 2022, in order to further regulate the procurement, we have released the "Eight Don'ts in Purchasing", which specifies the "Eight Forbidden Zones" in purchasing by the procurement personnel of the Company. In doing so, we have improved the integrity, transparency and efficiency of procurement.

Code of Conduct for Category Procurement Personnel – "Eight Don'ts in Purchasing" of Shanying International

- Don't** take benefits or kickbacks from suppliers
- Don't** join suppliers' banquet and entertainment activities (only the working meals are allowed)
- Don't** apply for reimbursement of expenses that should be paid personally at the supplier
- Don't** raise requirements non-related to work to suppliers
- Don't** hold business negotiation or meeting with the supplier when only 2 people or fewer are involved
- Don't** hold business negotiation at individual offices, as business negotiation must be carried out at the conference room
- Don't** disclose the Company's secrets or business secrets
- Don't** publish any speech or opinion unfavorable to the Company

Reporting Channels and Informer Protection

We have established the reporting channels for any corrupt practice to accept informers' real-name or anonymous reporting. We keep confidential the informers' information and reward qualified informers according to the *Reporting Reward Management Regulations*.

Reporting Channels for Corrupt Practice

WeChat: shenji8833 **Hotline:** 13917999742 / 021-62376897 **E-mail:** shenji@shanyingintl.com

Letter: Audit Supervision Center, 8th Floor, Shanying International Headquarters Building, 6th Block Binjiang International, No. 645, Anpu Road, Yangpu District, Shanghai, 200336

Rewards for reporting corrupt practices

Anyone reporting business bribery practices that are proved to be true will be rewarded 2-5 times of the amount of bribery and commended in real time or anonymously

Punishments for corrupt practices

Anyone receiving and concealing business bribery practices that are proved to be true will be punished with all bribery properties confiscated and administrative penalties. If the case constitutes a crime, the labor contract of the responsible person will be terminated and the responsible person will be handed over to the judicial authorities

KPI Databook

Financial Performance

Indicator	Unit	2020	2021	2022
Total asset	Billion CNY	45.44	52.00	52.52
Total shareholders' equity	Billion CNY	17.23	18.30	14.13
Operating revenue	Billion CNY	24.97	33.03	34.01
Operating profit	Billion CNY	1.69	1.65	-2.27
Earnings per share	CNY/share	0.30	0.34	-0.52

Environmental Management KPI

Indicator	Unit	2020	2021	2022
Wastewater discharged¹				
COD discharged	Tons	1,252.03	1,523.36	1,601.52
NH ₃ -N discharged	Tons	62.92	93.60	82.18
Air emission¹				
SO ₂ emission	Tons	350.66	291.98	248.02
NO _x emission	Tons	1,069.39	840.71	946.33
smoke and dust emission	Tons	58.49	48.61	31.10
Greenhouse gas emission²				
Intensity of GHG emissions by productivity (scope 1+scope 2) ^{3,4}	tons of CO ₂ e/tons of product	0.9194	0.8051	0.7070
Intensity of GHG emissions by productivity (scope 3) ^{3,5}	tons of CO ₂ e/tons of product	1.6185	1.5651	1.5227

1. The reporting scope of wastewater discharged includes 5 key pollutant-discharging entities, namely Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying and Guangdong Shanying in 2020 and 2021. In 2022, Aituo Environmental Energy is the new additional key pollutant-discharging entity. The reporting scope of air emission discharged includes 4 key pollutant-discharging entities, namely Anhui Shanying, Zhejiang Shanying, Huanan Shanying and Huazhong Shanying in 2020 and 2021. In 2022, Ai Tuo Huang Neng and Putian Xiangheng are the newly additional key pollutant-discharging entity.

2. While calculating intensity of GHG emission by productivity (scope 1+scope 2, scope 3), the reporting scope of GHG emission and productivity are consistent with annual report.

3. The calculation of intensity of GHG emission by productivity (scope1+scope2, scope3) is based on the GHG Protocol Corporate Accounting and Reporting Standard, the GHG Protocol Corporate Value Chain (Scope 3), Accounting and Reporting-Standard, ISO 14064-1:2018 Greenhouse gases-Part 1: specification with guidance at the organization level for quantification and reporting of greenhouses gas emission and removal, the Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guide for Power Generation Facilities (Revision 2021) and Papermaking and paper product corporation Greenhouse Gas Emission Calculation and Reporting guide (For Trial Implementation).

4. The intensity of GHGs emissions by productivity (scope 1+scope 2) include CO₂, CH₄. The reporting scope of scope 1 emission includes CO₂, CH₄, and the scope 2 emission includes CO₂. The emission factors used in the calculation of GHGs per unit output (scope 1+scope 2) are derived from the measured low-calorie of coal and carbon content per calorific value of the self-contained power plant. The default values are derived from the Power Generation Guide, the Paper Manufacturing Guide, and the emission factors of the corresponding annual purchased electricity released by the country. The selected GWP value is CH₄ of 27.9-tCO₂e/tCH₄, which is derived from IPCC AR6.

5. The intensity of GHG emission by productivity Scope3 include upstream transportation and distribution, further process of sold product, purchased goods and services, end-of-life disposal of sold products and others. The emission factor used in the intensity of GHG emission (Scope 3) by productivity calculation is based on coinvent3.8, UK Defra, GHG Protocol Scope 3 Calculation Tool and the Methodology of low-carbon transportation in Beijing (For Trial Implementation).

Employee Management KPI

	Indicator	Unit	2020	2021	2022
	Total number of employee	No. of people	13,189	15,109	14,976
By gender	Number of male employees	No. of people	9,496	10,813	10,767
	Number of female employees	No. of people	3,693	4,296	4,209
By employment type	Number of contract employees	No. of people	12,677	13,443	13,893
	Number of dispatched employees	No. of people	512	1,354	881
	Others	No. of people	0	312	202
By age	Number of employees aged >=51	No. of people	1,511	1,659	1,598
	Number of employees aged 41-50	No. of people	3,901	4,493	4,438
	Number of employees aged 31-40	No. of people	4,451	5,118	5,097
	Number of employees aged <=30	No. of people	3,326	3,839	3,843
By region	Number of employees in Mainland China	No. of people	12,297	14,033	14,019
	Number of employees in Hong Kong, Macau, and Taiwan	No. of people	0	1	1
	Number of employees in other countries and regions	No. of people	892	1,075	956
By academic degree	Number of employees with a master or above	No. of people	217	121	259
	Number of employees with a bachelor's degree	No. of people	1,675	1,305	2,077
	Number of employees with an associate degree	No. of people	2,491	2,222	2,760
	Number of employees with high school degree or below	No. of people	8,806	11,461	9,880
By job title	Number of entry-level employees	No. of people	12,527	14,193	14,073
	Number of mid-level employees	No. of people	567	749	727
	Percentage of mid-level female employee	%	22.22	19.76	19.67
	Number of senior-level employees	No. of people	95	167	176
	Percentage of senior-level female employees	%	9.47	14.97	17.05
By job category	Number of employees in production	No. of people	9,066	10,420	10,290
	Number of employees in sales	No. of people	683	766	778
	Number of technicians employees	No. of people	1,273	1,495	1,513
	Number of employees in accounting	No. of people	329	376	342
	Number of employees in administration	No. of people	997	1,091	1,083
	Number of employees in management	No. of people	841	961	970
	Employee turnover rate ¹	%	16.48	32.13	29.27
By gender	Male employee turnover rate	%	14.33	31.66	29.14
	Female employee turnover rate	%	21.99	33.33	29.60

	Indicator	Unit	2020	2021	2022
By age	Turnover rate of employee >= 51	%	11.32	25.56	27.35
	Turnover rate of employee 41-50	%	7.25	23.19	20.30
	Turnover rate of employee 31-40	%	16.83	30.23	26.92
	Turnover rate of employee <=30	%	29.16	47.98	43.53
By region	Employee turnover rate in Mainland China	%	17.48	32.92	30.44
	Employee turnover rate in Hong Kong, Macau and Taiwan	%	0	0	0
	在 Employee turnover rate in other countries and region	%	2.58	21.86	12.13

1. Employee turnover rate = number of employees in each category lost during the reporting period / number of employees in each category at the end of the reporting period × 100%.

Employee Training KPI

	Indicator	Unit	2022
	Employee training coverage rate ¹	%	97.08
By gender	Training coverage rate for male employees	%	98.59
	Training coverage rate for female employees	%	93.23
By job title	Training coverage of entry-level employees	%	96.89
	Training coverage of mid-level employees	%	100.00
	Average training hours per employee ²	Hours	23.35
By gender	Average training hours per male employee	Hours	24.90
	Average training hours per female employee	Hours	19.41
By job title	Average training hours per entry-level employee	Hours	22.73
	Average training hours per mid-level employee	Hours	35.51
	Average training hours per senior-level employee	Hours	22.75

1. Employee training coverage rate = number of employees trained in each category during the reporting period / total number of employees in each category × 100%.

2. Average training hours per employee = total training hours in each category / total number of employees in each category

Charity Philanthropy KPI

Indicator	Unit	2020	2021	2022
Amount of charity philanthropy donation	CNY 10,000	297.68	674.58	521.60
Social contribution value per Share ¹	CNY	1.23	1.25	0.56

1. Social contribution value per share = (net profit + tax payment + employee salary payment + interest repayment + donation - fine raised by environmental pollution) / number of shares outstanding

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8.1 Overview	Sustainability Management	8.9: (4)	Emissions Management
8.2 Operating principles	R&D Innovation	8.9: (5)	Environmental management system
	Customer Service Management System	8.9: (6)	Emissions Management
	Anti-corruption and Business Ethics	8.9: (7)	Non Applicable
8.3 Social responsibility planning and working mechanism	Sustainability Management	8.9: (8)	Non Applicable
8.4 Social contribution per share	KPI Databook	8.9: (9)	Explore the Beauty and Seek a New Green Picture through Carbon Reduction – Carbon Neutrality Journey of Shanying International
8.5 Disclosure of social responsibility report	About this Report		Environmental Management System
8.6: (1)	In 2022, the Company has not found any violations regarding environmental, social and governance, and there was no lawsuit raised by the aforementioned. The Company plans to advance sustainability strategies and optimize sustainability policies		Resource Management
		8.6: (2)	Emissions Management
		8.6: (3)	Environmental Management
8.7	Employee Rights and Benefits	8.10: (1)	Environmental Management System
8.8: (1)	Corporate Governance		Environmental Management System
8.8: (2)	Environmental Management System	8.10: (2)	Environmental Management System
8.8: (3)	Explore the Beauty and Seek a New Green Picture through Carbon Reduction – Carbon Neutrality Journey of Shanying International	8.10: (3)	During this reporting period, the Company has not violated any laws or regulations relating to environmental protection
			Environmental Management System
8.8: (4)	Emissions Management	8.10: (4)	Emissions Management
8.8: (5)	Emissions Management	8.10: (5)	Environmental Management System
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8.8: (7)	Build a Responsible Supply Chain	8.11	Environmental Management System
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8.9: (1)	Explore the Beauty and Seek a New Green Picture through Carbon Reduction – Carbon Neutrality Journey of Shanying International	8.13: (1)	Product Quality Improvement
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8.9: (3)	KPI Databook	8.14: (1)	Employee Rights and Benefits
		8.14: (2)	Safe Production and Occupational Health
8.9: (3)	Emissions Management	8.14: (3)	Employee Growth and Development
		8.14: (4)	Employee Rights and Benefits
		8.15 Scientific ethics	R&D Innovation

Index of GRI

Statement	Shanying International reported the information referenced in this GRI Index Table in accordance with GRI standards from January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021

Disclosure item	Reporting Sections	Disclosure item	Reporting Sections
2-1	About Shanying International	303-1	Resource Management
2-2	About this Report	303-2	Emissions Management
2-3	About this Report	305-4	KPI Databook
2-6	About Shanying International	305-5	Explore the Beauty and Seek a New Green Picture through Carbon Reduction – Carbon Neutrality Journey of Shanying International
2-7	KPI Databook		
2-14	Shareholders Communication and Material Topic Analysis	305-7	Emissions Management
	Sustainability Management	306-1	Emissions Management
2-15	Investor Rights Protection	306-2	Emissions Management
2-16	Shareholders Communication and Material Topic Analysis	308-1	Build a Responsible Supply Chain
2-22	Sustainability Management	308-2	Build a Responsible Supply Chain
2-27	During this reporting period, the Company has not violated any law and regulations relating to environment protection and employment.	401-1	KPI Databook
		401-2	Employee Rights and Benefits
2-29	Shareholders Communication and Material Topic Analysis	403-1	Safe Production and Occupational Health
		403-2	Safe Production and Occupational Health
3-1	Shareholders Communication and Material Topic Analysis	403-3	Safe Production and Occupational Health
		403-5	Safe Production and Occupational Health
3-2	Shareholders Communication and Material Topic Analysis	403-6	Safe Production and Occupational Health
3-3		403-7	Safe Production and Occupational Health
201-1	KPI Databook	403-8	Safe Production and Occupational Health
203-2	Explore the New Direction of Industry Development Based on Digital and Intelligent Interconnection – Way Towards Integration in Shanying International	403-9	Safe Production and Occupational Health
	Charity	403-10	Safe Production and Occupational Health
205-3	Community Communication and Development	404-1	KPI Databook
	Anti-corruption and Business Ethics	404-2	Employee Growth and Development
301-1	Explore the Beauty and Seek a New Green Picture through Carbon Reduction – Carbon Neutrality Journey of Shanying International	404-3	Employee Growth and Development
		405-1	KPI Databook
301-3	Explore the Beauty and Seek a New Green Picture through Carbon Reduction – Carbon Neutrality Journey of Shanying International	406-1	Employee Rights and Benefits
		408-1	Employee Rights and Benefits
302-4	Explore the Beauty and Seek a New Green Picture through Carbon Reduction – Carbon Neutrality Journey of Shanying International	409-1	Employee Rights and Benefits
		414-1	Build a Responsible Supply Chain
		414-2	Build a Responsible Supply Chain
		416-1	Product Quality Improvement
		416-2	Product Quality Improvement
		417-2	Customer Service Management
		417-3	Customer Service Management
		418-1	Information Security and Privacy Protection

Appendix: Abbreviation and Full Name of Affiliated Companies

Abbreviation of Affiliated Companies ¹	Full Name of Affiliated Companies
Aituo Environmental Energy	Aituo Environmental Energy (Zhejiang) Co., Ltd.
Anhui Shanying	Papermaking base in Maanshan, Anhui
Guangdong Shanying	Shanying Paper (Guangdong) Co., Ltd.
Huanan Shanying	Shanying Southern China Paper industry CO., Ltd.
Huazhong Shanying	Shanying Huazhong Paper Co., Ltd.
Jilin Shanying	Shanying Paper (Jilin) Co., Ltd.
Maanshan Tianshun	Maanshan Tianshun Port Co., Ltd.
Suzhou Shanying	Suzhou Shanying Paper Co., Ltd.
Zhejiang Shanying	Zhejiang Shanying Paper Co., Ltd.
Changzhou Xiangheng	Changzhou Xiangheng Packaging Co., Ltd.
Hangzhou Xiangheng	Hangzhou Xiangheng Packaging Co., Ltd.
Huadong Packaging	Hefei Huadong Packaging Co., Ltd.
Hefei Xiangheng	Hefei Xiangheng Packaging Co., Ltd.
Jiaxing Xiangheng	Jiaxing Xiangheng Smart Paper Technology Co., Ltd.
Luzhou Yishenghong	Luzhou Yishenghong Packaging Co., Ltd.
Maanshan Xiangheng	Maanshan Xiangheng Packaging Co., Ltd.
Putian Xiangheng	Putian Xiangheng Packaging Co., Ltd.
Qingdao HengGuangtai	Qingdao Hengguangtai Packaging Co., Ltd.
Xiamen Xiangheng	Xiamen Xiangheng Packaging Co., Ltd.
Suzhou Shanying	Suzhou Shanying Paper Co., Ltd.
Tianjin Xiangheng	Xiangheng (Tianjin) Packaging Co., Ltd.
Wuhan Xiangheng	Wuhan Xiangheng Packaging Co., Ltd.
Yangzhou Xiangheng	Yangzhou Xiangheng Packaging Co., Ltd.
Yibin Xiangtai	Yibin Xiangtai Environmental Protection Technology Co., Ltd.
Zhejiang Xiangheng	Zhejiang Xiangheng Packaging Co., Ltd.
Zhongshan Xiangheng	Xiangheng (Zhongshan) Packaging Co., Ltd.
Zhongshan Xiangpeng	Zhongshan Xiangpeng Packaging Co., Ltd.
Chungking Xiangheng	Xiangheng Innovation (Chungking) New Material Co., Ltd.
Ningbo Deeploop	Ningbo Deeploop Waste Management Co., Ltd.
Yunrong Technology	Shanghai Yunrong Environmental Technology Co., Ltd.
Maanshan Cycle Link	Maanshan Cycle Link Renewable Resources Technology Co., Ltd.
Zhongyin Technology	Zhongyin Technology Co., Ltd.
Phoenix Paper	Phoenix Paper Wickliffe LLC
Cycle Link	Cycle Link International Holdings Limited

1.The table above only includes the names of affiliated companies mentioned in this report, but does not constitute a complete list of affiliated companies to Shanying International

