

2023 Sustainability Report

Shanying International Holdings Co., Ltd.



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About this Report

This report is the 5th *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" or "we"). 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, 2023 to December 31, 2023. Unless otherwise specified, all data in this report are for this period.

Basis of Preparation

This report is prepared according to the *SSE Guidelines No. 1 for Application of Self-Regulation Rules for Listed Companies - Standardized Operation* (revised in December 2023), 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 "Sustainability Strategies" section of this report. This report focuses on environmental, social and governance issues that may exert important influence on investors and other stakeholders.

Balance

This report reflects objective facts and impartially discloses both positive and negative aspects of the Company. Following a search of the entities within the scope of this report in public databases, it was confirmed that no negative events requiring disclosure were omitted during the reporting period.

Quantification 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.

Timeliness

This is an annual report covering the period from January 1, 2023 to December 31, 2023. 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.

Accuracy

This report ensures that the information is as accurate as possible. The statistical scope, calculation methodology and underlying assumptions are provided for each calculation result of quantitative information, to prevent the calculation errors from misleading information users. Please refer to the details of quantitative information and notes in the "ESG Data Performance Table" section of this report.

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

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.

Completeness

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

Verifiability

The cases and data disclosed in this report come from the Company's original records or financial reports related to the actual operation. The Company adopts the HiESG performance management system to manage the quantitative ESG performance in previous years, with the sources and calculation processes of all the disclosed data traceable and available for supporting external authentication.



Preface

2023 was destined to be extraordinary. Amid the changing political and economic landscape worldwide and the urgency for ecological environment improvement, Shanying International stayed committed to original aspiration, and navigated the unusual new journey with a resilient spirit. Upholding the concept of green development, we worked diligently to improve competitiveness and strived for excellence, and forged ahead with courage and determination, with the focus on three core areas, including paper making, packaging and resource recycling. Through these efforts, we have stepped into a new path towards solid and sustainable development.

Deepening the “Carbon Peaking and Carbon Neutrality” Strategy and Spearheading the “Green Revolution”

Faced with the severe reality of global climate change, Shanying International, a pioneer driving carbon reduction, has actively echoed the national strategy of “carbon peaking and carbon neutrality”, and contributed to the global ecological development. Adhering to the Science-Based Targets initiative (SBTi) framework, We have not only followed and even surpassed the carbon reduction roadmap devised to restrict global warming to a level far lower than 2°C, but also incorporated it into various businesses including paper making, packaging and resource recycling, to ensure the effective operation and continued optimization of the carbon governance system and truly contribute the autonomous power of enterprises in addressing climate change.

In 2023, we dedicated ourselves to advancing the replacement of plastics with paper, further tapped the potential of our products in carbon reduction across lifecycles, crafted and promoted carbon-neutral products, to empower consumers’ pursuit of a low-carbon lifestyle. By the end of the reporting period, we completed verification and certification of the carbon footprints of 20 products, with 11 packaging paper or cardboard products being included in state-level green products in batches.

We have made substantial investments in clean energy, energy efficiency and circular economy, particularly scaling up the global layout and efficiency of our resource recycling business, to make it a pivotal engine propelling the green transformation of paper making and packaging industrial chains, thereby embedding the ‘green gene’ into the Company’s high-quality development.

Being Driven by Values and Building Integrated Solutions

In line with the global packaging industry’s transition towards green, circular, and low-carbon development, we are steadfast in our commitment to “being a global leading provider of integrated green solutions that creates long-term value for customers”. Upholding an integration strategy, we adhere to a customer-centric approach, fostering a comprehensive presence across the value chain. By establishing a global packaging network and enhancing synergies throughout -from resource recycling to paper making, packaging, sales, and services- we offer our clients holistic packaging solutions.

In response to the call for accelerating the development of new productive forces, we have vigorously advanced digital and intelligent transformation, to empower internal operation and production. We have worked to drive the building of intelligent factories, and fully leveraged our technological expertise in industrial Internet technologies and the comprehensive utilization of green resources, to provide countless customers with customized green packaging solutions, facilitate the growth of more enterprises across the industrial chain, thus scripting a new chapter of green and high-quality development together with our customers and supply chain partners.

Empowering a Better Future through Win-Win Collaboration

Grounded in our core cultural principle of “creating and sharing value,” we have collaborated with diverse stakeholders to build a harmonious ecosystem for the future. Guided by the strategy of “revitalizing the enterprise through talent cultivation”, strive to cultivate an equitable, inclusive, and inspiring environment for talent growth. In 2023, we intensified corporate culture initiatives, to inspire the innovation spirit and sense of social responsibility inside every employee, and launched a variety of capability enhancement programs, such as the Shanying - CEIBS mini EMBA Business School Program, in collaboration with universities, to help employees flexibly cope with market changes and provide excellent paper making, packaging and resource recycling services surpassing expectations. Simultaneously, resonating with the advocacy for “strengthening and introducing innovation to social governance”, we deeply engaged in community development, devoting ourselves to a wide range of public welfare activities related to rural revitalization, medical and schooling assistance, environmental protection and community building, to contribute to the society through tangible actions and build a harmonious community together.

In the ever-changing new cycle of development, we will focus on our core businesses, including paper making, packaging and resource recycling, with a forward-looking vision and strong conviction, drive green transition through innovation, and forge competitive edges with our integration strategy, with the aim to build Shanying International into an excellent enterprise benchmark with greater value-creating capacity and more sustainable influence on the global scene. We hold firm in our belief that embracing sustainable development pathways is paramount to advancing steadily and collectively realizing a prosperous, green, and inclusive world.

About Shanying International

Company Profile

Shanying International is an international enterprise that integrates recycled fiber recovery, 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 "a global leading provider of integrated green solutions that creates long-term value for customers". With deep penetration in China and a global vision, Shanying International has deployed in China, the United States, Sweden, Norway, Thailand, Vietnam and other countries.

Company Overview

Company name	Shanying International Holdings Co., Ltd.
Year of establishment	1957
Headquarters	Shanghai, China
Stock exchange & stock code	Shanghai Stock Exchange (stock code: 600567.SH)

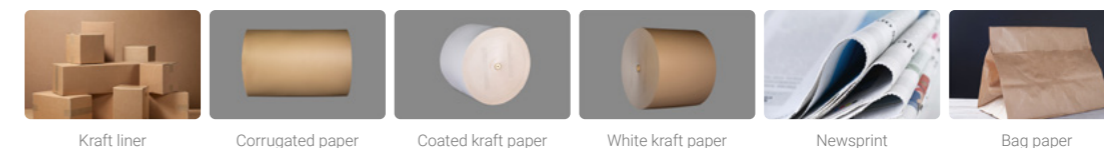


Main Business

Shanying International's main business includes the production and sales of liner board, corrugating medium, specialty paper, cardboard and carton, and the trading of recycled fiber in China and abroad. Its main products include various categories of packaging base paper, specialty paper, cardboard and cartons, which are widely used in consumer and industrial products such as food, beverages, home appliances and consumer electronics. Leveraging the integration of the industrial chain, the Company has achieved synergetic development of papermaking, packaging and recycled fiber, and developed industrial Internet through business model innovation.

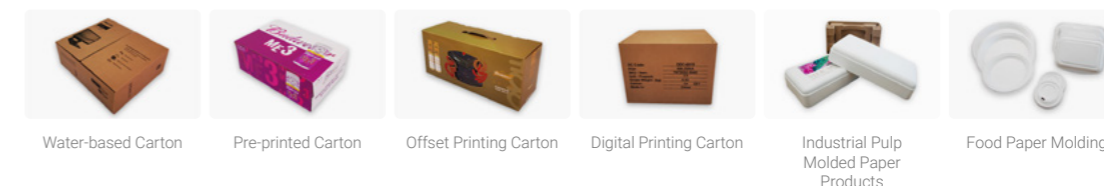
Paper making

Domestic manufacturing bases mainly produce industrial packaging paper and specialty paper. Phoenix Paper, a subsidiary where we hold controlling stake, mainly produces bleached hardwood pulp, UFS and inkjet paper and other cultural paper products. Nordic Paper, a company where we hold stake, mainly produces natural greaseproof paper, special kraft paper, high-strength sack kraft paper, electrotechnical paper and absorbent paper.



Packaging

Packaging products include cartons, cardboard and paper plastics. Specifically, cartons include water-based cartons, pre-printed cartons, offset printing cartons, and digital printing cartons. Paper plastics include industrial pulp molded paper products and food paper molding.

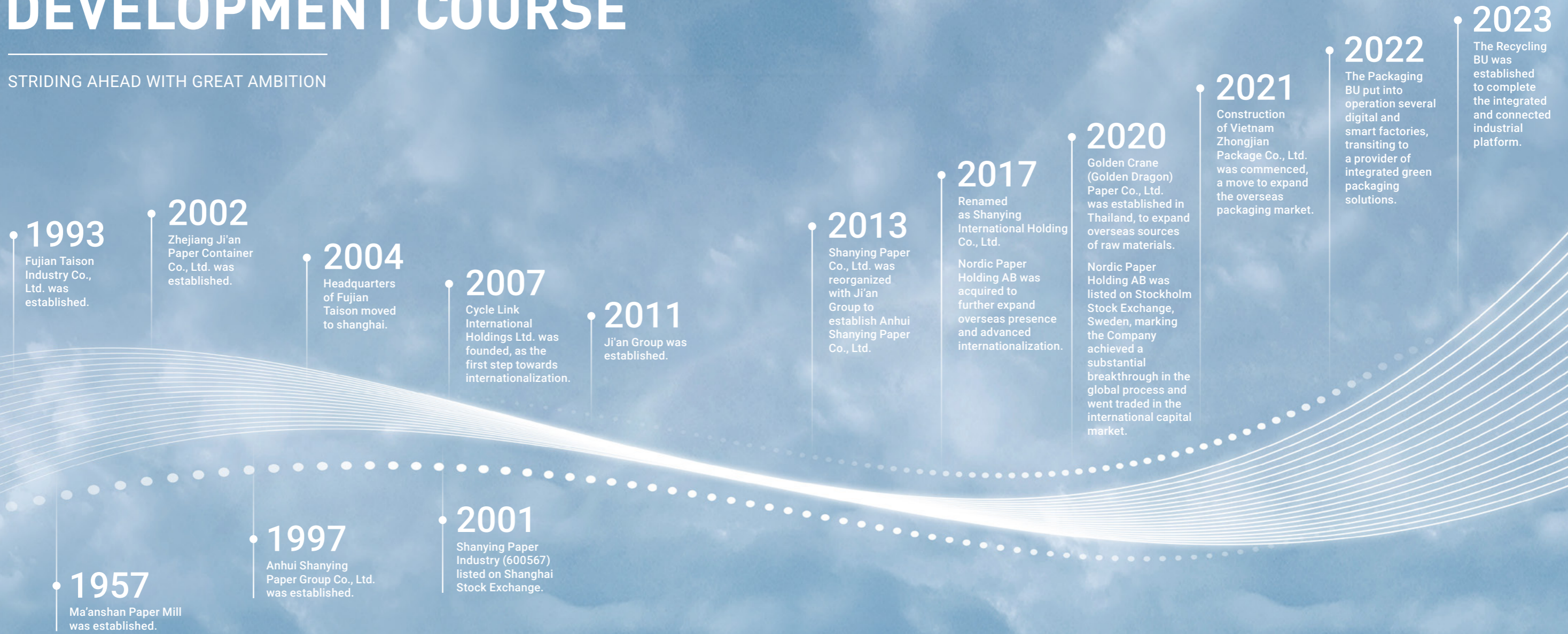


Resource recycling

The Company has deployed the resources recycling business both at home and abroad. Aiming at regularization, standardization, scale, branding, greening, digitization and intelligence, the Company focuses on the construction of renewable resources recycling network system, full-chain digital operation and management, leads the development of the industry and assists in its upgrading.

DEVELOPMENT COURSE

STRIDING AHEAD WITH GREAT AMBITION



Honors in 2023

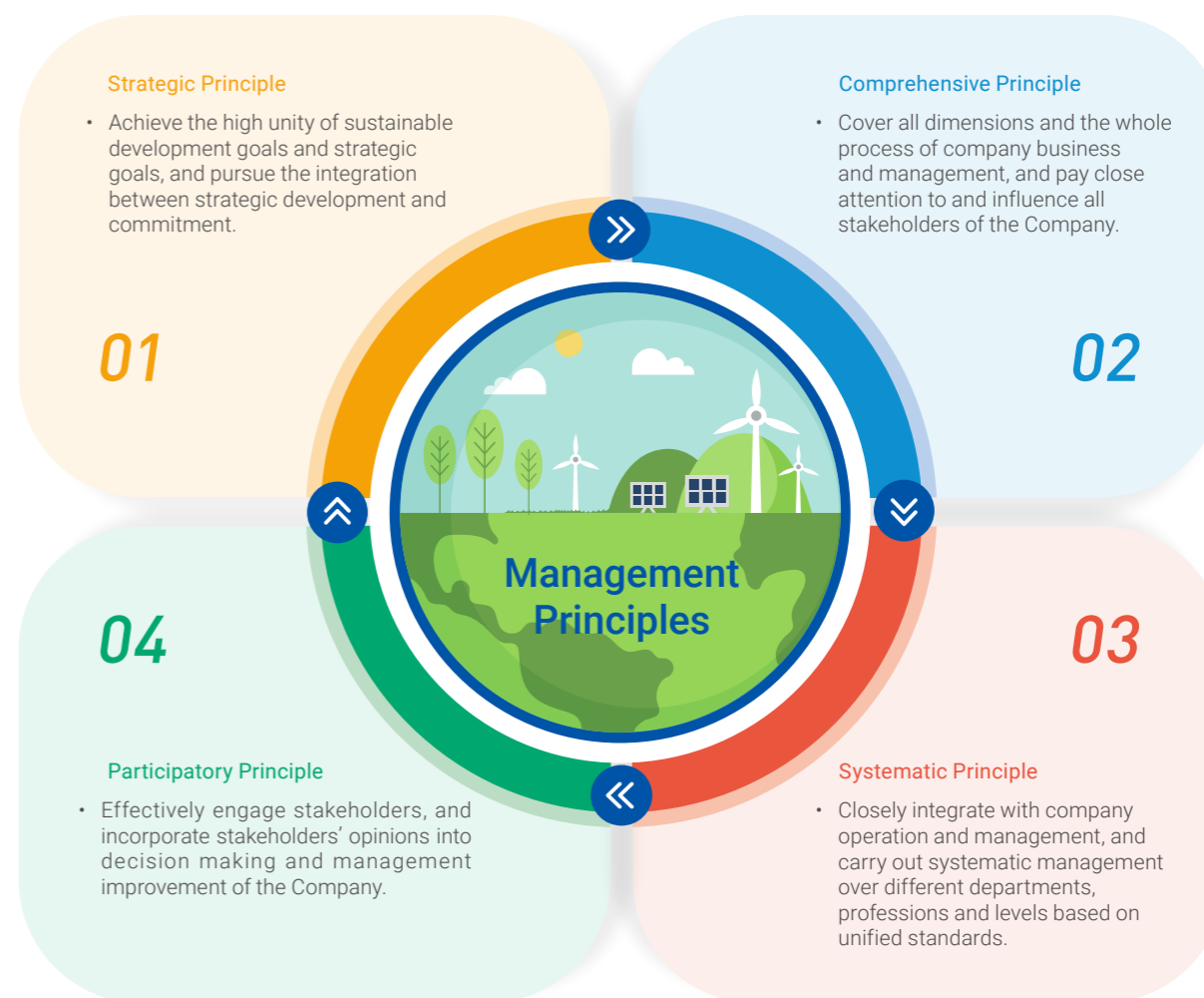
<p>Rated among the "Best Managed Companies" for five consecutive years, becoming one of the first BMC Gold Award winners in China</p>	<p>Listed among Fortune China 500 for eight consecutive years</p>
<p>Rated among the "Top 200 Chinese Manufacturers with Comprehensive Strength"</p>	<p>Rated among the "2023 China Top 500 Private Enterprises" and the "2023 Top 500 China's private enterprises in manufacturing industry"</p>
<p>Included into the "2023 Top 100 Private Enterprises in Anhui Province by Revenue" and the "2023 Top 100 Private Enterprises in Manufacturing industry in Anhui Province by Comprehensive Strength"</p>	<p>Put on the "2023 China Brand Value Evaluation" list</p>
<p>Listed among the "2023 Top 500 Industrial Internet Platforms"</p>	<p>Rated among "China's Top 100 Packaging Enterprises" for its packaging business</p>
<p>Honored the "Advanced Enterprise Award for Digital and Intelligent Building" in the 40-Year Development of China's Paper Packaging Industry</p>	<p>Two more subsidiaries were honored "National-Level Green Factory". As of the end of the reporting period, seven entities including the Company and its subsidiaries received the title</p>
<p>Five more subsidiaries were rated National High-Tech Enterprises. As of the end of the reporting period, 14 entities, including the Company and its subsidiaries, received the title</p>	<p>Listed among the "1st Guoxin Cup · ESG Golden Bull Award" Top 100 Private Enterprises</p>
<p>Rated among the "2022 Top 10 Enterprises Announcing CSR Reports in Shanghai"</p>	<p>Granted the certificate of "2022-2023 Excellent Demonstration Case of the EATNS Carbon Management System"</p>

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 the responsibility for employees, communities, industry partners and other relevant parties, to achieve the coordinated and sustainable development of the Company and diverse 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," the Company develops 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.

Sustainability Management Principles



The Company has established a 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, to promote scientific and standardized sustainability management across the Company.

Meanwhile, the Company integrates sustainability factors into each business process and decision, and sets sustainability goals, striving to build the Company into a sustainable and eco-friendly one with remarkable value-creating capacity.

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



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

Industrial win-win situation

Commit to becoming "a global leading provider of integrated green solutions that creates long-term value for customers"

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



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

Reduce the burden on the earth

Make the life better

Sustainability Highlights in 2023

Economic performance

Operating revenue CNY **29.333** billion Taxes paid CNY **1.521** billion R&D investment CNY **836.8787** million Social contribution per share CNY **1.07**

Social performance

Number of employees **14,024** Public welfare investment CNY **2.5396** million Training hours for employees per capita **23.71** hours

Environmental performance

Greenhouse gas emission intensity (Scope 1 + Scope 2) per unit **0.6095** tons of carbon dioxide equivalents/tons of products **96%+** raw materials from recycled fiber (only important papermaking subsidiaries)

More than **8** million tons of recycled fiber recovered Annual environmental protection capital investment CNY **392.5918** million

Contributing to Global Sustainable Development Goals

In active response to the implementation plan for the United Nations Sustainable Development Goals (SDGs), the Company aligns its key focuses of business development with the SDGs, identifies the key SDGs to be focused on for the year, sets the long-term sustainable development goals, drives the implementation of the Agenda for Sustainable Development, and continuously discloses the progress of its actions, to contribute to the global vision for sustainable development, and create both commercial values and social values.

SDGs	Actions in 2023
	<ul style="list-style-type: none"> • Actively participated in rural revitalization, helped disadvantaged groups, and organized charity donations for public well-being.
	<ul style="list-style-type: none"> • Focused on medical assistance, and collaborated with WEALOVE Fund under Shanghai Charity Foundation and donated funds to support the medical school students from poor families. • Established a complete chemical safety management mechanism, identified the chemicals harmful to human bodies, facilities and the environment, and organized chemical management training and chemical leakage drills to improve employees' abilities of safely using chemicals.
	<ul style="list-style-type: none"> • Cooperated with non-profit organizations to offer children and students in difficulties with education opportunities through financial donations. • Highlighted employees' development, leveraged both internal and external resources and further improved the employee training system by establishing courses about threshold competency, professional skills and management ability, to meet employees' demand for improving personal abilities.

SDGs	Actions in 2023
	<ul style="list-style-type: none"> • Advocated gender equality, and empowered the career development of female employees. The Company promised to bring the share of female employees to a level over 30% in 2027, and to continuously improve the proportion of female management staff.
	<ul style="list-style-type: none"> • Worked to protect and save water resources; strengthened water conservation through water balance tests, resources-oriented utilization of rain water and waste water, upgrade of technology and equipment, and publicity and training on water conservation; and adhered to scientific and reasonable use of water. • Improved waste water management through the substitution of raw materials and upgrade of the waste water treatment process.
	<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. • Carried out energy management initiatives, such as launching carbon reduction and technical renovation projects, implementing clean energy projects, and increasing the ratio of alternative fuel use.
	<ul style="list-style-type: none"> • Advanced technological innovation, increased input in R&D at both the headquarters and subsidiary levels, achieved key technological breakthroughs, launched quality products to meet market demand, and achieved the upgrade of the product structure and the growth of market shares. • Upheld the concept of "People Orientation and Compliant Employment", respected employees during recruitment, employment and dismissal, and forbade the use of child labor or forced labor. • Valued diversity, equality and inclusiveness, treated all employees fairly and adhered to the principle of equal pay for equal work.
	<ul style="list-style-type: none"> • Emphasized R&D innovation, continuously improved the innovative R&D management and process, stepped up R&D investment and R&D talent cultivation, and enhanced R&D innovation, to further advance the achievement of the goal of "setting an energy efficiency benchmark for the industry". • Continuously boosted energy efficiency by launching carbon reduction and technical renovation projects and increasing input in clean energies.
	<ul style="list-style-type: none"> • Actively improved energy efficiency and the comprehensive utilization of resources. • Strengthened management over exhaust gas, wastewater, general industrial solid waste and hazardous waste; regularly monitored the discharge of exhaust gas, wastewater and waste; reduced waste discharge and avoided any negative impact on the environment by optimizing the production process, choosing more sustainable raw materials, reducing the generation of waste and recycling waste into resources. • Released sustainability reports annually, and communicated with diverse stakeholders on the progress of the Company's sustainability moves.
	<ul style="list-style-type: none"> • Actively took comprehensive and well-targeted carbon reduction measures covering all links of operation to drive high-quality development and find the path and strategy for the Company. • Joined the SBTi, regularly disclosed the progress towards objectives, and drove the realization of the "carbon peaking and carbon neutrality" targets with the ambition of reducing carbon emission across the whole lifecycle.
	<ul style="list-style-type: none"> • Highlighted business ethics management, vigorously built the culture about integrity, took a zero-tolerance attitude towards frauds and corruptions, and forbade bribes and corruptions in any form.

Stakeholders Communication and Material Topics Analysis

Stakeholders Communication

The Company works to establish a long-term and stable mechanism for communication with various stakeholders, communicates with stakeholders and listens to their opinions through a variety of channels, and responds to their concerns about the management of sustainable development topics by optimizing management measures and practices.

In 2023, the Company actively communicated with key stakeholders including shareholders, investors, employees, suppliers, customers, partners and communities and their representatives, collected their feedback and suggestions about the Company's sustainability work, exercised management with a focus on their concerns and further responded to their appeals and expectations.

Stakeholder Concerns and Ways of Communication

Main Stakeholders	Concerns	Ways and Channels of Communication
Shareholders/ investors	<ul style="list-style-type: none"> • Integrated industrial chain • Product quality and safety • Investor rights protection • Digitalization and information security management 	<ul style="list-style-type: none"> • Investor research, roadshow, visits, etc. • Regular announcements • "SSE e-interactive" platform
Employees: Senior management employees	<ul style="list-style-type: none"> • Product quality and safety • Business ethics • Integrated industrial chain • Internal control and risk management • Green products and operation 	<ul style="list-style-type: none"> • Daily communication • Quality analysis meetings • Leadership training
Employees: Primary-level or middle management employees	<ul style="list-style-type: none"> • Employee rights and benefits • Employee growth and development • Occupational health and safety • Diversity and equal opportunities 	<ul style="list-style-type: none"> • Trade union and workers' congress • Corporate culture activities • Employee symposium • Chairman mailbox • Employee training system
Suppliers	<ul style="list-style-type: none"> • Product quality and safety • Green products and operation • Responsible supply chain • R&D innovation 	<ul style="list-style-type: none"> • Supplier communication and training • Field audit of suppliers • Communication through emails and calls
Customers	<ul style="list-style-type: none"> • Product quality and safety • Customer service management • Integrated industry chain • Green products and operation • Environmental compliance management 	<ul style="list-style-type: none"> • Hotline and email • Customer visits • Regular communication meetings • Onsite quality audit • Customer satisfaction surveys • The Company's official website
Partners (including industrial associations, universities or R&D institutes)	<ul style="list-style-type: none"> • Business ethics • IPR protection • R&D innovation • Product quality and safety • Responsible supply chain 	<ul style="list-style-type: none"> • R&D projects in collaboration with external partners • IPR management system review • Collaboration with universities and enterprises • Industrial forums
Communities (including non-profit organizations)	<ul style="list-style-type: none"> • Employee rights and benefits • Public welfare and charity • Community relationship • Biodiversity 	<ul style="list-style-type: none"> • Community opinions and feedback • Community public welfare activities • Regular visits

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*, the Company regularly conducts material topics analysis each year and material topics investigation every two years, to deeply understand the opinions and expectations of various stakeholders, and identify the Company's material topics as the focuses of corporate management and report disclosure.

During the reporting period, the Company conducted questionnaire surveys among stakeholders in combination with the latest policies and regulatory requirements and the Company's focus of work in the year. The Company distributed online questionnaires to key stakeholders, learned about their judgment of the materiality of materials topics, and made the results an important reference to the evaluation and sequencing of materiality.

Material Topic Identification Process

Identified topics

- Summarize the topics related to the Company based on the changes in the internal and external environment, domestic and international standards and policies, GRI standards, SDGs, industrial policy analysis and peer benchmarking.



Communication with stakeholders

- Identify key stakeholders and the ways and channels of communicating with them.
- Invite key internal and external stakeholders to fill in online questionnaires and rate the impact of the topics related to the Company. During the reporting period, the Company recovered the questionnaires from stakeholders including shareholders, investors, employees and customers, with an effective recovery rate of 79.47%. This helped the Company further identify the concerns of different stakeholders.



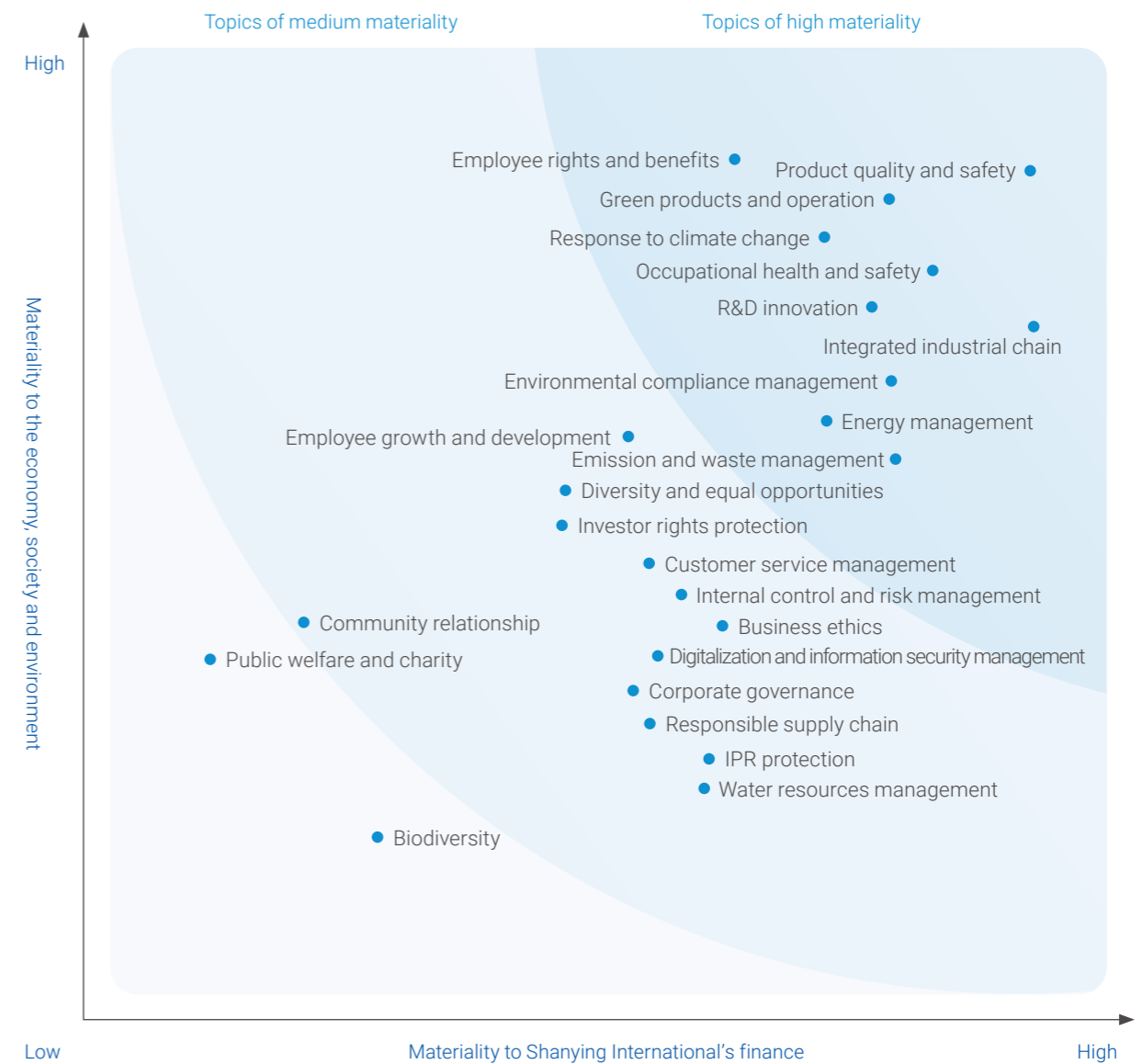
Comprehensive result analysis

- Develop the material topic matrix in combination with the results of the survey among stakeholders and the opinions of internal and external experts.
- The Board of Directors reviewed the completeness and accuracy of material topics in two dimensions, including their materiality to the Company's finance and their materiality to the economy, society and environment, prioritized the topics, developed the final material topic matrix, and highlighted the disclosure of the material topics of high materiality in the annual ESG report.

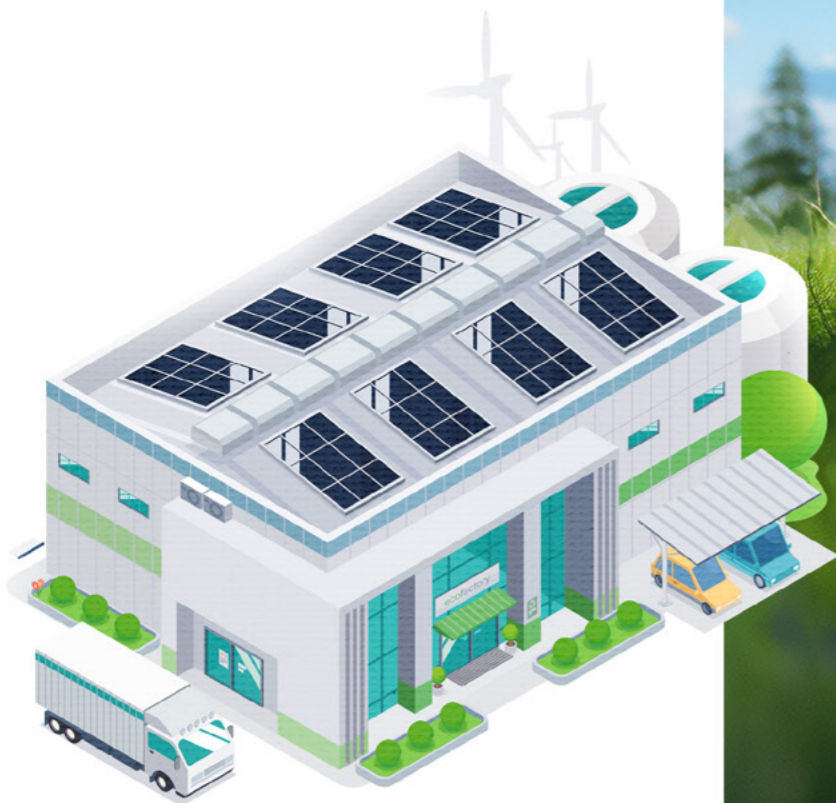


During the reporting period, based on the process, the Company identified highly material topics, including "product quality and safety", "R&D innovation", "integrated industrial chain" and "green products and operation", and identified new material topics, including "response to climate change", "environmental compliance management", "diversity and equal opportunities" and "community relationship". The Company also adjusted the representations of some material topics to make them better aligned with the Company's actual operation and better understood by stakeholders.

Material Topic Matrix



Special Topics of Sustainable Development



Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain

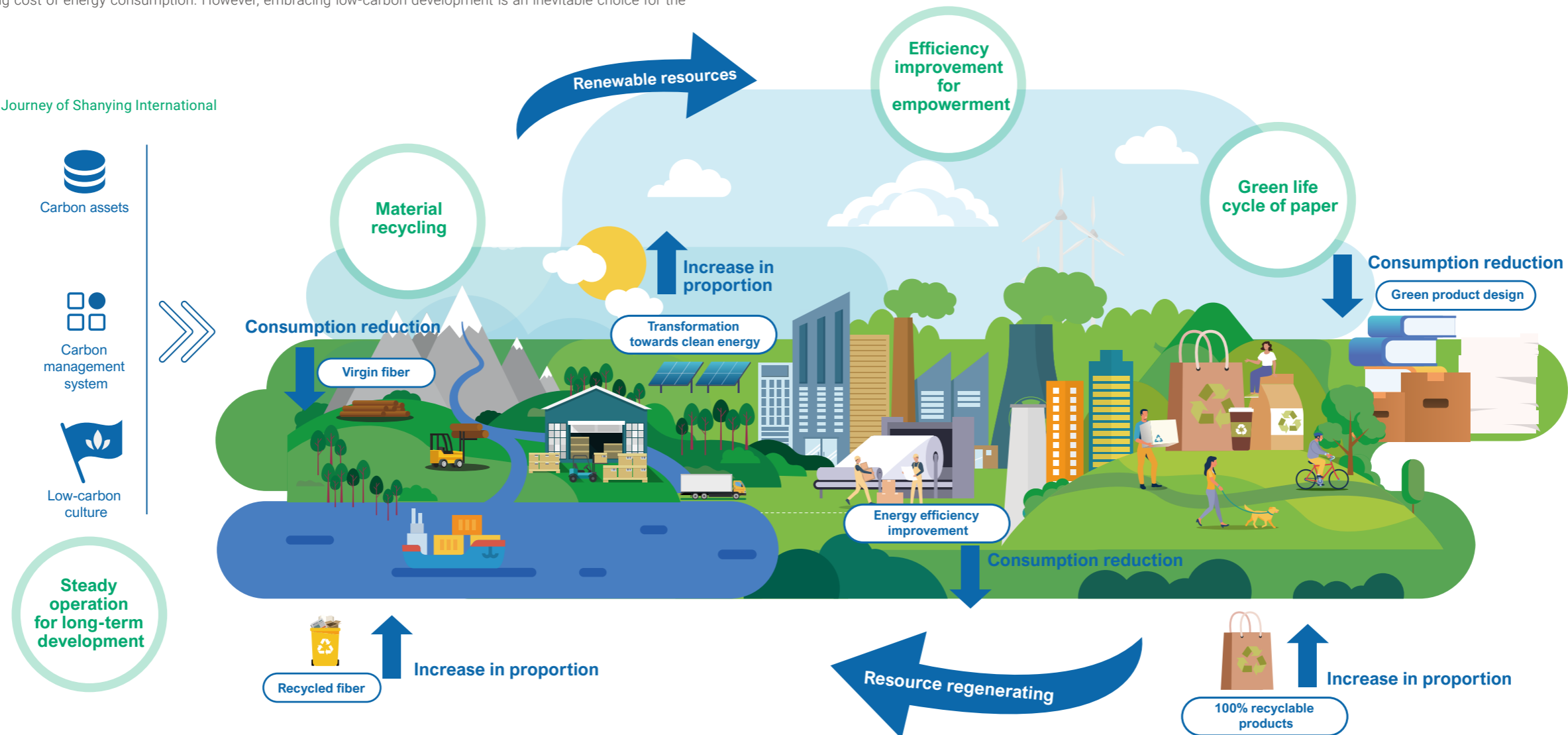
Climate change is a common challenge worldwide. The international community has gradually reached a consensus on the response to global climate change and continuously advanced climate governance. In 2020, the Chinese government announced the goal of "peaking carbon emissions by 2030 and neutralizing carbon emissions by 2060", and has constantly improved the "1+N" policy system, to speed up the industrial transformation towards green development and realize the national goal of voluntary contribution.

Paper making is a traditional energy-intensive industry, as well as one of the key industries included into China's carbon market during the 14th Five-Year Plan period. Under the "carbon peaking and carbon neutrality" goals, the paper-making industry faces external challenges including tightening policies and regulation, growing demand for carbon reduction across the industrial chain and the rising cost of energy consumption. However, embracing low-carbon development is an inevitable choice for the

industry to survive and thrive amid the "carbon peaking and carbon neutrality" backdrop, as well as a brand-new opportunity for paper-making enterprises to build benchmarks of low carbon emissions and achieve high-quality and sustainable development.

Committed to "Better paper, Better life" and supported by green cycle in low-carbon transition, Shanying International has actively implemented well-targeted carbon emission measures in all aspects of operation, and continuously explored the path and strategy for high-quality development. The Company has joined Science-based targets Initiative (SBTi), defined the carbon reduction objectives and plan for the period of 2020-2030, and driven the realization of the "carbon peaking and carbon neutrality" goals with the ambition of reducing carbon emission across the whole lifecycle, with the focus on the optimization of the energy structure, the innovation of low-carbon products and the building of a low-carbon ecosystem.

Carbon Neutrality Journey of Shanying International



Shanying International Joins SBTi, contributing to the Realization of the Temperature Rise Limit Target

In August 2022, Shanying International's commitment to the science-based target of limiting the temperature rise to a level far below 2°C, which was submitted to SBTi earlier, was officially approved. The Company has become the first paper-making enterprise in China committed to a scientific Greenhouse gas (GHG) emission target, which works to reduce carbon emissions across the lifecycle of products and services and contribute to the realization of the target of limiting temperature rise as set in the *Paris Agreement*. The Company publicizes the progress towards science-based GHG emission targets through annual sustainability reports and some other ways.

Science-based GHG Emission Targets and Progress in 2023

Science-based GHG Emission targets of Shanying International

By 2030, the intensity of Scope 1 and Scope 2 carbon emissions per unit product will fall by **39%** from 2020 (base year).

Path to the targets

Transformation towards clean energy

- Self-built power generation
- Self-built biomass power generation
- Use biomass steam
- Purchase green electricity and green certificates
- Renovate steam boilers, electrify fork trucks, etc.

Improvement of energy efficiency

- Upgrade equipment and facilities
- Recycle residual heat and energy
- Optimization of production technology
- Supporting energy-efficient equipment
- Lean production

By 2030, the intensity of Scope 3 carbon emissions per unit product will fall by **20%** from 2020 (base year).

Purchased products and services

- Improve the proportion of recycled fiber
- Purchase low-carbon raw materials
- Reduce material consumption through green techniques

Scrapping of sold products

- Promote recycling of sold products at the end of their lifecycle
- Use 100% renewable raw and auxiliary materials

Activities related to fuel and energy

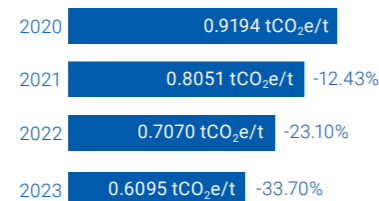
- Transformation towards clean energies
- Select low-carbon fuel through green product design

Others

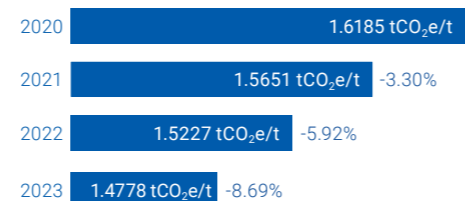
- Logistical modes and route planning
- Encourage employees to pursue low-carbon traveling

Emissions performance in 2023

Intensity of Scope 1 and Scope 2 greenhouse gas emissions



Intensity of Scope 3 greenhouse gas emissions



Progress

Overall progress in fulfillment of the science-based GHG emissions target

86%

Overall progress in fulfillment of the science-based GHG emissions target

43%

Approved science-based target

The Science Based Targets initiative has validated that the corporate greenhouse gas emissions reduction target(s) submitted by

Shanying International Holdings Co., Ltd

have been deemed to be in conformance with the SBTi Criteria and Recommendations (version 4.2). The SBTi's Target Validation Team has classified your company's scope 1 and 2 target ambition and has determined that it is in line with a well-below 2°C trajectory.

The official target wording is:

Shanying International Holdings Co., Ltd. commits to reduce scope 1 and 2 GHG emissions 39% per ton of paper and packaging by 2030 from a 2020 base year. Shanying International Holdings Co., Ltd. also commits to reduce scope 3 GHG emissions 20% per ton of paper and packaging within the same timeframe.*

**The target boundary includes bioenergy emissions and removals from biogenic sources.*

Date of issue: Jul, 2022

Certificate Number: SHAN-CHI-001-OFF



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

In the journey towards carbon neutralization, building an up-to-bottom carbon management system is the key to achieving sustainable carbon reduction. Shanying International has worked to establish a carbon management system with full coverage, consolidate the foundation for carbon management by building a management system and organization and a low-carbon culture, fully implement carbon reduction measures in an all-round way, and seize the opportunities for low-carbon development, with the aim to become an excellent example of carbon management for the paper-making industry.

Establishing a carbon management organization

Priority is given to the establishment of regulations and institutions. The Company set up the Carbon Peaking and Carbon Neutrality Management Steering Committee, 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. Four task forces have been established under the Committee, namely carbon emissions management team, carbon asset management team, carbon transaction management team and carbon neutrality management team. They are responsible for advancing specific work such as institutional formulation in relevant fields, project development and progress and project research.

Building a carbon management system

Taking the carbon management system as the starting point and take the targets as the orientation, the Company has clearly defined the scope and boundary of the carbon management system, set the objectives and indicators for carbon management and reduction, developed and improved carbon management policies, and formulated guidelines including the *Carbon Management Manual* and the *Planning and Control Procedures for the Operation of the Carbon Management System*.

As of the end of 2023, the Company and four of the Company's subsidiaries passed the EATNS carbon management system certification and obtained corresponding certificates, becoming the first batch of EATNS certified enterprises in the paper-making industry. In 2023, the Company was included into the "excellent demonstration cases of the EATNS carbon management system" by Shanghai Environment and Energy Exchange.



The EATNS carbon management system certificates of Anhui Shanying, Zhejiang Shanying, Huazhong Shanying, Huanan Shanying and Guangdong Shanying

Shanying International Included into the "Excellent Demonstration Cases of the EATNS Carbon Management System"

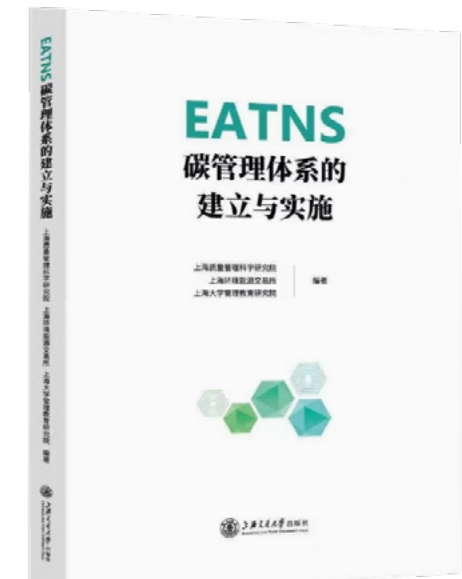
In October 2023, the 1st "Carbon Peaking and Carbon Neutrality" Service Conference & Carbon Management System Partner Conference was held. At the conference, the Company was granted the certificate of "2022-2023 Excellent Demonstration Case of the EATNS Carbon Management System" by Shanghai Environment and Energy Exchange.

The EATNS Carbon Management System is the world's first comprehensive carbon management system standard developed by Shanghai Environment and Energy Exchange in collaboration with Shanghai Academy of Quality Management amid the global carbon neutrality, China's "carbon peaking and carbon neutrality" goals and the kickoff of China's carbon market, as well as the first EATNS at home that comprises four sub-systems respectively for Emission, Asset, Trading and Neutrality. The system will help local governments achieve precise management of the enterprises whose emissions need to be controlled and formulate the roadmap for the "carbon peaking and carbon neutrality" goals, and also help enterprises carry out work related to carbon emissions throughout product lifecycles and speed up industrial transformation.



Certificate for the "Excellent Demonstration Case of the EATNS Carbon Management System"

As a leader in the paper making industry, the Company has accumulated certain experience in carbon management after years of dedication to the field. Fully aware of the responsibility to share the knowledge and experience in meeting climate change and driving the transition to low-carbon development, the Company has taken active part in the compilation of industrial books. In 2023, the *Establishment and Implementation of the EATNS Carbon Management System*, the compilation of which the Company participated in, was officially published as China's first book about the carbon management system. The Company hopes that the spread of such knowledge and experience can inspire more enterprises to devote to carbon management, and push more enterprises to engage in the building of a green and low-carbon business ecosystem.



Establishment and Implementation of the EATNS Carbon Management System

Creating a low-carbon culture

The Company attaches importance to the cultivation of a carbon management talent team, and work to create a low carbon culture with participation by all employees, so as to drive the overall improvement of the carbon management capacity, and form a low-carbon corporate ecosystem with humans at the core.

The Company encourages employees to participate in relevant training inside or outside the Company, and supports them in obtaining qualifications as carbon emission managers, carbon traders, carbon management system evaluators or certified carbon managers. All the subsidiaries carried out work in accordance with the carbon management system, and organized internal training about "carbon peaking and carbon neutrality management" and the "path to carbon neutrality". They also invited external agencies to provide training related to the carbon management system and internal auditors, and dispatched employees to external training courses, such as "carbon emission managers" and "the connotation and application of the carbon management system". In addition, the Company supported carbon management related employees in studying on their own, joining relevant exams and obtaining certificates.

Meanwhile, the Company established low-carbon printing stations, green energy stations, low-carbon libraries and low-carbon waste paper recycling stations inside the Company. The Company carried out a variety of themed activities on the National Low Carbon Day and Tree-Planting Day, etc., and organized publicity and education themed green traveling, green office and Vegetarian Month, to help employees develop low-carbon habits and awareness and fulfill the "carbon peaking and carbon neutrality" responsibility and goal together with the Company.



Activities Sites of Low-carbon Action Season themed "Exploring the Beauty and New Life of Paper Through Carbon reduction" that held by Shanying International at the headquarters



Activities carried out by Putian Xiangheng and Wuhan Xiangheng on the Tree-planting Day

Seizing the opportunities associated with low-carbon development

The green development model can not only help enterprises reduce cost and increase efficiency, but also bring them direct economic benefits. Under the ambitious vision of meeting climate change, as specified by national policies, carbon emission permit can be used as a corporate asset, delivering tangible benefits to enterprises in carbon market transactions. In addition, assets not held for sale, such as the carbon emission subsidy, carbon reduction-related tax exemption and benefits from carbon finance investment, bring enterprises added values as well.

Fully seizing the opportunities arising from low-carbon development, the Company continued to engage in the carbon market and explore efficient and innovative models of transactions, to build a flexible portfolio for value preservation and appreciation of carbon assets. In the meantime, the Company invested in the development of Voluntary Emissions Reduction projects and carbon finance derivatives such as green medium-term notes, and incorporated them in the positive asset system as part of "Shanying Carbon Asset Panorama". The Company also actively tapped the potential of emerging emissions reduction projects such as Carbon Capture, Utilization and Storage (CCUS) of forestry. The Company reviewed 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 made preliminary calculation of potential emissions reduction.

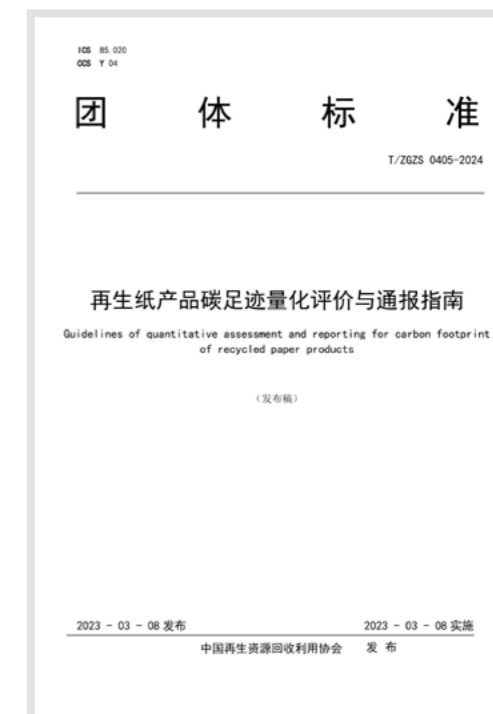
Calculating the carbon footprints of products in a scientific and standardized way is fundamental to an enterprise's management of carbon assets. The Company participated in the compilation of industrial and group standards, while calculating the carbon footprints of the own products, to export the Company's practice and experience, empower carbon footprint calculation for the industry and contribute further to the realization of the "carbon peaking and carbon neutrality" goals.

The Guidelines of Quantitative Assessment and Reporting for Carbon Footprint of Recycled Paper Products, which Shanying International Participate in, Released

In March 2024, the *Guidelines of Quantitative Assessment and Reporting for Carbon Footprint of Recycled Paper Products (T/ZGZS 0405-2024)*, the compilation of which Shanying International participated in, was allowed to be released and enacted after confirmed by the Standards Committee of China Resources Recycling Association as meeting the requirements for standards.

As Part I of the *Calculation Methods for Carbon Reduction Emissions of the Waste Paper Recycling Industry*, a group standard system, the *Guidelines of Quantitative Assessment and Reporting for Carbon Footprint of Recycled Paper Products*, was formulated by several leading enterprises and scientific research institutes in China's recycled paper industry. The Guideline defines guidelines for quantitative assessment and notification of the carbon footprint of recycled paper products in the renewable resources industry, and specifies the principles, objectives, contents and methods of the quantitative assessment of the carbon footprints of recycled paper, as well as the requirements for data collection and processing, calculation procedures and the guide for results reporting.

The Guideline provides scientific and standardized methods for the assessment of reduced carbon emissions by the waste paper recycling industry, plays an important role in the objective assessment of the industry's contribution to carbon reduction, and is of great importance to improving the international competitiveness of the recycled paper products made in China, promoting the high-quality development of the recycled paper industry, and speeding up the realization of the "carbon peaking and carbon neutrality" goals in the industry.



Guidelines of Quantitative Assessment and Reporting for Carbon Footprint of Recycled Paper Products

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

China's Action Plan for Peaking Carbon Emissions by 2030 calls for "vigorous efforts to develop the circular economy, comprehensively improve the efficiency of resources utilization, and promote the synergy between cutting resources consumption and reducing carbon emissions". The paper-making industry has the typical attributes of the circular economy, with all the raw materials used renewable. In particular, the recycling of waste paper, compared to the "forest in cities", can help reduce tree felling and greenhouse gas emissions.

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 at 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.

The Company 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, the Company has 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 corrugated paper recycled, about **1 ton of carbon dioxide** emissions will be generated, reducing carbon dioxide emissions by **1.58 tons** when compared with 1 ton of corrugated paper processed with original pulp.



Over **96%** raw materials of the company are derived from recycled fibers (only in important papermaking subsidiaries)

More than 8 million tons of recycled fibers are recovered every year, equivalent to avoiding emissions about **648 thousand tons of carbon dioxide**³.

Besides recycling waste paper, fully using non-wood pulp materials can help protect forest resources and reduce greenhouse gas emissions as well. Straws are important renewable agricultural by-products. Straw-based pulping can not only reduce the use of wood pulp and waste paper pulp, but also improve the utilization of straw materials and promote agricultural transition to low-carbon development. For the comprehensive utilization of 1 ton of straws, about 1.64 tons of carbon dioxide emissions from the combustion of straws will be avoided⁴. Moreover, the waste liquid and organic solid waste generated from the pulping process can also be recycled into other products with high added values, minimizing the environmental footprints of the whole process.

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).

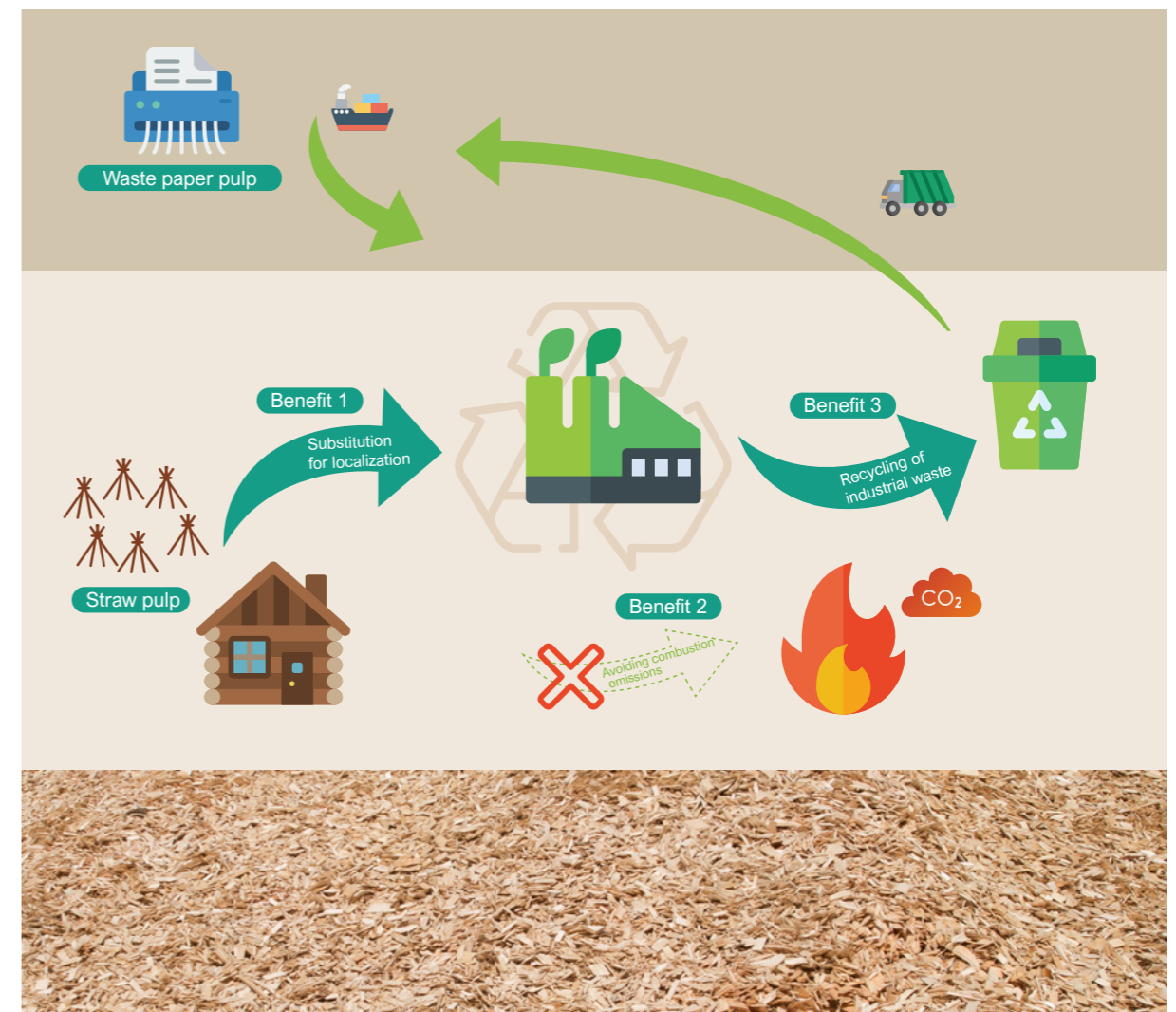
⁴ Relevant parameters are from *IPCC 2006 and Provincial-Level Greenhouse Gas List Compilation Guide* (2011), etc.

To explore the path to straw-based pulping, the Company has collaborated with several Chinese universities on the R&D of the straw-based pulping process, and advanced the straw-based pulping projects at the subsidiaries including Jilin Shanying and Suzhou Shanying.

In Phase I of its 300,000-ton corrugated paper and 100,000-ton straw pulp project, Jilin Shanying leverages advanced and efficient clean pulping technique, uses local straws to produce straw pulp and related biologically extracted by-products, and replaces imported recycled fiber with the straw pulp in paper making. 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, and achieve multiple benefits in agriculture, industry, ecological integration, economy and society.

Suzhou Shanying launches the 1.2-million-ton thermo fiber recycling and residual heat utilization project, which is located in an agriculturally developed area abundant in straw materials. Suzhou Shanying annually produces 800,000 tons of thermo fiber, consuming 1.411 million tons of straws in total, which will effectively help the high-value utilization of straws in local and surrounding areas.

Straw-based Pulping: Tapping the Multiple Benefits of Carbon Reduction through "Substitution + Circulation"



In the packaging business, the Company uses bamboo pulp and other renewable raw materials to avoid greenhouse gas emissions on the product side and empower the low-carbon transition of the society. To practice the national low-carbon strategy, the Company invested in the construction of Yibin Xiangtai Food paper and plastic factory in Xingwen County, Yibin City, using the local bamboo pulp and energy advantages, in accordance with the strict requirements of the food packaging industry, to create the Company's first food paper and plastic production base, with an annual capacity of 20,000 tons.

In addition to making efforts in the source of raw materials, the quality and efficiency improvement in the recycling process of renewable resources is also an important way for the green and low-carbon development of the paper industry. China's traditional renewable resource recovery system is challenged by many problems, such as the scattered and disorderly distribution of companies, backward techniques, low efficiency and serious pollution. By contrast, building a new-type renewable resource recovery system with green sorting centers at the core can effectively improve the efficiency of resources recycling, reduce the pollution and emissions generated in the recycling process, while meeting the growing demand for recycling renewable resource sources amid the trend of circular economy.

Upholding the strategic position of being "a global leading provider of integrated green packaging solutions that creates long-term value for customers" and based on the industrial ecosystem of renewable resource recovery, Shanying International works to build a globalized recycling network with the planning, construction and operation of domestic green sorting centers at the core, to help customers and partners improve the efficiency of renewable resource recovery and create a low-carbon recycling system.

The Company promotes the development of renewable resource recovery in China. The Company constructs renewable resource recovery centers and networks online and offline, integrate the industrial chain and cooperate with downstream customers, to ensure the stable and efficient supply of resources and reduce resources waste. In 2023, the company further integrated the resources related to renewable resources recovery, established the Recovery Business Unit, and launched a brand-new joint venture in collaboration with Veolia, to form a new business development pattern of promoting the construction of urban renewable resources sorting center offline and building a renewable resources recycling network platform online.

By building renewable resources sorting system, the Company creates a recycling system where waste is collected at the source, sorted and treated till finally reused at the end for each city and government, to improve the efficiency of managing renewable resources. The Company establishes a model that integrate urban environment services, garbage sorting and resources recovery networks, to empower the construction of waste-free cities and the realization of the "carbon peaking and carbon neutrality" goals. In 2023, the Company recovered 48,000 tons of resources of all categories.

With long-term dedication to the whole paper-making and packaging industry chain, the Company has accumulated deep industrial insight and rich professional resources, built an industrial Internet eco-platform that covers the paper-making and packaging industrial chain to serve the recovery of recycled fiber and industrial transport optimization at home, and created an interconnected and harmonious ecosystem for the industry to drive innovation in business models and operation transformation.

Shanying International Establishes a Joint Venture with Veolia to Advance Construction of Green Sorting Centers

In 2023, Shanying International collaborated with Veolia, a global benchmark enterprise in the area of optimized resources management, on carbon peaking and carbon neutrality. A new joint venture was established under the cooperation, to further improve the Company's influence and position in the area of renewable resources and speed up the development of renewable resources recovery business in China.

The joint venture company will focus on the construction and operation of the renewable resource sorting system, make full use of the resource advantages and professional technologies of both parties, combine the deployment of urban green sorting center, and build a renewable resource sorting center organically combined with "carbon neutral concept + garbage sorting + full category recycling" with the support of modern vehicle networking, intelligent IoT and big data information technology to maximize the use of resources, while improving the city's comprehensive environmental governance capacity, to promote the development of circular economy.

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. As a manufacturing company, the core of achieving carbon reduction at the production and operation end is more efficient energy management. The company establishes and continues to improve the energy management system, through the promotion of energy clean transformation and promote energy efficiency improvement in two major ways, while meeting the national emission control requirements, enabling green manufacturing low-carbon, seize new opportunities for long-term sustainable development.

Construction of an Energy Management System

The energy management system is fundamental for an enterprise to reduce energy consumption and improve energy efficiency. The Company establishes and improves the energy management system, and take steps like standardizing energy measurement, conducting energy balance tests and energy reviews, organizing energy management themed training and strengthening indicator-based energy use assessment, to promote energy conservation and carbon reduction across the Company.

Main Measures and Achievements of Energy Management

Establishing and improving the energy management system

- **Guangdong Shanying:** Formulated the *Energy Management Manual*, which specifies energy management commitment, energy policies, energy objectives and indicators, energy management system reviews, energy performance management and energy procurement, to standardize activities across the process of energy management. During the reporting period, Guangdong Shanying was rated "Energy Efficiency Benchmark Enterprise" by Guangdong Paper Association.

Standardizing energy measurement

- **Huazhong Shanying:** Formulated the *Energy Measurement Management Policy*, used standard measurement devices to exercise quota-based management of energy consumption in various workshops, and implemented graded assessment of power workshops and production workshops.

Conducting energy balance tests

- **Huazhong Shanying:** Conducted energy balance tests, to fully understand the input, output, conversion and loss of energy in the production process, take well-targeted energy conservation measures, improve energy efficiency and reduce energy cost.

Conducting energy reviews

- **Zhejiang Shanying:** Conducted internal energy reviews, to analyze current use of energy, identify problems based on national standards and advanced industrial levels, tap the potential of energy conservation, and define proper energy benchmarks, objectives, indicators and energy conservation plans.

Organizing energy management themed training

- **Zhejiang Shanying:** Carried out training on the basic knowledge about energy management and the technology of biological carbon sequestration during the reporting period, to improve employees' abilities in energy management.

Strengthening indicator-based energy use assessment

- **Jiashan Xiangheng:** Established the monthly assessment mechanism for steam consumption per product to further drive energy conservation.

Transformation towards Clean Energy

Compared with traditional fossil fuels that feature high consumption and high emissions, renewable resources bring 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 achieve carbon neutrality in production and operation by using cleaner and more sustainable alternative fuels and purchasing green electricity and green certificates.

Main Measures and Achievements of Renewable Energy Usage in 2023

Self-build power generation

- 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 area of roofs equipped with PV power generation facilities exceeded 1 million m², and the installed capacity of PV power generation totaled about 100MW, with the annual power generation reaching 51.4325 million kWh, equivalent to avoiding 29,331.95 tons of carbon dioxide emissions.

Self-build biomass power generation

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

- **Jilin Shanying** 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, reducing carbon dioxide emissions by about 150,000 tons per year.
- **Yangzhou Xiangheng** upgraded its coal-fired boilers into biomass boilers, reducing carbon dioxide emissions by approximately 10,000 tons per year.

Actively initiated collaborative projects for reduction and recycling of slag pulp, municipal sludge and other solid waste

- **Anhui Shanying** commenced the slag pulp, light pulp and sludge power generation instead of coal projects. During the reporting period, power generation through comprehensive use of resources totaled 170.9151 million kWh, and power generation with marsh gas totaled 65.19 million kWh, equivalent to avoiding carbon dioxide emissions by about 37,177.86 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 avoiding carbon dioxide emissions by about 102,000 tons. During the reporting period, it continued to develop high-heat fuels and resources as substitutes to crude coal, upgraded the solid waste furnace fuel technology and achieved dual-unit operation, further improving power generation efficiency.
- **Aituo Environment 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 avoiding carbon dioxide emissions by about 171,000 tons.
- **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 biogas power generation totaled 35.55 million kWh during the reporting period, equivalent to avoiding carbon dioxide emissions by 20,274.17 tons.

Use biomass steam

- **Aituo Environment Energy, Yangzhou Xiangheng and Huazhong Shanying** used or supplied 1,359,213 tons of biomass steam combined.

Purchasing green electricity and green certificates

- **Zhejiang Shanying** purchased and used green electricity for 10,000 kWh during the reporting period.
- **Zhuhai Senyang** purchased green certificates for 3,215 kWh during the reporting period.

In addition, the Company also attaches importance to the role of other clean energy in decarbonization, and actively launch projects such as steam boiler renovation and diesel-to-electric conversion for forklift trucks, to promote the wide spread of clean energy.

Improvement of Energy Efficiency

The Company continuously improves energy efficiency during the production process, and drive the synergy among energy conservation, pollution reduction and carbon reduction by integrating and refining energy, resources and emission management systems. In 2023, based on the roadmap and schedule for the carbon reduction goal, the Company developed and continuously tracked the energy efficiency indicators related to production at various bases, and deployed technical renovation projects for carbon reduction, and boosted the energy efficiency of the operating system by optimizing equipment and facilities, recovering residual heat and energy, optimizing production techniques and providing auxiliary energy-efficient equipment, etc.

In addition, the Company further strengthens lean production and the implementation of improvement measures, to continuously stimulate the vigor in energy conservation and carbon reduction. As of the end of 2023, 7 entities, including the Company and the subsidiaries, were listed among "state-level green factories".

Main Measures and Achievements of Carbon Emission Reduction in 2023

Upgrade equipment and facilities

- **Suzhou Shanying** launched equipment optimization projects such as renovation of air compressors and fans.
- **Huazhong Shanying** carried out the heat supply pipe damage repair project, production system energy conservation project, and individual equipment power conservation project.
- **Anhui Shanying** continued to replace the high-energy-consuming motors with energy-saving ones in every workshop.
- **Yangzhou Xiangheng** replaced the high-energy-consuming sources of light with LED energy-saving ones for workshop peripheral lighting.

Recovering residual heat and energy

- **Guangdong Shanying** used low-grade industrial residual heat to generate power through the ORC (Organic Rankine Cycle) low-temperature thermal power generation technology. In addition, it constructed hot water lithium bromide absorptive chiller sets. At the lithium bromide absorptive refrigeration station, the heat is mainly from the residual heat of the marsh gas generating sets, and supplemented by the heat of the water recovered from the paper-making production line. The project saves about 18.4536 million kWh of energy per year.

Optimizing production techniques

- **Zhejiang Shanying** carried out technical renovation projects to improve flues, boiler efficiency, paper-making vacuum systems, turbine fans, steam and condensate water separators, saving about 6,482.29 tons of standard coal annually. Its paper-making process green renovation and PV power generation project was listed among "Zhejiang's pollution and carbon reduction benchmark projects".
- **Chongqing Xiangheng** launched a special technical renovation project, increasing the production speed by 23 m per minute on average and lowering natural gas consumption per product by 4.04 m³/10,000 m².

Supporting energy-efficient equipment

- **Hangzhou Xiangheng** added a steam temperature control system, cutting steam consumption per product by 0.13 ton/10,000 m².

Lean production

- **Vietnam Zhongjian** launched a lighting renovation project in the plant area, cutting energy consumption by dismantling unnecessary lights and changing dual-tube lights into single-tube lights while ensuring lighting effects.

Green Life Cycle: Supporting 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.

Upholding the concept of green development, the Company continuously carries out R&D innovation and lean management, tapping the potential of carbon reduction across the life cycle from product design, production and transport to use, recovery and disposal, advancing the substitution of plastics with paper, and creating low-carbon and even zero-carbon products that cover all categories. As of the end of the reporting period, 11 of the Company's packaging paper or cardboard products were listed into the state-level green design products in batches.

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: Making Environmental Protection a Fashion Trend

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 recyclable raw materials, and can be recycled at the end, achieving the entire life-cycle carbon reduction.

Zhongying Technology Creates Green and Low-carbon Products through Innovation

Low-carbon design

Design concept

- Center on carbon reduction, upholding the philosophy about "cradle-to-cradle" sustainable ecological circulation, following the "4R1D" principle (reduce, reuse, recycle, recover, degradable) and the "long-life design" way of thinking, the Company uses low-carbon base materials in R&D and take into account every part of product life cycles to minimize the impact on the environment.

Collaboration on breakthroughs

- The Company sets up highly professional material and design teams and establish state-level key laboratories to test material safety; collaborating with internationally frontier research institutes and universities and leading material suppliers on the development and application of low-carbon materials.

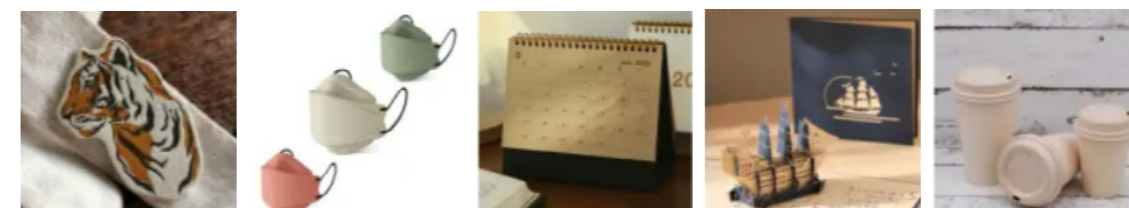
Fruitful achievements

- Low-carbon 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. The selected printing ink is qualified for Rosh and Reach chemical quality safety standards.
- Low-carbon process:** 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.
- Green certification:** The Company tries to make carbon footprint data available for every material in its low-carbon material library. As of the end of 2023, Zhongying Technology obtained 9 patents, with 7 product series awarded green product certificates.

Sustainable products

Targeting enterprises: Customizing sustainable packaging products and cultural peripheral products

- Customize sustainable packaging products and cultural peripheral products for enterprises, to help them forge green images.



Targeting individual consumers: Launching sustainable and fashionable products to create a sustainable lifestyle

- Develop the sub-brand "Long Island Life", which focuses on sustainable products such as low-carbon bags, accessories and home furnishings.
- Develop products such as the briefcase, business bag and cosmetic bag with 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, which not only improves product use and maintenance performance, but also make products recyclable, degradable and safe across life cycles.



The Company collaborates with domestically authoritative agencies on the accounting of product carbon footprints. As of the end of 2023, the Company had completed the verification and certification of the carbon footprint of 20 products, and obtained relevant assessment reports, product carbon footprint certificates and product carbon footprint labels. Also, product carbon footprint assessment helps us fully master the carbon footprints of various products and make clear the direction for developing greener products.

Results of Product Carbon Footprint Analysis

- **Paper-making products:** The “cradle-to-gate” product carbon footprint ranges between 0.9809-1.1489 kg of carbon dioxide equivalent per kg of paper, demonstrating the Company’s industry-leading energy efficiency in the production stage.
- **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 kg carbon dioxide equivalent per kg of products. The energy consumption structure in production has been constantly optimized, guaranteeing the high energy efficiency and low emissions of the product.



The product carbon footprint certificate and label for “H” high-strength corrugated base paper

The Company maintains deep two-way communication with customers, to learn about their demands for collaboration on carbon reduction across the value chain, jointly discuss product carbon neutralization plans, product carbon footprint assessment and zero-carbon product development, and achieve carbon reduction across the value chain together.

Shanying International Collaborates with Budweiser APAC to Build a Zero-Carbon Future together

Shanying International collaborates with Budweiser APAC as its supplier strategic alliance partner, creating the model for the carbon footprints of packaging materials, exploring the model for the collaboration on carbon reduction across product life cycles and achieving co-existence and win-win outcomes in the carbon reduction journey together.

Carrying out supplier strategic alliance collaboration

- Since 2022, the Company’s subsidiaries Wuhan Xiangheng and Putian Xiangheng have entered into a supplier strategic alliance with Budweiser. By building a platform for supply chain carbon management, organizing training and taking some other moves, both sides share advanced technology, resources and experience to empower the whole value chain and build a green ecosystem together.

Creating the model for the carbon footprints of packaging materials

- Established between Budweiser APAC and Carbonebook, the platform for supply chain carbon management lays a foundation for the model for the carbon footprints of packaging materials in terms of the accounting of greenhouse gas emissions, onsite tutoring, formulation of the list of greenhouse gas emissions, definition of the base year, planning for the roadmap on carbon neutrality and net-zero carbon emissions and tracking of progress, etc.

Exploring the model of collaboration on carbon reduction across life cycles

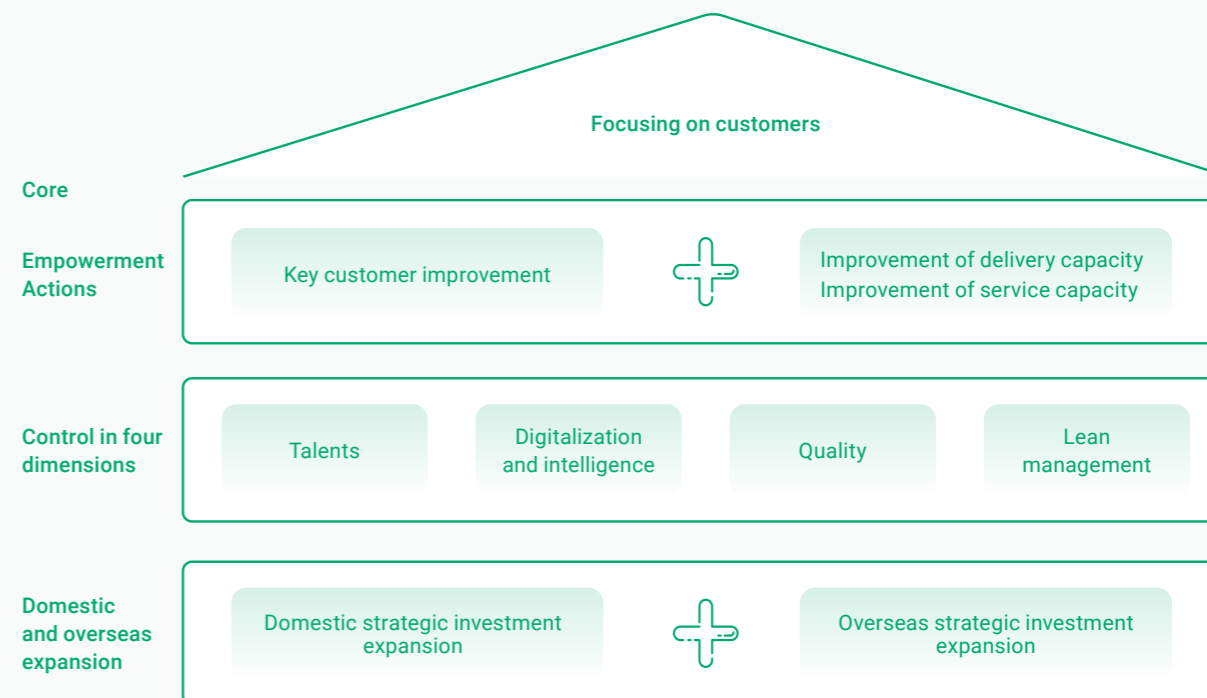
- The Company conceives the model of collaboration with Budweiser APAC on the urban green housekeeper project, directional waste paper recovery project and green logistics project, etc., and jointly explore the path to carbon reduction across the life cycle, to achieve co-existence and win-win outcomes in the carbon reduction journey together.

Special Topic II

Being Driven by Values and Building a New Benchmark for the Green Packaging Industry

Amid China’s pursuit of “carbon peak and carbon neutrality” targets, policies advocating circular economy, green packaging, and the substitution of plastics with paper have steered consumer focus towards sustainable development. This heightened awareness has led to increased encouragement and support for circular economic practices and environmentally friendly packaging solutions. Consequently, packaging in various areas will be increasingly green, circular, low-carbon and sustainable.

The Company is committed to becoming “a global leading provider of integrated green solutions that creates long-term value for customers”. Focusing on customers and grounded in a robust product quality management system, the Company continuously enhances the R&D capacity, broadens the areas of services, explores renewable materials and product structure design, strengthens lean management, and boosts operation and production efficiency through digital and intelligent transformation, to enable the customization of green packaging solutions for a wide range of industrial clients. This collaborative effort aims to forge a greener, more sustainable future in conjunction with customers and supply chain partners.



Domestic and Overseas Expansion with Customers at the Core

Positioned to become “a global leading provider of integrated green solutions that creates long-term value for customers”, Shanying International vigorously enhances the horizontal and vertical service capacity in the packaging sector. By fulfilling the diverse needs of customers across different regions, the Company also establishes an integrated service capacity across the industrial chain from raw material procurement, product R&D, production and customized design to logistics, delivery and recycling.



Focusing on customer needs, the Company constantly enhances its R&D capacity, broadens the scope of its services, and strategically locates itself near clusters of industry-leading customers, to better customize packaging solutions for customers in diverse industries, expand its customer base and maintain customer stability. Meanwhile, the Company constructs ports, warehouses and other logistical facilities to support the rapid growth of its primary business. During the reporting period, the Company's packaging business division (hereinafter referred to as “Xiangheng Packaging BU”) mainly operated in economically developed areas along rivers and by the sea, with influence covering Jiangsu, Zhejiang, Anhui, Fujian, Guangdong, Hubei, Shandong, Sichuan, Tianjin and Guizhou, etc., and the annual production capacity exceeding 2.5 billion square meters, positioning it as the second-largest in China.

The Company is actively leveraging its advantageous resources to expand into new industry sectors and strengthen its industrial layout in Southeast Asia. Commencing its overseas ventures in 2021, the Company successfully finalized the construction of the Zhongjian secondary plant in Vietnam by 2022, with an annual production capacity of 50 million square meters. In the future, the Company plans to invest in new assets and equipment in Vietnam and Thailand, to enrich product lines and develop new businesses, closely follow the global expansion of key customers and further improve Xiangheng Packaging BU's horizontal service capacity. During the reporting period, Xiangheng Packaging BU improved the accurate delivery rate to 99.95%.

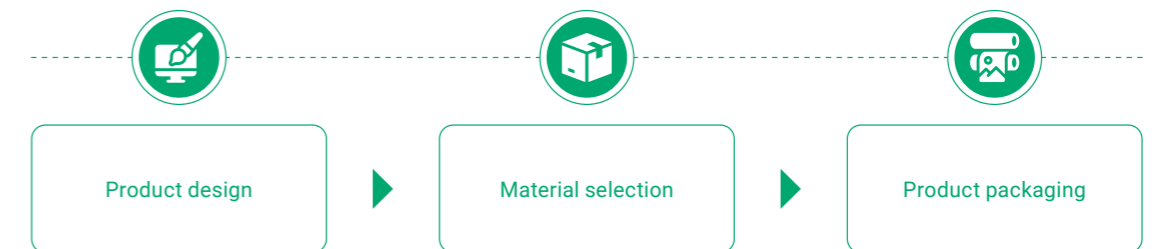
Production Capacity Layout of Xiangheng Packaging BU

Regional Layout	Total Production Capacity
<p>North China: Tianjin, Qingdao, Yantai</p> <p>East China: Yangzhou, Changzhou, Hangzhou, Hefei, Suzhou, Taizhou, Jiaxing, Ma'anshan, Chuzhou, Suqian, Wuxi, Jiashan</p> <p>South China: Foshan, Nanning, Xiamen, Zhongshan, Zhuhai, Putian</p> <p>Central China: Wuhan, Huanggang</p> <p>Southwest China: Chengdu, Luzhou, Yibin, Chongqing, Guiyang, Ziyang, Zunyi</p> <p>Overseas: Vietnam, Thailand</p>	<p>Over 2.5 billion m²</p> <p>the 2nd in China</p>

Xiangheng Packaging BU emphasizes comprehensive packaging solutions, and leverages advanced production equipment to provide customers with integrated services in the processes of materials purchase, product design, production and printing. In the production process, cutting-edge equipment is adopted, including German BHS and Italian FOSBER composite corrugated paper machines; offset presses from German manufacturers KBA and MAN ROLAND; pre-press systems by Shandong Ekofa and Shaanxi Beiren; watermarking machines from Japanese SHINKO, Guangdong Keshenglong, and Shanghai Dinglong and digital printers by Guangdong Taiyi, to effectively boost production efficiency and operation reliability and ensure the long-term and steady operation of equipment.

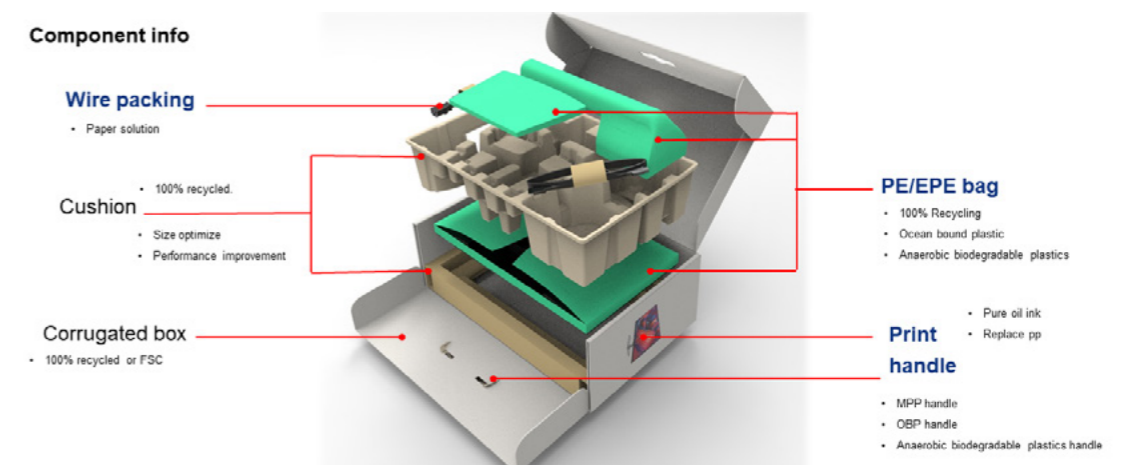
Xiangheng Packaging BU Provides Customers with One-Stop Packaging Solutions

Xiangheng Packaging BU provides customers with one-stop packaging solutions, which integrate diverse and high-quality packaging products with a range of services including product design, material selection and product packaging.



- In the design process, Xiangheng Packaging BU upholds the “cradle-to-cradle” concept, and adopts technologies such as FEA and SRS in parameter design, to ensure the best possible packaging system and shorten the time from product development to market launch for customers.
- In the process of material selection, Xiangheng Packaging BU offers customers diverse options of packaging materials, including paper cartons, paper boxes, paper cards, paper plastics, paper tubes and highly recyclable plastic packages.
- In the product packaging process, Xiangheng Packaging BU provides customers with complete printing solutions, including offset printing, watermarking, pre-printing and digital printing, and offers surface and post-printing treatment like lamination, varnishing, UV, gold stamping and silver stamping, to present quality and exquisite product packaging effects.

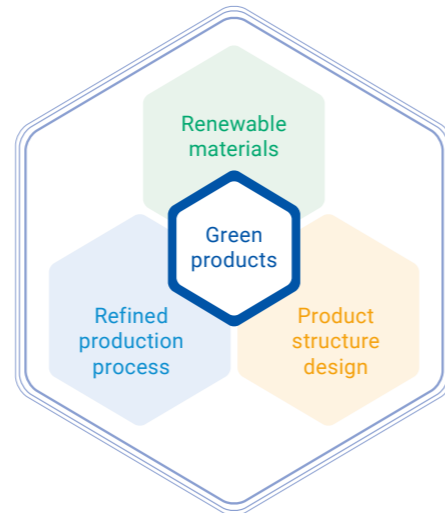
Component info



Building Green and Sustainable Packaging Solutions

Pursuing sustainable development, the Company vigorously explores the replacement of plastics with paper in the packaging business. By prioritizing renewable materials, optimizing product structure design and production processes, it drives product innovation, offering customers environmentally friendly and economically efficient green packaging solutions. These efforts contribute to society's pursuit of sustainability.

Xiangheng Packaging BU uses renewable materials including recycled waste paper and bamboo pulp, vigorously expands the application of new-type bio-based materials, and improves the efficiency of resource utilization, to avoid emissions of greenhouse gas at the product end and drive the low-carbon transition of the society. Meanwhile, the Company taps the value of recycled waste paper by converting it into high-quality packaging products, to achieve "cradle-to-cradle" circulation, maximize the use of resources, and demonstrate its firm commitment and unremitting efforts in the journey to circular economy and sustainable development. During the reporting period, some subsidiaries of Xiangheng Packaging BU attained FSC 100%, FSC MIX and FSC RECYCLED certifications¹, to boost green competitiveness and drive the sustainability of the industry.



The FSC Certifications Xiangheng Packaging BU Attained in 2023

Certification Name	Certified Subsidiaries
FSC 100%	• Yangzhou Xiangheng, Jiangsu Jiurun, Suzhou Xinghua
FSC MIX	• Zhejiang Xiangheng, Suzhou Shanying, Zhongshan Xiangheng, Yangzhou Xiangheng, Changzhou Xiangheng, Putian Xiangheng, Xiamen Xiangheng, Chongqing Xiangheng, Luzhou Yishenghong, Jiangsu Jiurun, Suzhou Xinghua, Zhongshan Zhongjian
FSC RECYCLED	• Zhejiang Xiangheng, Suzhou Shanying, Zhongshan Xiangheng, Yangzhou Xiangheng, Changzhou Xiangheng, Putian Xiangheng, Xiamen Xiangheng, Chongqing Xiangheng, Luzhou Yishenghong, Jiangsu Jiurun, Suzhou Xinghua, Zhongshan Zhongjian, Hangzhou Xiangheng, Zhuhai Senyang

Replacing Traditional Ink with Soy Ink to Reduce Impact on the Environment

Xiangheng Packaging BU replaces traditional ink with soy ink, to effectively improve employees' working environment, reduce pollution to the air, and lower the impact on the environment. Processed with soybeans, soy ink can be fully integrated into the environment after natural decomposition, and is thus safe, reliable and environment-friendly.

During the reporting period, soy ink was applied to some of the businesses by the subsidiaries of Xiangheng Packaging BU, including Putian Xiangheng, Wuhan Xiangheng, Guizhou Xiangheng, Sichuan Xiangheng, Sichuan Xiangheng, Hefei Xiangheng, and Yangzhou Xiangheng.

¹ FSC certification includes three types: FSC 100%, FSC MIX and FSC RECYCLED. FSC 100% certified companies mean the materials they use are 100% FSC certified; FSC MIX certified companies mean the materials they use contain FSC certified materials; FSC RECYCLED certified companies mean the materials they use are recyclable.

Replacing Plastics with Paper and Practicing the "Cradle-to-Cradle" Concept through Industrial Pulp Molded Paper Products

In the past, the leftover materials generated in production were treated or discarded as solid waste, causing waste of resources. Identifying the value of the waste, Xiangheng Packaging BU transformed it into a resource, utilizing it to produce paper pulp and creating industrial paper-plastic products through extrusion or plasticization processes. In the production process, industrial pulp molded paper products will not generate solid waste; no compounds such as glue will be added, and the water used in production can be recycled, enabling green manufacturing in the real sense. In addition, in market circulation and use, industrial pulp molded paper plastic products need no special treatment such as sorting or dismantling before recycled and reused, enabling effective management of products throughout life cycles and creating environmental benefits.



The Company actively takes its social responsibility and upholds the concept of green and sustainable development. The Company commits to developing durable, high-quality and environment-friendly products by optimizing and introducing innovation to structure design, to reduce impact on the environment and work with stakeholders including customers to build a green and low-carbon future together.

Cold-chain Honeycomb Materials, New Environment-friendly Materials with Strong Durability and Sound Cushioning and Barrier Properties

The traditional cold-chain packaging materials for food and drugs, among other items, are environmentally unfriendly, hard to recover and costly, which is against the concept of green development. By combining the unique properties of honeycombs and the thermal insulation, waterproof and penetration-proof properties of PET aluminum laminated films/aluminum foil, Xiangheng Packaging BU has developed cold-chain honeycomb materials, which feature strong durability and sound cushioning and barrier properties, and can replace traditional unrecyclable KT board cold-chain and EPS foam boxes.

In addition, due to sound low-carbon design and green production process, cold-chain honeycomb materials have great low-carbon performance. During the reporting period, the Company calculated the carbon footprints of cold-chain honeycomb boxes and obtained the relevant certificate. The results showed the carbon footprints of the product totaled 1.511 kgCO₂e/kg. Compared with other packaging products of the same type, for the use of 1 ton of cold-chain honeycomb boxes, 3,011 kg of carbon emissions will be reduced, equivalent to the emissions generated by consuming 1,120.48 L of diesel, and the carbon sink generated by 650 trees in a year. Also, the cold-chain honeycomb boxes have been awarded the utility model patent certificate.

Lightweight paper, cutting prices by more than 8%

High flat compression strength, resistant against clamping

No requirements on material selection, not directional

Sound waterproof and thermal insulation properties

Fully recyclable materials

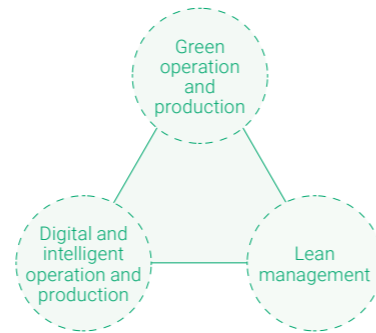
Carbon-reducing products to drive carbon neutrality

Lower storage and transport cost

Crush-resistant boxes, increasing stacking layers

Empowering Low-Carbon Industrial Development with Digital and Intelligent Technologies

Committed to "making the life better through paper", Xiangheng Packaging BU pursues green and low-carbon transition, advances energy conservation and carbon reduction in operation and production, and works with supply chain partners to build a green and sustainable future together. Meanwhile, on the path to sustainability, the Company leverages lean management to identify and improve the efficiency of resource utilization in operation and production, and further strengthen environmental and resource management through digital and intelligent practice, to promote the balance between economic benefits and social benefits, and achieve sustainable and efficient modern operation.



Green Operation and Production

The Company vigorously drives green transition, and advances green operation and production in an all-round way by increasing the use of clean energy and carrying out energy conservation and emission reduction projects, to achieve both economic benefits and environmental benefits. During the reporting period, Ma'anshan Xiangheng and Putian Xiangheng took proactive measures, including heightened investment in green energy and rigorous environmental emission management, which led to their recognition as national-level green factories in 2023.

The Company scales up investment in clean energies, such as installing PV facilities on roofs, to reduce its reliance on traditional fossil energy, achieve the green transition of the energy structure and effectively reduce greenhouse gas emissions. During the reporting period, Xiangheng Packaging BU developed PV facilities through independent investment or collaboration with third parties. As of the end of the reporting period, installed PV power generation capacity totaled about 29 MW, and annual power generation about 23,171 MWh, equivalent to the reduction of about 13,214.42 tons of carbon dioxide.

Xiangheng Packaging BU improves energy utilization efficiency and reduces energy consumption also by launching projects such as replacing equipment and renovating the steam system and air compressors. Meanwhile, Xiangheng Packaging BU replaced the leased fuel-powered vehicles in the factory with EVs, to further reduce the dependence on traditional fossil energies. As of the end of the reporting period, 93% of the fuel-powered vehicles were replaced.

Energy Conservation and Emission Reduction Projects Launched by Xiangheng Packaging BU and Their Progress in 2023 (Partial)

Project name	Contents and achievements
PV street lamp project in the plant area	• Saving about 29,700 kWh of electricity annually
Improvement of the power use for lighting in the plant area	• Saving about 131,000 kWh of electricity annually
BHS steam consumption reduction	• Reducing steam consumption per unit by 12% and saving about 984 tons of steam annually
Renovation of the 2.5-meter steam system	• Reducing steam consumption per unit to 240 kg per ton of paper, which is approximately a 33% reduction
Renovation of the roots blowers for cardboard B machine	• Saving about 55,000 kWh of electricity annually
Energy-efficient renovation of air compressors	• Saving about 252,700 kWh of electricity annually
Renovation of water-cooled dryers	• Saving about 35,500 kWh of electricity annually
Project of reducing the energy consumption of air compressors	• Reducing energy consumption per unit by 33%

In addition, Xiangheng Packaging BU strengthens supervision and optimization of greenhouse gas emissions across the supply chain, and advances the building of a green and low-carbon supply chain, to contribute to the realization of the global goal for climate governance. During the reporting period, Xiangheng Packaging BU managed all external transport suppliers based on the standard cost calculated through material volume and oil price. Before transport, it made clear routes, vehicle types, standard loads and relevant technical parameters, to identify the oil consumption per transport and exercise management and control. Based on these parameters and oil consumption, it required suppliers to change bad driving habits and choose more economical transport methods to reduce energy consumption in the transport and mitigate greenhouse gas emissions.

Lean Management

Xiangheng Packaging BU actively implements lean management to optimize resource allocation, establish a robust production process, mitigate operational risks, and continually enhance its core competitiveness and sustainability. During the reporting period, Xiangheng Packaging BU launched the lean lighthouse project to build Xiangheng Operation Excellence System (XOES) and achieve its sustainability goal.

Hefei Xiangheng and Wuhan Xiangheng were selected as the pilot plants for the project. Driven by approaches and performance, and supported by third-party tutoring agencies, XOES will be initially built, to integrate the drivers of value, process, assets and personnel, facilitate sustainable improvements through prudent and practical means, connect and promote the improvements at both micro and macro levels, and improve the efficiency of resources utilization. Based on the pilot plants, the Company will further explore an overall management model for the packaging unit, develop complete lean management documents and operation standards, and foster a lean management team, to boost both techniques and management.

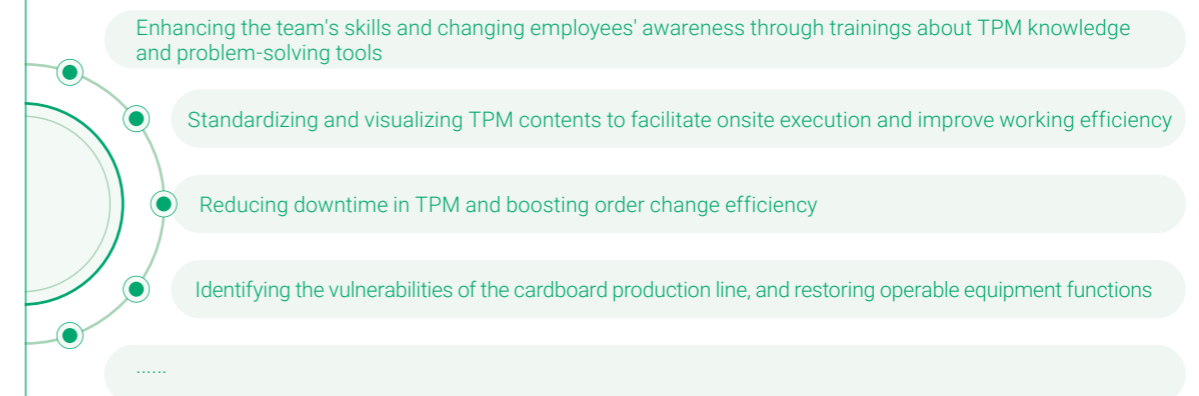
Hefei Xiangheng and Wuhan Xiangheng Implement TPM Project to Ensure the Steady Operation of the Production System

In 2023, Hefei Xiangheng and Wuhan Xiangheng launched the Total Productive Maintenance (TPM) project. Through full participation and prevention-oriented equipment maintenance management, the project aims to improve the comprehensive efficiency of equipment, lower the failure rate, ensure the steady and efficient operation of the production system, and empower lean, green and intelligent development. The TPM project covers management throughout the process from design, procurement and installation to operation and scrapping, to ensure equipment to be in the best working condition.

Part of the Contents of the TPM Project

Evaluation of current TPM situation	Training on basic TPM knowledge	Initial equipment cleaning	Identification of two power supplies of equipment and relevant prevention and treatment measures
Autonomous maintenance of TPM	Planned equipment maintenance	Analysis of the types of downtime

The TPM project helped improve equipment stability and operation efficiency and boost the team's skills.



Xiangheng Packaging BU works to build a culture of lean management with all employee participation. By organizing theme trainings and holding regular offline meetings, it aims to improve employees' professional skills and literacy, inspire employees to be proactive and innovative, and enhance the team's cohesion and execution capability.



Xiangheng Packaging BU held the exchange meeting for the lean lighthouse project

Digital and Intelligent Transformation

Digital and intelligent transformation lays a solid foundation for green operation and lean management, further boosts practical effects and creates opportunities for the Company. Xiangheng Packaging BU vigorously advances digital and intelligent transformation, to empower operation and production, improve its core competence in the era of digital economy, and maintain its leading position in the market.

Valuing the application of digitalization in operation, Xiangheng Packaging BU introduces digital and intelligent software such as Manufacturing Execution System (Hereinafter referred to as MES), YUN YIN ZHI KONG BAO and BI, to improve operating and management efficiency, further stimulate innovation and continuously enhance the efficiency of resource utilization.

Application of MES and YUN YIN ZHI KONG BAO to Boost Production Efficiency

The Company utilizes MES and Yun Yin Zhi Kong Bao to facilitate order management, implement material pull systems, and automate reporting processes. It also records essential technical parameters such as machine speed, pressure, and temperature in real time, thereby offering robust data support that enhances production efficiency and enables effective product quality tracking.



Using the system to complete equipment inspection and maintenance plans, and realize visualization of equipment conditions.



Specifying management requirements and automatically generating various reports to greatly reduce repeated labor and mistakes in management.

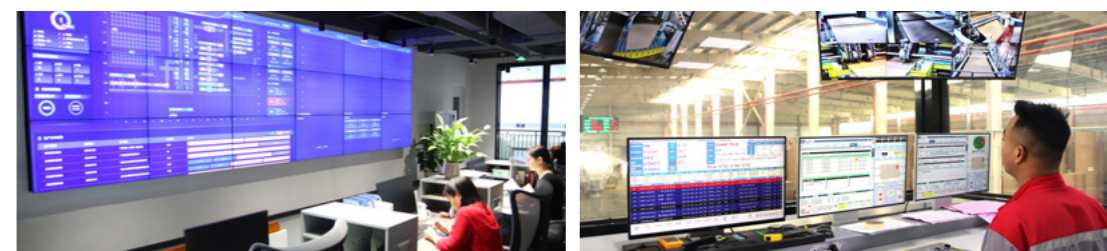
Meanwhile, Xiangheng Packaging BU continuously advances the digital and intelligent transformation of production equipment, and introduces fully automated logistic lines, base paper online system and SAP EWM, enabling data-driven lean management and intelligent services, and effectively boosting operating and production efficiency.

- After chips are installed in the incoming base paper, the system automatically identifies all the information about the material, and works with the scheduling system to help planning personnel find suitable materials faster;
- The system automatically records information about incoming and outgoing materials, and works with the SAP system to automatically update changes in inventory information.

- The system effectively improves warehouse management efficiency, optimizes inventory management, and enables visualized and intelligent warehouse operation.

Construction of "5G Intelligent Factory" at Foshan Dongda

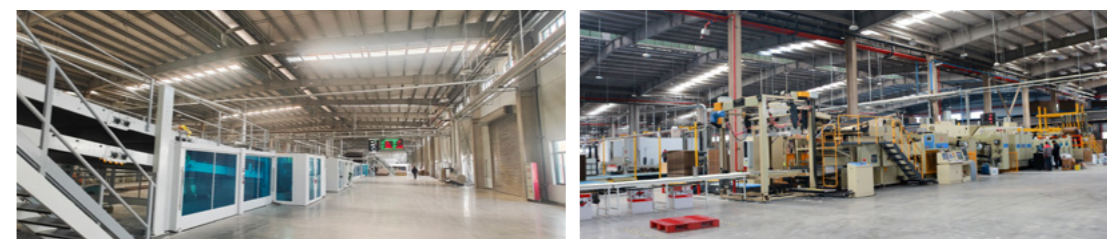
In response to national strategies about intelligent manufacturing and green development, Foshan Dongda has successfully built a modern intelligent factory that integrates a 2.5-meter composite corrugated paper production line, a fully automated and linked line, YUN YIN ZHI KONG BAO, the base paper online system and a fully automated logistical line. The major upgrade not only significantly boosted production efficiency and quality, but also marked that Foshan Dongda has gone beyond the original business boundary to better serve Global 500 customers and compete at a higher level globally.



Construction of Smart Factory at Jiaxing Xiangheng

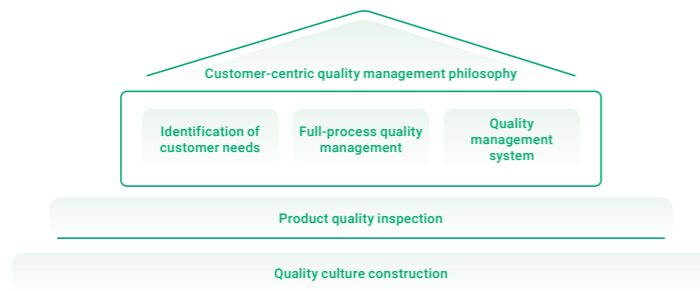
With an intelligent management system, Jiaxing Xiangheng has realized automatic production scheduling and automatic vehicle scheduling for delivery, and coordinated all major links such as paper roll storage, tile line, watermark, preprint, offset printing, warehouse and in-plant logistics. In this way, Jiaxing Xiangheng not only reduces labor costs and improves production efficiency, but also practically improves the market competitiveness of the product.

During the reporting period, a 2.8-meter new composite corrugated paper production line was built at the smart factory of Jiaxing Xiangheng. The dual-blade device was introduced, greatly improving the utilization of the width of the equipment, and worked with APS scheduling, the base paper online system and the fully automated logistical line to significantly boost overall production efficiency.



Pursuing Long-term Win-win Results based on Quality

Xiangheng Packaging BU of Shanying International has developed a sound quality management strategy, and carried out quality management based on three pillars, namely a perfect quality management system, identification of customer needs and full-process quality management, to provide high-quality products for customers and secure long-term win-win results with partners.



Quality Management System

Committed to centering its operations around customers and leveraging quality risk management as a driving force, Xiangheng Packaging BU is dedicated to establishing a comprehensive quality management system. It identifies quality elements concerned by customers and implements improvements at the source, such as in materials and processes, to ensure high quality and high reliability of its products from source to end. During the reporting period, Xiangheng Packaging BU released an updated version of the *Quality Management Regulations*, to enhance the quality management system in combination with the *Raw Materials Management Regulations*, the *Production Management Regulations* and the *Lean Management Regulations*. During the reporting period, all production bases of Xiangheng Packaging BU passed the ISO 9001:2015 quality management system certification, and some bases received G7 certification and GMI certification.

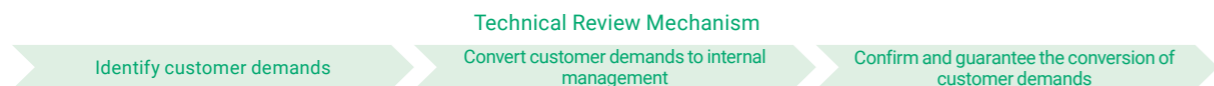
Quality Management Certification in the Packaging Segment during the Reporting Period

Certification	Certified Production Base or Enterprise
ISO 9001:2015 quality management system certification	• All production bases in the packaging segment passed the certification
G7 certification	• Putian Xiangheng, Zhejiang Xiangheng
GMI certification	• GMI certification (offset printing): Tianjin Xiangheng, Hefei Xiangheng, Zhejiang Xiangheng, Putian Xiangheng, Yangzhou Xiangheng, and Qingdao Hengguangtai • GMI certification (flexographic printing): Tianjin Xiangheng, Hangzhou Xiangheng, Foshan Dongda, Putian Xiangheng, and Qingdao Hengguangtai

Analysis of Customer's Quality Requirements

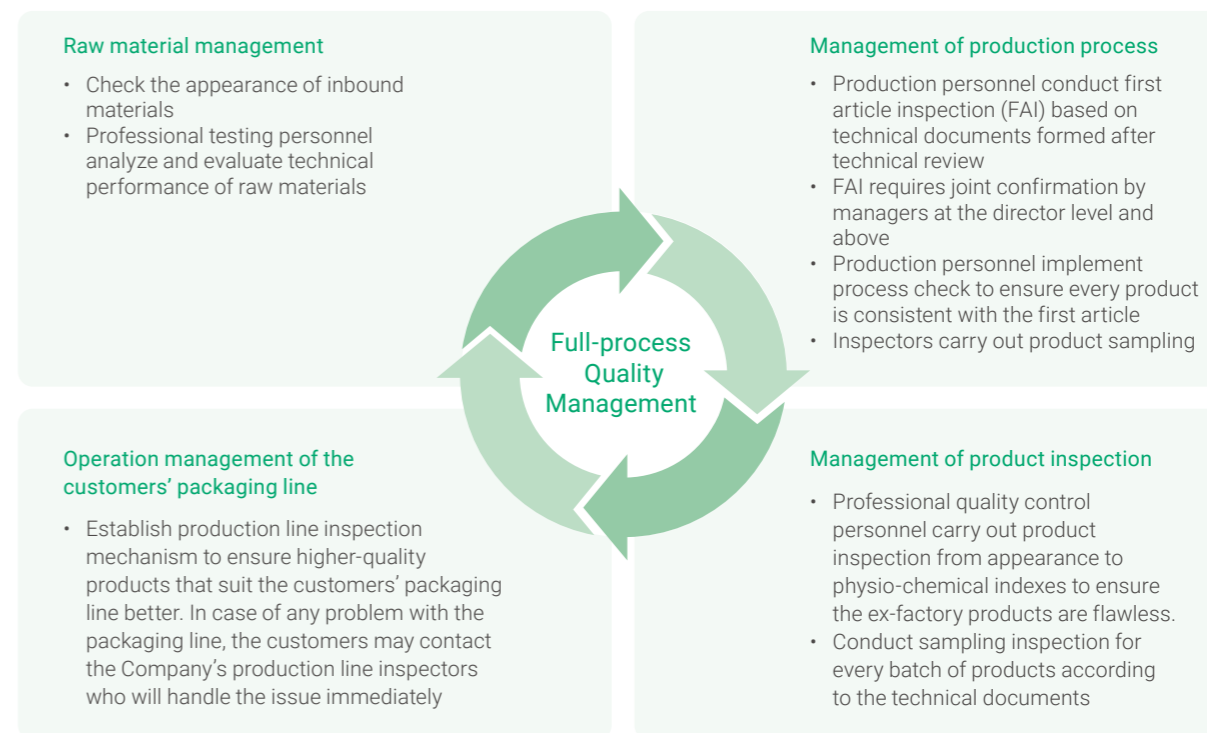
Xiangheng Packaging BU thoroughly comprehends customers' quality requirements and has instituted a rigorous technical review mechanism. This mechanism converts customer demands based on the quality management system and embodies customer demands in its production flow, process design and quality control to ensure every employee accurately understands and timely responds to customer demands.

Prior to the commencement of operations, Xiangheng Packaging BU initiates a thorough review and transformation of customer demands within its quality management framework. This process translates customer requirements into internal terminology, pinpointing and managing potential risk areas to ensure that production, process, and quality control personnel equally comprehend the client's voice and expectations, fostering a unified understanding of customer demands across the organization. The consensus on customer requirements is then presented to General Managers or Deputy General Managers of respective subsidiaries under the packaging business for confirmation, to ensure accurate conversion and implementation of customer demands.



Full-process Quality Management

Xiangheng Packaging BU implements full-process quality management with one-stop customer service at the center, adheres to a customer-centric quality philosophy, and strictly controls quality in every step from raw material management, production and product inspection to the operation of the customers' packaging line, thereby securing excellent quality and consistent performance of its products and promoting the company's solid growth and value enhancement.



Quality Culture Construction

Xiangheng Packaging BU actively promotes the all-round construction of quality culture at multiple levels, and organizes regular quality improvement trainings and quality culture activities to form a sound atmosphere of whole-staff focus on quality and whole-staff involvement in quality improvement and constantly improve the company's core competitiveness and brand image. The Company also introduces mentorship programs and the AB job rotation system as part of its incentive mechanisms, effectively motivating employees to proactively strive for excellence in quality.

Quality Culture Construction Measures

Type	Measures
Regular trainings on quality improvement	• Work out an annual quality-themed training plan, train all production-related employees on quality improvement, and popularize advanced quality management concepts and technologies.
Quality culture activities	• Solicit rational suggestions, and organize innovation competitions and labor skills contests, to encourage the employees to participate in quality management, share experience through interaction and exchange, and jointly promote the company's quality culture.

Practice of Sustainable Development



Environmental Responsibility



Environmental Management System

Shanying International adheres 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,” and strictly observes the *Environmental Protection Law of the People’s Republic of China*, the *National Environmental Policy Act* and other domestic and foreign laws and regulations in establishing 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 is responsible for guiding, supervising and urging environmental management of the group including resource management and emissions and waste management. The Project and R&D Center, as functional department of HSE at the headquarters, coordinates and manages the implementation of the environmental management system in the subsidiaries.



The Company has established the *Environmental Protection Management Regulations*, the *Technical Standards and Working Requirements for Environmental Protection* and other related regulations to ensure adequate and reasonable use of various resources, stable operation of environmental facilities, pollution control and elimination, and compliance with applicable laws, regulations and rules in the discharge of pollutants.

The Company strictly follows the national requirements that installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project. Before starting a construction project, the Company conducts environmental impact assessment and obtain approval from the environmental authority; during project construction, all work is done according to the environmental impact assessment to minimize the impact on the surroundings; upon completion of the construction, the Company implements environmental inspection and acceptance to ensure compliance discharge.

All subsidiaries are required to establish their environmental management regulations and objectives pursuant to relevant requirements of the places where they operate and the industry requirements. Additionally, the Company incorporates the environmental management objectives into the subsidiaries’ annual management objectives, and advances environmental management through assessment, incentives and punishments. The subsidiaries uphold lawful and compliance management, continuously carry out environmental improvement programs and organize environmental training sessions to enhance their environmental management. Furthermore, the subsidiaries prepare emergency plans for environmental emergencies, update the plans once every three years and file the plans with the environmental authority, and regularly carry out emergency drills according to legal requirements. During the reporting period, Huanan Shanying conducted offline training on emergency drill to enhance emergency response awareness and capability of all staff.

During the reporting period, the Company and seven subsidiaries, including Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Guangdong Shanying, Aituo Environment Energy, Putian Xiangheng and Wuhan Xiangheng, were included in the list of key pollutant discharging units. The key pollutant discharging units carried out online monitoring of pollutants, disclosed environmental information and worked out response plans to environmental emergencies in accordance with the *Measures of National Key Monitoring Enterprises for Self-monitoring and Information Disclosure (Trial)*, the *Measures for Legal Disclosure of Enterprise Environmental Information* and other related regulations.

During the reporting period, the Company paid CNY 809,300 of environmental protection-related taxes and fees. Aituo Environment Energy, a subsidiary of the Company, received a penalty of CNY 200,000 from the local ecology and environment bureau for online HCl data exceeding the limit. The Company conducted a timely summary and analysis, reinforced material testing, and improved emergency response plan to prevent similar incidents.

Environmental Management System Certification (valid during the reporting period)

Certification	Coverage
ISO 14001 environmental management system certification	Papermaking: 5 subsidiaries and production bases including Anhui Shanying, Zhejiang Shanying, Huazhong Shanying, Huanan Shanying and Guangdong Shanying Packaging: 25 subsidiaries including Hefei Xiangheng, Jiashan Xiangheng, Hangzhou Xiangheng, Vietnam Zhongjian, and Luzhou Yishenghong

Environmental Management Measures and Highlights in 2023

Uphold lawful and compliance management

- The subsidiaries studied and grasped latest national and local environmental regulations in time, and implemented compliance management, upgrading and renovation accordingly.
- For example, Putian Xiangheng made a list of applicable laws, regulations and standards, organized employee training according to the *Emission Standard of Air Pollutants for Printing Industry*, and performed self-inspection and self-correction pursuant to the latest requirements and quarterly third-party testing, to ensure compliance with latest environmental regulations in its production.

Continuously carry out environmental improvement programs

- The subsidiaries developed and implemented environmental improvement programs in light of the areas to be improved in their environmental protection work.
- For example, Zhejiang Shanying continued to carry out environmental improvement programs. It set control targets for the discharge of solid waste, wastewater and odor, and indicators for the consumption of resources, and achieved the improvement targets by strengthening solid waste control and upgrading technologies and equipment.

Organize environmental training

- The subsidiaries organized environmental training to enhance the employees’ environmental awareness, theoretical knowledge and working ability.
- For example, Jilin Shanying held World Environment Day activity on June 5 and organized lectures on environmental laws and regulations and environmental knowledge, to improve the employees’ environmental awareness and attain the goal of no environmental complaints.
- For example, Sichuan Xiangheng trained its employees on environmental subjects including water pollution control, noise pollution control, and waste disposal.

Establish environmental assessment, incentive and punishment mechanism

- The subsidiaries established environmental assessment, incentive and punishment mechanisms to continuously enhance their environmental performance.
- For example, Huanan Shanying reinforced management by objectives and responsibility management and developed annual assessment criteria for all machines, including energy consumption per unit of product and water consumption.
- For example, Jilin Shanying established the *Management Regulations for Environmental Rewards and Punishments*, which specifies honors and rewards to departments and individuals that conscientiously implement the environmental regulations and make outstanding contributions to energy conservation and emission reduction, as well as deduction of points and fines to departments and individuals that fail to implement the environmental regulations and those involved in excessive emissions.

Resource Management

Energy Management

The energy consumed during production and operation of Shanying International consists of electricity, raw coal, natural gas, steam and diesel and gasoline used by company-owned vehicles.

The Company has established the *Energy Management Regulation* and other related regulations. The Company reinforces and regulates energy management work of the subsidiaries, improve the energy management, urge the subsidiaries to establish, run, maintain and continuously improve their energy management systems, and specify the subsidiaries' energy policy, energy-related responsibility allocation and control requirements of the energy management system. The Company's subsidiaries have launched various energy management work, including technological upgrading for carbon reduction, clean energy project and improvement in the use of alternative fuels. For details, please refer to the section "Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain".

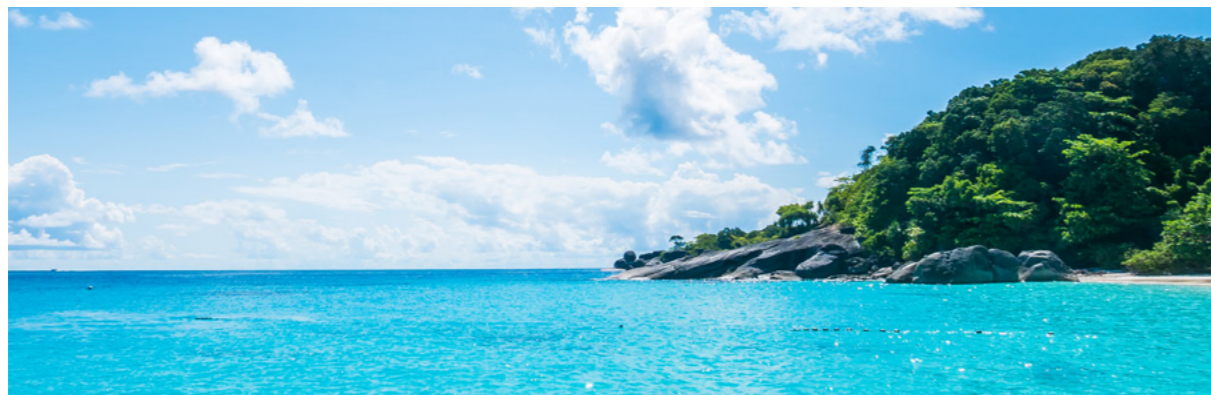
Water Management

Water used in the production and operation of Shanying International is mainly sourced from surface water, municipal water supply, and reclaimed water.

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

The Company is committed to water protection and conservation and scientific and reasonable use of water. The Company's subsidiaries continue to reinforce their water conservation management by establishing performance targets for water use based on their own conditions and regularly implementing appraisal management. For example, Huazhong Shanying formulated the *Water Saving Management Regulations* and the *Water Quota Management Regulations*, established water saving target-oriented responsibility system and appraisal system, and set up a water conservation leading group to implement the water saving target plan, organize water consumption meetings regularly, and timely feedback and solve the problems found. Aituo Environment Energy advances its water saving management, designates personnel to track the implementation of its water conservation plan, and intensifies water saving rewards and punishments. During the reporting period, Aituo Environment Energy was recognized as a "Water-saving Enterprise of Zhejiang Province".

The Company's subsidiaries have conducted water balance testing, recycled rainwater and wastewater, upgraded technologies and equipment, and launched water saving publicity and training, to increase the utilization rate and reduce the consumption of water resources.



Water Management Measures and Highlights in 2023

Water balance testing

- The subsidiaries conducted water balance testing to get a full picture of the inflow, outflow, consumption, recycling and loss of water resources, effectively identify areas of waste, and optimize the water consumption structure to achieve water saving and emission reduction, and improve the efficiency of water resources utilization.
- For example, Huanan Shanying carried out water balance testing according to the requirements of the *Water Saving Management Regulations of Fujian Province*, and set water consumption targets for each machine according to actual conditions, to realize scientific and reasonable use of water.

Rainwater and wastewater recycling

- The subsidiaries recycled rainwater and wastewater for different purposes according corresponding processing requirements, such as afforestation, washing and production; all papermaking machines were provided with advanced wastewater recovery system, realizing tiered recycling of white water and a recycling rate of more than 95%.
- For example, Guangdong Shanying recovered, processed and utilized production wastewater, equipment condensate, backwash water, heat exchanger circulating water, and rainwater with daily recycling quantity reaching 4,400 m³.
- For example, Yantai Hengguangtai and Qingdao Hengguangtai built waste pollution treatment system to support the production process, realizing water recycling with 12,000 m³ water reused annually.

Technology, process and equipment optimization

- The subsidiaries continued to increase the utilization efficiency of water resources by technology, process and equipment optimization.
- For example, Huazhong Shanying reduced unit water consumption by 0.22 tons through multi-disc white-water fiber recovery machine, PM21/22 white-water tower connection and complementation, and water consumption reduction.

Water saving publicity

- The subsidiaries put up water saving signs in canteens, restrooms, and production water access points; played water conservation videos in exhibition halls; and provided water-saving related skill training to employees.
- For example, Jilin Shanying held World Water Day and China Water Week activities to popularize the status of water resources on the earth, share water conservation practice, and spread water saving concepts to its employees.
- For example, Wuhan Xiangheng gave training on recycling water for printing press cleaning to relevant employees in the printing group to enhance their water conservation management ability.

Raw Materials 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. The recycling business recycles and sorts renewable resources, and it does not involve production and processing of raw materials.

The Company has developed the *Measurement Management Regulations*, the *Warehouse Management Regulations*, the *Raw Materials Inventory Regulations* and the *Logistics Management Regulations* to regulate the warehouse in and out, storage and transportation of raw materials.

Driven by the concept of green, low-carbon and circular development and the culture of lean improvement, the Company promotes carbon neutrality throughout the life cycle of products, and takes measures including intensified appraisal management, standardized use of raw materials, process optimization and recycling, to minimize the loss and waste of raw materials and packages and reduce the impact of raw materials on the environment.

Raw Materials Management Measures and Highlights in 2023

Intensified appraisal management

- The subsidiaries conducted internal appraisals to control and reduce the consumption of raw materials.
- For example, Huanan Shanying established appraisal standards for each machine, including the consumption of raw materials per unit of product and other indicators.

Standardized use of raw materials

- The subsidiaries standardized the use of raw materials to control raw material consumption.
- For example, Huazhong Shanying regularly monitored the inventory age of raw materials to increase the consumption of raw materials on hand. It established the *Measures for the Environmental Protection and Management of Raw Materials*, which requires site cleaning and clearing after forklift handling of raw materials to prevent contamination of the site environment, and requires unloading close to the feed opening to increase raw material trans-shipment and utilization efficiency. Paper cores that can hardly be consumed in production are crushed to increase its use efficiency.

Process optimization and recycling

- The subsidiaries enhanced the service efficiency of raw materials through process optimization and recycling.
- For example, Zhejiang Shanying improved the fine screening of tailings process by shifting from direct discharge to reuse after disc grinder, thereby saving about 6.48 tons of raw materials every day. It also used slag pulp processing line to collect and process slag pulp from water paper pulp and deinked pulp, and recycled 52 tons of bone dry pulp every day during the reporting period.

Emissions and Waste 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*, the *Discharge Standard of Water Pollutants for Pulp and Paper Industry (GB 3544-2008)*, the *Integrated Water Discharge Standard (GB 8978-1996)* and other relevant laws, regulations and rules, the Company has developed the *Wastewater Pollutant Discharge Management Regulations*, the *Rainwater Discharge Management Regulations* and the *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

Type of Wastewater	Monitored Indicators	Treatment Methods	Discharge Methods
Wastewater from papermaking	<ul style="list-style-type: none"> • Chemical oxygen demand (COD), biochemical oxygen demand in five days (BOD₅), suspended solids (SS), and ammonia nitrogen, etc. 	<ul style="list-style-type: none"> • Advanced anaerobic system, aerobic system and 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 and 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
Domestic sewage	<ul style="list-style-type: none"> • COD, BOD₅, SS and 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

By optimizing wastewater treatment process, the Company has enhanced its wastewater management and reduced the environmental impact of wastewater.

Wastewater Management Measures and Highlights in 2023

Optimize wastewater treatment process

- The subsidiaries implemented wastewater treatment technology innovation and wastewater recycling, thus reducing wastewater discharge.
- For example, Zhejiang Shanying fully tapped the potential of the recycled water system, and improved the quality of recycled water, thereby increasing the recycled water utilization rate and reducing wastewater discharge. Through the improvement measures, the company saw a month-on-month decline of wastewater discharge by 13% during the reporting period.
- For example, Hefei Xiangheng intensified management and control of wastewater generation, provided water meters for all wastewater generation equipment, and made statistical analysis regularly, thereby reducing the annual wastewater discharge by 1,200 tons.
- For example, Suzhou Xinghua treated all printing wastewater for reuse as replacement for paste water on the cardboard production line, and will discharge no industrial wastewater.

Emissions Management

Emissions produced by Shanying International are mainly caused by product manufacturing and sewage treatment. In accordance with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Emission Standard of Air Pollutants for Thermal Power Plants (GB 13223-2011)*, the *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 the *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 Emission	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 and activated carbon absorption equipment 	<ul style="list-style-type: none"> Up-to-standard treated emissions discharged to the air through the chimney

The Company actively responds to relevant requirements of China specified in the *Action Plan for Continuous Improvement of Air Quality* by strengthening the Company's emissions control ability. On one hand, the Company reduces 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, the Company improves the emissions treatment capacity, reduce atmospheric pollutant discharge, and support the fight against air pollution.

Emissions Management Measures and Highlights in 2023

Optimize energy structure

- The subsidiaries optimized their energy structure to reduce air pollutant discharge at the source.
- For example, Anhui Shanying utilized photovoltaic power generation to reduce the percentage of fossil energy use, thereby reducing air pollutant emissions.
- For example, Wuhan Xiangheng replaced natural gas completely with steam, and Xiamen Xiangheng used natural gas to replace coal-water slurry, which avoided or reduced emissions discharge.

Optimize production process

- The subsidiaries optimized their production process to to reduce air pollutant discharge at the source.
- For example, Luzhou Yishenghong reduced the use of printing ink in production and used low-VOCs printing ink, thereby reducing the discharge of VOCs.

Optimize emissions treatment process

- The subsidiaries launched ultra-low emissions transformation of the coal-burning boilers and combined heat and power generation units to reduce air pollutant discharge.
- For example, Huazhong Shanying completed ultra-low emissions transformation of #4, #5 and #6 coal-burning boilers.

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*, the *National Catalogue of Hazardous Wastes (2021)* and other relevant laws, regulations and rules, the Company has formulated the *Waste Management Regulations*, the *Regulations on Classification, Storage and Disposal of General Industrial Solid Waste* and the *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 Type	Types of Waste	Main Wastes	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, the Company strengthens 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 Highlights in 2023

Strengthen monitoring and management

- The subsidiaries worked out their annual plans for waste control, conducted monthly statistical work on waste generation, tracked and analyzed the attainment of waste control targets, and implemented management throughout the process from reduction at the source to process control and end control, to reduce waste generation.
- For example, Yangzhou Xiangheng strengthened daily supervision, prohibited the waste of chemicals, and reduced hazardous waste generated by expired chemicals. Meanwhile, it urged hazardous waste treatment plants to cover the inner wall of the packaging with film so as to prevent hazardous waste from the contamination of packaging due to leakage of waste ink.

Waste reduction

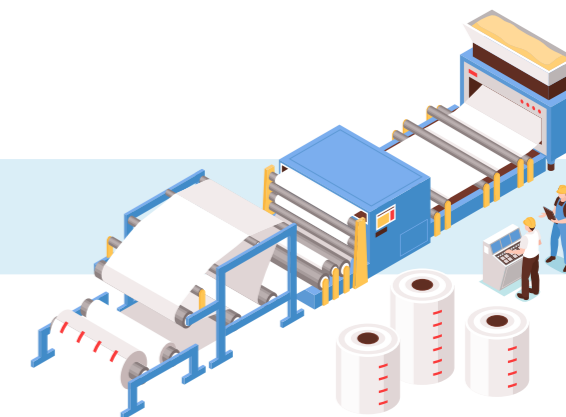
- The subsidiaries improved the quality of chemicals to reduce waste generation.
- For example, Zhejiang Shanying improved the quality of lubricants to increase the recycling rate. During the reporting period, the amount of waste mineral oil was 20.864 tons less than the previous year. The company also optimized the production process of the sewage and sludge drying center to increase sludge dryness and reduce the generation of wastewater and sludge.

Waste recycling

- The projects of solid waste comprehensive utilization have been put into operation in Anhui Shanying, Huazhong Shanying and Aituo Environment Energy, achieving harmless comprehensive utilization of industrial solid waste based on waste reduction and recycling. In particular, the project at Anhui Shanying was one of the first batch of solid waste incineration power generation projects meeting the ultra-low discharge standard, and the project at Aituo Environment Energy is currently the solid waste disposal project of the largest single-furnace disposal capacity of the world. During the reporting period, Aituo Environment Energy was recognized as a "Zero-waste Factory" of Jiaxing.



Product and Service Responsibility

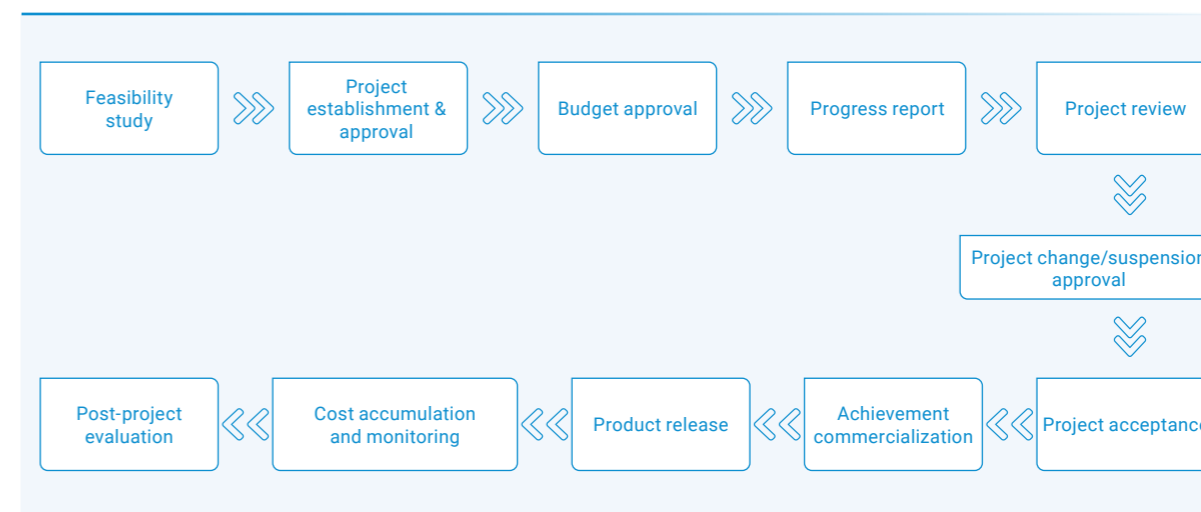


R&D Innovation

R&D Innovation

Shanying International has profoundly realized the role of new quality productive forces as a key driver in enterprise development, and regards R&D innovation as a main source of new quality productive forces. The Company has formulated the *R&D Innovation Management Regulations* to constantly improve the management system for R&D innovation as well as the design and development process so as to accurately grasp the frontier of industry technologies, intensively tap the innovation potential, effectively enhance the quality and efficiency of R&D innovation activities, and move further towards the goal of "industry benchmark in energy efficiency".

R&D Innovation Management Process



The Company has set up R&D and testing centers and provincial enterprise technology centers. 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 to turn waste into treasure and enable cleaner and more efficient energy utilization. During the reporting period, the R&D innovation centers in Qingdao, Suzhou and Shanghai focused on different areas to jointly contribute to the Company's development.

The Company has built the independent R&D team through postdoctoral workstation construction, management trainee development and introduction of domestic and foreign talents. In the meantime, the Company has also formulated the *Brand and Intellectual Property Management Regulations* to strengthen the incentives and rewards for R&D talents and encourage R&D innovation projects. During the reporting period, there were 1,233 members in the R&D team including national postdoctoral workstations, provincial enterprise technology centers and the recycled fibers papermaking technology research center.

Valuing technological innovation, the Company's headquarters and subsidiaries actively invest in R&D, make key technological breakthroughs respectively, and satisfy market demands with high-quality products, thereby upgrading the product structure and gaining a larger market share.

Technological Innovation Products (Partial)

Coated base paper series

- Anhui Shanying has developed coated base paper products of different grammage and whiteness, such as 45g and 48g. Based on the production process for newsprint, the company has produced coated base paper products of high whiteness, low whiteness and kraft color through flotation, bleaching, internal sizing and dyeing processes to meet the needs of customers for use as medium- and high-end wallpaper, auxiliary materials for automobile glass protective film, shoemaking materials, handbags and self-adhesive backing papers, etc. In 2023, the company sold 5,594 tons of coated paper.

White extensible paper

- Guangdong Shanying solved the technical difficulty for white high-permeability high-strength extensible paper and developed white extensible paper with an air permeability exceeding 25um/pa.s and a physical strength up to the standards for high-strength bag paper. The product meets EU standard for imported paper and ranks top by market share in the Chinese extensible paper market.

Low-weight indented board

- The 45g/m² indented board developed and produced by Huazhong Shanying is highly recognized in the market for its quality. It provides higher profitability with low grammage and high gross margin.

R&D Achievements

2023

2 postdoctoral workstations 14 hi-tech enterprises 3 R&D and testing centers

1,199 patents in force

Including 114 patents for invention 1,023 patents for utility model

62 patents for industrial design

CNY
83,687.87
invested in R&D

The technological process for improving the strength of liner boards developed by Shanying International received an **Excellence Award** at the **10th Patent Awards of Anhui Province** from the Market Supervision Administration of Anhui Province.

The coated white-top kraft paper developed by Zhejiang Shanying received the **"Zhejiang Made Quality Product"** award from the Economy and Information Technology Department of Zhejiang.

Intellectual Property Protection

In strict compliance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *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 Public Affairs Center at the headquarters is in charge of the Company's intellectual property management with specially assigned intellectual property management positions, and all subsidiaries have intellectual property management specialists. The Legal Compliance Center at the headquarters is responsible for intellectual property rights protection. The Company regularly reviews the intellectual property management system, and constantly optimizes its measures for intellectual property management. Meanwhile, the Company strengthens the management over the protection of intellectual property rights, to safeguard the Company's own intellectual property rights while ensuring no infringement on the intellectual property of others.

Intellectual Property Management Measures

Safeguard our own intellectual property rights

- Timely grade, record, apply for and register intellectual property rights during the R&D project
- The Legal Compliance Center will file a lawsuit against any infringement on the Company's intellectual property rights

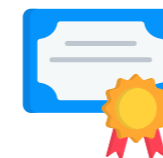
Avoid infringement on the intellectual property rights of others

- Conduct intellectual property search and check at the patent database at home and abroad, Chinese sci-tech periodical database and other existing databases before project establishment
- Respect others' labor and findings, purchase genuine software and other products, never infringe on the intellectual property rights of others or misuse or imitate the patent technologies of others, and do not infringe on the registered trademark of others

Intellectual property right publicity and training

- Carry out the online training of the *Brand and Intellectual Property Management Regulations*, to improve employees' awareness of protecting the Company's intellectual property rights while respecting those of others
- Subsidiaries provide targeted training and activities. For instance, Suzhou Shanying organized intellectual property management employees to participate in an intellectual property symposium organized by the municipal Party committee and government of Suzhou

During the reporting period, the Company passed the annual audit of its intellectual property management system, and a couple of subsidiaries won recognition for their intellectual property management.



Huanan Shanying passed the review of **Enterprise with Intellectual Property Advantage in Fujian Province**
 Suzhou Shanying obtained **Intellectual Property Management System certification**
 Ma'anshan Xiangheng obtained **Intellectual Property Management System certification**

Product Quality Improvement

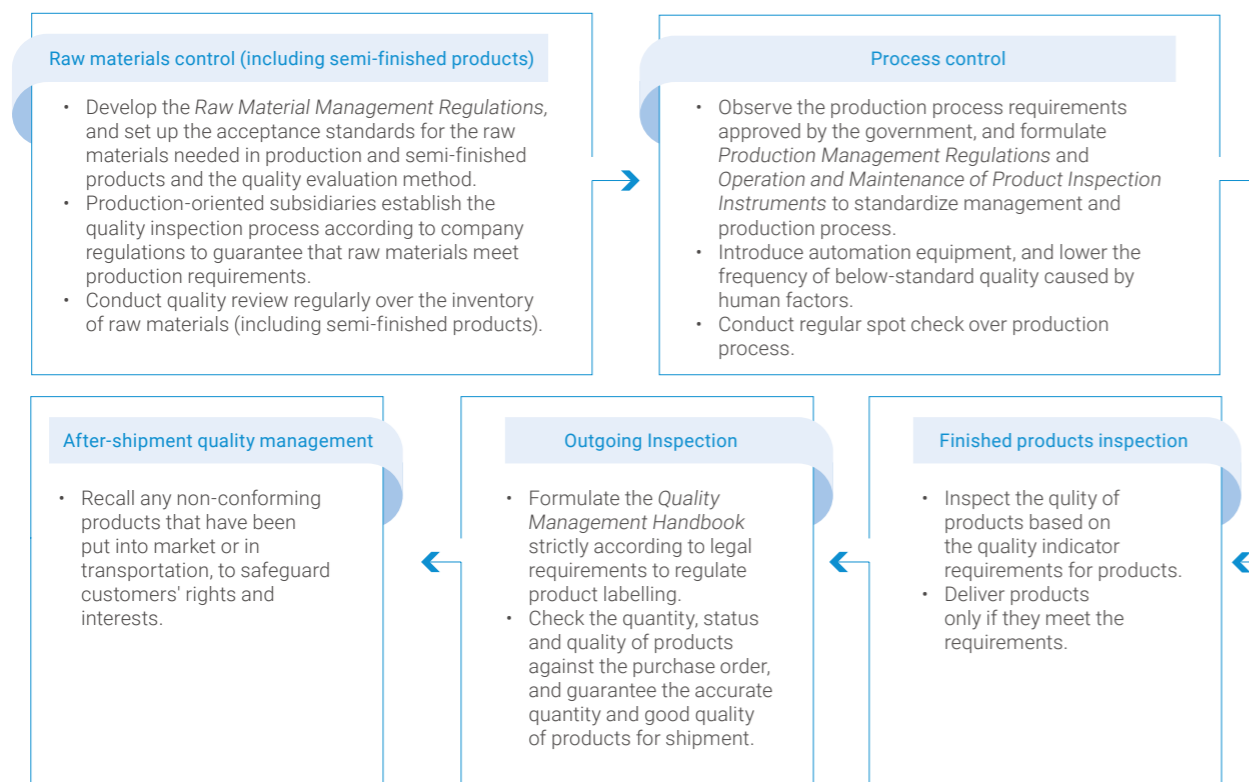
Whole Life-cycle Product Quality Management

Pursuant to 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*, the *Production Management Regulations*, the *Quality Management Regulations* and the *Finished Product Management Regulations*. According to the requirements of the Quality Management System ISO 9001, the Company constantly optimizes the measures for quality control over the production process to regulate quality control over raw materials, processes and finished products and ensure product quality.

Quality Certification (valid during the reporting period)

Certification	Coverage
Quality management system ISO 9001:2015	Papermaking: Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Guangdong Shanying, Ma'anshan Tianshun Packaging: All production bases
G7 certified enterprises	Packaging: Zhejiang Xiangheng, Putian Xiangheng
GMI certification	Packaging: 8 subsidiaries including Putian Xiangheng, Tianjin Xiangheng, Zhejiang Xiangheng, Hangzhou Xiangheng and Qingdao Hengguangtai
FSC certification	Papermaking: Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Guangdong Shanying Packaging: 14 subsidiaries including Zhejiang Xiangheng, Zhongshan Xiangheng, Yangzhou Xiangheng, and Luzhou Yishenghong

Production Quality Control Measures



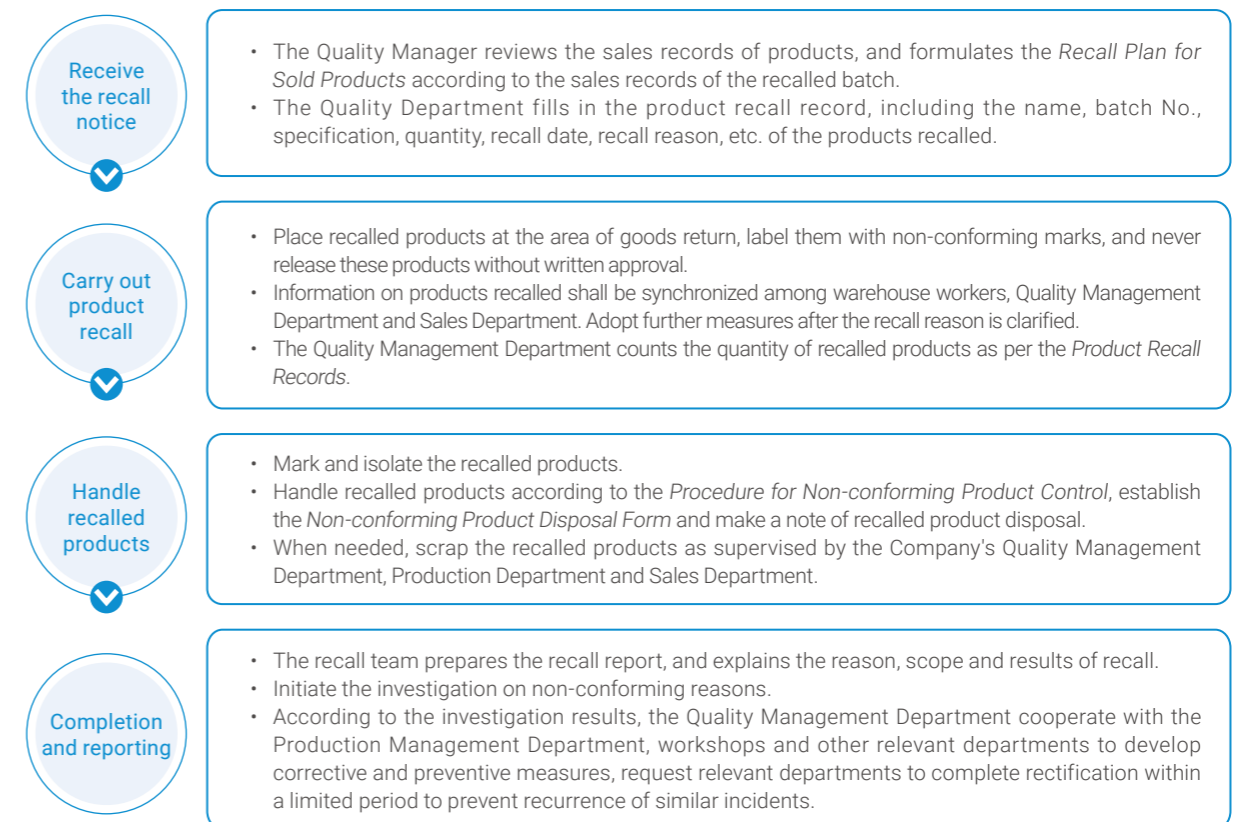
The Company has developed the *Standard Operating Procedure for Handling Nonconforming Products*, which specifies the definition of, requirements for, and handling of non-conforming products.

Procedure for Handling Non-conforming Products



The Company has developed the product recall system, recalls products according to the *Procedure for Non-conforming Product Control*, and keeps a ledger. During the reporting period, the Company had no product recall incident.

Product Recall Procedure



Manufacturing subsidiaries of the Company have Quality Management Departments to coordinate product quality management affairs. The departments will regularly hold quality analysis meetings and organize quality review and discussion, adjust quality inspection standards and methods and introduce automation equipment and new technologies according to customer requirements and industry trends, establish reward and punishment mechanisms, and continuously optimize the quality management measures, to enhance product quality.

Additionally, the Company provides regular training to product inspectors to ensure they are familiar with the product quality requirements and will implement product inspection accordingly. The Company also conducts self-inspection on product quality every year, and cooperates with customers to launch product quality audit. Any defect found will be thoroughly investigated and corrected within the specified time.

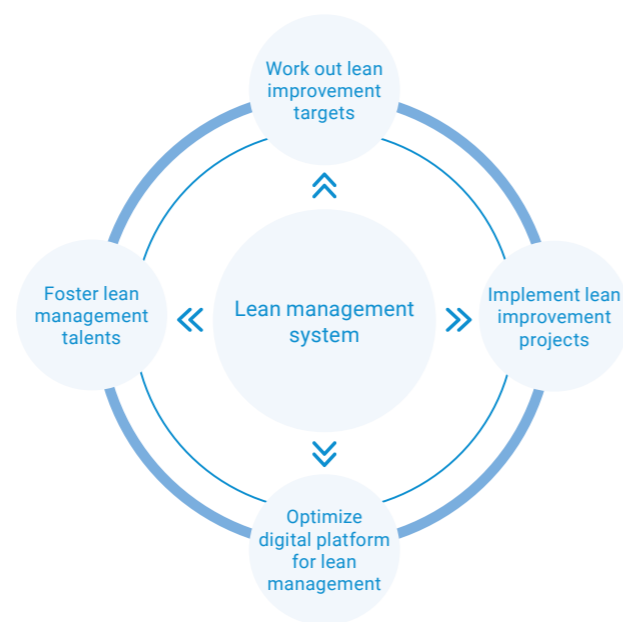
Highlights of Quality Management Measures in 2023

Company	Measures
Anhui Shanying	The company corrected equipment, electrical and hydraulic deficiencies with the quality inspection line, and optimized automatic quality inspection operations. In December 2023, its No.1 plant realized Grade A automatic inspection of domestic waste paper.
Zhejiang Shanying	The company carried out several quality improvement projects, improving the evenness of Four Seasons Laurel, and the corrugation and wrinkling issues with the coating machine, and reducing the product defective rate.
Ma'anshan Xiangheng	The company improved its seasonal quality control solutions, strengthened early-warning control for plum rain season and dry season, and advanced optimization and adjustment of seasonal materials.
Zhongshan Xiangheng	The company installed spraying humidification system on the flat paper production line and implemented partition control and partial pressure control, thus addressing the problem of low moisture content in dry season and satisfying the humidification requirements of different webs.

During the reporting period, the Company's subsidiaries passed quality audit of multiple customers. There were no quality-related violations, or lawsuits arising from such matters.

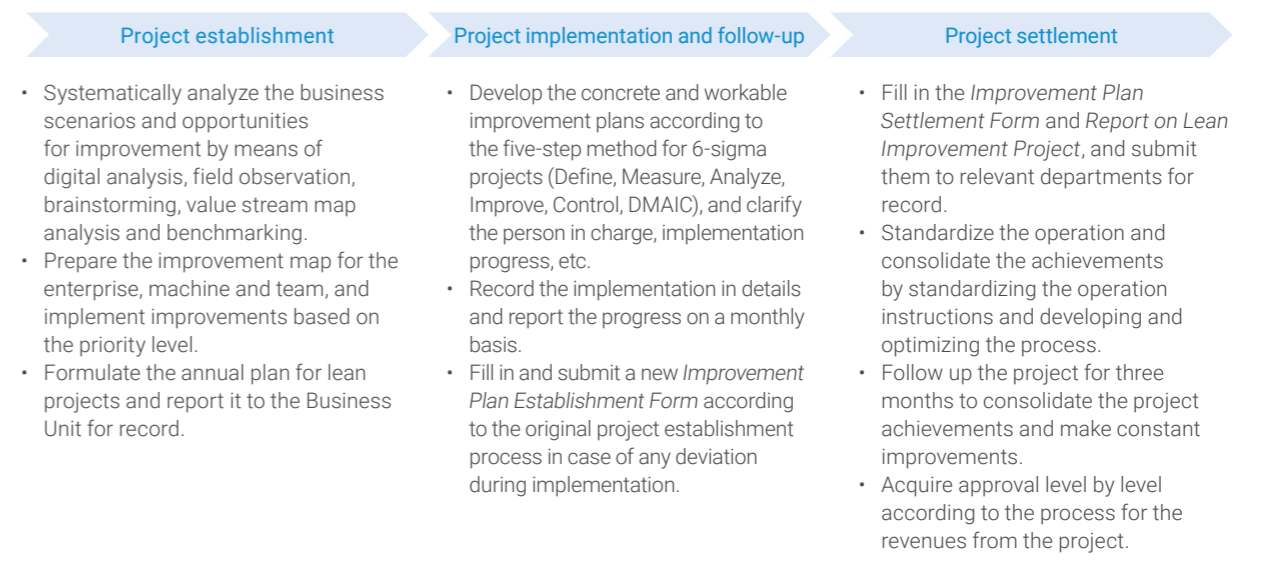
Lean Management

Shanying International follows the policy of "building a lean improvement culture" and pursues "continuous cost reduction and zero waste" in lean management. The Company has established the *Lean Management Measures*, set up Lean Management Committee and lean management functions, and built a lean management system in light of the Company's development needs, to ensure effective implementation of lean management.



By integrating management principles, tools and the digital system, the Company has put forward a series of countermeasures or solutions to improve organizational capability and management, consolidated project achievements through follow-up and constant improvements, and cultivated a standard process.

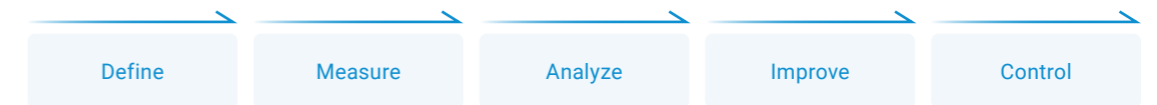
Management Process for Lean Improvement Projects



During the reporting period, the Company expanded lean management from Anhui base to other bases, implemented 162 lean improvement projects, and increased lean management index by 0.6 points. Meanwhile, the Company completed four on-the-job training sessions, covering Process Capability Index (CPK), Total Productive Maintenance (TPM) and the five-step method for 6-sigma projects (DMAIC), to ensure each papermaking production line has at least three employees proficient in the lean methodology, and trained more than 300 employees throughout the year.

Anhui Shanying's Lean Improvement Project-Solving Black Spots on Paper

Anhui Shanying solved the issue of black spots on paper, which was frequently complained by downstream customers, using DMAIC.



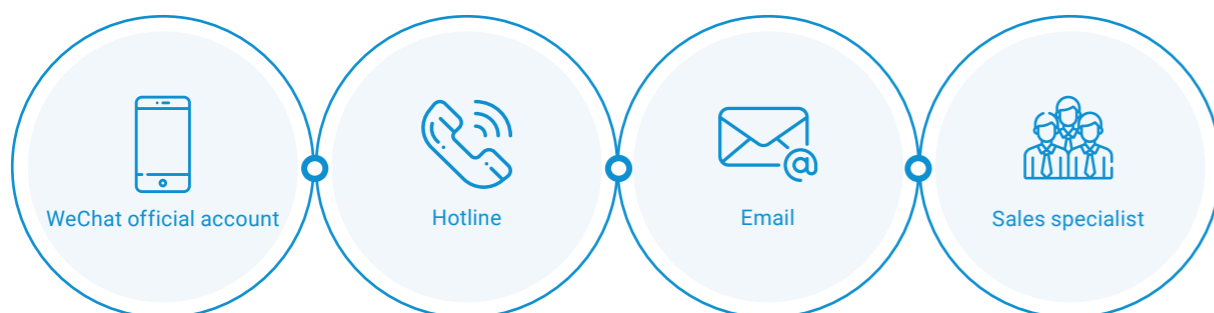
- Define:** Define the current problem (black spots on base paper led to customer complaints every month for a huge sum of compensation) and main objectives (no customer complaint against black spots)
- Measure:** Make a flowchart (including original data collection, existing data tracking, and process parameter formulation, etc.), perform initial capability analysis, and identify the gap between baseline and target.
- Analyze:** Find out the root causes, such as increased paper moisture after wrapping and abnormality with the white water system, through expert interviews, historical data analysis, on-site observation, and experimental design.
- Improve:** Generate and evaluate targeted measures and compare quality benchmarks before and after improvement.
- Control:** Standardize and solidify the adjusted process.

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*, the Company has developed the *Sales Management Regulations* and built diverse customer communication channels to facilitate customer consultation, complaint and feedback and realize timely interaction and in-depth communication with customers.

Customer Communication Channels



The Company conducts regular customer satisfaction survey and monthly after-sale meeting to better understand customer demand and improve service. The Company has built the Customer Relationship Management System (CRM), analyzed customer questions and complaints and performed corresponding improvements, to enhance customer satisfaction. In 2023, more than 98% of customer complaints were handled.

Customer Complaint Handling Procedure



Responsible Marketing

To guarantee the accuracy of publicized information, the Company has developed the *Brand and Intellectual Property Management Regulations* and the *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



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

Employee Management Responsibility



Employee Rights and Benefits

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 labor-related laws and regulations in places where the Company operates, Shanying International has developed the *Human Resources Management Regulations* and the *Management Measures for Punishment and Accountability* to regulate the management over employee recruitment and employment.

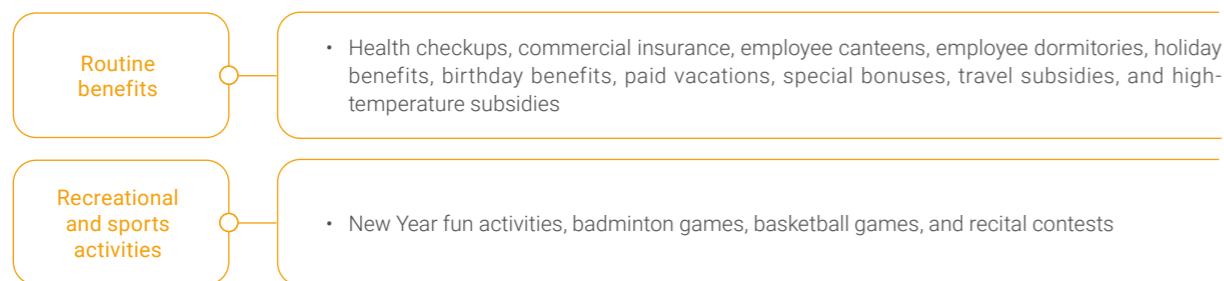
Talent Management System

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	<i>Human Resources Management Regulations</i>	<ul style="list-style-type: none"> • Employment: Prohibit forced labor and child labor, ensure 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

The Company's employees include labor contract workers, dispatched workers, retired and rehired 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 (dispatched workers have their social insurances and housing fund contributions made by their labor dispatch companies in accordance with the law), with the social security coverage reaching 100%, and purchases commercial insurances for interns and retired and rehired workers.

The Company cares about employees' work, life and health needs, and constantly optimizes the employee benefits system to enhance their sense of belonging to the Company, increase team cohesiveness and help them balance work and life well.

Employee Benefits System



The Company has established a complaint channel for employees and a mechanism to protect the complainants. In case an employee's basic rights and interests are violated, the employee can report directly to the Audit and Supervision Center, which will implement the set handling procedure. During the reporting period, there were no child labor or forced labor related cases, or violations of laws and regulations regarding the recruitment and dismissal of employees, working hours and holidays, promotion and equal opportunities, and other labor norms.



Suzhou Shanying received the honorary title of **"Advanced Member Unit in Creating a Harmonious Labor Relationship"** of Suzhou

Employee Care and Communication

Concerned about the employees, Shanying International actively organizes holiday activities, women care activities and supports to employees in need, to create a warm workplace.

Employee Care in 2023

- Holiday activities**
 - Organized Spring Festival's Eve dinner and Spring Festival celebration activities for employees staying put for the Spring Festival
- Psychological care**
 - Set "Home of Soul" for employees and had conversations with employees to learn about their mental state and give them mental health services
- Care for women**
 - Offered parental leave according to national policies and provided nursing room in workplace
 - Organized Women's Day activities including health lecture and perfume DIY
 - Gave exclusive welfare cards to female employees
- Aid to employees in need**
 - Set up the "Shanying Love Foundation" and aid employees in financial difficulty. In 2023, the foundation reinforced support to employees in need and helped 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 values communication with employees, having formulated the *Management Measures for Rational Suggestions*, and built multiple employee communication channels, including Chairman's mailbox and regular employee satisfaction survey, to learn about the employees' thoughts, handle employee complaints, and encourage employees to contribute ideas. To secure the employees' rights to know and participate, the Company organizes face-to-face discussions between the management and grassroots employees, the trade union as well as workers' congress. These initiatives aim to understand the employees' thoughts, narrow the gap in communication, and establish an atmosphere of mutual help and mutual trust.

The trade union signs the *Collective Agreement* with the Company on behalf of employees to protect their rights and benefits and provide employee care. In 2023, the workers' congress considered and passed the proposals for the *Compilation of Work Safety Management Regulations (2023)*, the *Human Resources Management Regulations (2023)*, the *Rules for the Implementation of Rewards and Punishments (2023)* and the *Rules for the Implementation of the Administrative Regulations (2023)*, through which it improved the Company's regulations and fulfilled the basic duty to protect the employees' rights and interests.



Huazhong Shanying received the honorary title **"Excellent Unit of the County in Trade Union Work"** of Gonggan County in Jingzhou, Hubei Province

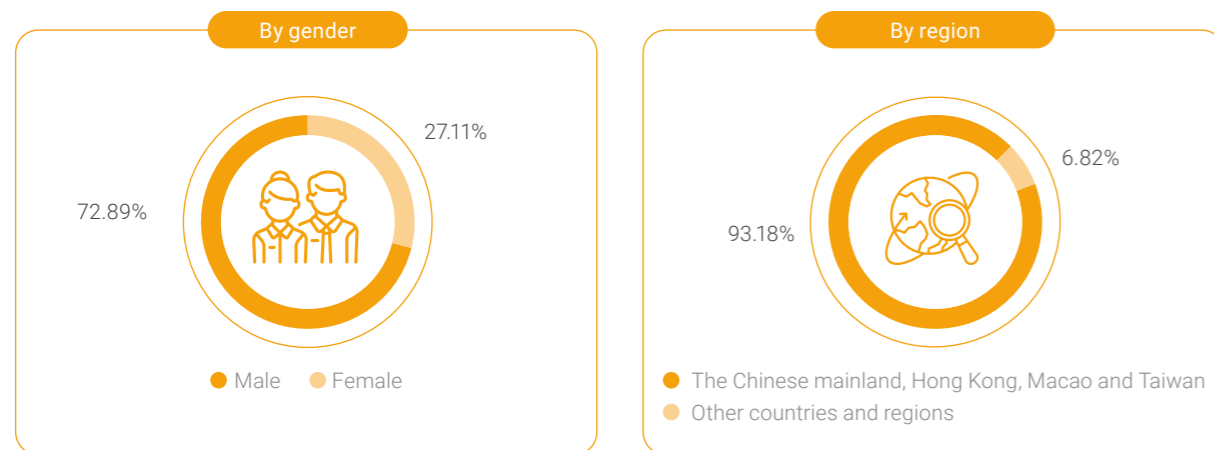
Employee Equality and Diversity

Shanying International values diversity, equality and inclusiveness, treats all employees fairly, and adheres to "equal pay for equal work". The Company has zero tolerance for workplace discrimination and harassment. In strict accordance with the *Employment Promotion Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests* and other relevant laws, regulations and rules, the Company has 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.

The Company advocates gender equality and supports career growth of female employees, with a commitment to achieving a minimum of 30% female representation by 2027, alongside a sustained effort to increase the proportion of female managers. In 2023, 20.74% of the management were female, representing a growth by 1.58% over 2022. In addition, the Company provides labor insurance and medical treatment for female employees during pregnancy, childbirth and breastfeeding, offers parental leave, and sets up nursing rooms in the workplace to ensure all-around care for female employees.

The Company has offices in domestic cities including Shanghai, Suzhou and Wuhan and in other countries and regions like the United States, Europe and Southeast Asia, and actively employs local residents to promote localization. To facilitate the interaction and communication between employees of different cultural background and nationalities, the Company organized cross-cultural training and invited overseas entities to participate in the Group's excellence selection work in 2023, thus creating a diverse and inclusive working atmosphere.

During the reporting period, the Company had 14,024 employees. A breakdown of employees by gender and region is shown below:



Concerned about the employment of the disabled, the Company has established a sound employment system and management mechanism for the disabled, to ensure equal treatment to disabled employees in promotion, title evaluation, social insurance and life benefits, and help them live a better life. The Company has built barrier-free facilities according to the *Code for Accessibility Design* to provide convenience to disabled employees. During the reporting period, the Company offered jobs to 910 persons with disabilities.

Care Measures for Disabled Employees

Infrastructure	<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
Training and development	<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
Daily care	<ul style="list-style-type: none"> Assign special personnel to help disabled employees adapt to the working environment Give gift packages to disabled employees on the Disabled Day



Hangzhou Xiangheng received the honorary title of **"Caring Enterprise in Helping the Disabled"**

Employee Growth and Development

Employee Training

Valuing the growth of employees, Shanying International continues to perfect the employee training system with internal and external resources to address the employees' need for personal improvement and cultivate more talents for the Company. Based on model analysis of training demands and management capability enhancement, the Company has developed the *Open Class Program* with courses specially designed for new entrants, professional staff and managers with a focus on general quality, professional skills and management competency respectively. In 2023, 97.83% of the Company's employees received training sessions.

Employee Training System

Type	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 mentorship 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	<i>Production Management Regulations</i> , procedure for production, etc.
Sales management training	Sales staff	Improve employees' selling skills and after-sale service	Sales competency, sales skills, sales management, marketing and customer complaint handling procedures, etc.
Papermaking & packaging frontline production personnel training	Papermaking & packaging frontline production personnel	Improve employees' production process technology and product quality	<i>Production Management Regulations</i> , <i>Quality Management Regulations</i> 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 2023 (Partial)

Internal training

Training methods: Mentorship and online and offline training

Training in 2023:

- To enhance the employees' professional skills, the Company launched special training sessions on digital center systematic skills, category procurement system, SAP system and audit, with 85+ class hours and 2,300+ trainees
- The Company offered special training sessions on Distributed Control System (DCS), Quality Control System (QCS) and Machine Control System (MCS), which covered 7 papermaking bases, with 317 participants and a participation rate of more than 90%
- To enhance the capability of sales personnel, the Company built the sales staff training system covering business knowledge, sales competency, sales skills and management skills, and offered 26 offline training courses
- To reinforce core capabilities of middle-level and front-line management, the Company launched serial training sessions including "leadership in lean transformation", "optimization algorithm in business management", and "team building for front-line executives"

Training Achievements in 2023 (Partial)

External training

Training methods: School-enterprise cooperation and external lecturer

Training in 2023:

- The Company 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 that covered operation, supply, management, strategy, innovation and leadership.

The Company has built the internal lecture system, by which the Company offers training to employee lecturers, and encourages employees to apply for internal lecturer selection and share practical experience. During the reporting period, the Company certified 299 internal lecturers.

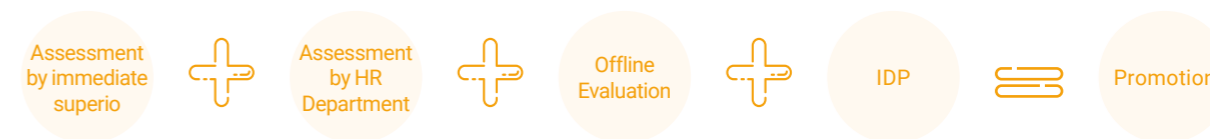
Furthermore, the Company has built an online learning platform with online courses and online live lessons to provide well-developed learning solutions for employees in 50+ companies of the Group and support the creation of a learning organization. In 2023, the Company launched online training columns including "Shanying School", "Shanying Open Class", "Packaging Satellite Factory" and "Internal Control", and offered 25 courses.

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". In order to motivate the employees and enhance organizational performance, the Company has successively built the growth paths for employees in technology, R&D and design, and digitization positions in addition to the management track, thereby forming a dual career ladder and addressing diversified career demands of the employees.

The Company conducts talent review regularly, and works out the personal career development planning / succession plan (Individual Development Plan, IDP) based on the employees' competence and potential. The Company also conducts annual, quarterly and monthly performance appraisals, and promotes employees based on the appraisal results. Moreover, the Company attaches importance to communication and feedback of the appraisal results to guide the goal-setting and the employee development.

Appraisal and Promotion Procedures



The Company has developed the *Management Method for Honor System* and the *Specialized Assessment and Incentive Program*, and launched a lot of evaluation activities and production contests to motivate the employees.

The Company has built and implemented the leadership model to cultivate internal talents, and attracted talents through cooperation with universities, equity incentives and management trainee mechanism, to secure talents for long-term development.

Talent Attraction Measures and Progress in 2023

School-enterprise cooperation

- The Company cooperates with universities to offer university students internship and job opportunities
- During the reporting period, the Company carried out employment and training cooperation with Guangdong Vocational and Technical University of Business and Technology, and jointly established "Shanying Paper Elite Class", "Shanying Order Class" and "Shanying Star Class" respectively with Qiqihar University, Hubei Light Industry Technology Institute and Suzhou Technician College, and offered jobs to their students

Equity incentive mechanism

- Grant equity to the Company's executives, middle managers and key employees at key positions

Management trainees

- Select students who agree with the Company's values, and improve graduates' professional competence through practice and mentorship

Work Safety and Occupational Health

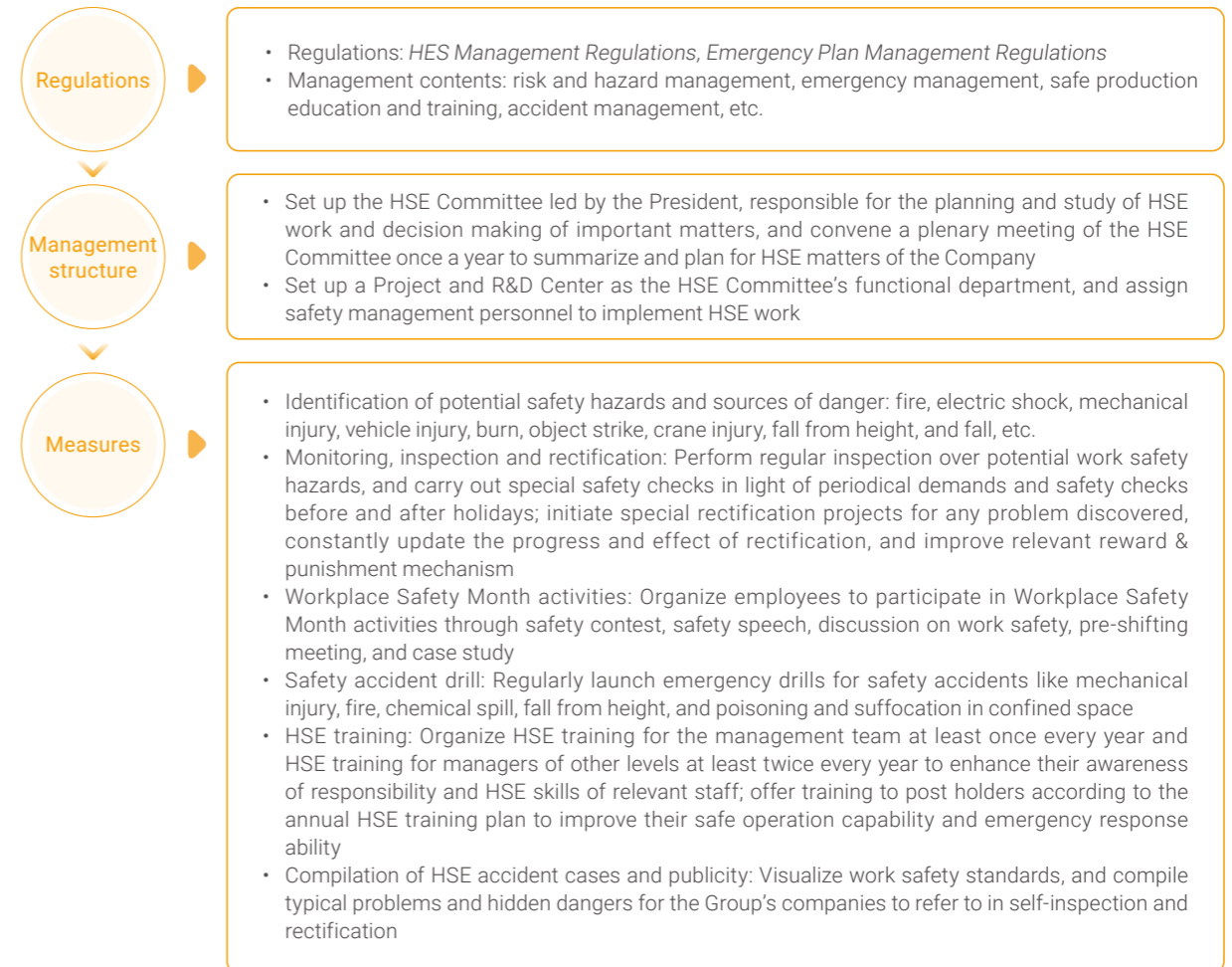
Work Safety

The Company strictly abides by the *Work Safety Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China*, the *Law of the People's Republic of China on Fire Prevention and Control*, the *Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents* and other applicable laws, regulations and rules. The Company sets up the HSE Committee, links safety indicators with performance appraisal of all employees, requires investigation and handling of safety accidents within 7 days after occurrence, and affixes the economic responsibility of companies involved in safety accidents according to HSE regulations.

The Company continues to optimize work safety measures to provide a safe working environment for employees. In 2023, the Company reinforced management and control of five major types of accidents, including fire, vehicle injury, fall from height, environmental issues, and mechanical injury caused by non-compliant operations, and established strict appraisal and reward & punishment standards, thereby effectively lowering the incidence of accidents.



Work Safety Management System



All subsidiaries develop their own *HSE management regulations* based on their management policies and the HSE Management Regulations. Main subsidiaries have observed and passed the ISO 45001 occupational health and safety management system certification, or national work safety standard certification.

Work Safety Certifications of Subsidiaries (valid during the reporting period)

Certification	Coverage
ISO 45001:2018 Occupational health and safety management system	Papermaking: Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Guangdong Shanying, and Huazhong Shanying Packaging: 19 subsidiaries including Hefei Xiangheng, Wuhan Xiangheng, Putian Xiangheng, and Ma'anshan Xiangheng
National work safety standards	Papermaking: Anhui Shanying, Zhejiang Shanying, and Guangdong Shanying Packaging: 9 subsidiaries including Hefei Xiangheng, Wuhan Xiangheng, Putian Xiangheng, and Ma'anshan Xiangheng

The Company regularly formulates an HSE supervision and inspection plan, and conducts internal audit and inspection over safety management, safety accidents and safety-related rewards and punishments under the leadership of the Project and R&D Center or by an inspection group consisting of members selected from subordinates. During the reporting period, the Company performed two safety inspections, one in the first half of the year and the other in the second half, for manufacturing, logistics and recycling subsidiaries. For problems found in the inspections, the Company required corresponding subsidiaries to complete rectification within the specified time and tracked the rectification and effect, and 100% of the problems found were corrected. Meanwhile, the Company requires all subsidiaries to carry out self-inspection of serious potential dangers according to the latest *Standard for Defining Serious Potential Dangers in Industrial and Trading Enterprises*, and makes corresponding corrections, thus effectively reducing the risk of safety accidents in production.

In 2023, the Company continued to advance digital management of workplace safety, realized digital and intelligent management through the safety and information technology system, and enhanced workplace safety management efficiency.

During the reporting period, the Company achieved the goal of no safety accidents for the year, recorded no serious workplace safety accidents like fire, explosion or chemical poisoning, and had no deaths due to work-related injuries.

 <p>Zhejiang Shanying received the honorary title of “Advanced Collective in Workplace Safety”</p>	<p>Huazhong Shanying received the honorary title of “Excellent Unit in Workplace Safety”</p>
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Occupational Health

In strict accordance with the *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases*, the *Administrative Provisions on Occupational Health in the Workplace*, the *Administrative Regulations for Occupational Health Surveillance* and other relevant laws, regulations and rules, Shanying International identifies occupational disease hazards in the life cycle of production and adopts protective measures to safeguard employees’ occupational health.

The Company organizes identification and evaluation of occupational hazard factors once every year, and forms a list of occupational hazard factors. In addition, the Company commissions a qualified technical service agency to test occupational hazard factors and evaluate occupational hazard status. For workplaces and positions exposed to hazards, the Company implements environmental and equipment safety protection, personal safety protection, and occupational health training and publicity to safeguard the employees’ occupational health and enhance their awareness of occupational health.

Occupational Hazards Identification and Prevention Measures

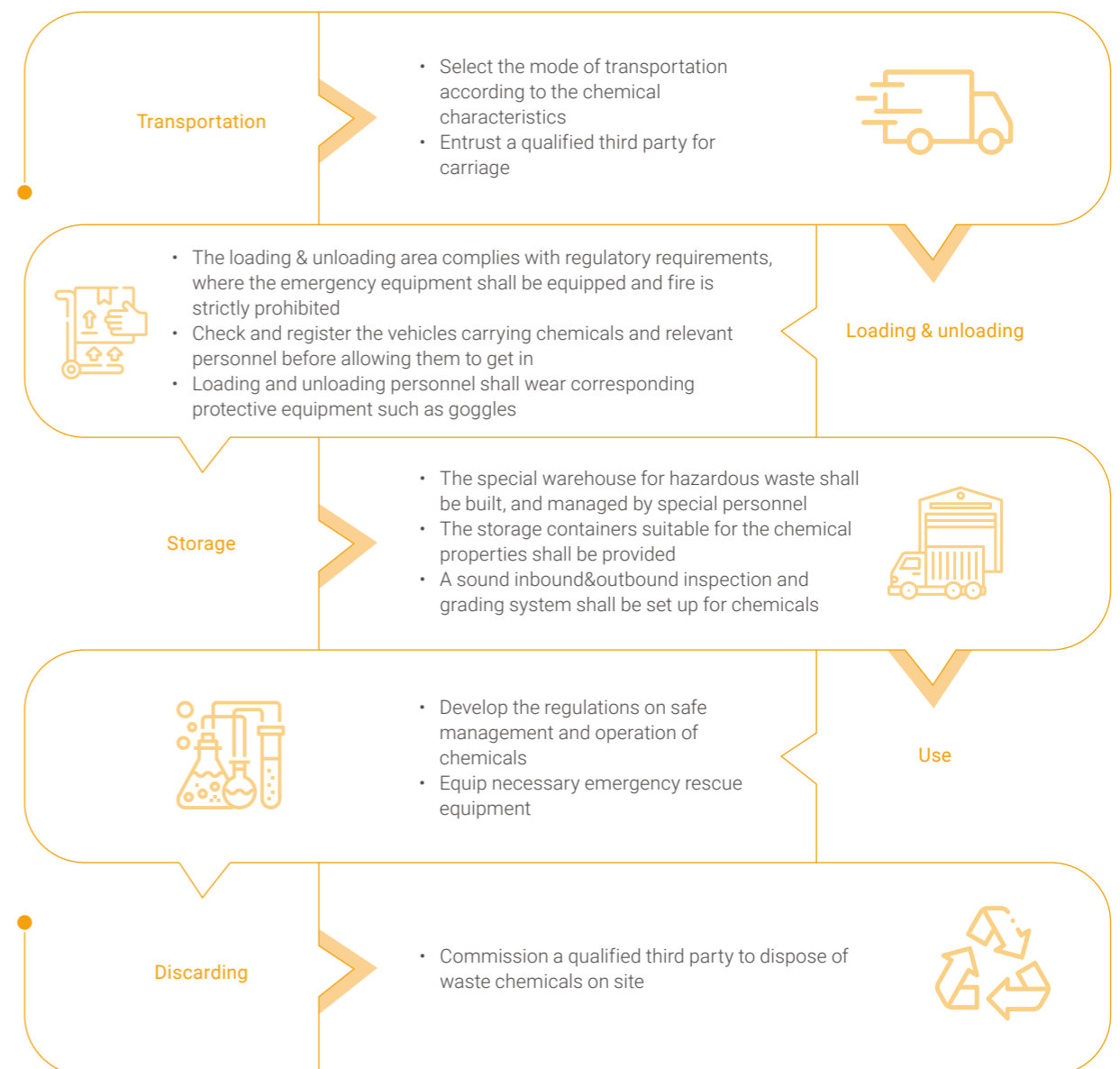
Type of occupational hazard		Workplace
Noise, dust, high temperature, radiation, etc.		Pulping and papermaking workshop, flat paper workshop, waste paper packaging room, paste making workshop, coal bunker, main powerhouse, and boiler island
Preventive Measures		
Environmental and equipment safety protection	Personal safety protection	Occupational health training and 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 offer 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 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"> Regularly give occupational health training to workers exposed to occupational hazards Organize health lectures targeting the common sub-health issues among employees

During the reporting period, the Company had no occupational diseases or suspected cases, and did not receive any punishment for violating laws and regulations related to occupational health and safety.

Chemical Safety Management

In strict compliance with the *Regulations on the Safety Administration of Dangerous Chemicals*, Shanying International has developed the *Hazardous Substances Safety Management Regulations*, the *HSE Management Regulations* and other related regulations, which give explicit provisions on the transportation, handling, storage, use and disposal of hazardous chemicals, and identified chemicals that are hazardous to human health, facilities and the 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 the employees’ safe operation of chemicals.

Chemical Safety Management Procedure



Responsible Supply Chain



Supply Chain Quality Management

The suppliers of Shanying International are classified into production, trade, agency and service suppliers by category characteristics and supplier nature, and into strategic suppliers, bottleneck suppliers, leverage suppliers and general suppliers by materials type, purchase amount and risk level in conjunction with performance appraisal results.

The Company has formulated the *Procurement Management Regulations*, the *Management Regulations for Bidding and Negotiable Bidding*, and the *Waste Management Regulations*, based on the five supplier management dimensions of "Safety, Quality, Deliverable, Cost, Environment" (SQDCE), and continues to improve the management measures.

The Company has built a complete supplier quality management system with explicit management procedures for supplier admission, evaluation of existing suppliers, and exit of unqualified suppliers, thereby enhancing the management efficiency. During the reporting period, the Company updated the supplier admission process, and conducted an all-round audit of suppliers covering cost, quality, deliverable and service. The Company evaluated 2,182 suppliers, and froze about 207 suppliers that came in the bottom 10% in the evaluation.

Supplier Management Process

Supplier admission

- New suppliers register on the Digital Procurement Platform (DPP) and upload the *Letter of Commitment to Transparent Cooperation*, the *Declaration of Intellectual Property Rights Ownership of the Supplier*, ISO 9001, ISO 14001 and other qualification certificates as required.
- Preliminary review of new suppliers, systematic online evaluation based on cost, quality, delivery and service, field audit of potential suppliers, and admission to the supplier base.



Supplier evaluation

- Conduct at least one supplier performance appraisal every year, and categorize suppliers into Grade I, II, III and IV based on the ranking (in descending order) of the performance appraisal results.
- Urge rectification of problems found in the performance appraisal within a specified time and adjust the procurement share and frequency according to the appraisal results.



Unqualified supplier

- Freeze and eliminate Grade IV suppliers and suppliers that failed the factory audit on the DPP.

The Company is committed to ensuring a stable supply chain. The Company has established a supplier "addition, exit, review and cultivation" mechanism, and would adjust the number of suppliers based on the characteristics of each category to increase procurement concentration, and make local purchases to reduce long-distance transportation cost. Consignment stock is adopted for some spare parts to ensure supply.

The Company has built a Digital Procurement Platform (DPP) with four modules, namely supplier life-cycle management, price monitoring, sourcing and bidding management, and supplier collaboration, and unified supplier admission standards to increase the collaboration efficiency of internal and external resources on the supply chain. The platform optimizes existing suppliers through category and industry analysis, and forms a resource pool with better quality and more information for supplier life-cycle management. It incorporates a third-party monitoring function to control risks in supplier admission and daily cooperation and reduce supplier management workload. It is also linked to Mysteel Data to access market benchmarking prices in time and provide reference for procurement decisions. The platform enables more objective and feasible supplier performance appraisal and enhances appraisal efficiency.

According to the *Supplier Management Regulations* and other management regulations, the Company conducts risk identification of new and existing suppliers, divides supplier risks into Level 1 and Level 2 based on the *Risk Scale*, and implements targeted risk monitoring, evaluation and analysis through Qixin or DPP, thereby realizing efficient, comprehensive and timely supplier risk management.

Supplier Risk Management Measures

Risk management of new suppliers

- Check if new suppliers meet the Company's standards via Qixin or DPP, report sub-standard suppliers in a unified manner by supplier management personnel, and include such suppliers in the monitoring list.

Level 1 risk management

- Level 1 risks include judicial risks involving dishonesty, major tax violations, judicial sale and share blocking, as well as operational risks involving abnormal operations, abnormal taxpayer and cancellation of bankruptcy case.
- Supplier management personnel will regularly check and analyze risk alerts via Qixin or DPP. When Qixin gives an alert of Level 1 operational risk, supplier management personnel shall notify the category leader promptly of freezing the supplier in the DPP system.

Level 2 risk management

- Level 2 risks include industrial and commercial risks, and judicial risks and operational risks involving other risk matters.
- When Qixin or DPP gives a Level 2 risk alert, the Company will decide whether to continue with the cooperation based on the risk alert and the actual situation. If the decision is no, eliminate the supplier in the DPP system at once.

The Company actively communicates with its suppliers, and implements annual reverse appraisal of strategic, bottleneck, leverage (partially), and general suppliers that covers procurement and payment, evaluation of procurement personnel, evaluation of receiving personnel, feedback summary, and Eight Don'ts to learn about the suppliers' evaluation and opinion of the Company's personnel and relevant business procedures, promote internal improvement, and enhance its corporate image and business efficiency. During the reporting period, the Company conducted reverse appraisal of 195 suppliers and received feedback from 132 of them. The Company analyzed the appraisal results and developed an improvement plan.

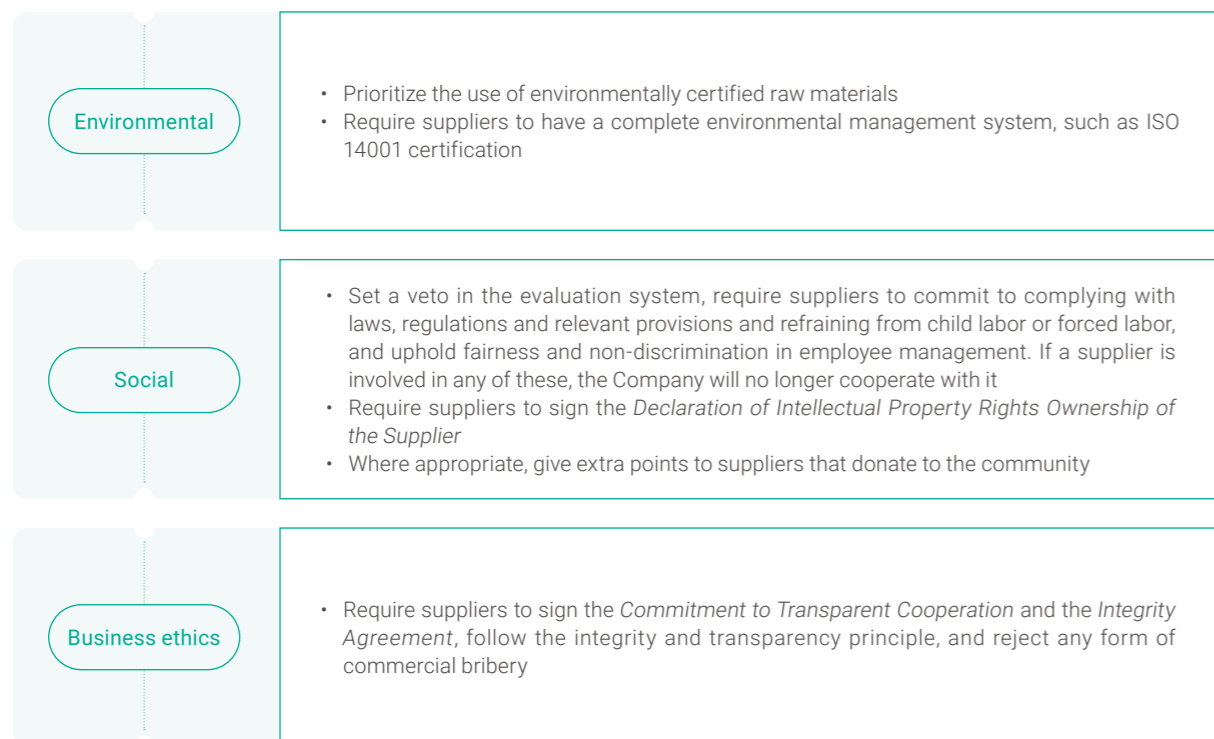
Sustainability Management of the Supply Chain

Shanying International is aware that procurement behavior will have impacts on the environment and the community, so the Company conscientiously exercises sustainable procurement and gives priority to suppliers with ISO 14001 and FSC qualifications. When admitting suppliers, the Company checks their information through third-party platforms and will not admit poorly rated ones and those with a poor reputation.

In the exercise of sustainable procurement, the Company evaluates and manages environmental, social and business ethics performance of suppliers, and works with its suppliers to make the supply chain more eco-friendly, just and responsible.

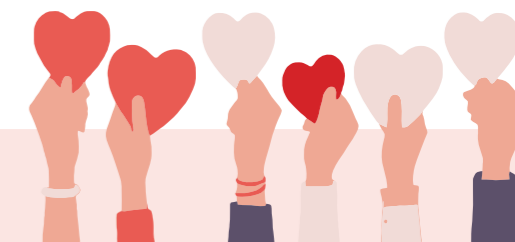


Sustainable Procurement Measures



Meanwhile, the Company communicates with its customers and joins hands with them to promote sustainability management of the supply chain, builds a responsible, low-emission and efficient green supply chain, and draws a bright blueprint for green transformation of the industry chain. During the reporting period, the Company and Budweiser established a Supplier Strategic Alliance (SSA) where the two sides share advanced technologies, resources and experience by building a supply chain carbon management platform and organizing training sessions to empower the value chain and create a green value ecosystem.

Public Welfare Responsibility



Public Welfare and Charity

Adhering to the spirit of "pioneering and innovating, striving for the first class and contributing to the community", Shanying International is committed to public welfare activities and encourages staff volunteering. In conformity with the *Charity Law of the People's Republic of China*, the *Law of the People's Republic of China on Donation for Public Welfare Undertakings* and other relevant laws and regulations, the Company has formulated the *Charity and Public Welfare Management Regulations*, which specifies the application process and documents required for charity donations, and has set up a ledger of charity donations and announced the donations on a monthly basis.

During the reporting period, the Company donated CNY 2.5396 million in rural revitalization, medical and schooling assistance and other charity and public welfare actions.

Public Welfare and Charity Actions (Partial)

Rural revitalization	<p>Made donations as a title sponsor</p> <ul style="list-style-type: none"> • Zhejiang Shanying donated a charity fund 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). <p>Rural revitalization</p> <ul style="list-style-type: none"> • Foshan Dongda made a donation to support rural revitalization work of Sanzhouxian Village in Gaoming District, Foshan, Guangdong Province.
Medical and schooling assistance	<ul style="list-style-type: none"> • Shanying International has been long cooperating with Wealove Foundation of Shanghai Charity Foundation, and donated to medical students from poor families. • Zhejiang Shanying made a donation 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. • Huazhong Shanying donated to Gonggan County Charities for "financial aid to out-of-school children" in Gonggan County. • Luzhou Yishenghong offered a donation to an outstanding student from No.2 Middle School of Lu County, Luzhou, Sichuan Province, which would cover all of the student's college tuition. • Putian Xiangheng made a donation (including a dedicated amount for Putian No.4 Middle School) to the Charity Federation of Licheng District, Putian, Fujian Province, for programs that would promote education development in the district, such as student and teacher awarding, student and education aid, and school condition improving projects.
Emergency relief	<ul style="list-style-type: none"> • Zunyi Xiangheng Packaging Technology Co., Ltd., a subsidiary of Luzhou Yishenghong, donated to the Red Cross of Zunyi for earthquake relief in Gansu Province.

The Company's charity and public welfare actions were recognized by the society. During the reporting period, Zhejiang Shanying received honorary titles including "2022 Four-star Unit of Charitable Donations in Haiyan County" and "2023 Xitangqiao Neighborhood Diamond Award for Quality Education Donation".

Community Communication and Development

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

Diverse interaction with the community

Huazhong Shanying and Blue Ribbon jointly held a parent-child activity

- Huazhong Shanying and the Blue Ribbon Volunteer Association in Gonggan County jointly organized a fun parent-child activity with more than 60 participants, including family members and children of Huazhong Shanying's leaders and employees, children from the school of Sanzhongqiao Village in Jiazhuoyuan Town and the school of Malong Village in Yangjiachang Town, volunteers from Blue Ribbon.
- The company organized a factory visit to help the children learn about paper-making, and held three-legged race, rabbit dance, balloon painting and other parent-child bonding activities.

Luzhou Yishenghong launched 'Disability Empowerment through Employment: Heartwarming Project' – 'Virtuous Youth, Striving for a New Era' motivational speech tour

- Responding to the appeal of the local Disabled Persons' Work Committee, Luzhou Yishenghong held a motivational speech tour to promote a fashion of helping the disabled, set models, and encourage the disabled to be independent and work hard for a brighter future.

Huanan Shanying actively helped disadvantaged groups in the community

- Huanan Shanying always cares about the disadvantaged groups, and helps them through donations and volunteer services. The company participated in the activity "Joining Hands in Charity, Creating a Better Life" held by Changtai University for the Elderly in Zhangzhou, Fujian Province, and received a charity donation certificate.

Community cultural construction

Luzhou Yishenghong supported cultural undertakings of Suiyang County in Zunyi, Guizhou Province

- Zunyi Xingdeyi Packaging Technology and Materials Co., Ltd., a subordinate factory of Luzhou Yishenghong, donated to the Red Cross of Suiyang County, to support cultural undertakings of Fenghua Town.

Foshan Dongda supported Double Ninth Festival activities of Sanzhouxian Village

- Foshan Dongda donated to the village committee of Sanzhouxian Village in Gaoming District, Foshan, Guangdong Province, to support its Double Ninth Festival activities.

Volunteer blood donation

- Anhui Shanying, Zhejiang Shanying, Huazhong Shanying, and Suzhou Shanying carried out volunteer blood donation activities.

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 complied 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 has developed management regulations such as the *Rules of Procedure for the General Meeting of Shareholders*, the *Rules of Procedure for the Board of Directors* and the *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.


Directors are subject to election or replacement by the General Meeting of Shareholders, and their tenure is three years, upon the expiration of which they may be re-elected. The main powers and functions of the Board of Directors include to convene the General Meeting of Shareholders, to execute resolutions of the General Meeting of Shareholders, to decide on the Company's business plans and investment plans, and to manage the Company's information disclosure.

The Board of Directors has four committees, namely the Strategy Committee, the Audit Committee, the Nominating Committee and the 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*, the *Work Rules of the Strategy Committee under the Board of Directors*, the *Work Rules of the Audit Committee under the Board of Directors*, the *Work Rules of the Nominating Committee under the Board of Directors* and the *Work Rules of the Remuneration and Appraisal Committee under the Board of Directors*.

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.

During the reporting period, the Company completed the general election of directors and supervisors, and decided the new Board of Directors and Board of Supervisors. In light of the operational and management reality, the Company revised the *Articles of Association*, the *Rules of Procedure for the General Meeting of Shareholders*, the *Rules of Procedure for the Board of Directors*, the *Rules of Procedure for the Board of Supervisors*, and the *Regulations for Independent Directors*.

Composition of the Board of Directors and the Board of Supervisors and the Three Meetings Convened in 2023

 Composition of the Board of Directors and the Board of Supervisors	The Board of Directors consists of 7 directors, including 3 female directors.
	3 independent directors
	3 supervisors, including 1 female supervisors
	1 employee supervisor
 Three Meetings	4 shareholders' meetings, with 22 proposals considered
	8 meetings of the Board of Directors, with 45 proposals considered
	8 meetings of the Board of Supervisors, with 26 proposals considered

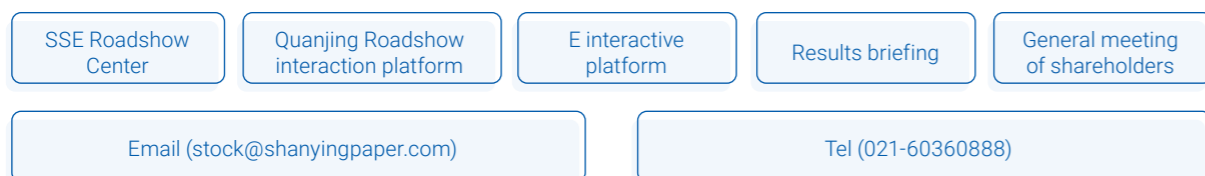
Protection of Investors' Rights and Interests

Investor Relation Management

In strict compliance with the *Company Law of the People's Republic of China*, the *Guidelines on the Investor Relation Management of Listed Companies* and other applicable laws, rules and regulations, Shanying International standardizes investor relation management, establishes constraint mechanism for controlling shareholder and actual controller, and reinforces the rights protection mechanism for minority shareholders to safeguard the legitimate rights and interests of minority shareholders.

The Company has established the *Investor Relation Management Regulations* and diverse communication channels with investors, and responded to investor concerns and appeals in a timely manner, to ensure effective communication with the Company's investors.

Investor Communication Channel



The Company has formulated the *Related Party Transaction Management Regulations*, which provides detailed regulations on the review, disclosure and avoidance of related party transactions, so as to regulate 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 complied 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.



In 2023, the Company organized various investor relation management activities to expand interaction with investors. It convened one annual general meeting of shareholders, one bondholders' meeting and three interim results briefings. In addition, it participated in the "2023 Online Collective Reception Day for Investors of Listed Companies in Anhui", and communicated with investors on its results, development strategy and operating conditions.

Information Disclosure

In accordance with the *Administrative Measures for Information Disclosure of Listed Companies*, Shanying International has developed and strictly executed the *Information Disclosure Regulations*, the *Management Measures for Information Submission* and the *Insider Information Management Regulations*, and specified the persons in charge of information disclosure. The Securities Department is responsible for disclosing information and receiving investor visits and inquiries. The Company has preliminarily built an internal information reporting system with an information reporter in each subsidiary and trained them on information reporting.

The Company discloses information through *China Securities Journal*, *Shanghai Securities News*, *Securities Times*, and the official website of Shanghai Stock Exchange, etc., and guarantees the authenticity, accuracy, integrity, timeliness and fairness of information disclosure as well as the equal access of all shareholders to information. In 2023, the Company made 107 disclosure announcements.

During the reporting period, the Company recorded two information disclosure violations. The Company has investigated and dealt with the responsible persons according to applicable laws and regulations and the internal management regulations, and initiated self-examination and rectification. The Company also cooperated with regulators in their investigations, analyzed existing problems, reinforced the information disclosure mechanism, and clarified the responsibilities of each level of management personnel and relevant departments for information disclosure, to prevent such incidents from occurring again.

Meanwhile, the Company organized a series of compliance training on information disclosure to enhance the staff's understanding of information disclosure, ensure no misrepresentations, misleading statements or material omissions in future information disclosure, and protect the legitimate rights and interests of investors and the normal order of the capital market.

Risk Compliance and Internal Control

Risk Compliance

In strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *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 secure its steady development.

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



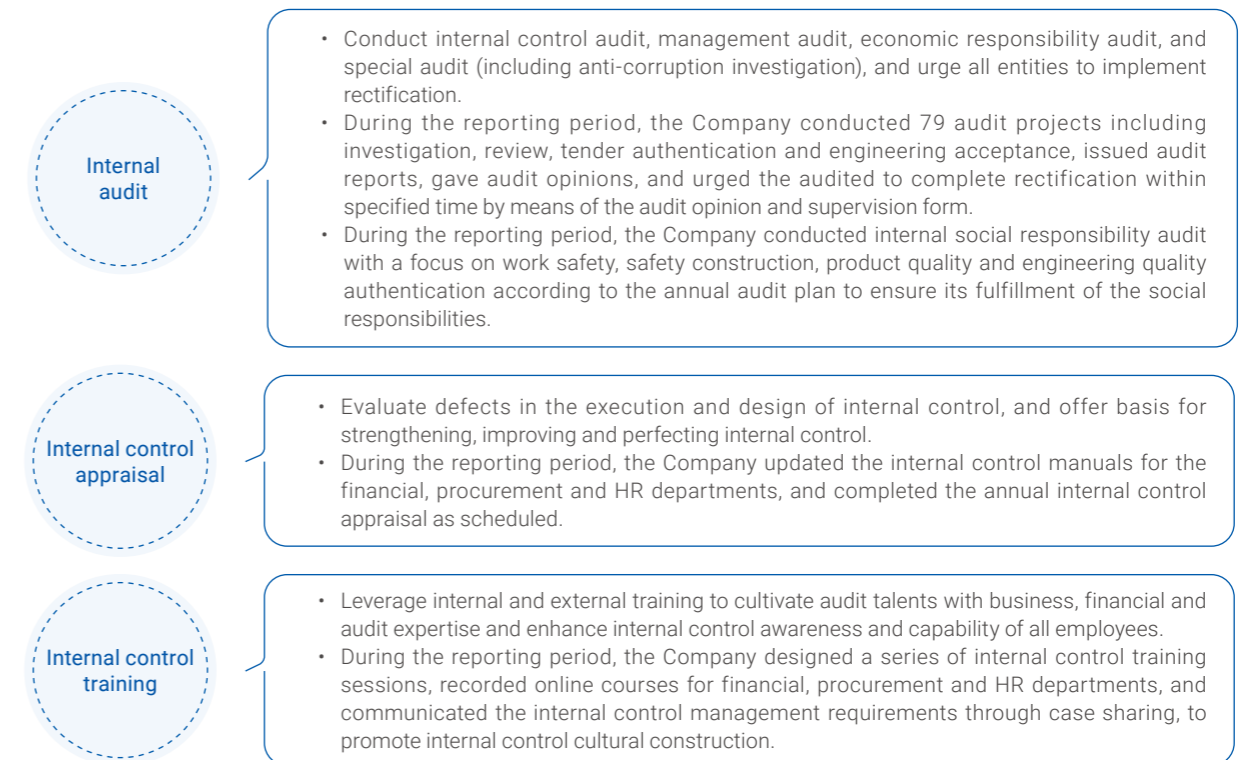
Risk Compliance Management Measures and Progress in 2023



Internal Control

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

Internal Control Management Measures and Progress in 2023



To ensure the effectiveness of internal control, the Company has established a sound mechanism for the rectification of problems found in audits, and specified the principal person in charge of the audited entity as the first person responsible for rectification. The audited entity shall complete the rectification according to the problems found and the suggestions given within the period stipulated in the audit report, and inform the internal audit organization in writing of the rectification results as required. During the reporting period, the Company identified some internal control defects in internal audits. Through the handling and rectification mechanism of "identification, allocation, rectification, supervision and acceptance", all internal defects identified have been rectified with satisfactory results.

Business Ethics

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

The Company has 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.

To regulate behaviors in procurement, the Company has established the *Procurement Management Regulations* and the "Eight Don'ts" in purchasing, which are the eight "forbidden zones" for procurement personnel, thereby improving the integrity, transparency and efficiency of procurement.

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

- 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

The Company has developed the *Employee Compliance Behavior Handbook* and the *Letter of Commitment for Transparent Cooperation*, which provide clear regulations on business ethics of employees and business partners. The Company requires employees to sign the *Letter of Commitment for Integrity and Ethical Compliance* and business partners to sign the *Letter of Commitment for Transparent Cooperation*, to effectively maintain a fair and impartial trading environment. During the reporting period, there were no corruption lawsuits filed and concluded against the Company or the Company's employees.

To cultivate a clean culture, the Company organizes anti-corruption training and proposes anti-corruption requirements and principles for all employee categories to enhance their integrity awareness. The Company offers anti-corruption training to new employees regularly. As for key departments and sensitive positions, the Company not only provides regular training, but also implements regular rotation, online handling of key operations (such as procurement tender) and other control measures to lower corruption risks.

The Company has established reporting channels for reporting corruption, and welcomes reports from whistle-blowers, either anonymously or in real name. The Company will keep confidential the informers' information and reward qualified informers according to the *Reporting Reward Management Regulations*.

Reporting Channels for Corrupt Practice

WeChat shenji8833

E-mai shenji@shanyingintl.com

Hotline 13917999742 / 021-62376897

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 be commended in real time or anonymously.

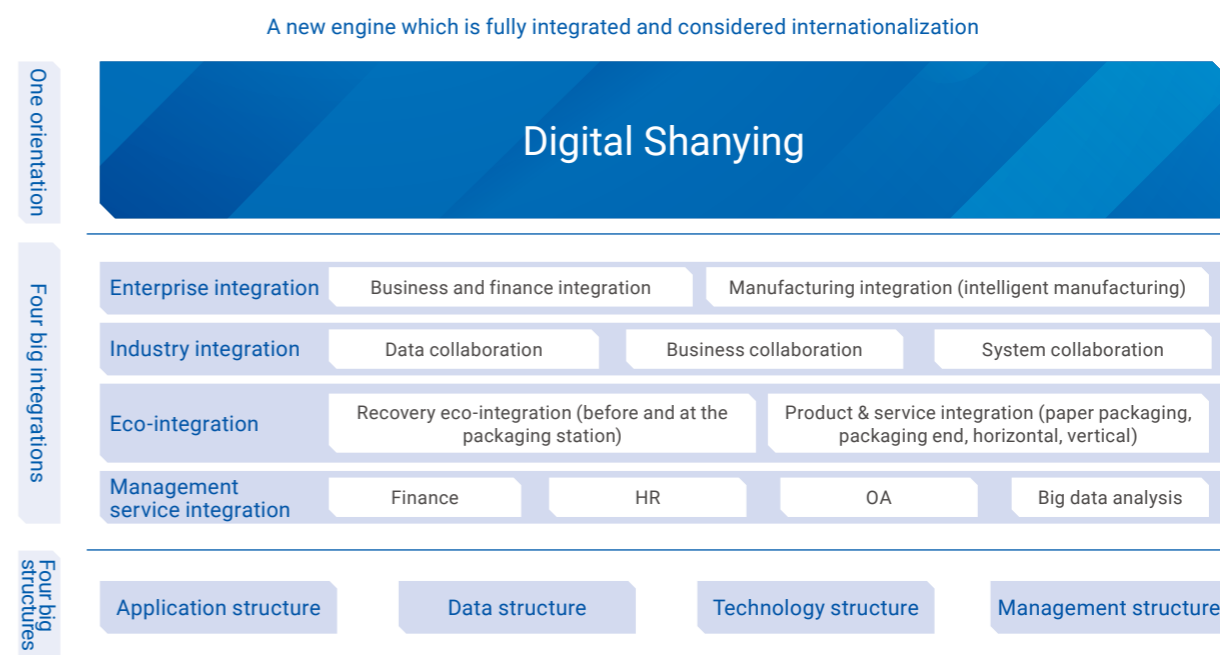
Punishments for corrupt practices

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.

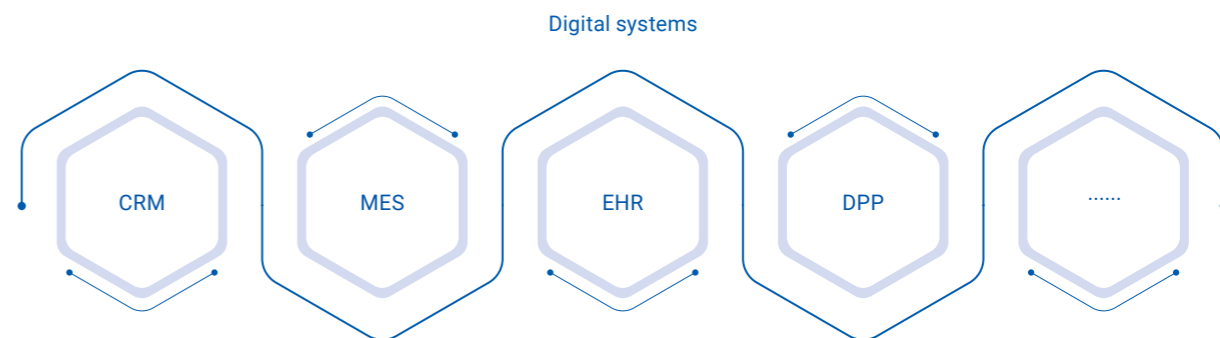
Digitization and Information Security Management

Digitization Construction

Adhering to the vision of "establishing an enablement system for the whole value chain and industry chain with intelligent machine and service platform", Shanying International continues to promote digital and intelligent transformation, and empowers internal operation and production based on digitization and intelligence, to create the engine for integrated development of the industry chain.



Shanying International is actively promoting the digital transformation of its management system. Valuing the application of digital technology to business operation, the Company leverages the Customer Relationship Management (CRM), the Manufacturing Execution System (MES), the Electronic Human Resources (EHR) and the Digital Procurement Platform (DPP), to integrate data on raw material procurement, papermaking and finished products sales, rebuild the business process, and guide the lean production of papermaking and packaging business, thereby enhancing the resource efficiency.

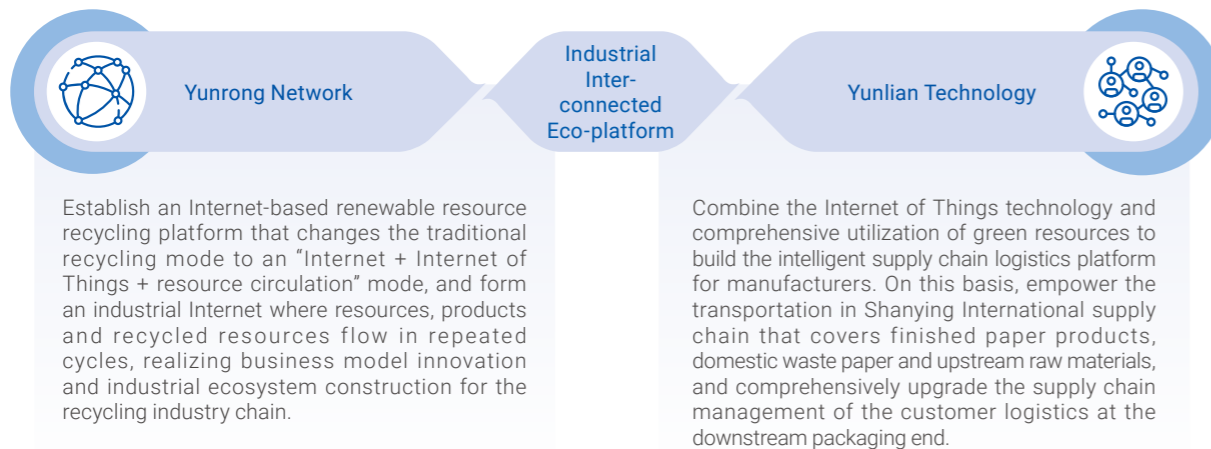


In 2023, the Company advanced digitization construction with the digital systems for marketing, procurement and HR established and improved, thereby increasing operating efficiency, ensuring fast and safe transmission and efficient collaboration of information, and precisely supporting decision making.

Progress in Digitization Construction

Digital marketing	<ul style="list-style-type: none"> Establish Sales Force Automation (SFA) system to empower customer visits Improve Customer Relationship Management (CRM) system 	Data analysis	<ul style="list-style-type: none"> Continue to implement the business intelligence project (BI)
Digital procurement	<ul style="list-style-type: none"> Establish SFA system to empower visits to packaging stations Improve the procurement sourcing and collaboration system (DPP) Improve the papermaking operation system 	Intelligent manufacturing	<ul style="list-style-type: none"> Establish a cargo space automatic selection project (EWM, extended warehouse management) Establish equipment maintenance management optimization project (EAM, enterprise asset management) Establish a daily clearing and monthly settlement project-online work reporting platform Establish smart factory for packaging Improve digital production and operation platform for papermaking
Digital finance and HR	<ul style="list-style-type: none"> Establish a consolidated statements and budget management system (BPC, business planning and consolidation) 	Business-finance integration	<ul style="list-style-type: none"> Enterprise Resource Planning (ERP) system fully covers tier-2 and tier-3 factories

Long engaged in the upstream and downstream of the papermaking and packaging industry chain, Shanying International has gained a wealth of industry insights and professional resources. Through its "Yunrong, Yunlian" industrial interconnected eco-platform that covers the whole papermaking and packaging industry chain, it serves recycled fiber recovery and industrial transportation optimization in China, and creates an interconnected and harmonious eco-system for the industry.



By the end of the reporting period, the Company and Huazhong Shanying achieved AAA-level standard implementation in the integration of industrialization and informatization. During the reporting period, the Company ranked 275th among the Top 500 Industrial Internet Enterprises in 2023, and received the award "Advanced Enterprise in Digital and Intelligent Construction of China's Paper Packaging Industry in the past 40 Years".

Information Security Management

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 the *Information Security Technology – Information System Security Management Requirements*, the *Information Security Technology – Information System Security Engineering Management Requirements* and the *Information Security Technology – Baseline for Classified Protection of Information System*.

The Digitization and Sharing Center at the Headquarters, as the centralized responsible department for information security management of the Company, coordinates and guarantees effective operation of the Company's information security management work. The Company has formulated the *Digital Work Management Regulations*, the *Management Method for Digital Projects*, and the *Management Method for Digital System Operation and Maintenance*, and established and improved the security management systems including safety inspection, regular assessment, risk management and emergency response. Working on both regulations and processes at the same time, the Company has guaranteed information security, and facilitated digital projects and strategic transformation of the Company.

Meanwhile, the Company has formulated the *Basic Guidelines for Compliance*, which provides explicit regulations on cybersecurity and data protection. It 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. In addition, the Company implements user account permission management to ensure each employee can only access company data related to his/her job, which is a further assurance of information security.

In 2023, the Company reinforced information security construction. The Company adopted 360 Managed Security Services (MSS) to perform regular 7x24 threat monitoring and continuous operations with a focus on the four dimensions of asset operation & maintenance and risk management, threat monitoring and intelligent analysis, coordination and response command, and practical ability evaluation and drilling; and conducted a special campaign on ransomware attacks with vulnerability testing of operating systems and applications. Several security vulnerabilities were detected and fixed.

Information Security Construction Measures

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 ensure 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 group 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 ensure 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 ensure the continuity of business Apply multiple technical means to safety protection against external access, to guarantee business safety

Furthermore, the Company actively builds its information security culture. During China Cybersecurity Week, the Company organized cybersecurity awareness training and cybersecurity knowledge contest, and offered digital system training to new employees, to help them understand and grasp cybersecurity knowledge and correctly use digital tools and to enhance information security awareness of all employees.

During the reporting period, the Company recorded no violations of laws or regulations on information security and privacy protection.

ESG Data Performance Table

Economic Performance

Indicator	Unit	2021	2022	2023
Total asset	Billion CNY	51.994	52.517	54.740
Total shareholders' equity	Billion CNY	18.299	14.127	15.715
Operating revenue	Billion CNY	33.033	34.014	29.333
Operating profit	Billion CNY	1.650	-2.272	0.195
Earnings per share	CNY/share	0.34	-0.52	0.04

Environmental Management Performance

Indicator	Unit	2021	2022	2023
Environmental management¹				
Number of penalties imposed for violating environmental protection laws and regulations	Case	0	0	1
Total amount of fines imposed for violating environmental protection laws and regulations	10,000 CNY	0	0	20
Wastewater emissions²				
COD emission	Ton	1,523.36	1,601.52	1,704.21
NH ₃ -N emission	Ton	93.60	82.18	83.38
Exhaust emissions³				
SO ₂ emission	Ton	291.98	248.02	225.31
NO _x emission	Ton	840.71	946.33	1,050.66
Smoke and dust emission	Ton	48.61	31.10	29.11
GHG emissions⁴				
Intensity of GHG emissions by productivity (Scope 1+Scope 2) ⁵	Tons of CO ₂ e/tons of product	0.8051	0.7070	0.6095
Intensity of GHG emissions by productivity (Scope 3) ⁶	Tons of CO ₂ e/tons of product	1.5651	1.5227	1.4778

Note:

1. In 2023, Aituo Environment Energy, a subsidiary of the Company, received a penalty of CNY 200,000 from the local ecology and environment bureau for online HCl data exceeding the limit. The Company conducted a timely summary and analysis, reinforced material testing, and improved emergency response plan to prevent similar incidents.

2. The wastewater emission data for 2021 covered five major water pollutant discharge units under the Company, including Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying and Guangdong Shanying, while Aituo Environment Energy was included in the data for 2022 and Wuhan Xiangheng was included in the data for 2023.

3. The exhaust emission data for 2021 covered four major air pollutant discharge units under the Company, including Anhui Shanying, Zhejiang Shanying, Huanan Shanying and Huazhong Shanying, while Aituo Environment Energy and Putian Xiangheng were included in the data for 2022 and Guangdong Shanying was included in the data for 2023.

4. The data scope of GHG emissions (Scope 1+2 and Scope 3), intensity of GHG emissions by productivity (Scope 1+2 and Scope 3) and productivity was consistent with the consolidated financial statements. The calculation of the GHG emissions (Scope 1+2 and Scope 3) and the intensity of GHG emissions by productivity (Scope 1+2 and Scope 3) was based on the *GHG Protocol Corporate Accounting and Reporting Standard*, the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, the *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* and the *Papermaking and Paper Product Corporation Greenhouse Gas Emission Calculation and Reporting Guide (Trial)*.

5. Scope 1 emissions are direct emissions from the consumption of raw coal, natural gas, diesel and gasoline, and the greenhouse gases include CO₂ and CH₄. Scope 2 emissions are indirect emissions from the consumption of purchased electricity and steam, and the greenhouse gases included CO₂. The emission factors used in the calculation of Scope 1 and Scope 2 emissions were derived from the measured low calorific value of coal and carbon content per unit calorific value of the self-contained power plant. The default values were 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 was CH₄ of 27.9tCO₂e/tCH₄, derived from IPCC AR6.

6. Scope 3 emissions included nine types, such as upstream transportation and distribution, processing of sold products, purchased goods and services, and end-of-life disposal of sold products. The emission factors used in the calculation were derived from ecoinvent3.9.1, UK Defra, the *Measurement and Analysis of Embodied Carbon in China's Industrial Sectors — EEIO-based Analysis*, and the *Methodology of Low-carbon Transportation in Beijing (Trial)*.

R&D Innovation and Intellectual Property Protection Performance

Indicator	Unit	2021	2022	2023
R&D innovation				
Number of R&D personnel	Person	887	1,140	1,233
Percentage of R&D personnel	%	5.87	7.61	8.79
Investment in R&D	10,000 CNY	87,029.47	83,092.25	83,687.87
Percentage of R&D investment in operating income	%	2.63	2.44	2.85
Intellectual property protection				
Number of patents granted during the reporting period	Case	308	311	124
Number of software copyright registered during the reporting period	Case	13	4	0
Number of trademarks approved during the reporting period	Case	23	25	0

Product and Customer Service Performance

Indicator	Unit	2023
Number of violations of laws and regulations related to products and services	Case	0
Total amount of fines imposed for violating laws and regulations related to products and services	10,000 CNY	0

Employment Performance

Indicator		Unit	2021	2022	2023
Total number of employees		Person	15,109	14,976	14,024
By gender	Male	Person	10,813	10,767	10,222
	Female	Person	4,296	4,209	3,802
By employment type	Contract employees	Person	13,443	13,893	13,229
	Dispatched employees	Person	1,354	881	639
	Other types ¹	Person	312	202	156
By age	Aged >=51	Person	1,659	1,598	1,486
	Aged 41-50	Person	4,493	4,438	4,131
	Aged 31-40	Person	5,118	5,097	4,900
	Aged <=30	Person	3,839	3,843	3,507
By region	Chinese mainland, Hong Kong, Macao, and Taiwan	Person	14,034	14,020	13,067
	Other countries and regions	Person	1,075	956	957
By academic degree	Master or above	Person	121	259	236
	Bachelor's degree	Person	1,305	2,077	1,946
	Associate degree	Person	2,222	2,760	2,630
	High school degree or below	Person	11,461	9,880	9,212
By job title	Entry-level employees	Person	14,193	14,073	13,238
	Mid-level employees	Person	749	727	606
	Mid-level female employee	%	19.76	19.67	22.28
	Senior-level employees	Person	167	176	180
	Senior-level female employees	%	14.97	17.05	15.56
By job category	Employees in production	Person	10,420	10,290	9,673
	Employees in sales	Person	766	778	720
	Technicians	Person	1,495	1,513	1,430
	Employees in accounting	Person	376	342	300
	Employees in administration	Person	1,091	1,083	1,001
	Employees in management	Person	961	970	900
Employee turnover rate ²		%	32.13	29.27	39.36

Indicator		Unit	2021	2022	2023
By gender	Male	%	31.66	29.14	39.37
	Female	%	33.33	29.60	39.35
By age	Aged >=51	%	25.56	27.35	38.63
	Aged 41-50	%	23.19	20.30	27.55
	Aged 31-40	%	30.23	26.92	33.84
	Aged <=30	%	47.98	43.53	61.31
By region	Chinese mainland, Hong Kong, Macao, and Taiwan	%	32.92	30.44	40.37
	Other countries and regions	%	21.86	12.13	25.71

Note:

1. Other employment types include retired and rehired workers and interns.

2. Turnover rate of a certain category of employees =The number of employees in the category who left/the total number of employees in the category*100%.

Employee Training Performance

Indicator		Unit	2022	2023
Employee training coverage		%	97.08	97.83
By gender ¹	Male	%	98.59	98.60
	Female	%	93.23	95.74
By job title ¹	Entry-level employees	%	96.89	98.14
	Mid-level employees	%	100.00	92.24
	Senior-level employees	%	100.00	93.33
Average training hours of Employees		Hour	23.35	23.71
By gender ²	Male	Hour	24.90	24.89
	Female	Hour	19.41	20.56
By job title ²	Entry-level employees	Hour	22.73	23.50
	Mid-level employees	Hour	35.51	27.69
	Senior-level employees	Hour	22.75	25.94

Note:

1. Training coverage of a certain category of employees =The number of trained employees in the category/Total number of employee in the category*100%.

2. Average training hours of a certain category of employees =Total training hours in the category/Total number of employees in the category.

Occupational Health and Safety Performance

Indicator	Unit	2023
Number of employees receiving medical check-ups for occupational diseases	Person	3,972
Number of working days lost due to work-related injuries per person	Day	0.23
Number of employees who died from work-related injuries	Person	0
Number of penalties imposed for violating occupational health and safety laws and regulations	Case	0

Supply Chain Management Performance

Indicator	Unit	2023
Total number of suppliers	Supplier	3,292
Number of suppliers on the Chinese mainland	Supplier	3,269
Number of suppliers in Hong Kong, Macao, Taiwan and overseas	Supplier	23

Public Welfare and Charity Performance

Indicator	Unit	2021	2022	2023
Total investment in public welfare and charity ¹	10,000 CNY	674.58	600.64	253.96
Social contribution value per share ²	CNY	1.37	0.67	1.07

Note:

1.The 2022 data on the total investment in public welfare and charity was retrospectively adjusted in this report.

2.Social contribution value per share=Basic earnings per share + (Taxes generated by the company for the country during the year + Wages paid to employees + Interest on loans paid to banks and other creditors + Value created for other stakeholders, such as donations - Other social costs due to environmental pollution)/Total number of shares issued by the company. The 2021 and 2022 data on the social contribution value per share were retrospectively adjusted in this report.

Appendix 1: Content Index

Index Table of the SSE Guidelines No. 1 for Application of Self-Regulation Rules for Listed Companies - Standardized Operation

Term and Disclosure	Reporting Sections	Term and Disclosure	Reporting Sections
8.1 Overview	Sustainability Management	8.9: (3)	Environmental Management System
8.2 Operating principles	Business Ethics Customer Service Management R&D Innovation	8.9: (4)	Emissions and Waste Management See <i>Shanying International 2023 Annual Report</i> for details
8.3 Social responsibility planning and working mechanism	Sustainability Management	8.9: (5)	Environmental Management System
8.4 Social contribution value per share	ESG Data Performance Table	8.9: (6)	Emissions and Waste Management
8.5 Disclosure of social responsibility report	About this Report	8.9: (7)	Not Applicable
8.6: (1)	Employee Rights and Benefits Environmental Management System Public Welfare and Charity Community Communication and Development During the reporting period, the Company recorded one environmental violation. See "Environmental Management System" for details. Next, the Company will continue to improve the sustainability system and optimize the sustainability management measures.	8.9: (8)	Not Applicable
8.6: (2)		8.9: (9)	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain Environmental Management System Resource Management Emissions and Waste Management
8.6: (3)		8.10: (1)	Environmental Management System
		8.10: (2)	Environmental Management System During the reporting period, the Company recorded one environmental violation. See "Environmental Management System" for details.
		8.10: (3)	Environmental Management System Emissions and Waste Management
		8.10: (4)	Environmental Management System Emissions and Waste Management
8.7	Employee Rights and Benefits Corporate Governance	8.10: (5)	Environmental Management System
8.8: (1)	Environmental Management System	8.10: (6)	Environmental Management System
8.8: (2)	Environmental Management System	8.11	Environmental Management System
8.8: (3)	Carbon Exploration and Carbon Reduction across the Value Chain Resource Management	8.12: (1)	Emissions and Waste Management See <i>Shanying International 2023 Annual Report</i> for details
8.8: (4)	Emissions and Waste Management	8.12: (2)	Environmental Management System
8.8: (5)	Environmental Management System Emissions and Waste Management	8.12: (3)	Environmental Management System
8.8: (6)	Environmental Management System	8.12: (4)	Emissions and Waste Management
8.8: (7)	Sustainability Management of the Supply Chain	8.13: (1)	Product Quality Improvement
8.8: (8)	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain the Full Value Chain Environmental Management System Resource Management Emissions and Waste Management	8.13: (2)	Product Quality Improvement Work Safety and Occupational Health
		8.13: (3)	Product Quality Improvement
		8.13: (4)	Product Quality Improvement
8.9: (1)	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain Environmental Management System	8.14: (1)	Employee Rights and Benefits
8.9: (2)	ESG Data Performance Table	8.14: (2)	Work Safety and Occupational Health
		8.14: (3)	Employee Growth and Development
		8.14: (4)	Employee Rights and Benefits Employee Growth and Development Work Safety and Occupational Health
		8.15 Scientific ethics	R&D Innovation

Index Table of GRI Standards

Statement	Shanying International reported the information referenced in this GRI Index Table in accordance with GRI standards from January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

Disclosure	Reporting Sections	Disclosure	Reporting Sections
2-1	About Shanying International	303-1	Resource Management
2-2	About this Report	303-2	Emissions and Waste Management
2-3	About this Report	305-4	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain ESG Data Performance Table
2-6	About Shanying International Supply Chain Quality Management	305-5	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain
2-7	ESG Data Performance Table	305-7	Emissions Management ESG Data Performance Table
2-9	Corporate Governance	306-1	Emissions and Waste Management
2-10	Corporate Governance	306-2	Emissions and Waste Management
2-12	Sustainable Development Management Stakeholders Communication and Material Topics Analysis	401-1	ESG Data Performance Table
2-14	About this Report Stakeholders Communication and Material Topics Analysis Sustainable Development Management	401-2	Employee Rights and Benefits
2-15	Protection of Investors' Rights and Interests	403-1	Work Safety and Occupational Health
2-16	Stakeholders Communication and Material Topics Analysis	403-2	Work Safety and Occupational Health
2-17	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain	403-3	Work Safety and Occupational Health
2-22	Sustainability Management	403-4	Employee Rights and Benefits
2-26	Business Ethics	403-5	Work Safety and Occupational Health
2-27	During the reporting period, the Company recorded one environmental violation. See "Environmental Management System" for details.	403-6	Work Safety and Occupational Health
2-29	Stakeholders Communication and Material Topics Analysis	403-7	Work Safety and Occupational Health
2-30	Employee Rights and Benefits	403-8	Work Safety and Occupational Health
3-1	Stakeholders Communication and Material Topics Analysis	403-9	Work Safety and Occupational Health
3-2		403-10	Work Safety and Occupational Health
3-3		404-1	ESG Data Performance Table
201-1	ESG Data Performance Table	404-2	Employee Growth and Development
203-2	See <i>Shanying International 2023 Annual Report</i> for details	405-1	ESG Data Performance Table
205-3	Business Ethics	406-1	Employee Rights and Benefits
301-1	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain	408-1	Employee Rights and Benefits
301-3	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain	409-1	Employee Rights and Benefits
302-4	Keeping Exploration to Write a New Chapter about Carbon Reduction Across the Full Value Chain	413-1	Environment Management System
		413-2	Environment Management System
		416-2	Product Quality Improvement
		417-2	Customer Service Management
		417-3	Customer Service Management
		418-1	Digitization and Information Security Management

Appendix 2: Full Names and Abbreviations of Subsidiaries

Business Sector	Full Names and Abbreviations of Subsidiaries ¹		Full Names and Abbreviations of Subsidiaries ¹	
Packaging	Changzhou Xiangheng Packaging Co., Ltd.	Changzhou Xiangheng	Xiamen Xiangheng Packaging Co., Ltd.	Xiamen Xiangheng
	Chongqing Xiangheng Creative New Materials Co., Ltd.	Chongqing Xiangheng	Sichuan Xiangheng Packaging Products Co., Ltd.	Sichuan Xiangheng
	Foshan Dongda Packaging Co., Ltd.	Foshan Dongda	Suzhou Shanying Paper & Paper Products Co., Ltd.	Suzhou Shanying
	Guizhou Xiangheng Packaging Co., Ltd.	Guizhou Xiangheng	Suzhou Xinghua Printing Technology Co., Ltd.	Suzhou Xinghua
	Hangzhou Xiangheng Packaging Co., Ltd.	Hangzhou Xiangheng	Xiangheng (Tianjin) Packaging Co., Ltd.	Tianjin Xiangheng
	Hefei Xiangheng Packaging Co., Ltd.	Hefei Xiangheng	Wuhan Xiangheng Packaging Co., Ltd.	Wuhan Xiangheng
	Jiashan Xiangheng Packaging Co., Ltd.	Jiashan Xiangheng	Yangzhou Xiangheng Packaging Co., Ltd.	Yangzhou Xiangheng
	Jiangsu Jiurun Packaging Co., Ltd.	Jiangsu Jiurun	Vietnam Zhongjian Package Co., Ltd.	Vietnam Zhongjian
	Luzhou Yishenghong Packaging Co., Ltd.	Luzhou Yishenghong	Zhejiang Xiangheng Packaging Co., Ltd.	Zhejiang Xiangheng
	Ma'anshan Xiangheng Packaging Co., Ltd.	Ma'anshan Xiangheng	Jiaxing Xiangheng Smart Paper Technology Co., Ltd.	Jiaxing Xiangheng
	Putian Xiangheng Packaging Co., Ltd.	Putian Xiangheng	Xiangheng (Zhongshan) Packaging Co., Ltd.	Zhongshan Xiangheng
	Qingdao Hengguangtai Packaging Co., Ltd.	Qingdao Hengguangtai	Zhongshan Zhongjian Environmental Packaging Co., Ltd.	Zhongshan Zhongjian
	Yantai Hengguangtai Packaging Co., Ltd.	Yantai Hengguangtai	Zhuhai Senyang Packaging Co., Ltd.	Zhuhai Senyang
	Aituo Environmental Energy (Zhejiang) Co., Ltd.	Aituo Environment Energy	Ma'anshan Tianshun Port Co., Ltd.	Ma'anshan Tianshun
Papermaking base in Ma'anshan, Anhui	Anhui Shanying	Suzhou Shanying Paper Co., Ltd.	Suzhou Shanying	
Shanying Paper (Guangdong) Co., Ltd.	Guangdong Shanying	Zhejiang Shanying Paper Co., Ltd.	Zhejiang Shanying	
Shanying Southern China Paper industry CO., Ltd.	Huanan Shanying	Phoenix Paper Wickliffe LLC	Phoenix Paper	
Shanying Huazhong Paper Co., Ltd.	Huazhong Shanying	Nordic Paper Holding AB and its subsidiaries	Nordic Paper	
Shanying Paper (Jilin) Co., Ltd.	Jilin Shanying			

Note:

1. Only subsidiaries that appear in this report are listed in the table. This is not a complete list of Shanying International's subsidiaries.

