



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

Scope

Founded in 1995, the Group is currently the world's leading papermaking group and the leading enterprise for fully-integrated pulp and paper production with principal business focusing on the production and sales of various environmentally friendly packaging paper and high-end virgin paper (and paper products along its upstream and downstream industry chain), including linerboard (kraftlinerboard, testlinerboard, white top linerboard, coated linerboard, coated white cardboard and bleached folding boxboard), high performance corrugating medium, coated duplex board, greyboard, recycled printing and writing paper, gypsum board cover paper, specialty paper and pulp. Adhering to the philosophy of "No Environmental Management, No Paper Making", the Group uses recyclable paper as its major raw materials, committing itself to environmental protection, energy conservation and emission reduction.

In determining the scope of disclosure in the Group's Environmental, Social and Governance Report (the "Report") for FY2024, the Board of the Group mainly considered the proportion of production capacity of, and revenue from, each production base of the Group respectively. The Board of the Group believes that the environmental, social and governance related issues of the Group in FY2024 are properly reflected in the sustainable development initiatives and performance of the ten operating production bases of the Group in mainland China (namely Dongguan, Taicang, Chongqing, Tianjin, Quanzhou, Shenyang, Leshan, Tangshan, Jingzhou and Beihai bases) and one base in Vietnam during the period from 1 July 2023 to 30 June 2024 (the "Year" or "financial year").

Unless otherwise indicated, the Report does not cover the relevant data on the downstream packaging factories in mainland China because they only contributed to approximately 5% of the Group's revenue for the financial year. In addition, the data of the Group's bases in Malaysia and the United States are not included in the Report because they both only accounted for approximately 5% of the Group's overall annual production capacities respectively. The Board will continue to review the importance of such data and consider covering the relevant full-year data in our future reports.

As the base in Beihai, Guangxi has been put into operation since November 2023, it was included in the scope of disclosure for the Year. Apart from this, the remaining scope is consistent with that in the previous year's Report.

Reference Guideline

The Group has been disclosing its performance regarding environment, health and safety, human resources, corporate governance and social responsibility annually since FY2014. The preparation of the Report was with reference to the information commonly disclosed in the paper manufacturing industry and the ESG Reporting Guide in Appendix 27 of the Main Board Listing Rules on the Hong Kong Stock Exchange, and was complied with the mandatory disclosure requirement and the "comply or explain" provisions under the ESG Reporting Guide.

Working Group

The data and information in the Report was derived from the Group's internal documents, records and statistics. The Group's Environmental Protection & Energy Saving Department, Human Resources Department, Information Technology Department, General Management Department, Sales Department, Finance Department, Public Relations Department and Investor Relations Department have formed an inter-department working group to be responsible for the collection, statistics and consolidation of the data and information disclosed in the Report.

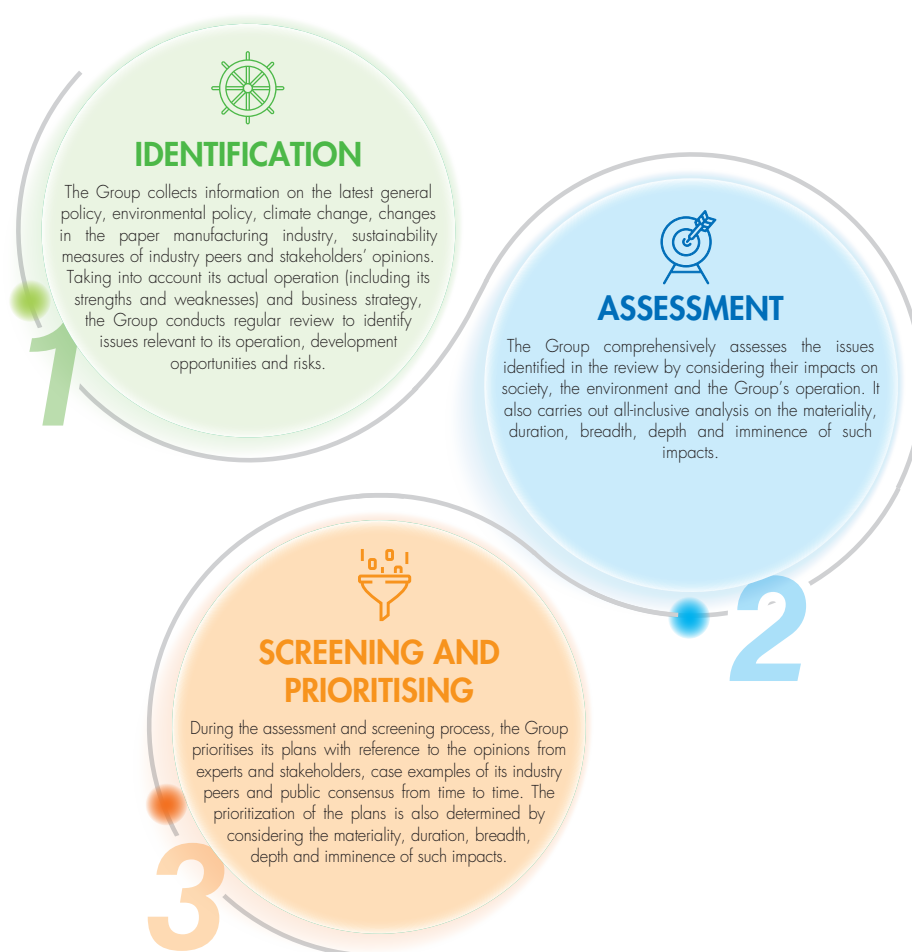
The Report has been confirmed and approved by the Board.

ESG Management Approach and Strategy of the Board

The Board of the Group and its five Board Committees (Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee) regularly monitor and review the Company's overall strategy, risk management, financial position, corporate governance, governance on environmental protection and other sustainability initiatives, etc.

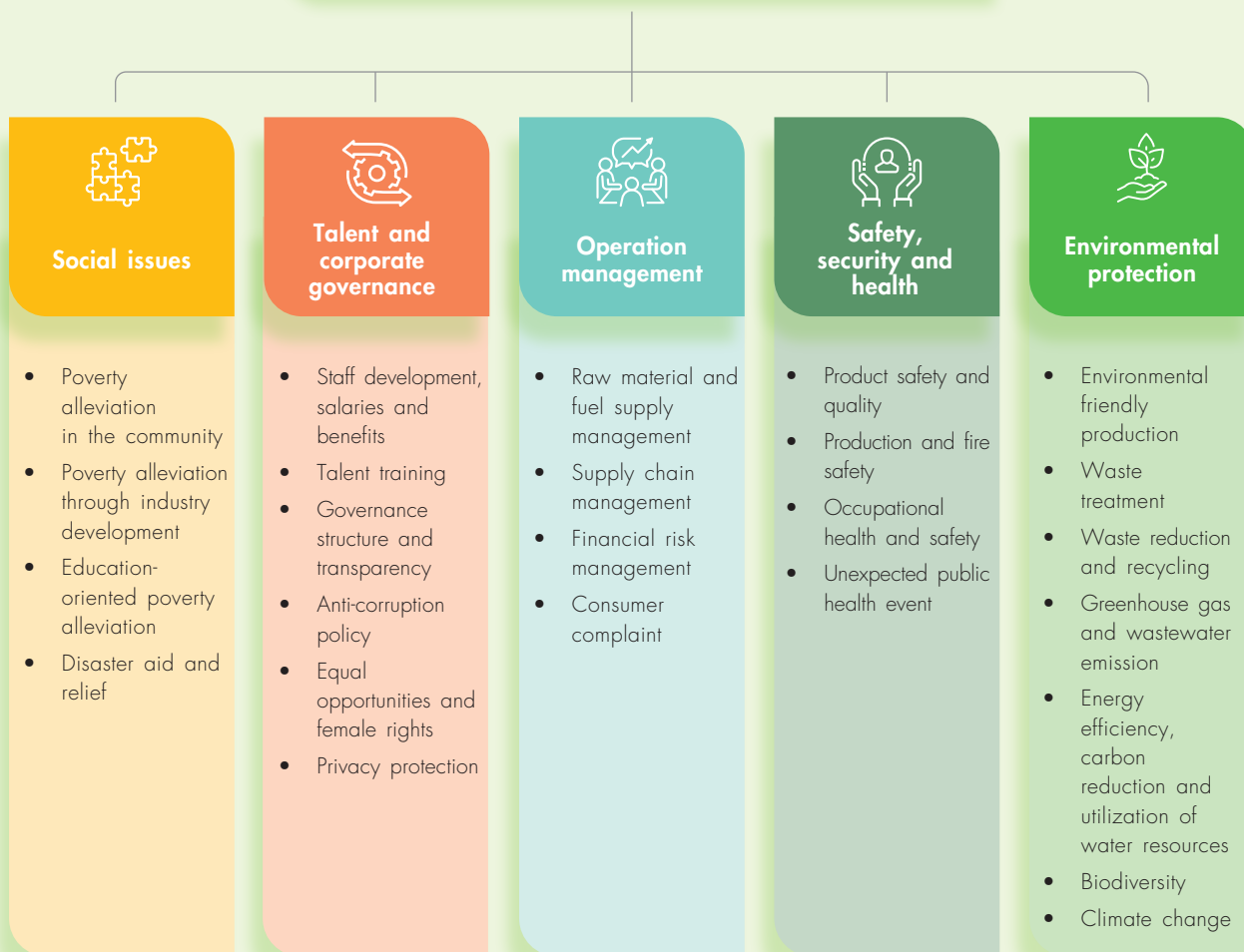
The Group has implemented policies in relation to environmental protection and climate change. The management of climate-related issues has been incorporated into the terms of reference of the existing standing Board Committees, while the environmental risk factors have been included in the evaluation list of risk management and control of the Group. The Environmental Protection Department of the Group performs evaluation according to the list on a regular basis and the evaluation results will be submitted to the executive Directors for timely response. The Board may seek professional advice from external experts whenever necessary. The executive Directors of the Group are ultimately accountable for the climate-related issues.

The executive Directors and the supervisors of the Group's bases and functional departments are delegated by the Board to hold special meetings on sustainability issues (including ESG) regularly, so as to identify, assess, screen and prioritise issues that are material to the Group and, in turn, formulate strategy and implement specific plans in relevant aspects. The delegated department or working group shall be responsible for the execution of the finalized sustainability plans.



The persons-in-charge of the Group's major bases and departments hold management meetings with executive Directors at least every two weeks to report on business operation, including the progress on established environmental, social and governance goals. For instance, they report on the progress of energy saving projects, discharge reduction projects, fire drills arrangement, production safety projects and recruitment and training. They also optimize the relevant plans based on actual circumstances. The executive Directors will report material and high-risk issues to the Board for discussion and form project teams for follow-up actions if necessary.

EXAMPLES OF MATERIAL ISSUES



MAJOR SUSTAINABILITY RISKS AND RESPONSE STRATEGY

Risk	Analysis/example	Response strategy
Shortage of raw material supply	Since 2021, China has fully implemented the "Waste Import Ban" (禁廢令) to forbid foreign waste imports. As the Group's major raw material, recovered paper cannot be imported as well, which intensifies the risk of raw material shortage in the paper manufacturing industry.	<ul style="list-style-type: none"> Fill the gap of imported recovered paper: Leveraging its strong procurement network, the Group has gradually increased the ratio of domestic recovered paper procured and used in the manufacturing process since 2018. Meanwhile, the Group has been expanding the production capacity of recycled pulp, wood pulp and wood fibre, so as to replenish the reserve of raw materials. Expand product mix: Capitalizing on the capacity expansion for wood pulp, the Group developed premium products with high entry barriers and profitability, such as virgin kraftliner and bleached folding boxboard. In addition, in view of the quality of domestic recovered paper, the Group has launched the "River Dragon (江龍牌)" brand for low-end products to diversify revenue sources.
Significant fluctuations in raw material and fuel prices	Unexpected events and geopolitical instabilities may lead to significant fluctuations in the supply, price and transportation cost of raw materials and fuels, which may affect the production costs.	<ul style="list-style-type: none"> The Group has strengthened the procurement network for raw materials and built up its production capacity of recycled pulp, wood pulp and wood fibre, hence increasing the self-sufficiency ratio of raw materials to better control the raw material costs. The Group has entered into contracts for fixed supply or prices during the contract term with suppliers to mitigate the impacts of price volatility caused by emergencies.

Risk	Analysis/example	Response strategy
Structural change in product demand	China plans to forbid all production and sales of plastic packaging for delivery, plastic shopping bags and disposable plastic tableware by 2025 through the gradual implementation of the "Plastic Limit Order" (限塑令). Given their affordable price and light weight, paper products are certainly the best alternatives to plastic. The Group will lose market share if it fails to seize this major market opportunity in time.	<ul style="list-style-type: none"> The Group plans to expand the production capacity for bleached folding boxboard in order to seize the opportunity arising from the "Plastic Ban Order". With a focus on strengthening its technology innovation and R&D capability, the Group is enhancing the core technology for new products that are low-carbon and green.
Severe overcapacity in production	In order to seize market share, paper-making enterprises of varying sizes may build up their production capacity simultaneously, coupled with the import competition, resulting in a short-term production glut in the market which may in turn affect the selling prices of products.	<ul style="list-style-type: none"> Subject to the tight supply of recovered paper in the market, solving the problems relating to raw material supply are regarded as the top priority of paper-making enterprises for the expansion of their production capacity. The Group is equipped with its own production capacity for alternative raw materials, such as wood pulp, enabling the production of high-end products with less market supply including virgin kraftliner, white top linerboard and bleached folding boxboard, thus enjoying stronger market competitiveness. As the globally largest paper-making group in terms of production capacity and an integrated pulp and paper enterprise in China, the Group is benefiting from the economies of scale and stable customer base while ensuring the consistency in product quality, which enable it to retain customers, maintain bargaining power in determining the prices of products and market competitiveness.

Risk	Analysis/example	Response strategy
Unexpected public health event	Unexpected public health events (such as the Covid-19 pandemic) can pose considerable risks to the Group's employees, which are its most valuable asset. Furthermore, these events can have a significant impact on the market demand, production and operation. The overall supply chain and economy can also be impeded, hence affecting the product demands.	<ul style="list-style-type: none">• The Group has been optimising its emergency and safety management mechanism, which allows it to respond to unexpected public health events in a timely manner. For example, in response to the outbreak of Covid-19 and Omicron, the Group formed the Covid-19 prevention and control group promptly, established various pandemic prevention mechanisms and safety measures, and offered special training on pandemic prevention knowledge for its staff, as well as organized employees to receive vaccination. As a result, it became one of the fastest manufacturers to resume production in the industry.• The Group will flexibly adjust its product mix in times of economic instability. For example, under the impact of the Covid-19 pandemic, the Group launched a sub-brand of the "River Dragon" brand in order to cater to the market demands.

Risk	Analysis/example	Response strategy
Operational risk	Natural disasters such as floods, typhoons, fires and earthquakes can be a threat to the Group's production and the safety of its employees.	<ul style="list-style-type: none"> <li data-bbox="917 383 1396 873">• The Group formulates corresponding emergency plans based on the local climate of each of the plants in advance and conducts regular drills for activating the emergency response mechanism in extreme weather conditions. It also makes reasonable adjustments to the production plan to ensure the transportation of raw material and auxiliary materials as well as the normal operation of facilities, thereby minimising the adverse effect of climate change. Besides, it has purchased work injury insurance for all employees. <li data-bbox="917 894 1396 1121">• In terms of fires, the Group not only requires its staff to maintain strict compliance with the "Fire Safety Management Practices", but also forms its own firefighting team which conducts regular drills to prepare for fire emergencies.

Risk	Analysis/example	Response strategy
Financial risk	<p>The Group will expand the production capacity of kraft pulp, recycled pulp and wood fibre as raw materials for production, and expand the capacity of high-end products. The Group's financial risks will increase along with its capital expenditure. Together with the intensified global inflation in recent years, the interests of loans have been increased.</p>	<ul style="list-style-type: none"> • While the Group's exposure to rising gearing ratio will be driven by its capital expenditure plan in the short term, the Group has low cash flow risk and a controllable financial risk given its stable customer base and operating revenue base due to the close correlation between the paper manufacturing industry and the inelastic demand in the economy. • With the overwhelming support from major banks, the Group has entered into various syndicate loans. These loans can fully cover the Group's capital expenditure for production capacity expansion in the future and guarantee the sufficiency of working capital. • Despite the possible increase in the interest of bank loans resulting from high inflation, the Group can enjoy more favourable interest rates by maintaining its good relationship with various banks.
	<p>In addition to the operating bases in China, the Group has similar facilities in the U.S., Malaysia and Vietnam. Moreover, it procures some of the raw materials and paper manufacturing equipment from overseas. Hence, it is exposed to certain exchange risks.</p>	<ul style="list-style-type: none"> • The majority of the Group's operation is located in China and most of the transactions are settled in RMB. As the Group does not face material exchange risk, it does not have a hedge policy. • When deciding the currency of bank loans, the Group strikes a balance between the interest and exchange risk, and adjusts the proportion in a timely manner. The Group's loans are mainly denominated in RMB, with only a few bank loans denominated in EURO and other foreign currencies.

Risk	Analysis/example	Response strategy
Tightening of national environmental policy	China continued to adopt the general principle of green development and established more stringent standards for the paper manufacturing industry in promoting clean production, pollution and emission reduction, as well as technological advancement.	<ul style="list-style-type: none"> • The Group has obtained the “China Environmental Labelling Products” (中國環境標誌產品) certification and a number of international certifications for standardized management systems, such as the ISO 14001 Environmental Management System. • The Group keeps a close tab on international and domestic environmental policy and maintains higher standards. For example, we took the lead in establishing environmental incinerators in the industry, through which all solid wastes generated during paper production are converted into clean energy without external discharge. It also helps the local governments disposing a portion of industrial solid wastes, thereby contributing to the development of “zero-waste cities”. In addition, two gas-fired units in Dongguan Base have been put into operation to enhance the application of clean energy.
Climate change	Extreme weather becomes more prevalent every year as a result of climate change. High temperature, chilly conditions, typhoons, drought, flooding and other extreme weather may affect the operation of supply chains in the paper manufacturing industry (including raw material supply, procurement, power generation, production facilities, and pollution prevention and treatment facilities).	<ul style="list-style-type: none"> • The Group has implemented policies to address the climate change risks, and adopted the governance structure under a comprehensive approach in respect of the oversight of relevant issues on climate change.

Sustainability Goal and Progress

FY2020 (base year)	FY2024 (progress)	FY2025 (goal)
Emission target and progress		
<ul style="list-style-type: none"> Greenhouse gas intensity: 9,330 tonnes in CO₂ equivalent/ten thousand tonnes of paper Sulfur dioxide intensity: 0.94 tonnes/ten thousand tonnes of paper Nitrogen oxides intensity: 2.76 tonnes/ten thousand tonnes of paper Dust intensity: 0.16 tonnes/ten thousand tonnes of paper Hazardous wastes intensity: 3.93 tonnes/ten thousand tonnes of paper 	<ul style="list-style-type: none"> Greenhouse gas intensity: 9,048 tonnes in CO₂ equivalent/ten thousand tonnes of paper Sulfur dioxide intensity: 0.84 tonnes/ten thousand tonnes of paper Nitrogen oxides intensity: 2.61 tonnes/ten thousand tonnes of paper Dust intensity: 0.12 tonnes/ten thousand tonnes of paper Hazardous wastes intensity: 2.87 tonnes/ten thousand tonnes of paper 	<ul style="list-style-type: none"> Greenhouse gas intensity: <9,300 tonnes in CO₂ equivalent/ten thousand tonnes of paper Sulfur dioxide intensity: <0.84 tonnes/ten thousand tonnes of paper Nitrogen oxides intensity: <2.65 tonnes/ten thousand tonnes of paper Dust intensity: approximately 0.13 tonnes/ten thousand tonnes of paper Hazardous wastes intensity: <3.08 tonnes/ten thousand tonnes of paper

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Clean and alternative energy		
<ul style="list-style-type: none"> All bases in Mainland China have adopted coal-fired units Utilization of solid waste as resources, which reduced standard coal of 0.37 million tonnes per annum The methane collection & treatment system can generate electricity and supply heat through incineration, hence substituted for some coal and reduced standard coal of 0.14 million tonnes per annum 	<ul style="list-style-type: none"> Two gas-fired turbine units have been applied to Dongguan base Utilization of solid waste as resources, which reduced standard coal of 0.54 million tonnes per annum The methane collection & treatment system can generate electricity and supply heat through incineration, hence substituted for some coal and reduced standard coal of 0.208 million tonnes per annum 	<ul style="list-style-type: none"> The formation of an operation model with the use of various types of energy (gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation and incineration of methane for power generation) simultaneously Utilization of solid waste as resources, which will reduce standard coal of over 0.55 million tonnes per annum

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Clean and alternative energy		
<ul style="list-style-type: none"> The rooftop photovoltaic power generation project at Dongguan base has reduced standard coal of 2,000 tonnes per annum 	<ul style="list-style-type: none"> The rooftop photovoltaic power generation project at Dongguan base has reduced standard coal of 4,800 tonnes per annum 	<ul style="list-style-type: none"> The methane collection & treatment system can generate electricity and supply heat through incineration, hence will substitute for some coal and reduce standard coal of 0.25 million tonnes per annum The rooftop photovoltaic power generation project at Dongguan base will reduce standard coal of over 4,800 tonnes per annum

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Recycling of wastewater		
<ul style="list-style-type: none"> Recycling rate of wastewater maintained at over 97.2% 	<ul style="list-style-type: none"> Recycling rate of wastewater maintained at over 97.3% 	<ul style="list-style-type: none"> Recycling rate of wastewater will be maintained at over 97.5%

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Sustainability of raw materials		
<ul style="list-style-type: none"> Recovered paper recycled amounted to over 14 million tonnes 	<ul style="list-style-type: none"> Recovered paper recycled amounted to over 14 million tonnes 	<ul style="list-style-type: none"> Recovered paper recycled will amount to over 16 million tonnes

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Waste recycling		
<ul style="list-style-type: none"> Commissioning qualified companies with operating license to conduct detoxification treatment for hazardous waste 	<ul style="list-style-type: none"> Commissioning qualified companies with operating license to conduct detoxification treatment for hazardous waste 	<ul style="list-style-type: none"> Commissioning qualified companies with operating license to conduct detoxification treatment

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Employee safety		
<ul style="list-style-type: none"> 40 incidents of injury or death 	<ul style="list-style-type: none"> 55 incidents of injury or death 	<ul style="list-style-type: none"> "Zero" injury or death

STAKEHOLDER GROUPS AND ENGAGEMENT

The Group values the engagement of and respects the sustainable relationship with each of its stakeholders including business partners, suppliers, clients, investors, regulators, employees and communities. All stakeholders may express their opinions to the Group through a variety of channels listed below to assist in identifying the existing room for improvement by the Group in environmental, social and governance. The opinions and information provided by all parties will be kept confidential and will not be disclosed to any third party.



EMPLOYEES

Engagement Channels

- "Chairlady Mailbox (董事長信箱)" established in each of the production bases
- The Company's internal specific email box for complaints
- Management biweekly meetings, quarterly meetings, half-yearly meetings and annual meetings, etc.



Suppliers and business partners

Engagement Channels

- Service satisfaction survey conducted on a regular basis
- "Complaint Handling Guidelines (投訴處理指引)" attached in the commercial contracts entered into with external parties
- Notice board about the method of complaints placed at the loading and unloading site in respective production bases



CUSTOMERS

Engagement Channels

- Customer visits by customer service team on a regular basis
- Customer satisfaction survey carried out quarterly
- Sales hotline, email and WeChat



INVESTORS AND SHAREHOLDERS

Engagement Channels

- Investor enquiry email
- Annual General Meeting and Special General Meeting
- Express their views through Investor Relations Department



GOVERNMENTS AND REGULATORS

Engagement Channels

- Regular communication with the relevant departments of the Company



MEDIA

Engagement Channels

- Media enquiry email



PUBLIC

Engagement Channels

- General enquiry email



ENVIRONMENT

Actively practising the national concept of ecological civilization of “Clear waters and green mountains are as valuable as mountains of gold and silver”, the Group adheres to the corporate philosophy of “No Environmental Management, No Paper Making” and deems environmental protection as the key to maintaining vitality of the enterprise.

The Group advocates the sustainable circular economic model of “Reduce, Reuse and Recycle as Resources”. We not only use recovered paper as our major raw materials for paper manufacturing to reduce deforestation significantly, but also continuously step up the efforts in environmental protection by implementing various environmental protection regulations and introducing environmental protection facilities in different production stages so as to ensure our various emission and energy consumption indices outperform government standards.

As the environmental pioneer to establish environmental incinerators in the industry, the Group, on the one hand, converts all solid wastes generated during the process of paper manufacturing into clean energy without external discharge, and, on the other hand, helps disposing some of the industrial solid wastes for the local governments, thereby contributing to the development of “Zero-waste Cities” (無廢城市). In addition to obtaining the ISO14001 certification for environmental management and certification for clean production, our production bases have been rated as “Environmentally Credible Enterprise” (環保誠信企業), “Environmental Management Demonstration Enterprise” (環境管理示範企業), “Green Factory” (綠色工廠), an “Environmentally Friendly Enterprise in the PRC’s Paper Industry” (中國造紙工業環境友好企業), “Hong Kong-Guangdong Cleaner Production Excellent Partners” (粵港清潔生產優越夥伴), “Advanced Enterprise in Environmental Protection of 2023” (2023年度環境保護先進單位) by local environmental authorities for several years and awarded a corporate winner in the “Energy Conservation and Discharge Reduction Contest for the National Paper-making Industry” (全國造紙行業節能減排達標競賽優勝企業).

THE GROUP'S ENVIRONMENTAL POLICIES ARE AS FOLLOWS:

Adopting the environmental management system as indicators in daily operations.



Improving employees' environmental awareness and providing relevant training on a regular basis.



Considering environmental factors in procurement policies.



Encouraging employees, suppliers, customers and other stakeholders to realise environmental protection.



Formulating environmental measures with higher standards than those required by regulations.



Setting environmental protection goals relating to energy conservation and emission so as to achieve sustainable development.

Allocation of capital expenditure for environmental facilities

During the Year, the Group's capital expenditure on the addition and upgrade of environmental facilities in various bases exceeded RMB1,600 million. Such facilities included the second gas-fired turbine unit built in Dongguan Base to increase the usage of clean energy, newly built facilities such as desulfurization, denitrification and dust removal facilities as well as boilers for overall utilization of solid wastes at sewage treatment plants and thermal power plants in Jingzhou Base in Hubei and Beihai Base, technological upgrade enabling coal-free combustion in the incinerators in Tianjin Base, and energy-saving transformation of the thermal power units of the paper machines in Quanzhou Base. Each base continued to set up and improve the treatment capacity of sewage treatment plants, such as the addition of sewage anaerobic IC facilities.

Impact of the production capacity and production volume on emissions and energy consumption

Both production volume and the commissioning work needed for the trial production of the new paper machines would affect the total emission and total energy consumption of various types of emission. In all, the newly added paper, wood pulp and wood fibre production capacity amounted to 1.65 million tonnes, 0.2 million tonnes and 0.2 million tonnes during the Year, respectively. Among them, Beihai Base in Guangxi was officially put into use during the Year with various new production lines commencing production. In terms of production volume, the paper production volume increased by approximately 3.49 million tonnes or 22.1% year-on-year during the Year.

Production volume for FY2024 increased by approximately 4.60 million tonnes as compared with that of FY2020, representing a compound annual growth rate of 7.1%.

Impact of the "Waste Import Ban" on water consumption and emissions

With the implementation of the "Waste Import Ban" (禁廢令), since 2021, imported recovered paper, the major raw material of the Group, was also prohibited from import, which has intensified the risk of raw material shortage in the paper manufacturing industry. In order to solve the problem of raw materials, apart from increasing the ratio of domestic recovered paper used in the paper manufacturing process, the Group also beefed up the capacity of kraft pulp, recycled pulp and wood fibre for its own use, so as to replenish the reserve of raw materials. Generally, domestic recovered paper has a higher level of impurity as compared to imported recovered paper, resulting in a higher risk of breaking of paper during the production. Hence, paper manufacturing with the use of domestic recovered paper has also caused an increase in emissions.

Moreover, the water and electricity used as well as emission during the course of production of kraft pulp will also be higher than that of paper manufacturing with the use of recovered paper, and the water and electricity consumption as well as the emission level varied depending on the types of pulp produced. The Group continued its deployment plans of downstream wood pulp and wood fibre. As such, total water consumption and emissions increased accordingly. Nonetheless, the Group's new integrated pulp and paper production base will be equipped with the most up-to-date and most advanced equipment, which will facilitate the control over emissions to a certain extent. In addition, the operation mode of integrated pulp and paper production will also be able to reuse some of the water resources, which will make greater contribution to pollution abatement and carbon reduction as compared to production bases adopting the operation mode of separating pulp and paper production, hence reducing the intensity of emissions of the Group.

A1. EMISSIONS

Upholding the principle of green development, energy conservation and emission reduction, the Group monitors its emissions in strict compliance with regulations such as “Environmental Protection Law of the People’s Republic of China” (《中華人民共和國環境保護法》), “Air Pollution Prevention and Control Law of the People’s Republic of China” (《中華人民共和國大氣污染防治法》), “Emission Standard of Air Pollutants for Thermal Power Plants” (《火電廠大氣污染物排放標準》), “Water Pollution Prevention and Control Law of the People’s Republic of China” (《中華人民共和國水污染防治法》), “Discharge Standard of Water Pollutants for Pulp and Paper Industry” (《製漿造紙工業水污染物排放標準》) and “Law on the Prevention and Control of Environmental Pollution By Solid Waste of the People’s Republic of China” (《中華人民共和國固體廢物污染環境防治法》). The Group has well-established emission monitoring and management system, including 24-hour online monitoring, or commissions third party institutions with China Metrology Accreditation (CMA) to regularly collect data for statistical analysis.

Internationally Leading Gas Treatment Facilities and Enclosed Coal Storage Domes

Each of the production bases of the Group has its own heat and electricity boiler to provide steam and electricity for production lines. Currently, coal serves as its major energy source. The adoption of circulating fluidized bed boilers enables reduction in nitrogen oxide at source. For the treatment of exhaust gas, the Group adopts the state-of-the-art and highly efficient desulfurization process (limestone injection and oxidized magnesium wet scrubber at the end), “two-tier dust removal process (electrostatic bag filter), low-nitrogen combustion and SCR/SNCR denitrification” processes. Through these processes, we have achieved a desulfurization efficiency ratio of over 95%, a denitrification efficiency ratio of over 85% and a dust removal efficiency ratio of over 99.95%. This reduces the generation and emission of pollutants in the flue gas, ensuring various indicators of flue gas outperforming the relevant national emission standards.

Since 2016, the Group has been gradually upgrading and adding ultra-clean facilities, such as the adoption of the latest wet electrostatic precipitating technology to the boilers in an active approach, so as to further reduce dust emission. Currently, boilers of the Group that have undergone ultra-low emission upgrade in accordance with the requirements of national policies have met the national standard of ultra-low emission (with the emission of SO₂ maintaining below 35mg/m³, NO_x below 50mg/m³ and dust below 10mg/m³), thus effectively improving the quality of the environment.

The Group is the pioneer in the industry in constructing fully automatic and enclosed coal storage domes, which can effectively avoid fugitive dust pollution during the loading, transportation and storage of coal, thereby offering better protection for the surroundings and further improvements to the working and living environment of our staff.

Clean Energy and Emissions

Global warming and greenhouse effect have become urgent issues to be solved around the globe, and the Chinese Central Government has put forward the goal of realising carbon neutrality by 2060. In response to national and local policies, the Group introduced gas-fired turbine units in its largest production base nationwide (Dongguan base). The two gas-fired turbine units have been put into operation. Looking forward, an operation model that deploys various types of energy simultaneously will be formed, including gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation, and incineration of methane for power generation. This will help to gradually lower consumption of coal resources and water resources as well as discharge of pollutants, and reduce the use of coal transport vehicles and chemicals.

In order to enhance the utilization of natural gas, the Group has established a professional energy operation team and successfully obtained the right of use for infrastructure such as national pipeline network, receiving stations, etc. The Group has also entered into cooperation relationship with major domestic energy companies and overseas suppliers.

Geopolitical situation and national policies will affect the fuel supply, and in turn the fuel price and emissions. The Group aims to not only maintain a cost-effective production, but also ensure that the intensity of greenhouse gas emission meets the standards set by the Ministry of Ecology and Environment. The Group will strive for successive reduction in annual greenhouse gas emissions, even if it has achieved satisfactory results in this respect.

During the Year, each emission indicator of the Group's emissions and greenhouse gases outperformed national or regional standards. As a result of the significant increase in production volume during the Year, the total greenhouse gas emission increased by 24.9% year-on-year, but its intensity decreased by 0.1% year-on-year. During the Year, the Group continued to improve the control of pollutants. Therefore, SO₂ intensity decreased by 2.3% year-on-year, while the intensity of dust and NOx remained similar to that of last year.

Greenhouse gas emission	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2023 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total emission (tonnes in CO ₂ equivalent)	16,998,070	13,612,503	13,547,004	+24.9%	+5.8%
— Direct (scope 1) emission	16,228,463	13,025,319	/	+24.6%	/
— Indirect (scope 2) emission	769,607	587,184	/	+31.1%	/
Intensity (tonnes in CO ₂ equivalent/ten thousand tonnes of paper)	9,048	9,061	9,330	-0.1%	-0.8%
— Direct (scope 1) emission	8,631	8,670	/	-0.4%	/
— Indirect (scope 2) emission	417	391	/	+6.6%	/

Note: The statistics on direct (scope 1) and indirect (scope 2) emission in FY2020 have not been prepared separately.

Type of emission	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2023 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Sulfur dioxide (SO ₂) intensity (tonnes/ten thousand tonnes of paper)	0.84	0.86	0.94	-2.3%	-2.8%
Nitrogen oxides (NOx) intensity (tonnes/ten thousand tonnes of paper)	2.61	2.62	2.76	-0.4%	-1.4%
Dust intensity (tonnes/ten thousand tonnes of paper)	0.12	0.12	0.16	0%	-6.9%

Advanced Wastewater Treatment Facilities

The Group adopts internationally leading production technologies for paper making to control the volume of wastewater generated at source. Each of the production lines is installed with an advanced water recycling system which effectively reduces a large amount of wastewater generated and discharged.

The Group continued to optimize the wastewater treatment facilities installed at each production base, and enhanced the processing capacity of core facilities such as anaerobic IC and aeration tanks, contributing to the stability in the quality indicators of discharged water. In addition, at the end of the wastewater treatment process, we upgraded to a "five-stage water treatment process (physical + IC anaerobic + aerobic + Fenton advanced treatment + sand filtration)", which is more effective in filtering sewage as compared to the "four-stage water treatment process (physical + IC anaerobic + aerobic + Fenton advanced treatment)" used previously.

A large amount of methane produced during the anaerobic biological treatment of wastewater could also be transmitted to the boiler for heat and electricity generation as a clean energy after biological desulfurization.

However, since alternative raw material projects including wood pulp production line and wood fibre have been newly launched in certain production bases during the Year, water consumption inevitably increased and wastewater treatment will be more difficult as compared to papermaking by only using recovered paper. During the Year, although our various indicators of discharged water still outperformed the national standard of "Discharge Standard of Water Pollutants for Pulp and Paper Industry" (《製漿造紙工業水污染物排放標準》) (GB3544-2008) and the discharge standards of regions where our production bases are located, intensity of chemical oxygen demand (COD), suspended solids (SS), ammonia nitrogen, total nitrogen, biological oxygen demand, chromaticity and pH value basically remained flat as compared with last year.

Discharged water indicators	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Chemical oxygen demand (COD) (tonnes/ten thousand tonnes of paper)	3.33	3.27	3.05	+1.8%	+2.2%
Ammonia nitrogen (tonnes/ten thousand tonnes of paper)	0.10	0.10	0.10	0%	0%
Suspended solids (SS) (tonnes/ten thousand tonnes of paper)	0.60	0.60	0.58	+0%	+0.9%
Total nitrogen (tonnes/ten thousand tonnes of paper)	0.54	0.53	0.52	+1.9%	+0.9%
Biological oxygen demand (BOD) (mg/L)	10.06	10.04	10.53	+0.2%	-1.1%
Chromaticity (times)	10.00	10.10	9.97	-1.0%	+0.1%
pH value	6.40	6.60	6.71	/	/

Solid Waste Disposal

The hazardous wastes and non-hazardous wastes generated by the Group shall be in compliance with the "Solid Waste Pollution Prevention and Control Law of the People's Republic of China" (《中華人民共和國固體廢物污染環境防治法》). For hazardous wastes, the Group carries out standardized management in strict compliance with the national management requirements in relation to hazardous waste, with measures including identifying hazardous waste in our plant area in accordance with the "Directory of National Hazardous Wastes" (《危險廢物名錄》), setting up standardized warehouses in plant area for the storage of hazardous waste and commissioning qualified companies with the operating license for disposal of hazardous waste to conduct detoxification treatment.

Since as early as 2003, being the first of its kind, the Group has developed in-house environmentally friendly industrial waste incinerators and sludge drying equipment, to effectively manage its solid wastes. Advanced exhaust gas treatment equipment, SNCR denitrification facilities, semi-dry desulfurization facilities, two-stage bag dust removal facilities and activated carbon absorption facilities are utilized in incinerators, while emission monitoring units are installed to ensure real-time online monitoring of exhaust gas emission.

In order to enhance our overall utilization rate of solid wastes, we reuse all pulp wastes generated in paper manufacturing in the paper-making workshops and incinerate all waste residues generated in paper manufacturing after selection, which can generate steam and electricity for production. The water content in sludge is less than 40%, which is an achievement from our research and development as well as continuous promotion and application of the overall utilization techniques of paper making, sludge drying and incineration, at the same time successfully incinerating sludge generated from wastewater treatment through the frame membrane filter drying process. This does not only reduce secondary pollution, but also turns all dried sludge into renewable fuel, thus saving a large amount of coal and realizing recycling and zero discharge of sludge.

We also sell other solid wastes such as waste coal ashes in the power plants and boiler slag to qualified companies which use such wastes as construction materials.

During the Year, both hazardous wastes and non-hazardous wastes discharge by the Group outperformed national or regional standards. The total volume of hazardous wastes registered a year-on-year increase of 13% and the intensity of hazardous wastes reduced by 8.0%; while the total volume and intensity of non-hazardous wastes increased by 29.4% and 5.4%, respectively, mainly due to the higher volume of non-hazardous wastes such as white mud, green mud and sawdust generated as a result of the wood pulp production line projects being put into operation in some of the bases during the year.

Looking ahead, the Group will continue to put efforts from the source to reduce the purchase of raw materials and supporting materials which would produce hazardous wastes.

Solid wastes	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total volume					
Hazardous wastes (tonnes)	5,290	4,680	5,711	+13%	-1.9%
Non-hazardous wastes (tonnes)	4,504,358	3,481,596	2,781,322	+29.4%	+12.8%
Intensity					
Hazardous wastes (tonnes/ ten thousand tonnes of paper)	2.87	3.12	3.93	-8.0%	-7.6%
Non-hazardous wastes (tonnes/ten thousand tonnes of paper)	2,441	2,317	1,915	+5.4%	+6.3%

A2. USE OF RESOURCES

Forest in the City

"There is no waste on this planet, only misplaced resources". The Group has confirmed its general approach to upholding scientific development, green development and using recovered paper for paper making since its establishment.

Among all raw material we used in our products, recovered paper accounted for the most substantial portion. With the completion of the large-scale recovered paper recycling in paper manufacturing, we also recycled and reused various wastes generated during our production processes through research and development, technology upgrades as well as equipment enhancement. We have recycled and reused over 14 million tonnes of recovered paper during the financial year, representing a year-on-year increase mainly due to the increase in the production volume during the financial year.

ENERGY CONSERVATION

For energy consumption, each production base of the Group has its heat and electricity boiler in place to generate steam and electricity for its production lines with coal as the major energy source. Meanwhile, the Group is committed to employing a series of initiatives to reduce use of coal and energy consumption.

Five Major Measures for Reduction of Coal and Energy Consumption

01



General energy-saving measures

- Formulate plans for research, development and upgrade of energy-saving technologies
- Eliminate equipment with high energy consumption, including replacing less efficient motors with variable-frequency motors, upgrading drum pulpers and wind turbines and eliminating certain lightings and refrigerating equipment
- Energy-saving lights are used in the office and lights of different zones are controlled with individual switches. Air-conditioning is constantly set at over 26 degrees Celsius

02



Utilization of solid waste

- Development of in-house environmentally-friendly industrial waste incinerators since as early as 2003, being the first of its kind
- Utilizing non-hazardous wastes generated from paper production, namely light slag and dehydrated sludge of sewage treatment plants as resources, which significantly reduces waste discharge
- Heat and electricity generated from incineration of solid substances is utilized for paper production
- Standard coal of 0.54 million tonnes was reduced during the Year

03



Photovoltaic Power Generation Project

- In response to the call of the government, Dongguan base established a rooftop photovoltaic power generation project since 2017, being the first of its kind
- Currently, photovoltaic power plant with an installed capacity of 17MW has been completed and put into operation. Standard coal of 4,800 tonnes was reduced during the Year

04



Methane Collection & Treatment System

- Continuous technological upgrades since 2008, including the introduction of methane desulfurization devices
- Methane generated from sewage treatment plants is incinerated for electricity and heat supply to substitute for some coal
- Standard coal of 0.208 million tonnes was reduced during the Year

05



Introduction of gas-fired turbine units

- The construction of the second gas-fired turbine unit in the Dongguan base has been completed and an operation model that deploys various types of energy simultaneously will be formed in the future, including gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation, and incineration of methane for power generation. This will help to gradually lower consumption of coal resources

During the Year, each of the Group's energy consumption indices outperformed national or regional standards. On a year-on-year basis, the total consumption of coal, steam and electricity increased by 27.2%, 21.4% and 21.9%, respectively; the intensity of coal increased by 3.8%, while the intensity of steam and electricity decreased by 1.2% and 0.9%, respectively, which was mainly due to the establishment of wood fibre and wood pulp production line projects in certain production bases, leading to a higher intensity of coal. Benefitted from the adoption of a series of effective energy-saving policies such as the natural gas and heat power co-generation project, the photovoltaic power generation project, the technological upgrade project in relation to the pulp grinding system of the production line, the incineration and overall utilization of external solid wastes as well as staggering electricity usage, the overall energy consumption index still remained at a low level.

Energy	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total consumption					
Coal (tonnes of standard coal)	5,567,834	4,378,427	4,603,849	+27.2%	+4.9%
Steam (tonnes)	28,064,047	23,119,182	22,389,831	+21.4%	+5.8%
Electricity (kWh)	10,175,662,276	8,346,515,088	8,226,312,893	+21.9%	+5.5%
Intensity					
Coal (tonnes of standard coal/tonnes of paper)	0.302	0.291	0.317	+3.8%	-1.2%
Steam (tonnes/tonnes of paper)	1.521	1.539	1.54	-1.2%	-0.3%
Electricity (kWh/tonnes of paper)	551	556	567	-0.9%	-0.7%

CONSERVATION OF WATER RESOURCES

Recycling of Rainwater

The Group attaches great importance to water resources and endeavors to reduce water resources consumption in every production stage. We perform regular inspection on water supply facilities to prevent leakage. Water used in the course of production is obtained from rivers in the vicinity of the production bases upon government's approval, which reduces the impact on drinking water resources.

The Group dedicated more effort in recycling of rainwater. In view of the characteristics of heavy rainfall during summer of the South China regions, the Group formulated special plans for the establishment of rooftop rainwater collection systems in bases located in regions such as Dongguan, Quanzhou, Hubei and Beihai. Approximately 10,000 m³ of rainwater can be recycled per day when there is sufficient rainfall. The rainwater collected is redirected into paper-making workshops for reuse.

Maintaining high water recycling rate

Each of the Group's paper-making machines is installed with an advanced water recycling system, through which the reuse of tail-end wastewater has been increased and the processed wastewater was reused at the source of production, hence maintaining a high utilization rate of the water recycling system and recycling rate of wastewater. During the Year, the recycling rate of wastewater is maintained at a high level of 97.3%, and the volume of reused reclaimed water reaches 17.88 million m³.

- Approximately 10,000 m³ of rainwater can be recycled per day when there is sufficient rainfall



- The volume of reused reclaimed water reaches 17.88 million m³



- The recycling rate of wastewater is 97.3% and is targeted to surpass 97.5%



The implementation of the "Waste Import Ban" has posed new challenges for the water consumption and emissions of the packaging paper industry (for details, please refer to sub-sections headed "Impact of the production capacity and production volume on emissions and energy consumption" and "Impact of the 'Waste Import Ban' on water consumption and emissions" in the "ENVIRONMENT" section in this report). With various self-produced wood pulp, recycled pulp and wood fibre projects being put into production during the Year, the total water consumption for the Year increased by 22.7%, while the average water consumption per tonne of paper remained flat.

Looking forward, the Group will continue to enhance the utilization rate of front-end wastewater by carrying out the upgrade of its water-saving facilities, and optimize the operation of wastewater treatment facilities with a view to enhancing the recycling rate of tail-end reclaimed water, thereby reducing the consumption of clean water with this two-pronged approach.

Water resources	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total water consumption (tonnes)	103,869,183	84,662,296	82,329,938	+22.7%	+6.0%
Average water consumption (tonnes/tonne of paper)	5.6	5.6	5.7	0%	-0.4%
Recycling rate of wastewater (%)*	97.3	97.2	97.2	+0.1%	0.0%

* Estimated value

Packaging Materials

Paper is the Group's major packaging material. Due to the needs for moisture proof packaging of certain products or regions, the Group had to use a small amount of plastics packaging. The Group strives to reduce unnecessary usage by properly handling the materials and adopting light-weight packaging.

During the Year, the total volume of major packaging materials increased by 43%; while the intensity of major packaging materials increased by 12.7%, which is mainly attributable to the increase in production volume and the increase in packaging used per unit of product as a result of the moderate increase in packaging thickness to meet customers' requirements for product packaging. The Group only uses packing rope and uses no plastics or paper packaging materials if possible. Even in cases where the use of paper packaging materials is necessary, only lightweight paper will be used as the packaging materials.

Major packaging material	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total consumption (tonnes)	12,555	8,778	10,259	+43.0%	+5.2%
Paper	10,095	6,960	8,319	+45.0%	+5.0%
Plastics	2,460	1,818	1,940	+35.3%	+6.1%
Intensity (tonnes/ten thousand tonnes of paper)	6.58	5.84	7.35	+12.7%	-2.7%
Paper	5.29	4.63	5.96	+14.3%	-2.9%
Plastics	1.29	1.21	1.39	+6.6%	-1.8%

A3. ENVIRONMENT AND NATURAL RESOURCES

Green products

The Group always encourages technological innovation as well as the research and development of green products. We continuously innovate and upgrade our products and support the research and development of light-weighted and high-performance products, including testlinerboard, light weight high performance corrugating medium, recycled printing and writing paper, recycled corrugating medium, unbleached linerboard, white top linerboard, coated duplex board and coated white top linerboard. This series of environmentally friendly product with strong edge in resource conservation is leading the development of light-weighted paper packaging.

Awards, Recognition and Certification

Recognitions for environmental performance

"Green Factory" rated by the Ministry of Industry and Information Technology of the PRC (由國家工業和信息化部評為「綠色工廠」)



"Environmental Management Demonstration Enterprise" (環境管理示範企業)



"Energy Efficiency Benchmarking Leader in Guangdong Province" (廣東省能效對標領跑者單位)



Corporate winner in the "Energy Conservation and Discharge Reduction Contest for the National Paper-making Industry" (全國造紙行業節能減排達標競賽優勝企業)



"Environmental Credible Enterprise (Green Label)" (環保誠信綠牌企業)



"Hong Kong-Guangdong Cleaner Production Excellent Partners" (粵港清潔生產優越夥伴)



Certifications

"China Environmental Labelling Product" certification

Various certifications under international standardized management systems, including ISO 9001 certification for quality management systems, ISO 14001 certification for environmental management systems, ISO 45001 certification for occupational health and safety management systems and SA 8000 certification for social responsibility management systems

All bases of the Group were granted relevant certificates by the FSC™, including the ten paper manufacturing bases in Mainland China, the Vietnam base, the Malaysia base and the US base

Impact on Natural Resources and the Environment

The Group mainly produces paper with recovered paper. It is estimated that 1 tonne of recovered paper produces approximately 0.8 tonne of finished product of paper. Therefore, in comparison with paper-making solely with kraft pulp, it can save wood of 3 to 4 cubic meters, standard coal of approximately 1.2 tonnes, electricity of 600 kWh and water of over 100 tonnes. Recovered paper recycled by the Group amounted to over 14 million tonnes during the Year, which significantly reduced logging and consumption of water resources and energy, thereby reducing waste discharge and relieving the burden of the environment.

How to solve the problem of odor in the plant area?

The Group have adopted the advanced anaerobic IC treatment technology in the treatment of wastewater generated from paper production, through which the organic substances in wastewater can be decomposed by anaerobic microorganisms;

We collect the methane generated from the process as clean energy to be incinerated in boilers;

Concerning the odor generated from various pools in sewage treatment plants, including acidification pools, thickening pools, aeration tanks and primary sedimentation tanks, we implement tank topped-out and ventilation to the odor source, and carry out biological treatment and alkaline sprinkling cleaning treatment of the odor, or send it to boilers for incineration.

How to deal with the problem of noise emission?

We ensure that the Group's noise emission is in compliance with the national "Emission Standard of Noise for Industrial Enterprises at Boundary" (《工業企業廠界環境噪聲排放標準》) (GB12348-2008);

We have installed acoustic insulation panels and mufflers for equipment that produce heavy noise, and set up noise-insulated control rooms in the workshops at paper manufacturing bases and packaging bases to prevent staff from working under high noise levels for prolonged hours;

Noise protection devices, such as earplugs, are provided and employees are required to wear them during inspection around the workshops;

We also conduct noise monitoring around the plant area on a regular basis, and actively communicate with local residents, so as to minimize the impact on their daily life.

Advocacy of Transparent Management

To ensure open and transparent environmental information, we have set up an LED display screen at the main entrance of our plant area and displayed key environmental data for the paper manufacturing industry to the public, such as sulphur dioxide and COD, which is monitored in real time by local environmental authorities via intranet.

Establishment of Environmental Protection Management System

A range of systems including a centralized control system on environmental protection, an operational management ledger, and a ledger for facilities and equipment inspection and maintenance;

The centralized control system on environmental protection incorporates the core environmental protection equipment, process operation parameters and online monitoring data into the environmental protection SMS alarm platform, so as to maintain 24-hour online monitoring of the environmental protection operation condition of all bases of the Group;

The Environmental Protection & Energy Saving Department conducts statistical analysis on data on a monthly basis.

Biodiversity

Nature is our treasure. Water, air, trees and minerals are necessary and fundamental for economic development and business operation, and also the indispensable and essential resources during the manufacturing process of the paper industry. Biodiversity refers to the variety of species of plant and animal that supports the stable operation of the ecosystem and is highly correlated to human existence and economic development. The Convention on Biological Diversity (the "Convention") was adopted in the Earth Summit held in Rio de Janeiro in 1992 and came into operation in 1993. The People's Republic of China also signed the Convention in 1993 and pledged to support and organize projects in relation to biodiversity conservation.

As a responsible enterprise, the Group understands the importance of biodiversity to the health of our planet and the well-being of people. We have established a biodiversity protection policy, based on which we take into account biodiversity during the course of business operation and strive to identify major biodiversity risks by adhering to the philosophy of "avoidance, mitigation, compensation and training", so as to minimize the adverse impacts of our business operation on biodiversity and the ecosystem.

The biodiversity protection policy of the Group are as follows:

To take into account the impacts of biodiversity at the strategic level of daily operations, including strategies in respect of procurement, production, sales and other aspects;

To identify, evaluate and review the potential risks on biodiversity resulting from the Group's business on a regular basis, and pledge to minimize the risks as far as practicable;

To develop a sustainable industry chain, so as to ensure the reduction of energy consumption and gas emission and hence reduce the impact on biodiversity.

Philosophy	Example
Avoidance	<ul style="list-style-type: none"> Environmental impact and ecological assessments must be conducted at the early stage of the production base development in an effort to minimize the damage to the farmlands and natural habitats to prevent endangered species from being harmed by production.
Mitigation	<ul style="list-style-type: none"> Formulate plans to mitigate impacts on natural resources including air and water during the production process (e.g. improvement on wastewater treatment and recycling system). Use renewable resources where possible, for instance, utilizing pulp with environmental certificates as much as possible; developing rooftop photovoltaic power generation project; introducing more methane desulfurization devices, which incinerate methane generated from sewage for electricity and heat supply to substitute for some coal.
Compensation	<ul style="list-style-type: none"> Formulate a general outline plan for greening in each production base and employees' dormitory area.
Training	<ul style="list-style-type: none"> Organize staff training on ecological and environmental protection so as to incorporate the biodiversity management into their daily work and lives.

A4. CLIMATE CHANGE

Extreme weather becomes more prevalent every year as a result of climate change. The frequent occurrence of high temperature, chilly conditions, typhoons, drought, flooding and other extreme weather may affect the operation of supply chains in the paper industry (including raw material supply, procurement, power generation, production facilities, and pollution prevention and treatment facilities). Therefore, we have established the policies in relation to climate change, endeavoring to alleviate, adapt to and withstand climate change, while taking countermeasures to reduce its impact on our business.

Governance

The Group's policies in relation to climate change are as follows:

Actively respond to climate change, and formulate energy conservation and carbon emission reduction goals to reduce greenhouse gas emission;

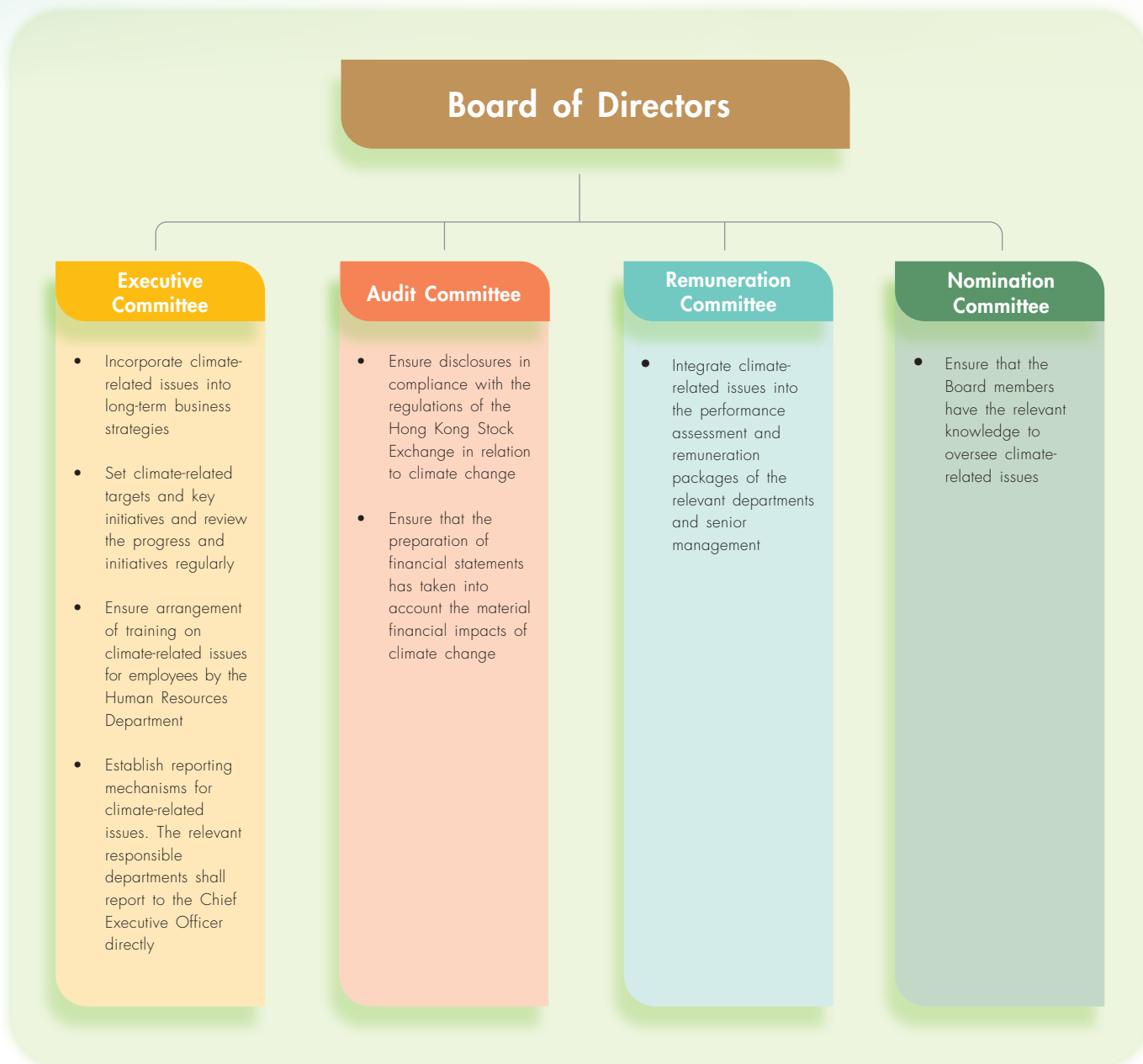
Report greenhouse gas emission and relevant performance of the Group with reference to national regulations and international standards;

Take into account climate-related impacts during the course of daily operation, including procurement, production and sales;

Raise employees' awareness on impacts of climate change through training and publicity;

Perform climate-related risk assessments on a regular basis, analyze the impacts, formulate mitigate measures, and conduct periodic review on performance as well as the effectiveness of management structure.

In respect of the oversight of relevant issues on climate change, we adopt the governance structure under a comprehensive approach:



Risk Factors		Potential Financial Effects
1. Physical Risks		
a. Acute risks: Extreme weather becomes more prevalent every year as a result of climate change, including high temperature, chilly conditions, typhoons, drought, flooding and other extreme weather	◎ Impact on the supply chain: <ul style="list-style-type: none"> ▶ Decrease in the supply of raw materials for paper manufacturing (recovered paper, pulp and woodchips) ▶ Disruption to power generating units ▶ Accelerated ageing and higher possibilities of damage in our plants or production equipment 	▶ Higher repairment costs ▶ The higher price of raw materials for paper manufacturing may lead to an increase in production costs ▶ Asset impairment and depreciation may increase
b. Chronic risks: Weather patterns change slowly and progressively as a result of climate change, including change in the amount of rainfall and gradual increase of temperature	◎ Disruption to social and economic activities: <ul style="list-style-type: none"> ▶ Decline in sales volume ▶ Increasing or obsolete inventory ◎ Threaten the health, such as more likely to suffer from heat stroke, and safety of employees, and hence lower the productivity	▶ The prices of products may fall and thus our profits may decrease ▶ Insurance and compensation expenses may increase
2. Transition Risk		
a. Regulatory risk arising from changes in policies and regulations	◎ Limitation on purchase of raw materials ◎ Paper industry is included as one of the top eight carbon trading industries in China ◎ Municipal governments implemented regulations to require the use of clean energy such as natural gas, or renewable energy	▶ The carbon emission rights quota and carbon pricing may potentially affect our business operation ▶ The Group may allocate more fund to carry out technological transformation and upgrade of the industry ▶ Operating costs may increase
b. Legal and reputational risks	◎ Compliance risk may increase if the Company fails to comply with the new regulations regarding environmental protection	▶ Profits may be affected by fines imposed ▶ Damage to reputation may lead to lower income

During the Year, no asset impairment or depreciation is required due to extreme weather. During the Year, the Group's capital expenditure on the addition and upgrade of environmental facilities in various bases exceeded RMB1,600 million, which included the fund allocated for the construction of gas-fired turbine units.

Examples of the actions taken

Example (1)

The Group has managed its daily operational risks in relation to the climate change, carbon emission and energy management through the ISO 14001 Environmental Management System. In response to a wide range of possibilities for extreme weather, the Group will keep abreast of the changes in weather conditions in advance, so that we can activate the emergency response mechanism under extreme weather. We will make reasonable adjustments to the production plan to secure normal transportation of raw materials and finished goods, thereby mitigating the adverse impacts arising from climate change.


Example (2)

In response to the risk of rupture of supply chain caused by the extreme weather, the Group has pre-determined a list of alternative suppliers in case of emergency, and also avoided procuring raw materials from a single supplier or region to diversify the risk.

Example (3)

Located in the Guangdong-Hong Kong-Macao Greater Bay Area, the Dongguan base of the Group is often hit by typhoons and rainstorms in summer. Therefore, we have formulated a well-established emergency plan, in which the Regulatory Commission (監管會) and the fire safety management department of the Group will issue alarms for typhoons and rainstorms in advance and the corresponding departments will immediately take responsive measures, including, among others, reserving raw materials and chemical ancillary materials required during extreme weather in advance, inspecting outdoor wastewater and exhaust gas treatment facilities, examining and eliminating potential risks, suspending outdoor climbing, electrical or heavy lifting operations, taking measures to prevent backflow in the plant areas, checking the preparation of flood prevention materials and ensuring the safety of transportation vehicles on the road.

EMPLOYMENT AND LABOR PRACTICES



Employees are the cornerstone of the Company's success, and "Respect and care for our staff" is one of the core values of the Group. It would be impossible for the Group to have the currently sustainable and stable development without the support of its employees. We not only care about our employees' well-being but also their personal and career development.

B1. EMPLOYMENT

Recruitment, Remuneration and Benefits

Fair competition: An extensive pool of talents is crucial to the development of the Group, and we capture industry elites through multiple channels, such as campus recruitment, social recruitment and internal employee recruitment. The Group ensures compliance with regulations and contracts in relation to employment in the jurisdiction where it operates by conducting its recruitment in a fair, open and impartial manner, and providing its employees with competitive remuneration and benefits. For instance, our employee recruitment in Mainland China is in strict compliance with regulations such as the "Labor Law of the People's Republic of China" (《中華人民共和國勞動法》) and the "Labor Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》). Meanwhile, we have formulated comprehensive internal systems, namely the "Recruitment Management System" (《招聘管理制度》) and the "Professional Title Evaluation System" (《職稱評審制度》), to ensure equality in the workplace, regardless of the employees' gender, age (except for minors), region and ethnicity. Candidates who meet the job requirements will be able to obtain equal and promotion working opportunities and equal pay for equal work regardless of gender. All recruited employees will enter into labor contracts in writing with the Company once they join and report to the Company, which adequately protect the rights of labors.

Remuneration and benefits: Upholding the mission of "Taking a leading position in the industry in terms of production output and efficiency, quality management of employees and software management as well as employees' benefits and remuneration", we provide employees with competitive remuneration and benefits among its peers in accordance with the "Remuneration and Benefits Management System" (《薪酬福利管理制度》), and offer attendance bonus to encourage high-caliber staff. In addition to contributions to retirement insurance, work injury insurance, medical insurance, maternity insurance, unemployment insurance and housing provident fund as required by the government, we also offer other benefits, including meal allowance, shift allowance, high temperature allowance, subsidies for environment protection, phone bill allowance and business travel allowance.

Work-Life Balance

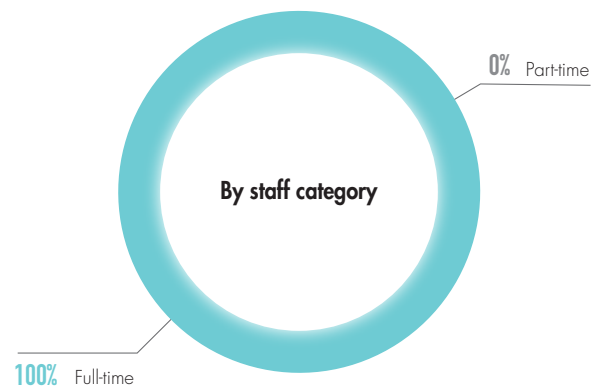
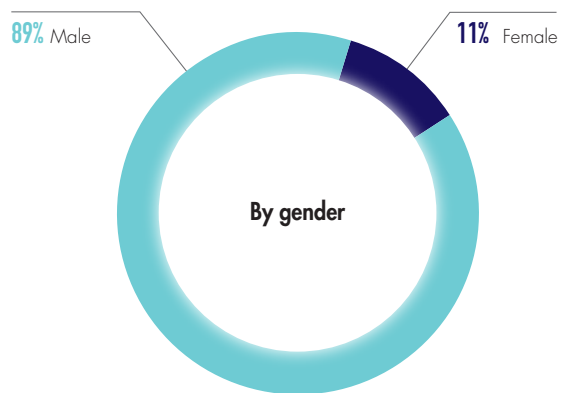
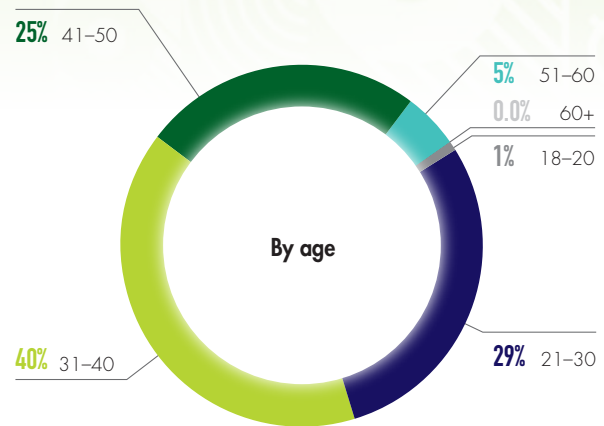
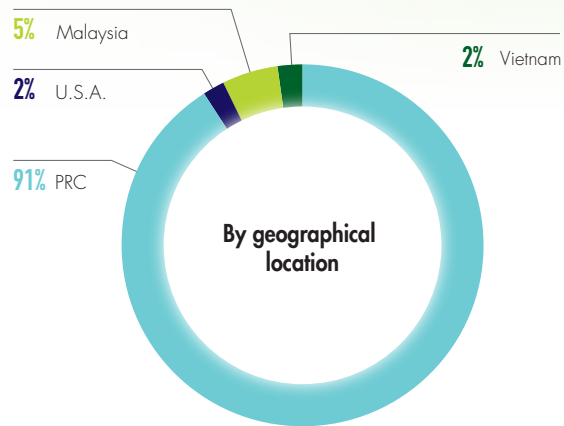
Working hours and holidays: The Group, in strict compliance with laws and regulations, ensures that employees can at least have one day off after six days of work. Pursuant to the "Regulation on Public Holidays for National Annual Festivals and Memorial Days" (《全國年節及紀念日放假辦法》), we arrange day offs for employees on national statutory holidays and give overtime pay to those who are unable to take day off in accordance with the regulation. Pursuant to the "Regulation on Paid Annual Leave for Employees" (《職工帶薪年休假條例》), we provide paid annual leaves to all employees. Pursuant to the "Special Rules on Labor Protection for Female Employees" (《女職工勞動保護特別規定》), we provide maternity leave and breastfeeding leave to female employees. Advocating work-life balance, the Group encourages employees to enhance work efficiency and avoid overtime. During the Year, the average monthly overtime hours of employees was 9 hours (FY2023: 10 hours).

Entertainment facilities: The Group has built its own housing complexes with pleasant environment to provide dormitories to all employees. Besides, with a view to enriching employees' life after work, the Group also provides various living and entertainment facilities, such as gym rooms, swimming pools, basketball courts, football fields and badminton courts. We attach great importance to the meal quality and nutrition in staff canteens, for example, the canteen in Dongguan base uses fresh ingredients supplied by our own ecological park. During the hot summer season, our plants in different areas will arrange the delivery of some cooling refreshments to employees.

Leisure and recreation activities: With an aim to further foster the sense of belonging and team spirit, the Group has formed various leisure and recreation clubs, including photography club, badminton club, dance club and volunteer club. Diverse recreational and cultural events have also been held, such as various sports events, Chinese New Year banquets, Lantern Festival Fun Fair and Mid-autumn Festival barbeque gatherings.

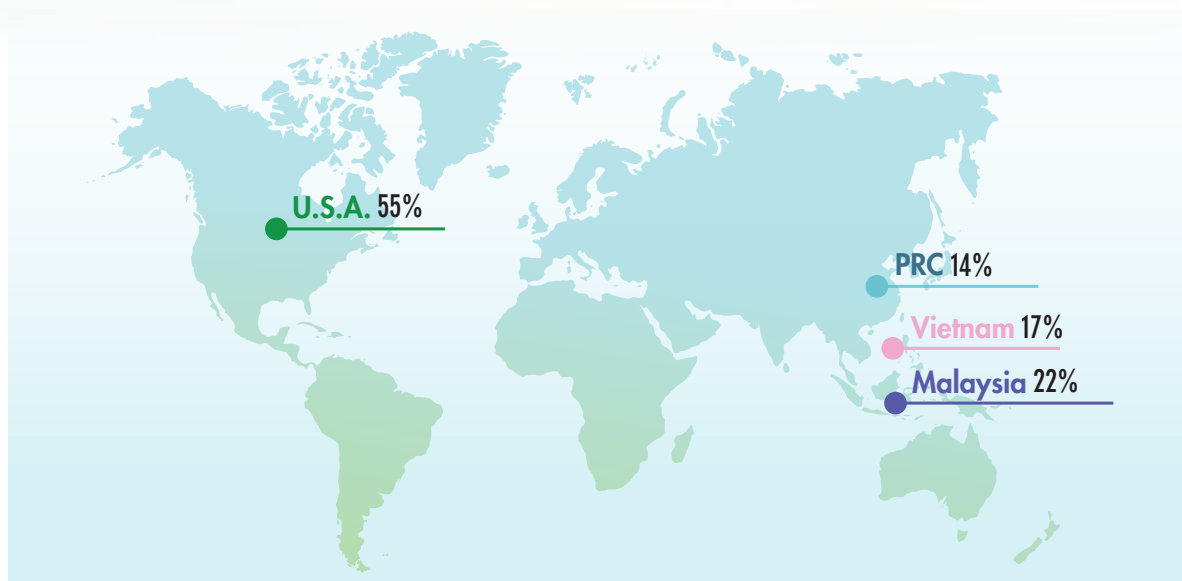
As at 30 June 2024, the Group employed a total of 25,410 full-time staff, 23,139 are from the PRC, 583 from Vietnam, 1,147 from Malaysia and 541 are from the United States.

The breakdown of staff

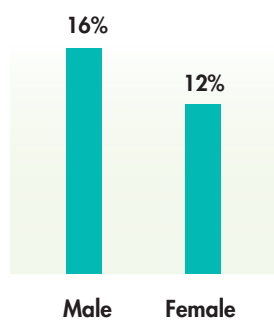


The staff turnover rate

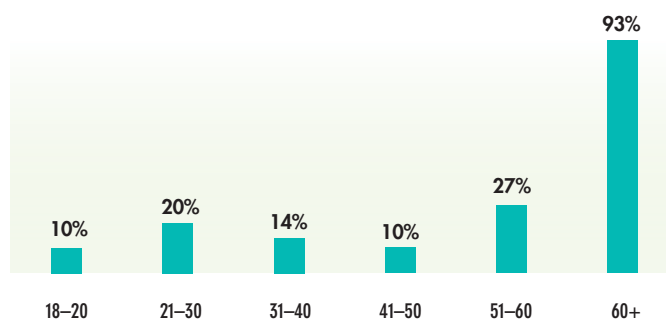
By geographical location



By gender



By age



B2. HEALTH AND SAFETY

Upholding the principles of “Safety first” (「安全第一」) and “No fire, No injury” (「不輕傷一個人、不着一把火」), the Group strives to reduce the health and safety risks in its production sites and workplaces.

The Group maintains social insurance, including work injury insurance, for all employees pursuant to regulations such as the Prevention and Control of Occupational Diseases of the People’s Republic of China (《中華人民共和國職業病防治法》) and the Regulation on Work-related Injury Insurance (《工傷保險條例》). Furthermore, the Group sets up a fire safety management department, and strictly implements relevant safety regulations and practices formulated by the Group, including Safety Incidents Reporting Management Practices (《集團安全事故匯報管理規範》), Material Stacking Management Practices (《集團物料堆垛管理規範》), Fire Safety Management Practices (《集團消防安全管理規範》), Proposal for Handling of Hazardous Chemical Incidents (《危險化學品事故處置方案》), and Hazardous Waste Stacking Management Practices (《集團危廢物料堆垛管理規範》), amongst others.

During the Year, the Group strengthened the control of hazardous operations and implemented stringent operational approvals and safety measures to ensure the safety of high-risk operations. We have also promoted the standardization of production safety: we have optimized our management in terms of the construction of safety management system and regulations, safety management of on-site equipment and facilities, personnel safety code of conduct, safety risk management and control, potential hazard management, safety training and safety culture construction, emergency response management, performance evaluation, etc., and continued to make improvements in order to continuously enhance the level of our safety management.

The Group provides a broad range of safety protection supplies for all workers, including safety helmets, safety shoes, earplugs, earmuffs, gloves and heat insulation gear, and organizes physical examination in respect of occupational health for staff every year. We carry out special inspections on the use of labor protection equipment for on-site operations to urge employees to use personal protection equipment consciously and correctly. We also carry out special inspections on on-site safety protection facilities carefully, optimize factory safety warning boards and set up risk notification boards at various risk points, so as to strengthen visual management for on-site safety, issue a warning with highly recognizable, clear and concise safety tips, and specify safety matters such as management responsible persons and precautionary measures.

Fire safety is a key integral part of corporate governance, particularly the top priority for the paper manufacturing industry. In addition to demanding for strictly complying with the Fire Safety Management Practices by our employees, we have also formed a firefighting team. We highly value the physical training and responsiveness of the team and regular fire drills for coping with fire emergency.

We carry out first aid knowledge training, set up first aid posts and regularly conduct emergency rescue drills. In order to improve employees’ capability to deal with emergencies, we organize a large number of emergency drills every year. Over 3,012 emergency drills were held during the Year (FY2023: 2,747).

Regular Anti-epidemic Measures

Learning from the experience against the COVID-19 pandemic, the Group has put in place a regular epidemic prevention mechanism to minimize the risks posed by any epidemic to the Group's operations and the health of its employees.

Epidemic prevention measures include: establishing an epidemic prevention team and setting up a dedicated quarantine area; regularly disinfecting the plant area, office buildings and employees' dormitories; measuring and registering the body temperatures of employees when entering the plant area, office buildings and employees' dormitories during the epidemic with automatic body temperature detection equipment installed at the entrances; distributing face masks and providing hand sanitizers to the staff; giving priority to those staff who are responsible for pandemic prevention and control, and waste paper inspection when providing safety protection supplies such as protective gear, face masks and protective gloves; requiring employees to abide by alternated shifts and dining time while also dining isolated; and conducting specialized training on the knowledge on prevention and control of epidemic for employees.

	FY2024	FY2023	FY2022
Work-related incidents (cases)	55	36	30
Number of work-related fatalities	3	2	1
Working days lost due to work injuries (days)	3,200	3,333	6,981

The Group's work-related incidents in the past three years were all minor injuries, most of which were due to that employees tended to be less sensitive to the established operating procedures, resulting in accidents caused by careless mistakes. The number of lost days due to work injuries is related to the severity of the injury and the progress of recovery.

For every accident, the Group strictly complied with the “Intolerant Four Principles (四不放過原則)”, performed in-depth investigation and conducted a thorough review, and followed up rectification measures for the occurred incidents to avoid similar incidents. In the past two years, our safety trainings have focused on adjusting employees’ less sensitive mentality to once again arouse their crisis awareness. During the Year, we continued to optimize the “Safety Education and Training Program (安全教育培訓計劃)”, carried out different types of safety month activities on a monthly basis and required all employees to participate. In addition to covering group-level and base-level employees, our safety education and training also included organizing special safety education and training programs for special operators and special equipment operators, and encouraging pre-operation safety assemblies — “Finger and Oral Safety Confirmation (手指口述安全確認)” activities to urge employees to develop their pre-operation safety risk analysis and safety confirmation habits.

In addition, we will strengthen the regular inspection and spot checks of the components of machinery, as well as the inspection before every outage maintenance; further improve the safe work practices, safety risks notices and alert facilities; increase the number of safety officers and their inspection patrols; and enhance the training on safety and first aid (including consolidating the employees’ safe work skills and awareness, and on-site emergency response capability) in order to reduce the rate of accidents to zero.

B3. DEVELOPMENT AND TRAINING

The Group values each of its employees. Attaching importance to the human resources power, our personnel management focuses on enhancing staff morale, rendering staff members with hope, momentum, vibrancy and the caring and warmth in the big family of Nine Dragons Paper.

Staff Development

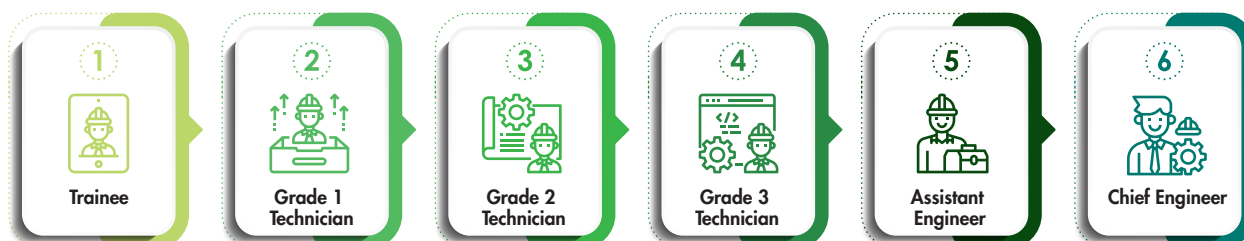
The Group has established a management path and a technology path for employees’ selection, encouraging them to take both paths for career development. Employees in positions requiring professional techniques can achieve promotion and development by following the professional technique path. With their positions remaining unchanged, they can realize improvement in their position rank and remuneration package in the enterprise.

Through the implementation of “Professional Title Evaluation System of the Group”, employees obtain professional titles through open, fair and just evaluation standards such as job performance, examinations and answers to questions. Considering that the development of new projects of the Group will require a large number of professional and technical talents in the next few years, the Group will expand the reserve of professional and technical talents in each base by increasing the quota for title evaluation. It is believed that this system will play a positive role in the stability, development and growth of professionals.

Management Path



Professional Technique Path



Staff Training

The Group provides a continuous learning environment for its employees by offering various internal and external trainings, which enable them to acquire the latest industry knowledge and techniques, thereby staying abreast of industry standards and market trends. It also provides related training programs to all employees. Such trainings include special operations training and certification, middle-level executive reserve cultivation, Nine Dragons Class student cultivation, professional skills training, etc.

During the Year, the average training hours per employee of the Group was 18.0 hours.

Employee training	FY2024	FY2023	FY2020
Trainings of the Group (hours)	457,380	375,649	208,256
Average training (hours)	18.0	17.1	12.2
Male employees (hours)	18.2	17.9	11.8
Female employees (hours)	17.8	11.6	14.5
Senior management (hours)	8.1	5.6	Not applicable*
Middle-level management (hours)	12.2	11.4	Not applicable*
External trainings			
Join the external trainings (participants)	4,201	3,576	2,241
Funding provided by the Group (RMB million)	8.3	7.9	3.6
Internal trainings			
Organize internal trainings (sessions)	10,458	10,213	7,495
Join the internal trainings (participants)	243,251	229,636	178,024
— Senior management (participants)	102	65	415
— Middle-level management (participants)	17,624	17,547	10,630
By types of training			
Professional skills training (participants)	75,787	61,473	54,584
Safety training (participants)	120,758	107,863	86,383
Clean and civilized production training (participants)	6,354	6,237	4,137
Conceptual guidance and professional ethics training (participants)	36,800	34,410	16,202
Anti-corruption trainings (participants)	8,758	7,863	—
Environmental protection related trainings (participants)	1,158	896	—
Other types of training (participants)	24,325	19,753	16,718

* No classification records for FY2020

B4. LABOR STANDARDS

The Group strictly complies with relevant laws such as the "Labor Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》), the "Labor Law of the People's Republic of China" (《中華人民共和國勞動法》), the "Law of the People's Republic of China on the Protection of Minors" (《中華人民共和國未成年人保護法》) and the "Provisions on Prohibition of Child Labor" (《禁止使用童工規定》) and the minimum age requirement as stipulated by laws and regulations of the places in which it operates, and tolerates no child labor and forced labor. The youngest among the existing employees in the Group are over 18.

The Group has also been at the forefront of the industry in fulfilling its social responsibilities. Nine Dragons Paper Industries (Dongguan) Co., Ltd. has taken the lead in introducing SA 8000 Social Responsibility Management System in the industry since 2013, and passed the certification and was awarded the certificate in February 2015. Nine Dragons Paper Industries (Taicang) Co., Ltd. has also passed the SA 8000 Social Responsibility Management System certification and was awarded the certificate in September 2016.

What is SA 8000 Social Responsibility Management System?

SA 8000 Social Responsibility Management System is the world's first international standard of ethics, which aims to provide a standard based on the labor laws of the country where international labor rights norms and standards are adopted, so as to protect and assist all production personnel or persons who provide services within the control and influence of the enterprise, including those employed by the enterprise itself and its suppliers and subcontractors.

SA 8000 certification and audit areas include: child labor, forced labor, discrimination, health and safety, working hours, freedom of association and collective bargaining, compensation and benefits, management systems.

The Group has a staff union in place with members from different departments, who can represent the interests of grass-roots employees. The Company attaches importance to organizing staff union activities and demonstrating its roles so as to put our humanized management concepts into practice.

The Group has also introduced the IKEA IWAY Management System into the Group's management system since 2015. In order to understand and verify the Group's implementation of the IWAY Management System, IKEA regularly delegates a special audit expert group each year to visit the Group's production bases, such as Dongguan, Taicang and Tianjin bases, for on-site audits. IKEA will make recommendations to improve our deficiencies. The management of the Group attaches great importance to the audit opinions of IKEA, while communication and exchange are made with each other on a regular basis to continuously improve the Company's management system and institutional norms.

What is the IWAY Standards?

IWAY, IKEA's code of conduct for suppliers, is prepared based on recognized international documents and conventions on human rights, environmental protection and worker safety. IWAY Standards play an important role in the active development of enterprises, which stipulates the minimum requirements in respect of the environment, social impacts and working conditions.

Detailed IWAY Standards may be downloaded from the IKEA website.

The requirements of the IWAY Standards include:

No child labor and young workers must be encouraged



No employment under compulsion or for debt settlement



Right of employees to non-discrimination



Right of employees to freedom of association



Basic salary protection and overtime allowance for employees



Provision of a safe and healthy working environment, prevention of air, land and water pollution, and commitment to reducing energy consumption



During the Year, there was no child labor or forced labor in the Group, and no complaints on human rights were received.

B5. SUPPLY CHAIN MANAGEMENT

The Group has a series of rigorous selection criteria for the evaluation of qualified suppliers. A comprehensive evaluation is conducted on suppliers in terms of company qualification (including time of inception, registered capital, shareholders of the company, scope of operation, necessary qualifications and certificates of the industry, etc.), entities of the company, manufacturing capability (including main products and production capacity, production equipment, inventory, etc.), technical competence (including patents, number of technicians, etc.), aftersales service ability, ISO certification (including certification of Quality Management Systems, Environment Management Systems and Occupational Health and Safety Management Systems respectively), the capability of quality management and control, price advantage, credit reputation, honour(s) awarded to the company, business relationships among the suppliers, corporate reputation, geographical advantages of the suppliers, etc.

The suppliers are required to provide all information for filing and evaluation in accordance with the Group's requirements. Suppliers evaluated as qualified are recorded into the system as qualified suppliers and the failed are listed as unqualified suppliers. The Group specifically requires the suppliers to provide, among others, "Report to the relevant parties on quality, environment, occupational health and safety and social responsibilities", "Commitment of suppliers on intellectual property rights" and "Questionnaire on social responsibilities of supplier".

We have also encouraged our suppliers to comply with the IWAY Standards since we introduced the IKEA IWAY Management System in 2015. We regularly discuss the Group's implementation of the IKEA IWAY Standards and the challenges we face in the next stage with the IKEA headquarters annually, and work together to promote continuous progress of the Group in all aspects.

The Group strictly controls the raw materials to meet the requirements of environmental protection. The coal contracts of each base of the Group have specific requirements for sulphur content, which is the environmental performance index in respect of coal. The procurement standards are stricter than various local environmental protection requirements.

The Group identifies whether the supplier is in normal operating condition by tracking the business and enterprise information of suppliers on a regular basis. Re-evaluation is made for suppliers with abnormal operating condition. Meanwhile, the suppliers will be tracked regularly to identify any breach of fiduciary duties, and suppliers with such acts of breach will be frozen.

As at 30 June 2024, the number of the Group's suppliers of the China bases amounted to 9,258 (FY2023: 8,710) and the suppliers of the Vietnam base amounted to 525 (FY2023: 514). The increase in the number of suppliers of the China base was mainly due to the increase in the number of raw material suppliers as we continued to make expansion plan for the production capacity of wood pulp and wood fiber in the financial year, which required the procurement of the relevant raw materials.

The Group's procurement principles are as follows:

Strictly abide by laws and regulations in the procurement process, and severely punish any form of corruption, fraud, bribery and other misconduct;

Try best to avoid purchasing raw materials and materials that have a negative impact on the environment and climate change during the procurement process;

Shop around in the procurement process, only work with suppliers with business integrity and ethics, and encourage suppliers to adopt measures bearing social responsibility.

B6. PRODUCT RESPONSIBILITY

The packaging paper products of the Group are applicable to various consumer goods. As an enterprise that shouldered its social responsibility, product safety and quality is one of our key commitments to customers.

Quality assurance

Quality is the core competitiveness of manufacturing industry, and an intrinsic support for perpetuating a brand that thrives for a century. All bases of the Group are making proactive efforts in facilitating works in relation to ISO 9000 quality management system, ISO 14000 environmental management system and FSC™ certification for forest environmental protection systems. We add no environmentally and physically harmful substances during the process of production. In addition, we carry out precise management and control through domestically and internationally advanced online monitoring and production and quality management system, i.e. DCS, QCS and other systems, and regularly inspect the substances of papers, which are concerns of the customers, through authoritative testing organizations such as SGS.

Follow-up of complaints and recall of products

Benefited from its professional customer service team and well-established workflow of customer service, the Group is able to carry out all-direction works, including pre-sale, sale and after-sale works. We highly value the feedback of customers, and hence actively visit our customers on a regular basis and actively and professionally answer the questions raised by them. Also, we convene analysis meeting periodically and carry out customer satisfaction investigation works quarterly, so as to continue to improve the quality of products and level of service to the satisfaction of customers genuinely.

For each complaint, the Group designates sales personnel and aftersales service personnel to follow up, conduct onsite handling and provide solutions, so as to reach a consensus between the customers and the Group. The Group responds to the complaints promptly. After verification, complaints within the province, and complaints in remote areas within the province or in other provinces will be handled and closed in 3 working days and 5 working days, respectively. The Group is also committed to achieving the response rate of 100% for complaints from all clients. The Group stipulates that all evidences such as vouchers and records in relation to the complaints must be filed to ensure there are relevant records and evidences available for inspection or for reference. All complaints are handled in accordance with the relevant regulations, such as the "Product Quality Law of the People's Republic of China" (《中華人民共和國產品質量法》) and the "Law on Protection of the Rights and Interests of Consumers of the People's Republic of China" (《中華人民共和國消費者權益保護法》).

The Group has a set of comprehensive product traceability management system, under which each product has an independent barcode and label (qualification certificate) that are accurately traceable with SAP, PIMS system, etc. Furthermore, the Group has a stringent product recall management system in place.

During the Year, the complaint rate, calculated based on the number of complaints received for every 10,000 tonnes of products sold, was 0.028% (FY2023: 0.032%), which was lower as compared to that of last year, mainly involving minor quality issue, while none of any cases of recall of sold or shipped products for safety and health reasons has occurred.

Safeguarding and protecting intellectual property rights

The Group has specifically established the Internal Audit Department, contract review personnel and external legal team which have comprehensive study in the relevant practices and legal knowledge involving intellectual property rights. In addition, the Group has various well-established management and regulations and systems. It also makes reference to the local laws and regulations in relation to intellectual property rights in the places of business when drafting various external documents including purchase and sales contracts, supply agreements and quotations. In order to enhance protection on intellectual property rights of the Group, the related management of the Company receives the corresponding training on a regular basis.

Consumer data protection and privacy policies

The Group develops a stringent information confidential system (e.g. "The Group's Internal Information Confidential Management Practices" (集團內部信息保密管理規範)). For the purpose of ensuring that customer data and privacy are given adequate protection, and as required by the Information Confidential Management Practices, the related responsible persons must keep complete secrecy of all the confidential materials and confidential information, and shall never spread them without authorization. Meanwhile, the responsible persons shall keep confidential of the data and information, and confidential materials and confidential information leak resulting from mismanagement is not allowed. The responsible persons shall not photograph, copy and make private copies of any confidential documents and data without authorization, and shall not discuss the secret matters in public places and refer to any secret matters in private communication. The copies of confidential materials shall be regarded and managed as if they are the original, and the waste pages generated during the process of copying shall be destroyed in a timely manner. The passing of confidential materials, for which personal service is required, shall be performed in compliance with secrecy measures. We shall implement classified management for documents and shall manage and control the limits of authority of the responsible persons to browse and download such documents in accordance with secrecy requirements.

During the Year, the Group has no such case regarding the leakage of personal information of any customers.

B7. SOUND CORPORATE GOVERNANCE

The Group firmly believes that sound and effective corporate governance, which is a fundamental element in the development of all enterprises, is essential for safeguarding the interests of all stakeholders.

In order to devote all its effort to maintain the highest level of corporate governance, the Group has adopted a set of comprehensive corporate governance principles, emphasizing the need for an excellent Board, effective internal management and control and stringent disclosure practices, as well as the transparency and accountability for all stakeholders.

The Group has formulated the "Comprehensive Employee Management Standards" (《員工綜合管理規範》) in the corporate employee handbook, and formulated ethical conduct and behavior guidelines for the Group's employees including integrity, honesty, caring for the environment, emphasis on safety, confidentiality and anti-discrimination. The Group updates such practices from time to time with a view to fostering a corporate culture with high standards of integrity.

ANTI-CORRUPTION

Independent governance structure	<ul style="list-style-type: none"> The Group has established a "Group Audit Regulatory Department" (集團審計監管部) to maintain objectivity and independence in its governance structure and practical work, and prevent corruption and investigate corruption cases. Regular operating management audits and special audits are conducted by the Group Audit Regulatory Department quarterly to each of the production bases, while the "Regulatory Commission (監管會)" is also set up in each of the production bases respectively to supervise and manage daily works.
Business process standardization	<ul style="list-style-type: none"> The Group applies the SAP and OA (office automation) systems to achieve standardization of all businesses processes, and makes continuous revision and improvement based on feedback to minimize the practicability of corruption and related loopholes. The Group Audit Regulatory Department shall maintain all whistleblowing of corruption and bribery by any employees in confidentiality and make relevant investigations.
Training	<ul style="list-style-type: none"> The Group provides anti-corruption education and training for its directors, senior management and staff on a regular basis and incorporates integrity into its corporate culture and ethical conduct. Anti-corruption education and training were arranged for new employees during orientation. The legal department provides anti-corruption education and training to relevant employees on a quarterly basis. Each functional department promotes anti-corruption education at their department meetings.

Avoiding conflicts of interest

- The “Letter of Undertaking of Integrity (廉潔承諾書)” shall be signed by all the purchasing, sales and supervision personnel and employees holding positions related to economic activities in all other departments of the Group and each of its production bases.
- The Group and each of its production bases enter into the “Non-improper Commercial Practices Agreement (禁止不正當商業行為協議)” concurrently while entering into commercial contracts with external parties.
- All the in-service staff of the Group are strictly prohibited from taking part-time jobs or participating in the operation of business in relation to the Group’s activities without permission. Any in-service personnel, whose families (including his/her immediate relatives, spouse and children) establish a company by themselves, is required to file registration with the regulatory department.
- In the event that the organizations, in which the relatives and friends of the in-service personnel (including his/her immediate relatives, spouse, children, classmates, friends, etc.) work, are doing business with the Group, such personnel shall submit a list of those relatives and friends to the Group and avoid contact with them during the course of business. It is strictly prohibited from divulging any information of the Group to the ex-service personnel.

Communication channels and processing complaints

- Internally, we collect the employees' complaints and suggestions through a specific email box for complaints, i.e. the "集團投訴 claim_group/NDDG/ndpaper" and "Chairlady Mailbox (董事長信箱)" established in each of the production bases.
- Externally, we conduct a service satisfaction survey with customers and suppliers on a regular basis by issuing questionnaires to collect their advice, complaints and suggestions.
- The commercial contracts entered into with external parties are attached with the "Complaint Handling Guidelines (投訴處理指引)" and there is a notice board about the method of complaints being placed at the loading and unloading site in respective production bases.
- Among all the matters complained about, those related to each production base will be investigated and handled by the Regulatory Commission thereof, and for those with more significant influence or covering a wider range, a special investigation will be conducted and handled by the Group Audit Department.

During the Year, no outstanding and concluded litigation in relation to corruption was brought against the Group and its employees.

COMMUNITY

Upholding the public welfare concept of "engaging everyone in public welfare", the Group has been proactively performing its social responsibility and participating in national and local economic development, thereby sparing no efforts in poverty alleviation in the community. In addition to assistance to the poor and vulnerable groups, we support education and poverty alleviation through industry development in poverty-stricken areas, aiming to boost local economic development and create long-term job opportunities. Besides, we are committed to improving the infrastructures in rural areas and improving the living environment of the villagers.

During the financial year, the Group actively participated in various public welfare activities, with over **RMB16 million** worth of money and materials donated



MAJOR COMMUNITY ACTIVITIES PARTICIPATED IN FY2024

1. CONTINUOUSLY PARTICIPATE IN “6.30” ACTIVITY IN GUANGDONG PROVINCE TO ASSIST RURAL REVITALIZATION

The Group actively participated in rural revitalization and donated RMB12 million for 2023 “6.30” Activity in Guangdong Province, providing support on education, poverty alleviation through industry development, relief and support to the underprivileged groups, improving the infrastructure in rural areas and improvement of the living environment of villagers in various underdeveloped areas such as western and northern Guangdong.

The Group has donated over RMB310 million accumulatively in this project, and has been awarded the “Guangdong Poverty Alleviation Cotton Tree” Golden Cup for 13 consecutive years.

Participate in 2023 “6.30” Activity



Assist in building village (community) party community service center



Improve the infrastructure construction in rural areas



Carry out poverty alleviation for rural areas through industry development



Support the “Caring for Rural Mothers Program (農村母親關愛工程)” and “Caring for Children with Thalassemia Program (地貧兒童關愛工程)”



Over the years, Nine Dragons Paper has joined hands with public welfare organisations to carry out a series of public welfare activities for the underprivileged such as elderly living alone, poor mothers and children with serious illness. In particular, in support of the “Caring for Rural Mothers Program” and “Caring for Children with Thalassemia Program” implemented by the Guangdong Foundation for Rural Revitalization continuously, the Group provided financial assistance to poor mothers/children suffering from serious illnesses among the rural population of the 14 prefecture-level cities in Guangdong Province, with a view to effectively alleviating their practical difficulties.

2. ASSISTING LEARNING AND TEACHING & LAUNCHING SCHOOL-ENTERPRISE COOPERATION ACTIVITIES PROACTIVELY

2.1 Continuing to open "Nine Dragons Class"

The 19th Nine Dragons Class was opened in September 2023, providing three majors, i.e. pulp & paper production, equipment and thermal power, to 157 students. The Nine Dragons Class has been launched for 20 years consecutively and provided trainings to a total of 1,821 persons, which not only realized education-oriented poverty alleviation but also developed industrial experts with environmental awareness and advanced technological skills for the country.



2.2 Establishing school-enterprise cooperation to nurture professionals



2.3 Carrying out various forms of activities to assist learning and teaching

Every year, Nine Dragons Paper invests funds to support the education undertakings of the Group and in the surrounding areas where its bases are located, such as providing "Nine Dragons Scholarships", in an endeavour to dedicate its love and care as a responsible enterprise to realise the beautiful dreams of more children.



3. GETTING INVOLVED IN LOCAL COMMUNITY AND ENTHUSIASTICALLY PARTICIPATING IN ACTIVITIES TO SERVE THE ELDERLY, ASSIST THE DISABLED AND HELP THE POOR

3.1 Love and respect for the elderly



3.2 Care for people with disabilities



3.3 Visiting the old Party members and sending condolences to veterans



3.4 Helping the poor and needy



4. CONTRIBUTING TO MEDICAL AND HEALTHCARE PUBLIC WELFARE CAUSES

4.1 Charity blood donation



4.2 Donation to medical and healthcare affairs



5. ENGAGING EVERYONE IN PUBLIC WELFARE FOR MUTUAL HELP

Nine Dragons has a long history of fulfilling its corporate social responsibility by following the principle of “starting small, starting from things around, and engaging everyone in public welfare”. Led by its Party branch and the labour union, Nine Dragons has established a variety of internal public service organisations within the enterprise to carry out diversified mutual-help activities among employees and to send warmth and care to those in need. Nine Dragons has also established an Employee Emergency Assistance Fund, which is financed by the Company and voluntary donations from employees, in order to help Nine Dragons’ employees in need and their families.

5.1 Extending condolences and offering help to employees



5.2 Emergency assistance for employees



A. Environmental	Key Performance Indicator	
Aspect A1: Emissions		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	A1	✓
The types of emissions and respective emissions data	A1.1	✓
Greenhouse gas emissions (in tonnes) and intensity	A1.2	✓
Total hazardous waste produced and intensity	A1.3	✓
Total non-hazardous waste produced and intensity	A1.4	✓
Emissions targets set and steps taken to achieve them	A1.5	✓
How hazardous and non-hazardous wastes are handled, waste reduction targets set and steps taken to achieve them	A1.6	✓
Aspect A2: Use of Resources		
Policies on the efficient use of resources, including energy, water and other raw materials	A2	✓
Direct and/or indirect energy consumption by type in total and intensity	A2.1	✓
Water consumption in total and intensity	A2.2	✓
Energy use efficiency targets and steps taken to achieve them	A2.3	✓
Whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and steps taken to achieve them	A2.4	✓
Total packaging material used for finished products with reference to per unit produced	A2.5	✓
Aspect A3: The Environment and Natural Resources		
Policies on minimising the issuer's significant impact on the environment and natural resources	A3	✓
Significant impacts of activities on the environment and natural resources and actions taken to manage them	A3.1	✓
Biodiversity		✓
Aspect A4: Climate Change		
Policies on identification and mitigation of significant climate-related issues which have or may have significant impact on the issuer	A4	✓
Significant climate-related issues which have or may have significant impact on the issuer and actions taken to manage them	A4.1	✓

B. Social		Key Performance Indicator
Aspect B1: Employment		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	B1	✓
Total workforce by gender, employment type (full time or part time), age group and geographical region	B1.1	✓
Employee turnover rate by gender, age group and geographical region	B1.2	✓
Aspect B2: Health and Safety		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	B2	✓
Number of work-related fatalities occurred in each of the past three years including the reporting year	B2.1	✓
Lost days due to work injury	B2.2	✓
Description of occupational health and safety measures adopted, and how they are implemented and monitored	B2.3	✓
Aspect B3: Development and Training		
Policies on improving employees' knowledge and skills for discharging duties at work and description of training activities	B3	✓
The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	B3.1	✓
The average training hours completed per employee by gender and employee category	B3.2	✓
Aspect B4: Labour Standards		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	B4	✓
Description of measures to review employment practices to avoid child and forced labour	B4.1	✓
Description of steps taken to eliminate such practices when discovered	B4.2	✓

B. Social	Key Performance Indicator	
Aspect B5: Supply Chain Management		
Policies on managing environmental and social risks of the supply chain	B5	✓
Number of suppliers by geographical region	B5.1	✓
Practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	B5.2	✓
Practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	B5.3	✓
Practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	B5.4	✓
Aspect B6: Product Responsibility		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	B6	✓
Percentage of total products sold or shipped subject to recalls for safety and health reasons	B6.1	✓
Number of products and services related complaints received and how they are dealt with	B6.2	✓
Description of practices relating to observing and protecting intellectual property rights	B6.3	✓
Quality assurance process and recall procedures	B6.4	✓
Consumer data protection and privacy policies, and how they are implemented and monitored	B6.5	✓
Aspect B7: Anti-corruption		
The policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	B7	✓
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	B7.1	✓
Preventive measures and whistle-blowing procedures, and how they are implemented and monitored	B7.2	✓
Anti-corruption training provided to directors and staff	B7.3	✓

B. Social	Key Performance Indicator	
Aspect B8: Community Investment		
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	B8	✓
Focus areas of contribution	B8.1	✓
Resources contributed to the focus area	B8.2	✓