

2024 SUSTAINABILITY R E P O R T

Shanying International Holdings Co., Ltd.



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About this Report

This report is the 6th *Sustainability Report* of Shanying International Holdings Co., Ltd., which discloses to various stakeholders regarding the Company's concepts, management methods, efforts and achievements in sustainable development.

Reporting Scope

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

Reporting Period

This report covers the period from January 1, 2024 to December 31, 2024. Unless otherwise specified, all data in this report are for this period.

Basis of Preparation

This report is prepared in accordance with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)*, the *Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Standardized Operations (December 2023 Revision)*, and with reference to the Global Sustainability Standards Board (GSSB) *GRI Standards 2021* and the United Nations Sustainable Development Goals (SDGs).

Data Description

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

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



Reporting Principles

• Materiality

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

• Balance

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

• Quantification and Consistency

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

• Timeliness

This is an annual report covering the period from January 1, 2024 to December 31, 2024. The Company strives to release the report as soon as possible after the end of the reporting year, providing timely information for stakeholders to make decisions.

• Accuracy

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

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

• Clarity

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

• Completeness

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

• Verifiability

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

Preface

The dual waves of accelerated global climate governance and deep industrial transformation are reshaping the underlying logic of economic development, presenting unprecedented challenges for enterprises. As a “pioneer driving carbon reduction”, Shanying International stands at the forefront of this trend. This is not only an inevitable choice in response to the times but also an active commitment to the call for a shared future for humanity. Anchored in our original intentions and propelled by our mission, we embed the concept of green development deeply into our corporate culture, driving the industrial chain toward efficiency, low carbon and circularity, thus embodying the Chinese wisdom that “lucid waters and lush mountains are invaluable assets”.

Guided by the “Carbon Peaking and Carbon Neutrality” Strategy and Leading Green Innovation

As an enterprise actively practicing low-carbon development in China’s paper industry, we take the national “Carbon Peaking and Carbon Neutrality” strategy as our blueprint, deeply integrating the vision of carbon neutrality into our corporate strategic planning and operational system. The Company takes the lead in undergoing an authoritative review through the Science Based Targets initiative (SBTi), establishing a four-in-one systematic management framework encompassing “carbon emissions, carbon assets, carbon trading, and carbon neutrality”. This provides a replicable model for the industry’s low-carbon transformation.

We contributed to the compilation of the *Guidelines of Quantitative Assessment and Reporting for Carbon Footprint of Recycled Paper Products*, which standardizes the carbon footprint quantification and reporting guidelines for recycled paper products, providing the industry with clear carbon emission evaluation criteria. Additionally, we, as a contributing entity, participated in the formulation of the *General Rules for Carbon Emission Reduction Evaluation and Labeling Application of Recycling Products*, the first group standard of its kind in China. Through this, we systematically shared our practical experience in carbon accounting methods and carbon reduction effect evaluation, aiming to enhance the overall carbon accounting capabilities of the industry and build a new green and low-carbon ecosystem in collaboration with our partners across the supply chain.

Through full lifecycle carbon footprint management, we developed and applied the Shanying International paper product carbon footprint assessment Model. This model allows the Company to perform real-time accounting, evaluation and analysis of the carbon footprint for each paper production base and product category. The system optimizes key stages such as product design, raw material procurement and production processes, thus taking concrete actions to meet market demand for sustainable products.

Building an Intelligent Ecosystem through Full-Chain Integration

Against the backdrop of the global packaging industry accelerating its transition towards green and circular practices, we consistently pursue our commitment to being “a global leading provider of integrated green solutions that creates long-term value for customers” while continuously deepening our layout across the entire industry chain. By integrating the value chain from resource recycling to paper making, packaging, sales, and services, we have established a complete industrial ecosystem that spans from raw material

acquisition to end-user services. This allows us to provide customers with packaging solutions that combine environmental benefits with commercial value, driving the transformation and upgrading of traditional packaging models towards sustainable development.

Driven by both intelligent manufacturing and digital technologies, the Company is comprehensively advancing the intelligent transformation and upgrading of production operations. Our smart factories integrate advanced manufacturing technologies with green production processes, achieving simultaneous improvements in production efficiency and resource utilization. At the same time, we have innovatively created a digital recycling system based on “Internet + Internet of Things + resource circulation”. Through the industrial Internet platform, we have facilitated the circulation of recycled resources, establishing a closed-loop system of “resources - products - recycled resources”, exploring a new path for sustainable development within the industry.

Building a Better Future with Responsibility as the Foundation

Upholding the corporate culture of “create and share value”, we collaborate with employees, customers, partners, communities and other diverse stakeholders to jointly build a business ecosystem for sustainable development. While creating economic value, we actively fulfill our social responsibilities, achieving a win-win future for all parties.

In terms of talent development, the Company has innovatively built a systematic employee development system with the goal of becoming a “learning organization”. By establishing a lecturer certification system, developing high-quality courses, and creating experience-sharing platforms, we promote the efficient accumulation and transfer of organizational knowledge, providing ample growth opportunities for our employees. In terms of social responsibility fulfillment, we deeply integrate our corporate mission into community development practices, launching a series of public welfare projects covering rural revitalization, medical and educational assistance, environmental protection, and community co-building and development sectors. Through these efforts, we align corporate development with social value and contribute to the building of a community for better living.

Standing at a new development starting point, Shanying International will continue to be guided by “Carbon Peaking and Carbon Neutrality” goals and driven by technological innovation, deepening the green transformation across the entire industry chain. We are committed to building a more resilient and sustainable circular economy ecosystem. Through an intelligent and digital production and operation system, we will continuously improve resource utilization efficiency and optimize carbon footprint management throughout the entire product lifecycle. In the future, we will further strengthen collaboration with upstream and downstream partners in the supply chain, promote the popularization and application of green packaging solutions, and explore more replicable and scalable low-carbon development pathways for the industry. Shanying International is willing to, joining hands with all parties, practice our green commitments with professional capabilities, respond to the challenges of the times with innovative practices, and unfold a new chapter for sustainable development.

About Shanying International

Company Profile

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

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

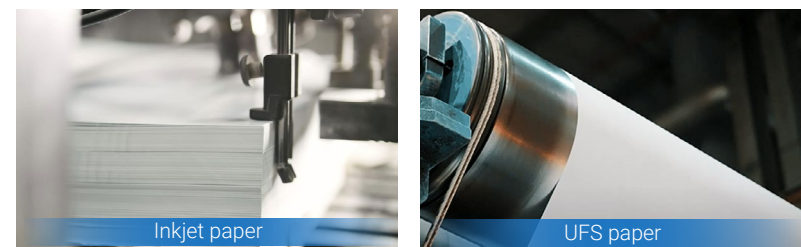
Paper making

Operations for industrial packaging paper and specialty paper have been established in Ma’anshan (Anhui), Jiaxing (Zhejiang), Zhangzhou (Fujian), Jingzhou (Hubei), Zhaoqing (Guangdong), Songyuan (Jilin), and Suzhou (Anhui).

- Industrial packaging paper: Kraft liner, corrugated paper, coated Kraft paper, and white Kraft paper
- Specialty paper: Newsprint, bag paper, and cotton swab stick paper

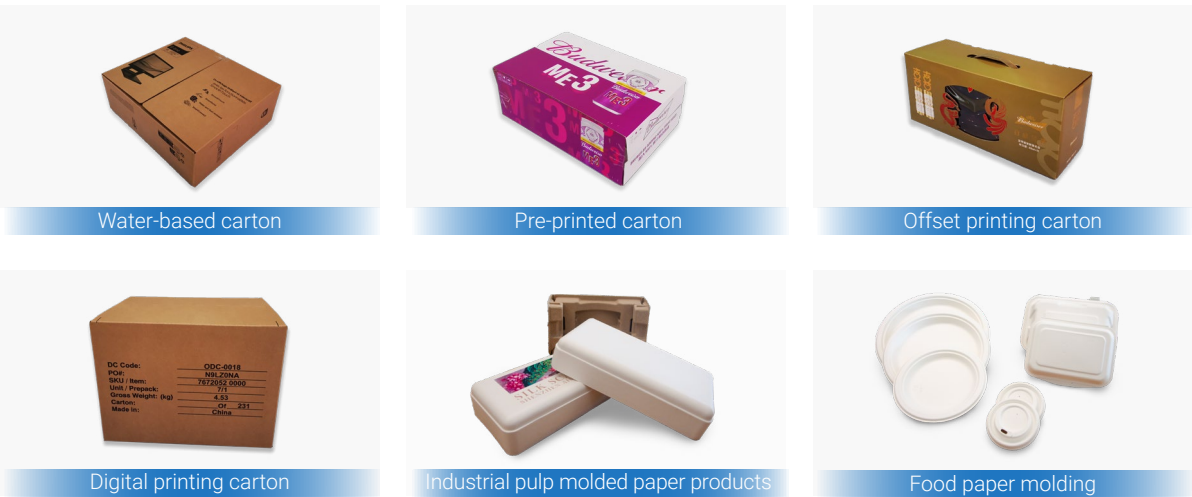


The holding subsidiary, Phoenix Paper, primarily produces cultural paper products such as bleached hardwood pulp, UFS, and inkjet paper.



Packing

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



To better meet the unique business needs of customers and shift its focus from providing packaging products to offering packaging services, Xiangheng Packaging established an independent R&D and testing center in Suzhou, specializing in the research and design of 3C product packaging and innovative logistics packaging.



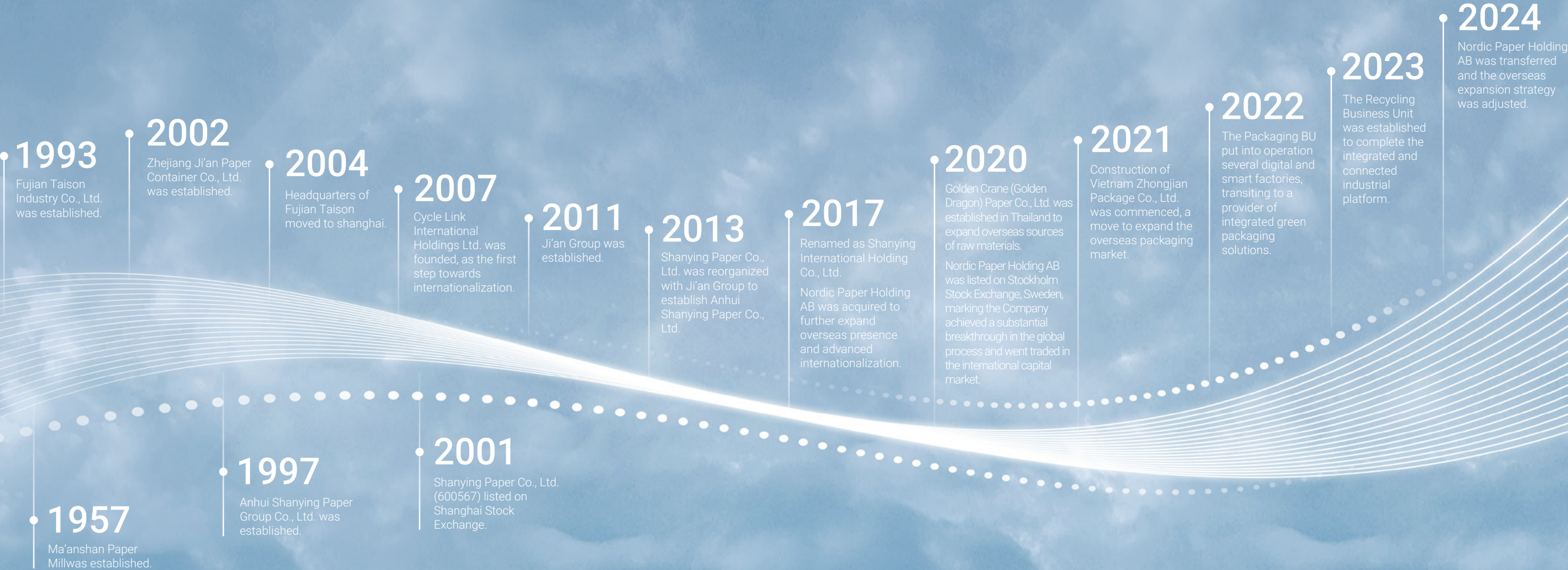
Resource recycling

Based on its recycling industry ecosystem for renewable resources, the Company’s focus in China is on the planning, construction, and operation of green sorting centers. This aims to build a global recycling network system, helping customers and partners improve the efficiency of recycling renewable resources and create a low-carbon circular recycling system.

Shanying International is deeply rooted in China and has expanded globally, with operations in China, Thailand, Vietnam, the Netherlands, the United Kingdom, the United States, etc. As of December 2024, the Company had 45 renewable resource recycling subsidies, 8 industrial and specialty paper manufacturing bases, 53 packaging product customization subsidiaries, and 2 industrial Internet platforms, both domestically and internationally.

DEVELOPMENT COURSE

STRIDING AHEAD WITH GREAT AMBITION



Highlights in 2024

Environment



Greenhouse gas emission intensity
(Scope 1 + Scope 2) per unit
0.5846 tons of CO₂ equivalents/
tons of products



97%
of raw materials from recycled fiber
(only important papermaking subsidiaries)



8+ million tons
of recycled fiber covered annually



Annual environmental protection capital
investment
CNY **284.61** million

Social



Number of employees
13,637



Public welfare investment
3.70 million



Training hours for employees per capita
23.72 hours

Economic



Operating revenue
CNY **29.23** billion



R&D investment
CNY **836.42** million



Taxes paid
1.78 billion



Social contribution per share
CNY **0.76**

Company honors



Listed among
Fortune China 500 for
nine consecutive years



Listed among
**"Top 75 Global Papermakers
in 2023"**



Rated among the **"Best
Managed Companies"** for
six consecutive years



Rated among the **"Top 200
Chinese Manufacturers with
Comprehensive Strength"**



Rated among the **"2024 China
Top 500 Private Enterprises"** and
the **"2024 Top 500 China's private
enterprises in manufacturing
industry"**



Included into the **"2024 Top 100
Private Enterprises in Anhui
Province by Revenue"** and the
**"2024 Top 100 Private Enterprises
in Manufacturing industry in
Anhui Province by Comprehensive
Strength"**



Awarded the **"Golden
Paper Maker in the 50th
Anniversary of the Paper
Industry"** title



Listed among the **"2023
Top 500 Industrial Internet
Platforms"**



Listed in the Ministry of Industry
and Information Technology's
"2024 5G Factories" Directory



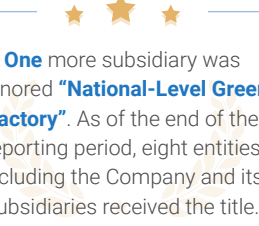
Awarded the **"2023 State-level
Smart Manufacturing Model
Factory"** title



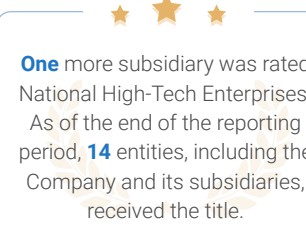
Listed among **"2024 Key Industrial
Internet Platforms (Industry-
specific) in Anhui Province"** and
included in **"2024 Top 10 Models
of Industrial Internet Application
in Anhui Province"**



Included in **"2024 Typical
Cases of Real-Economy-Digital
Integration"** and **"2024 Typical
Application Scenarios of Three
Digital Products"**



One more subsidiary was
honored **"National-Level Green
Factory"**. As of the end of the
reporting period, eight entities
including the Company and its
subsidiaries received the title.



One more subsidiary was rated
National High-Tech Enterprises.
As of the end of the reporting
period, **14** entities, including the
Company and its subsidiaries,
received the title.



The
**"2024 Green Supply Chain
Management Enterprise"**
title

Sustainability Strategies

Sustainability Management

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

Sustainability Management Principles



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




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

Sustainability Strategies



Contributing to Global Sustainable Development Goals

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

SDGs	Actions in 2024
	<ul style="list-style-type: none">Actively engaged in rural revitalization, supported disadvantaged groups, and carried out social welfare and charitable donation activities.
	<ul style="list-style-type: none">Focused on medical assistance and support, collaborated with WEALOVE Fund under Shanghai Charity Foundation and donated funds to support medical students from impoverished families.Established and improved the chemical safety management system, identified and controlled the chemicals harmful to human bodies, facilities, and the environment, and organized chemical management training and leak emergency drills to enhance employees' chemical safety operation capabilities.
	<ul style="list-style-type: none">Cooperated with non-profit organizations to offer children and students in difficulties with education opportunities through financial donations.Highlighted employees' development, leveraged both internal and external resources, and establishing courses about threshold competency, professional skills and management ability, to meet employees' demand for improving personal abilities.
	<ul style="list-style-type: none">Advocated for gender equality, empowered the career development of female employees, and consistently increased the proportion of female employees and female managers. During the reporting period, the proportion of female employees was 26.28%.
	<ul style="list-style-type: none">Committed to water source protection and conservation, enhanced water resource management through water balance tests, technological upgrades and training on rainwater and wastewater resource utilization and water conservation, and always adhered to scientific and reasonable water use practices.Improved waste water management through measures such as optimizing wastewater treatment processes.
	<ul style="list-style-type: none">Implemented clean energy projects such as photovoltaic (PV) and solid waste power generation, applied renewable fuels (e.g., biomass energy) as alternative solutions, and increased the ratio of renewable energy use.Carried out energy management initiatives, such as refining energy management system, standardizing energy measurement, conducting energy balance tests, and organizing energy management training sessions.
	<ul style="list-style-type: none">Advanced technological innovation, increased input in R&D at both the headquarters and subsidiary levels, achieved key technological breakthroughs, launched quality products to meet market demand, drove product structure upgrades, and increased market share.Upheld the concept of "People Orientation and Compliant Employment", respected employees during recruitment, employment and dismissal, and forbade the use of child labor or forced labor.Valued diversity, equality and inclusiveness, treated all employees fairly and adhered to the principle of equal pay for equal work.
	<ul style="list-style-type: none">Emphasized R&D innovation, continuously improved the innovative R&D management and process, stepped up R&D investment and R&D talent cultivation, and enhanced R&D innovation, to further advance the achievement of the goal of "setting an energy efficiency benchmark for the industry".Continuously boosted energy efficiency by launching carbon reduction and technical renovation projects and increasing input in clean energies.
	<ul style="list-style-type: none">Actively improved energy efficiency and the comprehensive utilization of resourcesStrengthened management over exhaust gas, wastewater, general industrial solid waste and hazardous waste; regularly monitored the discharge of wastewater, exhaust gas, and waste; reduced wastewater, exhaust gas and waste discharge and avoided any negative impact on the environment by choosing more sustainable raw materials, optimizing the production process, reducing the generation of waste and recycling waste into resources.Released sustainability reports annually, and communicated with diverse stakeholders on the progress of the Company's sustainability moves.
	<ul style="list-style-type: none">Actively took comprehensive and well-targeted carbon reduction measures covering all links of operation to drive high-quality development and find the path and strategy for the Company.Joined the SBTi, regularly disclosed the progress towards objectives, and drove the realization of the "Carbon Peaking and Carbon Neutrality" goals with the ambition of reducing carbon emission across the whole lifecycle.
	<ul style="list-style-type: none">Highlighted business ethics management, vigorously built the culture about integrity, took a zero tolerance attitude towards frauds and corruptions, and forbade briberies and corruptions in any form.

Stakeholder Communication and Material Topic Management

Stakeholders Communication

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

In 2024, the Company actively communicated with key stakeholders including shareholders, investors, employees, suppliers, customers, partners and communities and their representatives, collected their feedback and suggestions about the Company's sustainability work, exercised management with a focus on their concerns and further responded to their appeals and expectations.

Stakeholder Concerns and Ways of Communication		
Main stakeholders	Concerns	Ways and channels of communication
<div>Shareholders/ investors</div>	<div><div><div>• Response to Climate Change</div><div>• Integrated industrial chain</div><div>• Innovation-driven development</div><div>• Product quality and safety</div></div><div><div>• Corporate governance</div><div>• Protection of investors' rights and interests</div><div>• Digitalization and information security management</div></div></div>	<div><div>• Investor research, roadshow, visits, etc.</div><div>• Regular announcements</div><div>• "SSE e-interactive" platform</div></div>
<div>Senior management employees</div>	<div><div><div>• Response to climate change</div><div>• Energy use</div><div>• Green and low-carbon products</div><div>• Integrated industrial chain</div><div>• Product quality and safety</div></div><div><div>• Corporate governance</div><div>• Internal control and risk management</div><div>• Anti-commercial bribery and anti-corruption</div><div>• Anti-unfair competition</div></div></div>	<div><div>• Daily communication</div><div>• Quality analysis meetings</div><div>• Leadership training</div></div>
<div>Primary-level or middle management employees</div>	<div><div><div>• Employee rights and benefits</div><div>• Occupational health and safety</div></div><div><div>• Employee growth and development</div><div>• Diversity and equal opportunities</div></div></div>	<div><div>• Trade union and workers' congress</div><div>• Corporate culture activities</div><div>• Employee symposium</div><div>• Chairman mailbox</div><div>• Employee training system</div></div>
<div>Suppliers</div>	<div><div><div>• Energy use</div><div>• Green and low-carbon products</div><div>• Innovation-driven development</div><div>• Product quality and safety</div></div><div><div>• Supply chain security</div><div>• Equal treatment to SMEs</div><div>• Anti-commercial bribery and anti-corruption</div></div></div>	<div><div>• Supplier communication and training</div><div>• Field audit of suppliers</div><div>• Communication through emails and calls</div></div>
<div>Customers</div>	<div><div><div>• Energy use</div><div>• Green and low-carbon products</div><div>• Environmental compliance management</div></div><div><div>• Integrated industry chain</div><div>• Product quality and safety</div><div>• Customer service management</div></div></div>	<div><div>• Hotline and email</div><div>• Customer visits</div><div>• Regular communication meetings</div><div>• Onsite quality audit</div><div>• Customer satisfaction surveys</div><div>• The Company's official website</div></div>
<div>Partners</div> <div>(including industrial associations, universities or R&D institutes)</div>	<div><div><div>• Innovation-driven development</div><div>• Product quality and safety</div><div>• Supply chain security</div></div><div><div>• Anti-commercial bribery and anti-corruption</div><div>• Anti-unfair competition</div></div></div>	<div><div>• R&D projects in collaboration with external partners</div><div>• IPR management system review</div><div>• Collaboration with universities and enterprises</div><div>• Industrial forums</div></div>
<div>Communities</div> <div>(including non-profit organizations)</div>	<div><div><div>• Environmental compliance management</div><div>• Water resource use</div><div>• Pollutant discharge</div><div>• Waste disposal</div></div><div><div>• Ecosystem and biodiversity protection</div><div>• Social contribution</div><div>• Rural revitalization</div></div></div>	<div><div>• Community opinions and feedback</div><div>• Community public welfare activities</div><div>• Regular visits</div></div>

Material Topics Analysis

Based on the management requirements for material topics outlined in the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)* issued by the Shanghai Stock Exchange and the *GRI Standards*, Shanying International conducts annual material topic analyses and biennial material topic surveys. This process involves gathering intensive opinions and expectations from stakeholders, identifying the Company's material topics, and prioritizing these topics for management and reporting disclosures.

During the reporting period, the Company, in alignment with the latest policies and regulations, industry benchmarks, and its own key priorities for the year, conducted a dual materiality analysis from both financial materiality and impact materiality perspectives. Following a process of identification, assessment and review, the Company clarified the ESG topics that had a material impact on its operations and stakeholders. This analysis provided a scientific basis for formulating sustainability strategies, optimizing resource allocation, and enhancing the quality of information disclosure.

Material Topics Analysis Process



During the reporting period, the Company identified 28 ESG topics based on the above process. It also adjusted the wording of certain material topics to better align with its actual operations, making them easier for stakeholders to understand. Upon analysis, the Company identified 9 topics of dual materiality, 1 of financial materiality, 15 of impact materiality, and 3 of neither financial nor impact materiality. The specific distribution is shown in the matrix.

Shanying International's Material Topic Matrix



Material Impact Analysis of Financial Materiality Topics

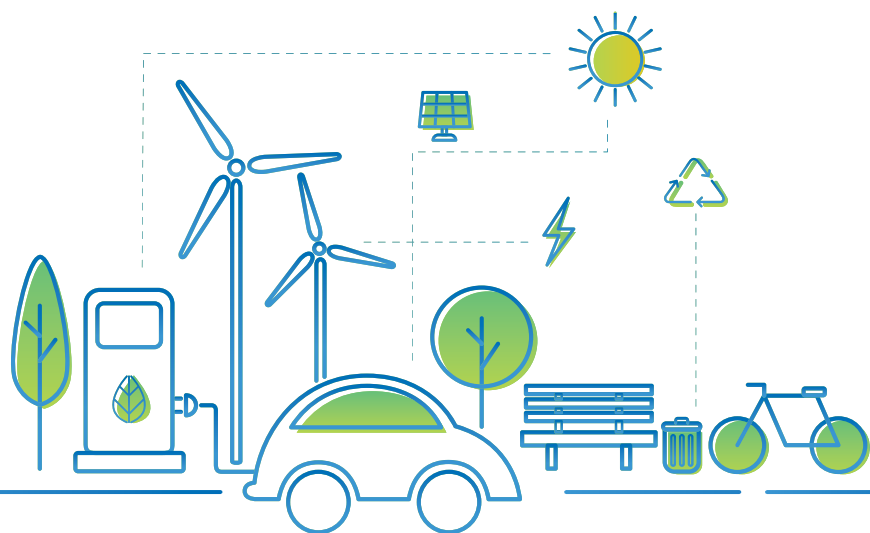
Material topics	Impact materiality analysis	
	Scope of impact	Stakeholders affected
Response to climate change	<ul style="list-style-type: none">UpstreamSelf-operationsDownstream	<ul style="list-style-type: none">Shareholders/investorsSenior management employeesSuppliersCustomersCommunities
Energy use	<ul style="list-style-type: none">UpstreamSelf-operationsDownstream	<ul style="list-style-type: none">Senior management employeesSuppliersCustomers
Green and low-carbon products	<ul style="list-style-type: none">UpstreamSelf-operationsDownstream	<ul style="list-style-type: none">Shareholders/investorsSenior management employeesSuppliersCustomersPartners
Environmental compliance management	<ul style="list-style-type: none">UpstreamSelf-operationsDownstream	<ul style="list-style-type: none">Senior management employeesPrimary-level or middle management employeesSuppliersCustomersCommunities
Integrated industry chain development	<ul style="list-style-type: none">UpstreamSelf-operationsDownstream	<ul style="list-style-type: none">Shareholders/investorsSenior management employeesSuppliersCustomers
Innovation-driven development	<ul style="list-style-type: none">UpstreamSelf-operationsDownstream	<ul style="list-style-type: none">Shareholders/investorsSenior management employeesSuppliersCustomersPartners
Product quality and safety	<ul style="list-style-type: none">UpstreamSelf-operationsDownstream	<ul style="list-style-type: none">Shareholders/investorsSenior management employeesSuppliersCustomersPartners
Employee rights and benefits	<ul style="list-style-type: none">Self-operationsDownstream	<ul style="list-style-type: none">Senior management employeesPrimary-level or middle management employeesCustomers
Occupational health and safety	<ul style="list-style-type: none">Self-operationsDownstream	<ul style="list-style-type: none">Senior management employeesPrimary-level or middle management employeesCustomers
Digitalization and information security management	<ul style="list-style-type: none">UpstreamSelf-operationsDownstream	<ul style="list-style-type: none">Shareholders/investorsSenior management employeesPrimary-level or middle management employeesSuppliersCustomersPartners

Financial materiality analysis		
Risk analysis	Opportunity analysis	Impact cycle
If the Company fails to continuously optimize carbon emission intensity in production processes, it will face significant compliance and carbon trading cost increases under the tightening of carbon quotas and rising carbon prices, directly affecting operating profits.	Leveraging its first-mover advantage in carbon management systems, the Company can convert emission reduction achievements into new profit growth points by developing forestry carbon sequestration projects, participating in carbon allowance trading and CCER trading, and issuing green bonds and other carbon financial instruments, while also gaining preferential policy financing.	<ul style="list-style-type: none">Short-termMedium-termLong-term
The Company's production operations still partially rely on high-carbon fossil fuels. Under the continued tightening of carbon neutrality policies, the Company may face regulatory risks such as increased environmental compliance costs or production restrictions.	The Company is actively expanding into renewable energy sectors such as photovoltaic and biomass power generation. This will not only help reduce carbon emissions and enhance green competitiveness, but also provide long-term sustainable development advantages through green power production and carbon reduction assets.	<ul style="list-style-type: none">Short-termMedium-termLong-term
If the Company fails to consistently invest in R&D to maintain its advantages in low-carbon technology, it may face the risk of high-carbon products being phased out due to stricter policies or innovations by competitors, which could negatively impact its profitability.	By offering customized ESG solutions through green product innovations such as replacing plastics with paper and lightweight design, the Company can achieve a low-carbon product premium and enhance customer loyalty, thereby continuously increasing revenue.	<ul style="list-style-type: none">Short-termMedium-termLong-term
Tightening environmental regulations at home and abroad will increase the Company's environmental compliance costs. Poor management leading to excessive emissions or unexpected environmental incidents may result in direct losses such as fines or production restrictions.	With a comprehensive environmental management system in place, the Company can reduce the risk of environmental incidents and minimize potential losses. Obtaining green factory certification will also bring policy support and market recognition, further enhancing the Company's competitiveness.	<ul style="list-style-type: none">Short-termMedium-termLong-term
The Company's integrated layout requires continuously high capital investment. If downstream demand growth slows or raw material price fluctuations extend the return period, financial pressure may increase.	The Company's Packaging Business Unit directly connects to end-users, ensuring that green packaging demands are accurately communicated to the Papermaking Business Unit for the customized development of suitable base paper. Internal supply chain collaboration ensures efficient and reliable delivery, enhancing customer inventory management efficiency. Through demand transmission, flexible response, and a closed-loop green value chain, the Company upgrades cost control into a value-added capability in supply chain services.	<ul style="list-style-type: none">Short-termMedium-termLong-term
In the process of driving innovation, the Company faces uncertainties in the development of new materials and technologies, cost pressures from significant R&D investments, and risks associated with changes in demand for environmentally friendly packaging. These factors may affect the commercialization of innovation results and overall profitability.	By building a systematic innovation and R&D management system, increasing R&D investment, and promoting industry-university-institute collaborations, the Company can continuously improve product performance, optimize production efficiency, and enhance its competitiveness in the global sustainable packaging market.	<ul style="list-style-type: none">Short-termMedium-termLong-term
The failure to timely identify or resolve product quality issues may lead to recalls, affecting customer satisfaction and brand reputation, thereby negatively impacting the Company's market share and long-term development.	Through continuous optimization of quality management measures, technological innovation, and the development of a company-wide quality culture, the Company can consistently improve product stability and reliability, thereby enhancing customer trust, attracting more partners, and driving market share growth and brand value enhancement.	<ul style="list-style-type: none">Short-termMedium-termLong-term
As the Company advances its global expansion and diversified workforce structure, ensuring compliance with local labor regulations and cultural integration in multinational operations may bring compliance risks and management challenges, impacting operational costs and financial stability.	By establishing a comprehensive employee benefits system and diversified human resource management, the Company can improve employee satisfaction and sense of belonging, strengthen team cohesion, and enhance operational efficiency and talent retention, thereby optimizing labor costs.	<ul style="list-style-type: none">Short-termMedium-termLong-term
Failure of the Company fails to conduct adequate safety hazard assessments, emergency management, or employee training may result in occupational diseases, production safety accidents or compliance risks, leading to compensation, production stoppages, or regulatory fines.	Through a well-established occupational health and safety management system, the Company can reduce accident rates, improve operational stability and optimize cost control, which contributes to steady financial growth.	<ul style="list-style-type: none">Short-termMedium-termLong-term
Failure of the Company to effectively prevent information security risks may lead to data breaches, system failures, and business interruptions, potentially resulting in fines related to network information security, or data recovery costs or brand trust crises, which would negatively impact revenue and profits and pose long-term compliance audit and legal risks.	By deepening digital transformation and strengthening information security management, the Company can improve operational efficiency, reduce reliance on manual labor, and optimize business processes, thereby lowering production and management costs, while increasing resource utilization and business transparency. This will result in cost savings, promote high-quality development, and ultimately drive continuous improvement in financial performance.	<ul style="list-style-type: none">Short-termMedium-termLong-term

01

Sustainable
Development

Special Topics



Deepening Carbon Research and Collaborating Across the Entire Value Chain to Embark on a New Carbon Reduction Journey

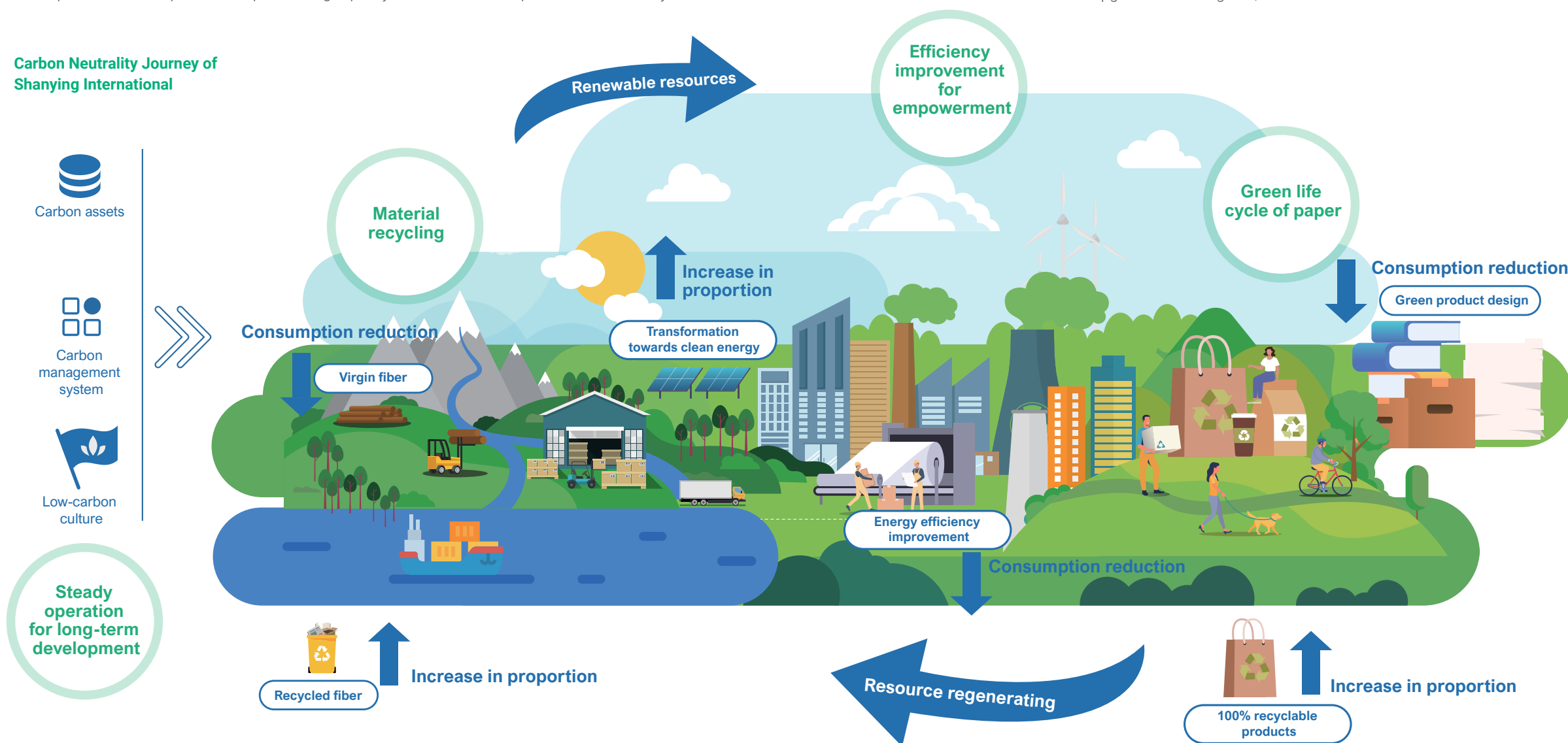
Climate change is a severe challenge faced by all of humanity. The international community has reached broad consensus on response to climate change and is continuously advancing the global climate governance process. Shanying International is deeply aware of the responsibility it bears and actively integrates carbon-related goals into the core of its corporate strategy, taking practical actions in response to national policy calls and contributing to the achievement of global climate goals.

As a traditional energy-intensive industry, the papermaking sector faces multiple challenges under the "Carbon Peaking and Carbon Neutrality" goals, including enhanced policy regulation, increased demand for industry-wide emission reduction collaboration, and rising energy costs. Shanying International has taken the integrated industry chain development approach as a breakthrough, optimizing resource allocation by integrating upstream and downstream resources. This allows the Company to achieve collaborative emission reduction across the entire value chain, from raw material procurement to end products, and explore a new path for high-quality sustainable development of the industry.

On the new journey toward low-carbon development, Shanying International actively optimizes its energy structure, and increases the proportion of clean energy used. At the same time, through technological innovation and management upgrades, it continues to enhance energy efficiency. The Company is committed to building an intelligent and digital energy management system, achieving precise energy consumption monitoring and efficient energy use, and laying a solid foundation for sustainable development.

Driven by market demand and innovation, Shanying International continuously introduces green and low-carbon products that meet the "Carbon Peaking and Carbon Neutrality" requirements. Products serve as the bridge between the Company and the market, as well as an important vehicle for achieving green transformation. Through full lifecycle management, we ensure that every stage of the product — from design, production, use, to recycling — complies with environmental standards, taking concrete actions to meet the market's demand for sustainable products and leading the industry in its transformation and upgrade toward a green, low-carbon future.

Carbon Neutrality Journey of Shanying International

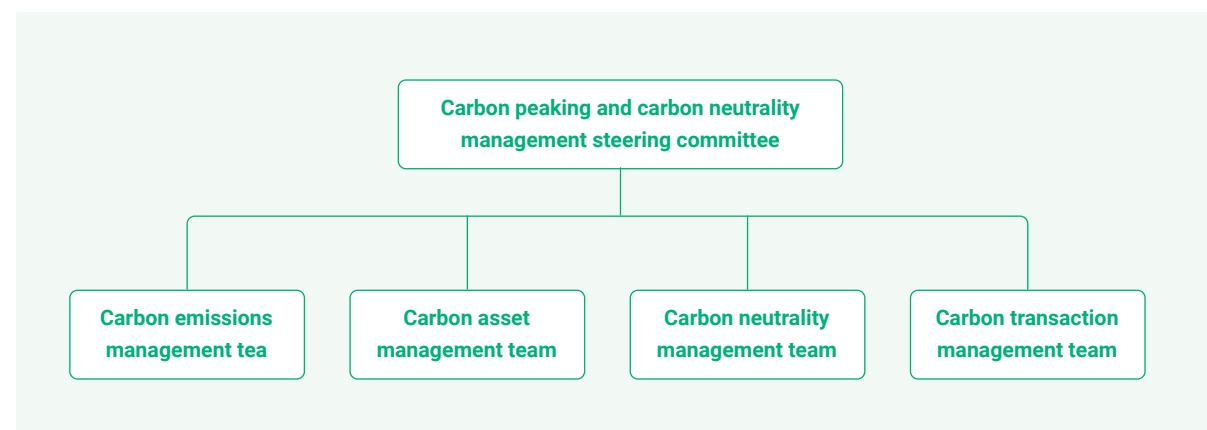


Committed to “Better paper, Better life” and supported by green cycle in low-carbon transition, Shanying International has actively implemented well-targeted carbon emission measures in all aspects of operation, and continuously explored the path and strategy for high-quality development. We will outline our key action strategies in the journey to carbon neutrality from the perspectives of governance, strategy, impact, risk and opportunity management, as well as metrics and targets.

Governance

The Company has established the Carbon Peaking and Carbon Neutrality Management Steering Committee, which is responsible for coordinating and approving the Company's development strategies, management policies, budgets, targets and work programs associated with carbon management, and supporting the solution of relevant problems and key decision making. Four working groups have been established under the Committee, namely the carbon emissions management team, the carbon asset management team, the carbon transaction management team and the carbon neutrality management team, which are responsible for advancing specific work such as institutional formulation in relevant fields, project development and progress and project research.

Carbon Peaking and Carbon Neutrality Management Governance Structure

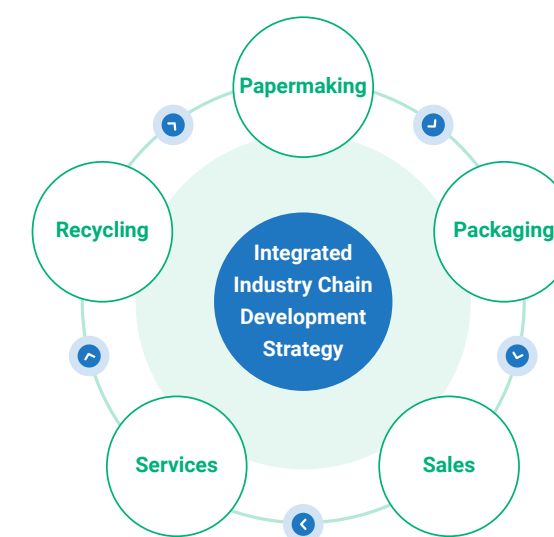


The Company's Papermaking Business Unit has established a Product R&D Department, responsible for overseeing the design of green and low-carbon products. This department actively conducts green R&D from perspectives such as new materials and new processes, aiming to promote the sustainable development of products. The Packaging Business Unit has set up an R&D Design Department to actively advance the “Replacing Plastics with Paper” strategy, focusing on creating low-carbon and even zero-carbon products across various categories, helping the Company achieve greater breakthroughs in the environmental packaging sector.

To ensure the systematic and effective management of carbon peaking and carbon neutrality efforts, the Company has refined its *Carbon Management Regulations* and formulated the *Carbon Management Manual* and the *Planning and Control Procedures for the Operation of the Carbon Management System*, forming a closed-loop management system covering target setting, data monitoring, and performance evaluation. At the same time, the Company has formulated the *Energy Management Regulations*, clarifying the responsibilities of its business units in energy management supervision. The energy management responsibilities are delegated to each subsidiary, with the subsidiary's general manager acting as the first responsible person, ensuring the effective implementation of energy management requirements.

Strategy

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



In the face of the global green transformation challenge, Shanying International remains committed to its integration strategy, promoting the low-carbon transformation of both the Company and the industry through a dual-track approach. On one hand, it actively invests in green process R&D, proactively explores circular economy models and, driven by technological innovation, builds a green and low-carbon production and operational system. On the other hand, the Company remains customer-centric, deeply understanding customers' needs for value chain collaboration in carbon reduction. It works with customers on carbon neutrality planning, carbon footprint evaluation and zero-carbon product development, and collaborates with partners in achieving full-chain collaborative carbon reduction.

Impact, Risk and Opportunity Management

For details, please refer to the subsequent sections of this topic

Metrics and Targets

In July 2022, Shanying International's commitment to the science-based target of limiting the temperature rise to a level far below 2°C, which was submitted to SBTi earlier, was officially approved. The Company has become the first paper-making enterprise in China committed to a scientific Greenhouse gas (GHG) emission target, which works to reduce carbon emissions across the lifecycle of products and services and contribute to the realization of the target of limiting the global average temperature rise to well below 2°C, and to 1.5°C preferably, as set in the *Paris Agreement*. The Company publicizes the progress towards science-based GHG emission targets through annual sustainability reports and some other ways.

Science-based GHG Emission Targets and Progress in 2024

Science-based GHG emission targets of Shanying International

Path to the targets

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

Transformation towards clean energy

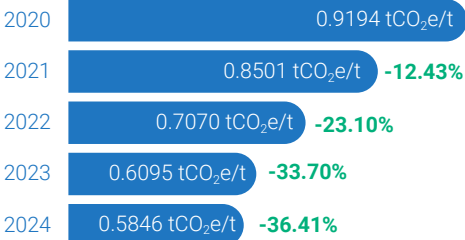
- Self-build power generation
- Self-build biomass power generation
- Use biomass steam
- Purchase green electricity and green certificates
- Renovate steam boilers, electrify fork trucks, etc.

Improvement of energy efficiency

- Upgrade equipment and facilities
- Recycle residual heat and energy
- Optimize production technology
- Support energy-efficient equipment
- Lean production

Emissions performance in 2024

Intensity of Scope 1 and Scope 2 greenhouse gas emissions



Progress

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

93%

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

Purchased products and services

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

Scrapping of sold products

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

Activities related to fuel and energy

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

Others

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

Intensity of Scope 3 greenhouse gas emissions



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

87%

In terms of circular materials, the Company is committed to promoting the recycling of all types of resources and plans to gradually scale up recycling year by year. This is to ensure a high-quality supply of recycled fibers and continuous and stable manufacturing of base paper. The Company has set targets for the proportion of recycled fibers in the total cost, the recovery rate of resources of all categories, etc.

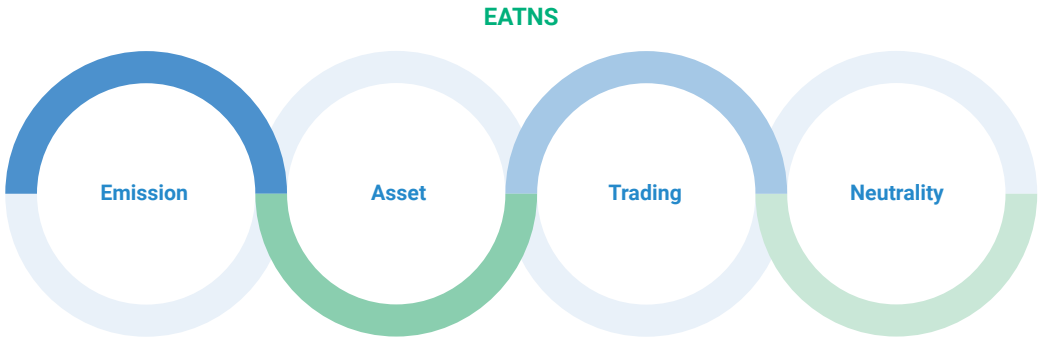
In terms of energy use, the Company has developed a clear roadmap and timeline to achieve emission reduction goals. Each subsidiary's Energy and Environmental Department, based on their own circumstances, formulates the *Energy Targets and Metrics Control Procedures*, clearly defining specific energy efficiency metrics for production and manufacturing and continuously tracking and evaluating their completion.

Steady Operation for Long-term Development: Carbon Management in Response to Climate Change

The "Four-in-One" Carbon Management System

For effective response to climate change and the achievement of science-based carbon targets, a top-down carbon management system serves as a critical pillar for sustainable carbon reduction. Shanying International is committed to building a comprehensive carbon management system. By implementing carbon reduction measures across the board, the Company drives green transformation at all stages. The Company and its four subsidiaries have passed the EATNS Carbon Management System¹ certification and obtained corresponding certificates, becoming the first batch of EATNS certified enterprises in the papermaking industry in China.

Relying on the "Four-in-One" carbon management system and adhering to a goal-oriented principle, the Company clearly defines the scope and boundaries of the carbon management system, and set carbon reduction targets and metrics.



As a leader in the paper making industry, the Company has accumulated abundant experience in carbon management, and is fully aware of the responsibility to share the knowledge and experience in responding to climate change and driving the transition to low-carbon development. As a leading Company in the paper industry, the Company has accumulated rich practical experience in carbon management and feels a strong responsibility to share the knowledge and experience gained in addressing climate change and achieving low-carbon transformation. The *Establishment and Implementation of the EATNS Carbon Management System*, the compilation of which Shanying International participated in, has been officially published as China's first book about the carbon management system. The Company will continue to promote carbon management knowledge and experience, encourage more companies to join the ranks of carbon management, and work together with them to contribute to the creation of a green, low-carbon business ecosystem.



The EATNS Carbon Management System certificates of Shanying International, Zhejiang Shanying, Huazhong Shanying, Huanan Shanying and Guangdong Shanying

¹ The EATNS Carbon Management System is the world's first comprehensive carbon management system standard developed by Shanghai Environment and Energy Exchange in collaboration with Shanghai Academy of Quality Management amid the global carbon neutrality, China's "carbon peaking and carbon neutrality" goals and the kickoff of China's carbon market, as well as the first EATNS at home that comprises four sub-systems respectively for Emission, Asset, Trading and Neutrality.

Seizing the Opportunities Associated with Low-Carbon Development

Fully seizing the opportunities arising from low-carbon development, the Company continues to engage in the carbon market and explore efficient and innovative models of transactions, to build a flexible portfolio for value preservation and appreciation of carbon assets. In the meantime, the Company is committed to the development of “Voluntary Emissions Reduction” projects and carbon finance derivatives such as green medium-term notes, and incorporated them in the positive asset system as part of “Shanying Carbon Asset Panorama”. The Company also actively taps the potential of emerging emissions reduction projects such as Carbon Capture, Utilization and Storage (CCUS) of forestry. Additionally, the Company reviews the internal projects that may comply with Chinese Certified Emission Reduction (CCER) and Verified Carbon Standard (VCS), sets up special funds to support the development and trading of CCER projects, and makes preliminary calculation of potential emissions reduction.

Creating a Low-Carbon Culture

The Company attaches importance to the building and growth of a carbon management talent team, and work to create a low carbon culture with participation by all employees, so as to comprehensively enhance the Company's carbon management capabilities and form a low-carbon corporate ecosystem with humans at the core.

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

Meanwhile, the Company has established a series of environmentally friendly facilities, such as low-carbon printing stations, green energy stations, low-carbon libraries and low-carbon waste paper recycling stations, inside the Company. It also carries out a variety of themed activities on the World Environment Day, National Low Carbon Day and Tree-Planting Day, etc., and organized publicity and education themed green traveling, green office and Vegetarian Month, to help employees develop low-carbon living habits, strengthen low-carbon awareness and fulfill the “carbon peaking and carbon neutrality” responsibility and goal together with the Company.



Huanan Shanying conducts specialized training on carbon emissions.



Suzhou Shanying participates in Wu Zhong District's specialized training on facilitating enterprises' green and low-carbon transformation.



Foshan Dongda and Zhejiang Shanying organize Tree-Planting Day activities.

Empowering Industry Development

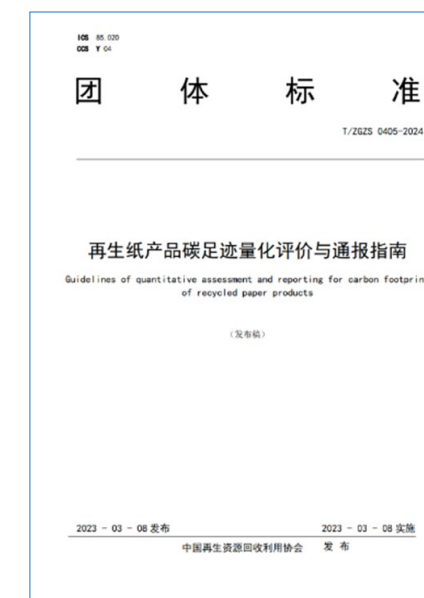
Calculating the carbon footprints of products in a scientific and standardized way is fundamental to an enterprise's management of carbon assets. The Company participates in the compilation of industrial and group standards, while calculating the carbon footprints of the own products, to export the Company's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

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

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

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

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



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

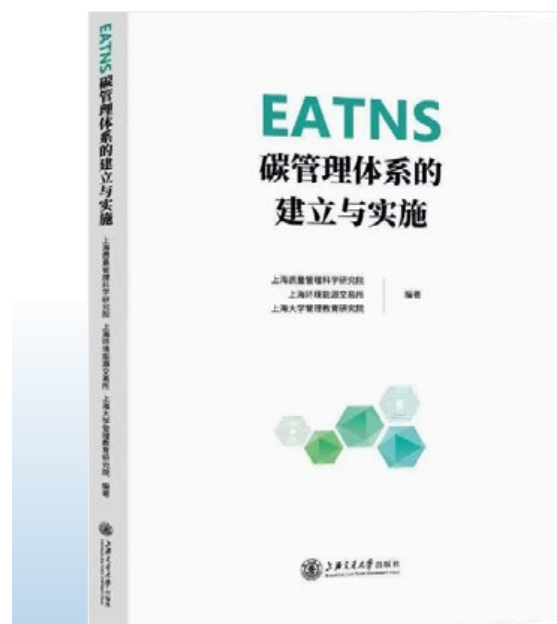
Shanying International Participated in the Compilation of the First Edition of the National Group Standard *General Rules for Carbon Emission Reduction Evaluation and Labeling Application of Recycling Products*

Promoting the development of the circular economy and the recycling of resources can effectively reduce the consumption of production materials and other resources, lower the carbon footprint of products, and thereby achieve resource conservation and a reduction in carbon emissions, contributing to the achievement of carbon peaking and carbon neutrality goals. In December 2024, the group standard *General Rules for Carbon Emission Reduction Evaluation and Labeling Application of Recycling Products*, the compilation of which was led by Shanying International and several research institutions, was disclosed on the national group standard information platform for public opinions solicitation.

The Rules outline the basic requirements for carbon reduction evaluation and labeling application of recycling products, including carbon reduction rate calculation, evaluation process, labeling requirements, and management, based on product carbon footprint accounting methods. It plays a significant role in accurately assessing the carbon reduction effects and promoting the widespread application of recycling products.



An example of the carbon emission reduction evaluation certificate for recycling product



Establishment and Implementation of the EATNS Carbon Management System²



Certificate for the "Excellent Demonstration Case of the
EATNS Carbon Management System"³

² Shanying International has taken active part in the compilation of industrial books. It joined the compilation of the *Establishment and Implementation of the EATNS Carbon Management System*, China's first book about the carbon management system, shared the knowledge and experience in responding to climate change and driving the transition to low-carbon development.

³ Shanying International was granted the certificate of "2022-2023 Excellent Demonstration Case of the EATNS Carbon Management System" by Shanghai Environment and Energy Exchange.

Material Recycling: Integrated Industry Chain Development Promotes Carbon Reduction at the Source

Shanying International possesses a complete industry chain, including the procurement of recycled fiber raw materials, production of base paper, and manufacturing of cardboard and cartons. By establishing three major business divisions, i.e., the Recycling Business Unit, the Papermaking Business Unit and the Packaging Business Unit, the Company fully leverages the advantages of an integrated industry chain, with the upstream covering both domestic and international recycled fiber procurement networks, and the downstream, represented by packaging factories located both domestically and abroad, directly serving downstream customers in sectors such as telecommunications, electronics, food, home appliances and e-commerce logistics. The waste generated by downstream customers re-enters the Company's recycled fiber procurement system, forming a closed-loop within the entire industry chain.

Papermaking Business

China's *Action Plan for Peaking Carbon Emissions by 2030* calls for "vigorous efforts to develop the circular economy, comprehensively improve the efficiency of resources utilization, and promote the synergy between cutting resources consumption and reducing carbon emissions". The paper-making industry has the typical attributes of the circular economy, with all the raw materials used (including waste paper and virgin plant fibers) renewable. Shanying International's papermaking business builds an environmentally friendly raw material supply system through the efficient use of recycled waste paper, investments in plant fiber production lines, and the layout of overseas recycled pulp production capacity.

The recycling⁴ of waste paper, compared to the “forest in cities”, can help reduce tree felling and greenhouse gas emissions. Currently, China is experiencing an increasing volume of recycled waste paper, with waste paper recycling and utilization rates both exceeding 50%, which demonstrates that a low-carbon circular economy centering on recycling and reuse in the paper industry has become an industry trend.

Shanying International is committed to “urban papermaking”, with the recovery and comprehensive utilization¹ of waste paper at the core and the raw materials for the Company’s base paper production mainly derived from recycled fibers. This initiative aims to satisfy industrial demand while reducing the compensation of natural resources and lowering carbon emissions at the source.

As shown in the results of the cooperative research by Shanying International and China Resource Recycling Association⁵:

- For 1 ton of corrugated paper recycled, about **1 ton** of CO₂ emissions will be generated.
- Reducing CO₂ emissions by **1.58 tons** when compared with 1 ton of corrugated paper processed with original pulp.
- Over **97%** raw materials of the Company are derived from recycled fibers (only in important papermaking subsidiaries).
- More than **8 million tons** of recycled fibers are recovered every year, equivalent to avoiding CO₂ emissions of about **12.64 million tons**.

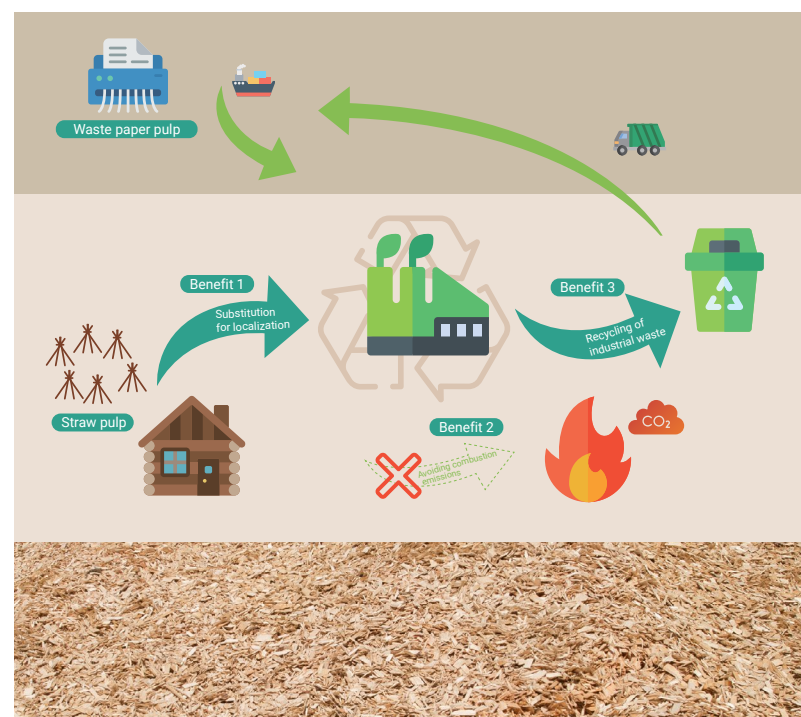
⁴ "Recycling" here refers to the process of collecting and reorganizing the paper products that have been consumed and discarded to replace new paper products, components or materials and fulfill their functions. "Comprehensive utilization" means the process and results of introducing such materials as recycled fibers to the practical production of new paper through preparation for reuse, recycling and other recovery means. "Regeneration" refers to the performance and process where paper products are collected and reused or recycled at the end of their service life. In the following text associated with waste paper, these terms shall have the same meaning.

⁵ This refers to the research results on the carbon reduction contribution model for corrugated paper recycled, as outlined in the *Guidelines of Quantitative Assessment and Reporting for Carbon Footprint of Recycled Paper Products* and in the *Research on Carbon Emission Reduction Accounting Method for Waste Paper Recycling Industry* in which Shanying International engaged, led by China Resource Recycling Association.

Besides recycling waste paper, fully using non-wood pulp materials can help protect forest resources and reduce greenhouse gas emissions as well. Straws are important renewable agricultural by-products. Straw-based pulping can not only reduce the use of wood pulp and waste paper pulp, but also improve the utilization of straw materials and promote agricultural transition to low-carbon development. For the comprehensive utilization of 1 ton of straws, about 1.64 tons of CO₂ emissions from the combustion of straws will be avoided⁶. Moreover, the waste liquid and organic solid waste generated from the pulping process can also be recycled into other products with high added values, minimizing the environmental footprints of the whole process.

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

In its 100,000-ton straw pulp project, Jilin Shanying leverages advanced and efficient clean pulping technique, uses local straws to produce high-yield straw pulp to replace imported recycled fiber. The project can further stabilize raw material supply, effectively change the high environmental pollution in the Northeast China due to burning and discarding of straws, and increase local farmers' income while improving climate and ecological environment and promoting in-depth integration of agriculture and industry, achieving multiple benefits in economy and society.



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

Packaging Business

The packaging business also focuses on the sourcing of raw materials, with renewable materials such as bamboo pulp and sugarcane pulp used to reduce greenhouse gas emissions from the source. The Company actively promotes the "Replacing Plastics with Paper" strategy, expanding its industrial pulp molded paper business while investing in the construction of Yibin Xiangtai Food Paper Molding Factory in Yibin City, Sichuan Province. This factory makes full use of local bamboo pulp and sugarcane pulp resources, as well as clean energy such as hydropower, upholds the strict requirements of the food packaging industry, and has become the Company's first food-related pulp molded paper production base, with an annual capacity of 20,000 tons. The "Replacing Plastics with Paper" initiative not only meets the market demand for eco-friendly packaging but also drives the green transformation of the local economy.

⁶ Relevant parameters are from IPCC 2006 and *Provincial-Level Greenhouse Gas List Compilation Guide* (2011), etc.

Recycling Business

The quality and efficiency improvement in the recycling process of renewable resources is also an important way for the green and low-carbon development of the paper industry. Building a new-type renewable resource recovery system with green sorting centers at the core can effectively improve the efficiency of resources recycling, reduce the pollution and emissions generated in the recycling process, while better meeting the growing demand for recycling renewable resource sources amid the trend of circular economy.

Based on the industrial ecosystem of renewable resource recovery, Shanying International works to build a globalized recycling network with the planning, construction and operation of domestic green sorting centers at the core, to help customers and partners improve the efficiency of renewable resource recovery and create a low-carbon recycling system throughout "recycled resources – production – consumption – resource recycling".

Front-end diversified solutions

Including the deployment of sorting cabinets and kiosks in communities, on-demand pickup services for enterprises and in industrial parks, and customized recycling services for governments and enterprises.

Mid-end recycling network

Including digital logistics, logistics scheduling platforms, and reverse logistics.

Back-end green sorting centers

Achieving recycling of renewable resources of all categories through construction and digital operation standardization.

To orderly promote the recycling of recycled fibers, the Company has established the Recycling Business Unit to integrate professional team resources and conduct refined channel network analysis. Through franchise stations and alliance stations, the Company has built longer-term and more stable supply relationships with packing stations. At the same time, the Company actively extends upstream in the supply chain through self-building, joint ventures, and partnerships, further reducing the circulation steps of raw material supply and increasing the proportion of self-operated business.

The Company is building urban recycling big data platforms and full-category green sorting centers in multiple cities across China, dedicated to the recycling and utilization of renewable resources of all categories. By planning and deploying full-category green sorting centers in cities, and leveraging the modern Internet of Vehicles, intelligent IoT, and big data technologies, the Company has built an efficient recycling system where waste is collected at the source, sorted and treated till finally reused at the end. This system aims to improve urban comprehensive environmental governance capabilities and promote the development of the circular economy.

The joint venture company Zhejiang Shanwei was established by Shanying International in collaboration with Veolia, a global leader in resource optimization management. Zhejiang Shanwei combines three core concepts - "carbon neutrality, full-category recycling, and refined sorting" - to provide sufficient waste paper resources for the Company's domestic factories and to supply Veolia with recyclable waste plastic resources that meet green quality standards. In addition, Zhejiang Shanwei provides green and safe full-category recyclable resource sorting services to local governments, contributing to the construction of waste-free cities and the achievement of the "Carbon Peaking and Carbon Neutrality" goals of China.

In 2024, Zhejiang Shanwei concluded a provincial recycling system construction cooperation agreement with the Fujian Provincial Government and launched the construction of multiple sorting centers in several other cities. This marks a significant step in the Company's expansion of its upstream recycling network using internationally advanced recycling concepts.

As of the end of the reporting period, the Company has invested in and built two full-category green sorting centers, with more centers under construction and expansion.

Efficiency Improvement for Empowerment: Energy Use Optimization Driving Green Transformation

The Company establishes and improves the energy management system with clear energy policies. Through the promotion of energy clean transformation and energy efficiency improvement, it strongly supports the low-carbon transformation of green manufacturing and seize new opportunities for long-term sustainable development while meeting the national emission control requirements.

Following the energy policy of “full-coverage standardized management, clean production to save energy and improve efficiency, and continuous improvement in pursuit of excellence”, the Company strengthens and standardizes energy management across its subsidiaries, and continuously improves energy management levels.

Full-coverage Standardized Management

Standardized energy management is fundamental for an enterprise to reduce energy consumption and improve energy efficiency. To this end, the Company establishes and improves the energy management system and organizes energy measurement, energy balance tests and energy management training to enhance overall operational efficiency and promote green and low-carbon development.

Main Measures for Standardized Energy Management

Establishing and improving the energy management system

- The Company has formulated the *Energy Management Regulations*, which clearly defines responsibilities, energy policies, inspection procedures, management reviews, and the supervision and implementation of the Policy, thereby standardizing activities across the process of energy management. Each subsidiary develops energy management policies tailored to its specific circumstances in accordance with the *Energy Management Regulations*, ensuring the effective implementation of all regulations.

Standardizing energy measurement

- The Company requires each subsidiary to prepare an energy measurement network diagram and standardize the allocation of energy measurement instruments. Subsidiaries are required to develop and implement a regular verification plan for energy measurement instruments, ensuring the accuracy of measurement results through periodic calibration and verification. All records of the verification process are maintained for future reference and review.

Conducting energy balance tests

- The Company has designated the Energy and Environmental Department of each subsidiary to be responsible for energy balance testing, covering various types of energy such as steam, water, and electricity. This allows for a full understanding of the input, output, conversion and loss of energy in the production process, implementation of well-targeted energy conservation measures, and improvement of energy efficiency and reduction of energy cost.

Conducting energy reviews

- The Company has designated the Human Resources Department of each subsidiary to be responsible for the professional skills training of energy management and technical personnel, as well as the education and training on energy use and energy conservation for all employees. This aims to enhance the energy management awareness and skill levels of all staff members.



Anhui Shanying conducts a special seminar on energy conservation and consumption reduction.

Clean Production to Save Energy and Improve Efficiency

The Company actively implements the clean transformation of energy, focusing on the development of photovoltaic power generation and biomass power generation, with substantial investment in infrastructure construction and project deployment. It systematically introduces cleaner, more sustainable energy sources and actively purchases green electricity and green certificates. The goal is to gradually reduce dependence on traditional fossil fuels, promote green and low-carbon development, and ultimately achieve carbon neutrality in production operations.

Main Measures for Energy Clean Transformation in 2024

Self-build power generation

The Company has invested in the construction and development of photovoltaic facilities either through self-investment or in collaboration with third parties. During the reporting period, 25 subsidiaries, including Huazhong Shanying, Aituo Environmental Energy, Hefei Xiangheng, Zhongshan Zhongjian, and Jiangsu Jiurun, have carried out photovoltaic construction. By the end of the reporting period, the Company's installed capacity of PV power generation totaled about 116.45 MW, with the annual power generation reaching 87,027.42 MWh, including self-consumption of photovoltaic power of 64,534.03 MWh, equivalent to avoiding 34,628.96 tons of CO₂ emissions⁷.

In addition, during the reporting period, Zhejiang Shanying, Hefei Xiangheng, and Suzhou Shanying purchased green certificates for 17,050 MWh, and Zhuhai Senyang purchased green electricity for 6,100 MWh, further increasing the Company's ratio of green energy use and supporting the achievement of its carbon neutrality goals.

Use of renewable steam

The Company actively uses renewable steam, such as biomass steam. During the reporting period, subsidiaries including Anhui Shanying and Huazhong Shanying used over 916,800 tons of biomass steam. Putian Xiangheng upgraded its coal-fired boilers to biomass boilers, which is expected to reduce CO₂ emissions by about 8,170 tons per year.

Year	Renewable Steam Used (10,000 tons)
2021	61.65
2022	60.14
2023	84.92
2024	91.68

Self-build biomass power generation

The Company actively carries out self-build biomass power generation projects and focuses on the carbon reduction benefits of other clean energy sources. In addition to biomass power generation, the Company has implemented several energy-saving and emission reduction measures, including steam boilers renovation and diesel-to-electric conversion for forklift trucks, fully promoting the clean transformation of energy.

Self-build biomass power generation

Applied agricultural and forestry waste such as straw to power generation and combined heat and power co-generation, and achieved lower coal consumption for power generation and heating than centralized heating boilers

- Jilin Shanying** efficiently generated electricity with corn straw residue, sawdust and waste paper pulp as raw materials, and used the ash produced from straw biomass power generation for agricultural production, generating steam of about 189,000 tons and power of about 2.646 million kWh, and reducing CO₂ emissions by about 100,000 tons per year.

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

- Anhui Shanying** commenced the slap pulp, light pulp and sludge power generation instead of coal projects. During the reporting period, power generation through comprehensive use of resources totaled 206.99 million kWh, and power generation with marsh gas totaled 67.16 million kWh, equivalent to avoiding CO₂ emissions by about 147,100 tons.

⁷ The avoided emissions are calculated using the 2022 national average CO₂ emission factor for electricity published by the Ministry of Ecology and Environment in 2024, and this applies to all similar calculations.

- **Huazhong Shanying** started the projects for comprehensive utilization of solid waste such as waste plastics, non-polyester net and sludge, and recycled heat from solid waste for heating and power generation. Committed to low-carbon combustion without coal, it achieved a coal blending rate lower than 5.8% of the total furnace mass, equivalent to avoiding CO₂ emissions by about 218,000 tons. During the reporting period, it continued to develop high-heat fuels and resources as substitutes to crude coal and upgraded the solid waste ignition system, further improving power generation efficiency.
- **Aituo Environmental Energy** carried out solid waste power generation projects with papermaking waste, papermaking sludge, municipal sludge, printing and dyeing sludge and waste fabrics as raw materials, achieving an annual power generation of approximately 300 million kilowatt-hours and generating steam of about 1.45 million tons, equivalent to avoiding CO₂ emissions by about 587,600 tons.
- **Guangdong Shanying** promoted the construction of the biogas-powered internal combustion engine unit, which utilizes biogas, the byproducts of anaerobic fermentation from the sewage treatment section, for heating and power generation. The biogas power generation totaled 30.826 million kWh during the reporting period, equivalent to avoiding CO₂ emissions by 16,500 tons.

In addition to the clean transformation of energy, the Company continuously improves energy efficiency during the production process, and drive the synergy among energy conservation, pollution reduction and carbon reduction by integrating and refining energy, resources and emission management systems. In 2024, the Company carried out a series of carbon reduction technological renovation projects, and boosted efficiency improvement of operational systems by upgrading equipment and facilities, recycling residual heat and energy, optimizing production technology, etc.

In addition, the Company strengthens lean production and the implementation of improvement measures, to continuously stimulate the vigor in energy conservation and carbon reduction. As of the end of the reporting period, 8 entities, including the Company and the subsidiaries, were listed among “National-Level Green Factory”.

Main Measures for Energy Efficiency Optimization and Improvement in 2024

Upgrade equipment and facilities

- **Zhejiang Shanying** carried out projects such as flue optimization, boiler efficiency improvement, and air preheater renovation, avoiding CO₂ emissions of about 43,200 tons per year.
- **Huazhong Shanying** implemented projects including the chiller efficiency improvement, steam pipeline network optimization, and boiler renovation, saving 12 tons of diesel, 532 tons of raw coal, 54,621 tons of steam, and 5.9318 million kWh of electricity per year, equivalent to avoiding CO₂ emissions of about 20,700 tons.
- **Wuhan Xiangheng** upgraded equipment temperature control systems and retrofitted flue gas recovery systems, effectively reducing steam consumption. A condensate water heating project was also launched, expected to save about 100,000 kWh of electricity per year, equivalent to avoiding CO₂ emissions of about 53.66 tons.
- **Putian Xiangheng** installed automatic control valves on air compressors to automatically shut off compressed air when equipment is idle, effectively reducing compressed air waste and component aging and damage. This measure is expected to save about 50,000 kWh of electricity per year, equivalent to avoiding CO₂ emissions of about 26.83 tons.
- **Zhongshan Zhongjian** replaced high-energy-consuming lamps in offices with energy-saving LED lamps.
- **Qingdao Hengguangtai** and Yantai Hengguangtai prohibited the use of 500W incandescent lamps in workshop areas, gradually replacing them with efficient energy-saving lighting.

Recycle residual heat and energy

- **Guangdong Shanying** constructed hot water lithium bromide absorptive chiller sets. At the lithium bromide absorptive refrigeration station, the heat is mainly from the residual heat of the marsh gas generating sets, and supplemented by the heat of the water recovered from the paper-making production line. The project saves about 18.45 million kWh of energy per year, equivalent to avoiding CO₂ emissions of about 9,900 tons.
- **Anhui Shanying** implemented a boiler waste heat recycling project, recovering 6 tons of steam per hour and saving 48,960 tons of steam per year, equivalent to avoiding CO₂ emissions of about 14,400 tons.
- **Huanan Shanying** carried out vacuum system technological renovations and waste heat recycling projects, saving 4.8 million kWh of electricity and recycling 8,500 tons of steam per year, equivalent to avoiding CO₂ emissions of about 5,100 tons.

Optimize production technologies

- **Guangdong Shanying** implemented energy-saving modifications to pulping coarse screen rotors, reducing actual electricity use from 295 kWh per hour to 183 kWh per hour. Additionally, by upgrading the combined pulp sludge reuse system and implementing modifications to pulp sludge disk mills, the company increased sludge utilization, with an average reuse of 17.7 air-dried tons of fine-screen tailings per day, thereby reducing pulping energy consumption.
- **Anhui Shanying** carried out a cyclone technology renovation, saving steam of about 5 tons per hour and about 43,200 tons per year, equivalent to avoiding CO₂ emissions of about 12,700 tons.
- **Huanan Shanying** built a coating machine project, expected to save a total of 2,852 tons of standard coal per year in electricity and steam. Additionally, the sizing system was modified to use a membrane transfer sizing machine, saving 15,000 tons of steam per year, equivalent to avoiding CO₂ emissions of about 13,600 tons.

Perform lean production management

- **Guangdong Shanying** implemented lean projects such as paper machine break detection optimization, reduction of paper machine adhesive materials, forming net optimization, and overall equipment efficiency improvement, significantly enhancing operational efficiency and reducing energy consumption. Also, it implemented a steam-saving and efficiency-enhancing lean project for the paper machine ventilation system, reducing steam consumption by about 0.04 tons per ton of paper.
- **Jilin Shanying** optimized the process of straw pulping preparation, decommissioning 6 high-energy-consuming machines, saving about 18.03 million kWh of electricity per year, equivalent to avoiding CO₂ emissions of about 9,700 tons.
- **Chongqing Xiangheng** re-zoned lighting based on natural light intensity and production activities, significantly reducing lighting energy consumption.

Continuous Improvement in Pursuit of Excellence

The Company requires every subsidiary to carry out energy management planning and review all activities that impact energy performance during the production and operation processes of each unit, ensuring alignment of all energy management plans with energy policies and continuous improvement in energy performance.

The Company mandates that every subsidiary conduct internal audits regularly, at least once a year, to ensure that the energy management system complies with GB/T 23331 (ISO 50001) and meet its energy management targets and metrics. This ensures the continued effective operation of the energy management system and promotes continuous improvement in energy performance.

Each subsidiary has developed the *Internal Audit Control Procedure* to standardize the entire process of internal audits. Additionally, they have established a *Non-Conformity, Correction, Corrective Action and Preventive Action Control Procedure* to define the identification, handling and implementation processes for non-conformities. Furthermore, every subsidiary is actively building a team of internal auditors with professional capabilities to meet the requirements for internal audits of the energy management system. Through continuous training and practice, they enhance their auditing skills to ensure the quality and effectiveness of the audit process.

Green Life Cycle of Paper: Green Products Advancing Toward Full Lifecycle Carbon Neutrality

Building Sustainable Green Products

Achieving carbon reduction throughout the entire life cycle of products and services is not only the solemn commitment and goal of Shanying International, but also an important approach for the Company to realize net-zero carbon emissions for the whole value chain. Upholding the concept of green development, the Company continuously carries out R&D innovation and lean management, tapping the potential of carbon reduction across the life cycle from product design, production and transport to use, recovery and disposal, advancing green transformation.

The Company actively selects renewable raw materials such as sugarcane pulp and bamboo pulp, vigorously expands the application of new-type bio-based materials, and improves the efficiency of resource utilization, to reduce emissions of greenhouse gas at the product end and drive the low-carbon transition of the society. Meanwhile, the Company taps the value of recycled waste paper by converting it into high-quality packaging products, to achieve “cradle-to-cradle” circulation, maximize the use of resources, and demonstrate its firm commitment and unrelenting efforts in the journey to circular economy and sustainable development.

During the reporting period, various subsidiaries of the Company attained FSC 100%, FSC MIX and FSC RECYCLED certifications⁸, to boost green competitiveness and drive the sustainability of the industry.

FSC Certifications of Subsidiaries in 2024

Certification name	Subsidiaries obtaining certification
FSC	Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Guangdong Shanying, Huazhong Shanying
FSC 100%	Yangzhou Xiangheng, Jiangsu Jiurun, Suzhou Xinghua
FSC MIX	Zhejiang Xiangheng, Zhongshan Xiangheng, Yangzhou Xiangheng, Changzhou Xiangheng, Putian Xiangheng, Xiamen Xiangheng, Chongqing Xiangheng, Luzhou Yishenghong, Jiangsu Jiurun, Suzhou Xinghua, Zhongshan Zhongjian, Suzhou Shanying
FSC RECYCLED	Zhejiang Xiangheng, Zhongshan Xiangheng, Yangzhou Xiangheng, Changzhou Xiangheng, Putian Xiangheng, Xiamen Xiangheng, Chongqing Xiangheng, Hangzhou Xiangheng, Luzhou Yishenghong, Jiangsu Jiurun, Suzhou Xinghua, Zhongshan Zhongjian, Zhuhai Senyang, Suzhou Shanying

⁸ FSC forest management certification includes three types: FSC 100%, FSC MIX and FSC RECYCLED. FSC 100% certified companies mean the materials they use are 100% FSC certified; FSC MIX certified companies mean the materials they use contain FSC certified materials; FSC RECYCLED certified companies mean the materials they use are recyclable.

Adhering to “Replacing Plastics with Paper” and Leading the New Trend of Eco-friendly Packaging through Food Paper Molding Products

The Company has launched a 20,000-ton food paper molding production line in Yibin, Sichuan. Food paper molding products are made from renewable resources such as sugarcane pulp and bamboo pulp, using a wet pressing process. The production process is free of bleaching, dyeing, or chemical additives to ensure that the products are 100% recyclable. This not only highlights the environmental characteristics of the products but also marks an important step by Shanying International in promoting environmentally friendly packaging in the food packaging sector.

Additionally, in market circulation and use, food paper molding products need no special treatment such as sorting or dismantling before recycled and reused, enabling effective management of products throughout life cycles and creating environmental benefits.



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

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

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

Zhongyin Technology: Providing One-Stop Low-Carbon Sustainability Solutions Covering Packaging to Products

Zhongyin Technology, a subsidiary of Shanying International, is dedicated to the development and application of new low-carbon materials and technologies. Its products are made from recyclable raw materials, and can be recycled at the end, achieving the entire life-cycle carbon reduction. Centered on carbon reduction and following the “4R1D” principle (reduce, reuse, recycle, recover, degradable) and the “long-life design” way of thinking, the Company uses low-carbon base materials in R&D to reduce environmental impacts throughout the life cycle of products. Additionally, the Company sets up professional teams, establishes state-level laboratories, and collaborates with research institutes and universities on the development of low-carbon materials.

Low-carbon design

Low-carbon materials: Use recyclable materials such as natural bamboo and plant fibers as gift box built-in materials and high-gloss and oil-resistant coatings to replace lamination, thus enabling 100% recyclable and 100% degradable inside packaging and contributing to carbon reduction at the end of the product life cycle. The selected printing ink is qualified for RoHS and Reach chemical quality safety standards.

Low-carbon process: Replace the traditional white-ink print with the zero-ink and zero-water consumption print technology, presenting multiple benefits in carbon reduction such as low power consumption, zero water consumption and 100% recycle

Green certification: The Company tries to make carbon footprint data available for every material in its low-carbon material library. As of the end of the reporting period, Zhongyin Technology obtained 9 patents, with 7 product series awarded *green product certificates*.

Sustainable products

Targeting enterprises: The Company customizes sustainable packaging products and cultural peripheral products for enterprises, to help them forge green images.



Targeting individual consumers: The Company develops products such as the briefcase, business bag and cosmetic bag with materials including environment-friendly Kraft paper, high-strength specialty paper, ecological DuPont paper, paper vine and paper weaving, combined with environment-friendly PU and TPU, which not only improves product use and maintenance performance, but also make products recyclable, degradable and safe across life cycles.



Eco-friendly
Woven Bag

DuPont Paper
Backpack

Washable Kraft Paper
Folder

Dynasty-themed
Notebook

Seasonal
Aromatherapy Set

The Company collaborates with domestically authoritative agencies on the accounting of product carbon footprints. Product carbon footprint assessment helps us fully master the carbon footprints of various products and make clear the direction for developing greener products. The Company has completed the development of the “Shanying International Paper Product Carbon Footprint Assessment Model”, enabling it to independently conduct product carbon footprint accounting and, as needed, carry out product carbon footprint verification and certification. This allows the Company to obtain relevant assessment reports, product carbon footprint certificates and product carbon footprint labels.

The Company optimizes multiple aspects, including raw material selection, energy consumption, and environmental impact, to meet the high national standards for green design products. By the end of the reporting period, 11 of the Company's packaging paper or paperboard products were listed into the state-level green design products in batches.



The Product Carbon Footprint Certificate and Label for “H” High-strength Corrugating Paper

Value Chain Collaboration to Reduce Product Carbon Footprint

The Company maintains deep two-way communication with customers, to actively learn about their demands for collaboration on carbon reduction across the value chain. Through close cooperation with customers, the Company is better able to participate in the customer's value chain, from raw material procurement, production manufacturing, to product use and recycling throughout the entire life cycle, jointly exploring effective pathways to reduce carbon emissions.

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

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

Carrying out supplier strategic alliance collaboration

Carrying out supplier strategic alliance collaboration Since 2020, the Company's subsidiaries Wuhan Xiangheng and Putian Xiangheng have entered into a Supplier Strategic Alliance (SSA) with Budweiser. By building a platform for supply chain carbon management, organizing training and taking some other moves, both sides share advanced technology, resources and experience to empower the whole value chain and build a green ecosystem together.

Creating the model for the carbon footprints of packaging materials

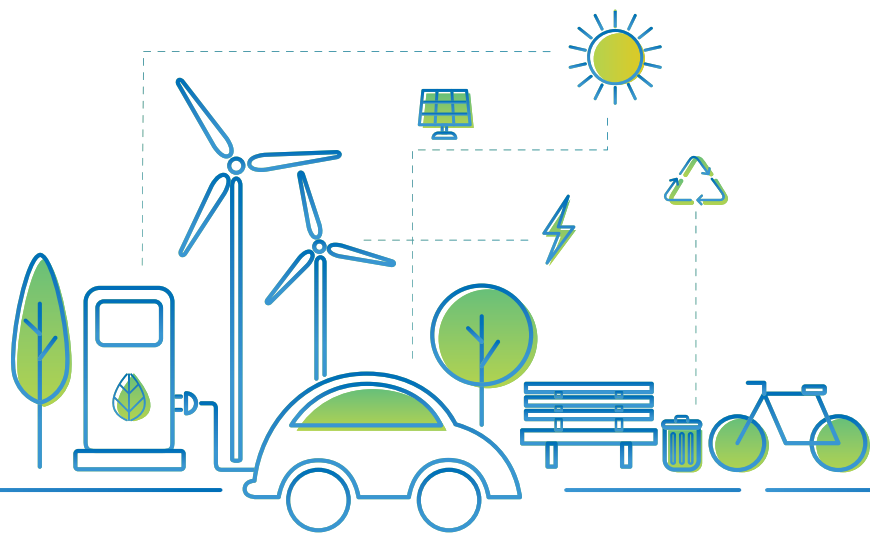
Established between Budweiser APAC and Carbonebook, the platform for supply chain carbon management lays a foundation for the model for the carbon footprints of packaging materials in terms of the accounting of greenhouse gas emissions, onsite tutoring, formulation of the list of greenhouse gas emissions,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

Exploring the model of collaboration on carbon reduction across life cycles

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

02

Sustainable Development **Practice**



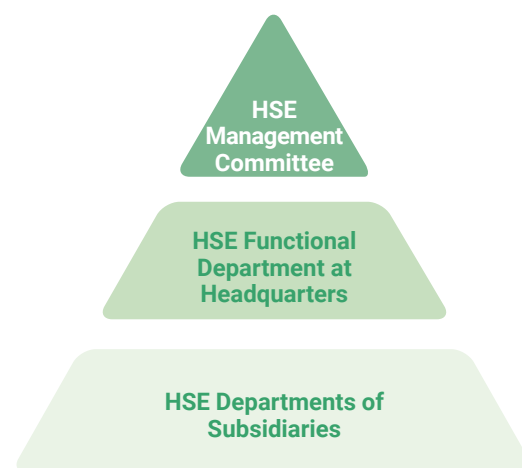
Environmental Responsibility

Environmental Compliance Management*

Governance

The Health, Safety and Environment (HSE) Management Committee has been established with the Company President as the Director, and with members of the headquarters management team and heads of headquarters centers and business units as the committee members. The Committee is responsible for guiding, supervising and urging environmental management of the group including resource management and emissions and waste management. A HSE functional department has also been established at the headquarters, which is responsible for coordinating and managing the implementation of the environmental management system in the subsidiaries.

Environmental Compliance Management Governance Structure



The Company strictly complies with laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *National Environmental Policy Act*, along with other domestic and international laws and relevant regulations. It has developed policies such as the *HSE Management Measures*, *Environmental Protection Management Regulations*, and *Technical Standards and Working Requirements for Environmental Protection*, establishing an environmental management system that spans from the Company's headquarters to all levels of subsidiaries. The Company makes adequate and reasonable use of various resources, ensuring the stable operation of environmental facilities, pollution control and elimination, and compliance with applicable laws, regulations and rules in the discharge of pollutants. Both the Company and its subsidiaries have obtained ISO 14001 Environmental Management System certification and successfully passed reviews during the reporting period.

Environmental Management System Certification (valid during the reporting period)



ISO 14001 Environmental management system certification

Coverage

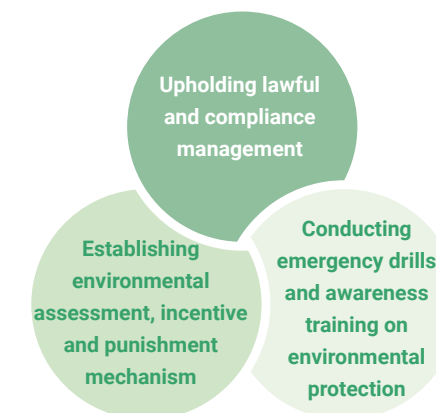
Papermaking: 5 subsidiaries and production bases including Anhui Shanying, Zhejiang Shanying, Huazhong Shanying, Huanan Shanying and Guangdong Shanying

Packaging: 26 subsidiaries including Hefei Xiangheng, Jiashan Xiangheng, Hangzhou Xiangheng, Vietnam Zhongjian, and Luzhou Yishenghong

Strategy

Shanying International adheres to the idea of "Ecological Shanying, Centennial Foundation" and the environmental protection policy of "regulation compliance, pollution prevention and control, energy conservation and harmonious development", and continuously improves its environmental management capabilities by upholding lawful and compliance management, establishing environmental assessment, incentive and punishment mechanism, and conducting emergency drills and awareness training on environmental protection.

Strategic Actions for Environmental Compliance Management



Impact, Risk and Opportunity Management

> Upholding lawful and compliance management

The Company strictly complies with the national "three simultaneities" environmental management system, which requires that pollution prevention and control facilities must be designed, built and commissioned simultaneously with the main project. Before starting a construction project, the Company conducts environmental impact assessment and obtains approval from the environmental authority; during project construction, all work is done according to the environmental impact assessment to minimize the impact on the surroundings; upon completion of the construction, the Company implements environmental inspection and acceptance to ensure compliance discharge.

During the reporting period, eight subsidiaries of the Company, including Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Guangdong Shanying, Jilin Shanying, Aituo Environmental Energy and Putian Xiangheng, were included in the list of key pollutant discharging units. The key pollutant discharging units carried out proactive online monitoring of pollutants and disclosed in detail pollutant discharge information in annual reports in accordance with the *Measures of National Key Monitoring Enterprises for Self-monitoring and Information Disclosure (Trial)*, the *Measures for Legal Disclosure of Enterprise Environmental Information* and other related regulations. During the reporting period, the Company invested CNY 284.61 million in environmental protection for the operation and maintenance of environmental facilities to ensure that pollutants are discharged in compliance with standards. Additionally, the Company paid environmental protection-related taxes and fees totaling CNY 3.03 million, fulfilling its environmental protection responsibilities.

During the reporting period, Wuhan Xiangheng was included in the list of key enterprises for clean production audits in Hubei Province for the year 2024. It actively responded to policy requirements, initiated the clean production review project, and continuously improved energy consumption and efficiency management through internal ongoing improvements.

> Establishing environmental assessment, incentive and punishment mechanism

The Company requires all subsidiaries to establish their environmental management regulations and objectives pursuant to relevant requirements of the places where they operate and the industry requirements, and to incorporate the environmental management objectives into their annual management objectives, advancing effective environmental management through assessment, incentives and punishments. All subsidiaries establish environmental assessment, incentive and punishment mechanisms, treat environmental incidents as a deduction item in assessments, and incorporate them into annual assessment, to continuously enhance their environmental performance.

- Huanan Shanying reinforced management by objectives and responsibilities, developed annual assessment criteria for all machines based on the actual production operation of each machine in 2023, covering metrics such as auxiliary material costs, energy consumption, and water usage. The assessment and incentives were carried out on a per-machine basis, effectively reducing environmental impacts while lowering costs.
- Jilin Shanying established the *Management Regulations for Environmental Rewards and Punishments*, which specifies honors and rewards to departments and individuals that conscientiously implement the environmental regulations and make outstanding contributions to energy conservation and emission reduction, as well as deduction of points, fines and corresponding management measures for departments and individuals that fail to implement the environmental regulations and those involved in excessive emissions.

➤ **Conducting emergency drills and awareness training on environmental protection**

All subsidiaries prepare emergency plans for environmental emergencies, update the plans once every three years and file the plans with the environmental authority, and regularly carry out emergency drills according to legal requirements, improving employees’ ability to handle environmental emergencies. Subsidiaries also organize regular environmental protection-themed training to further enhance employees’ environmental awareness, theoretical knowledge, and practical skills.

- Guangdong Shanying organized 3 environmental protection and emergency response training sessions, covering topics such as the disposal methods for solid and liquid chemical spills.
- Huanan Shanying carried out 10 emergency response drills focusing on potential environmental risks, such as diesel, liquid alkali and waste engine oil leaks.
- Suzhou Shanying held a World Environment Day publicity event on June 5, offering environmental protection training for all frontline workers, enhancing their ability to minimize environmental impact during production operations.
- Changzhou Xiangheng organized 4 environmental protection training sessions, covering topics such as wastewater, waste gas, and waste disposal. The training was focused on hands-on operations and covered all employees of the company, enhancing their environmental awareness and operational skills.

■ **Metrics and Targets**

The Company sets “zero accidents, zero complaints” as its environmental protection management goals, strictly implementing environmental protection responsibilities and continuously optimizing pollution control measures. During the reporting period, the Company’s pollution control facilities operated stably, and no beyond-standard discharges occurred. At the same time, the Company strictly complied with relevant environmental protection laws and regulations, and no material environmental pollution incidents occurred.

Resource Management

■ **Water Resource Use**

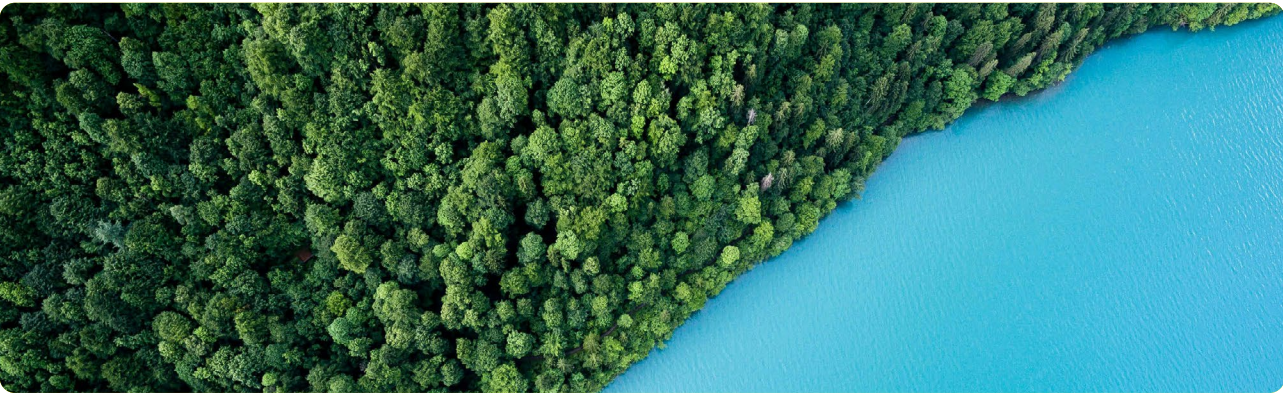
The Company strictly abides by the *Water Law of the People’s Republic of China*, the *Regulations on the Administration of Water Intaking Licenses and Water Resources Fee Collection*, and other relevant laws and regulations. For the use of surface water, the Company has acquired the water drawing permit according to the regulations, paid the water resources fee timely, and has not caused any significant environmental impact during water withdrawal activities.

The Company is committed to water protection and conservation and scientific and reasonable use of water. The Company’s subsidiaries continue to reinforce their water conservation management by establishing performance targets for water use based on their own conditions and regularly implementing appraisal management.

Water Saving Management Regulations (Partial)

- Zhejiang Shanying implements the *Water Management Regulations* and develops a special water usage assessment plan, specifying target values and assessment details for clean water consumption, firefighting water consumption, and wastewater discharge. Through regular monitoring and data analysis, the water use process is optimized to reduce water resource waste.
- Huazhong Shanying formulates the *Water Saving Management Regulations* and the *Water Quota Management Regulations*, establishes water saving target-oriented responsibility system and appraisal system, and sets up a water conservation leading group to implement the water saving target plan, organize water consumption meetings regularly, and timely feedback and solve the problems found.
- Guangdong Shanying formulates and implements the *Water Saving Management Regulations and Key Water Consumption Point Management Measures* and the *Water Conservation Reward and Punishment Regulations*, clearly defining the water conservation responsibilities of the production department and managing water conservation in a detailed manner from several aspects, such as the formulation of water conservation plans, water consumption data statistics, and the setting of water quotas. Key water consumption points are further monitored and optimized, while a reward and punishment mechanism is adopted to encourage employees’ participation in water conservation efforts.

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



Water Conservation Measures and Highlights in 2024

Water balance testing

The subsidiaries conducted water balance testing to comprehensively understand the inflow, outflow, consumption, recycling and loss of water resources, effectively identify areas of waste, and optimize the water consumption structure to achieve water saving and emission reduction, and improve the efficiency of water resources utilization.

- Huanan Shanying carried out water balance testing according to the requirements of the *Water Saving Management Regulations of Fujian Province*, and set water consumption targets for each machine according to actual conditions, to realize scientific and reasonable use of water.

Technology, process and equipment optimization

- The subsidiaries continued to increase the utilization efficiency of water resources by technology, process and equipment optimization.
- Huazhong Shanying reduced unit water consumption by 0.22 tons through multi-disc white-water fiber recovery machine, the connection and complementation of PM21 and PM22 white-water towers, and water consumption reduction.

Rainwater and wastewater recycling

The subsidiaries recycled rainwater and wastewater for different purposes according to the corresponding processing requirements, such as landscaping, washing and production. All papermaking machines were provided with advanced wastewater recovery systems, realizing tiered recycling of white water and a recycling rate of more than 95%.

- Zhejiang Shanying upgraded the water reuse process at its wastewater treatment plant, increasing the daily volume of water reused from 2,000 tons to over 10,000 tons. This improvement ensured that the water consumption of the PM16 and PM17 production lines reached industry-leading levels.
- Zhuhai Senyang invested over CNY 700,000 to expand its wastewater treatment equipment and process, increasing the capacity from 30 cubic meters to 300 cubic meters per day. This expansion enabled the complete treatment of production wastewater to the highest reuse standards, reducing the use of tap water.

Water saving publicity

The subsidiaries put up water saving signs in canteens, restrooms, and production water access points, played water conservation videos in exhibition halls, and provided water-saving related skill training to employees.

- Jilin Shanying held World Water Day and China Water Week activities to popularize the status of water resources on the earth, share water conservation practices, and promote the concept of water conservation to its employees.
- Aituo Environmental Energy conducted a training session themed around World Water Day and organized a water conservation questionnaire survey to educate employees on water-saving knowledge.
- Qingdao Hengguangtai held a training meeting to promote water conservation awareness among all employees. A supervisory team was established to conduct irregular checks on water use.

During the reporting period, Zhejiang Shanying was recognized as a “Water-Saving Enterprise of Zhejiang Province”, and Guangdong Shanying was awarded the title of “Water Efficiency Benchmark in the Papermaking Industry of Guangdong Province” for their water-saving practices.

Raw Materials Management

Shanying International mainly adopts recycled pulp, wood pulp and recycled fibers (waste paper in China, etc.) and virgin fibers (wood fibers, bamboo fibers, etc.) as the raw materials of papermaking, and base paper, starch, printing ink, as the raw materials of packaging. The recycling business focuses on the collection and sorting of renewable resources, and does not involve production and processing of raw materials.

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

The Company takes measures including intensified appraisal management, standardized use of raw materials, process optimization and recycling, to minimize the loss and waste of raw materials and packages and reduce the impact of raw materials on the environment.

Raw Materials Management Measures and Highlights in 2024

Intensified appraisal management

The subsidiaries conducted internal appraisals to control and reduce the consumption of raw materials.

- Huanan Shanying established appraisal standards for each machine, including the consumption of raw materials per unit of product and other metrics.
- Hangzhou Xiangheng conducted a series of performance assessments for the flat paper workshop of the production department to further control the standardized use of base paper.

Standardized use of raw materials

The subsidiaries standardized the use of raw materials to control raw material consumption

- Huazhong Shanying regularly monitored the inventory age of raw materials to increase the consumption of raw materials on hand. It required forklifts to unload goods close to the feed opening to increase raw material trans-shipment and utilization efficiency. Paper cores that were difficult to consume during production were crushed to enhance their utilization.
- Yibin Xiangtai established a sales order-based production model, set procurement units according to standard consumption amounts, and reasonably controlled consumption and safety inventory levels to reduce raw material waste.

Process optimization and recycling

The subsidiaries enhanced the service efficiency of raw materials through process optimization and recycling.

- Zhejiang Shanying redirected the tailings from the third-stage fine screening of the PM15 pulping process to the slag pit and sent them to the PM17 slag pulp processing line for recycling, recovering 1.2 tons of pulp per day.
- Guangdong Shanying has developed a pulp slag reuse process to recycle fibers and chemical additives from paper pulp slags, successfully replacing part of domestic waste paper, thereby saving raw material consumption.

Pollutant Discharge

Wastewater Management

The wastewater produced by Shanying International mainly comprises industrial wastewater and domestic sewage. In strict accordance with the *Law of the People’s Republic of China on the Prevention and Control of Water Pollution*, the *Discharge Standard of Water Pollutants for Pulp and Paper Industry* (GB 3544-2008) , the *Integrated Water Discharge Standard* (GB 8978-1996) and other relevant laws and regulations, the Company has developed the *Wastewater Pollutant Discharge Management Regulations*, the *Rainwater Discharge Management Regulations*, the *Process Wastewater Discharge Management Regulations* and the *Online Pollutant Monitoring Facilities Management Regulations*, which regulate the wastewater treatment, monitoring and discharge of the Company and avoid environmental pollution caused by wastewater discharge.

Wastewater Treatment and Discharge

Type of wastewater	Monitored metrics	Treatment methods	Discharge methods
Wastewater from papermaking	Chemical oxygen demand (COD), biochemical oxygen demand in five days (BOD ₅), suspended solids (SS), and ammonia nitrogen, etc.	<ul style="list-style-type: none">Advanced anaerobic system, aerobic system and Fenton oxidation tertiary chemical treatment process (sand filtration devices introduced to some subsidiaries)Pollutant concentration far lower than that specified in the national standard	<ul style="list-style-type: none">Up-to-standard treated wastewater discharged to the municipal pipe network or external environment
Wastewater from packaging	COD, SS and ammonia nitrogen, etc.	<ul style="list-style-type: none">Treated with the enterprise’s wastewater treatment facilities or a third party entrusted	<ul style="list-style-type: none">Up-to-standard treated wastewater discharged to the municipal pipe network, or recycled by the enterprise
Domestic sewage	COD, BOD ₅ , SS and ammonia nitrogen, etc.	<ul style="list-style-type: none">Oil separation treatment for canteen wastewaterSeptic tank treatment for other domestic sewage	<ul style="list-style-type: none">Up-to-standard treated wastewater discharged to the municipal pipe network

By optimizing the wastewater treatment process, the Company has enhanced its wastewater management and reduced the environmental impact of wastewater. The subsidiaries implemented wastewater treatment technology innovation and wastewater recycling, thus reducing wastewater discharge.

Wastewater Management Measures and Highlights in 2024

Optimize wastewater treatment process

- Zhejiang Shanying fully tapped the potential of the recycled water system, and improved the quality of recycled water, thereby increasing the recycled water utilization rate and reducing wastewater discharge
- Qingdao Hengguangtai implemented pipeline modifications to achieve wastewater recycling, resulting in a 30% reduction in wastewater discharge.

Air Emissions Management

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

Air Emissions Treatment and Discharge Methods

Types of emission	Monitored metrics	Treatment methods	Discharge methods
Emissions from papermaking	Particulate matters, sulfur dioxide (SO ₂), nitrogen oxide (NO _x), hydrogen sulfide, ammonia, offensive smell, etc.	<ul style="list-style-type: none">Adopted mature and reliable emissions pollution prevention and control technology and equipmentCarried out ultra-low emissions transformation to reduce the concentration of atmospheric pollutant discharge	<ul style="list-style-type: none">Up-to-standard treated emissions discharged to the air through the chimney
Emissions from packaging	Volatile organic compounds (VOCs), particulate matters, etc.	<ul style="list-style-type: none">Collected organic waste gas and treated it with photocatalytic oxidation and activated carbon absorption equipment	<ul style="list-style-type: none">Up-to-standard treated emissions discharged to the air through the chimney

The Company actively responds to relevant requirements of China specified in the *Action Plan for Continuous Improvement of Air Quality* by strengthening the Company’s emissions control ability. On one hand, the Company reduces air emissions at the source by optimizing its energy structure and adopting other measures. On the other hand, by means of ultra-low emissions transformation of the coal-burning boilers and combined heat and power generation units, the Company improves the emissions treatment capacity, and reduces atmospheric pollutant discharge.



Air Emissions Management Measures and Highlights in 2024

Optimize energy structure

- The subsidiaries reduced air pollutant discharge at the source by optimizing their energy structure and implementing projects such as the ultra-low emissions transformation of the coal-burning boilers and the combination of heat and power generation units.
- Huazhong Shanying and others utilized photovoltaic power generation to reduce the percentage of fossil energy use, thereby reducing air pollutant discharge.
 - Wuhan Xiangheng discontinued the use of natural gas and replaced it with steam, thus avoiding atmospheric pollutant discharge.

Optimize production process

- The subsidiaries optimized their production process to reduce air pollutant discharge at the source.
- Guangdong Shanying used a waste adhesive liquid recycling system to collect and reuse the waste adhesive liquid that accumulates in the gutters, reducing the long-term accumulation of waste adhesive liquid in the gutters and the resulting odor.
 - Huanan Shanying installed a conveyor belt between the #3 sludge belt in the water treatment section and the #2 sludge belt at the power plant, and set time slots for sludge discharge, ensuring that the sludge does not contact the ground and no odor emits from sludge.

Optimize emissions treatment process

- The subsidiaries upgraded their exhaust emissions processing technologies to improve the efficiency of atmospheric pollutant treatment.
- Zhejiang Shanying conducted special exhaust emissions inspections on to ensure the normal operation of emissions processing facilities. Through these inspections, key factors that might lead to excessive emissions or pose pollution risks were identified. The subsidiary explored feasible solutions to optimize production processes and reduce emissions.
 - Suzhou Shanying's combined heat and power project equipped each boiler with desulfurization, denitrification, and dust removal facilities to ensure that emissions of particulate matters, sulfur dioxide, and nitrogen oxides from flue gases meet the required standards. Additionally, the subsidiary constructed enclosed slag, ash and coal yards to reduce dust generation.
 - Sichuan Xiangheng upgraded its VOCs processing facilities to secondary activated carbon treatment and installed electronic monitoring facilities for online monitoring, ensuring the efficient processing of emissions and compliance with discharge standards.



Waste Disposal

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

Types of Waste and Disposal Methods			
Business type	Types of waste	Main wastes	Disposal methods
Papermaking	General waste	• Sludge from papermaking, waste plastic, paper pulp slag, coal ash, coal slag, desulfurization gypsum, waste packaging wires, etc.	• Delivered to a qualified third party for disposal
	Hazardous waste	• Waste engine oil, waste mineral oil, oil-contaminated slag, etc.	• Prioritized the recovery of materials containing hazardous waste • Any unrecyclable waste delivered to a qualified unit for disposal
Packaging	General waste	• Machine accessories, waste paper, leather belt, wooden bed, strapping tape, etc.	• Sold to the outside, or delivered to a qualified third party for disposal
	Hazardous waste	• Paint bucket, light tube, battery, sludge, printing ink bucket, etc.	• Delivered to a qualified Company for disposal
Routine work	General waste	• Domestic garbage	• Delivered to local sanitation departments for centralized disposal

Furthermore, the Company strengthens the monitoring and management of waste, and employs relevant measures to reduce and recycle waste, in order to further lower the environmental impacts of the waste produced.

Waste Disposal Measures and Highlights in 2024

Strengthen monitoring and management

- The subsidiaries worked out their annual plans for waste control, conducted monthly statistical work on waste generation, tracked and analyzed the attainment of waste control targets, and implemented management throughout the process from reduction at the source to process control and end control, to reduce waste generation.
- Zhejiang Shanying implemented a series of hazardous waste management measures, such as strengthening the operation and management of production facilities, improving the classification and identification of hazardous waste, and enhancing the prevention of seepage, fire and leakage in the storage of hazardous waste. These efforts resulted in a reduction of 23.57 tons in waste mineral oil generated.

Waste reduction

- The subsidiaries improved the quality of chemicals to reduce waste generation by optimizing production processes.
- Qingdao Hengguangtai reduced the frequency of ink washing, increased ink utilization, and minimized the generation of ink slag.

Waste recycling

- The subsidiaries explored solid waste comprehensive utilization projects, achieving harmless comprehensive utilization of industrial solid waste based on waste reduction and recycling.
- Anhui Shanying built a solid waste incineration power generation facility, which, after commissioning, will treat general waste in a harmless manner, with a daily processing capacity of 300 tons of waste.
 - Putian Xiangheng's pulp molded paper workshop used waste paper scraps from other workshops as raw materials, recycling waste paper and reducing the generation of waste paper by about 1,000 tons.

Ecosystem and Biodiversity Protection

Shanying International places great importance on ecosystem and biodiversity protection. According to environmental impact assessments, the Company locates its production and operation areas far from ecological protection red lines, without involvement in nature reserves or other ecologically sensitive areas nearby. The Company actively fulfills its environmental protection responsibilities, creating high-quality habitats for wildlife, promoting ecosystem and biodiversity protection, and providing strong support for the construction of ecological civilization.

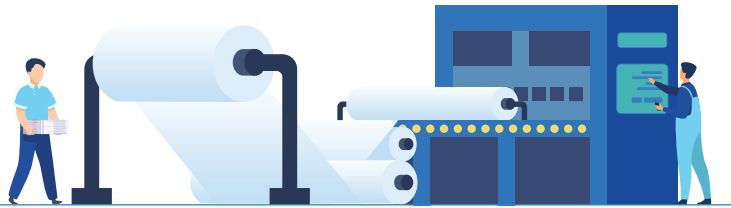
Jilin Shanying's Water Quality Improvement Project Contributes to Biodiversity Protection

Since Jilin Shanying's wastewater treatment station began operation in March 2024, the water quality in the final sedimentation tank has significantly improved through efficient water treatment technologies, reaching the standards for biological habitats. This provides a suitable living environment for wild animals such as wild ducks, effectively promoting biodiversity protection and fully demonstrating the company's achievements in ecological management and harmonious coexistence with nature.



The Final Sedimentation Tank of the Wastewater Treatment Station

Product and Service Responsibility



Innovation-Driven Development*

Governance

To promote research and development (R&D) innovation, Shanying International's Papermaking Business Unit has established a Product R&D Department, focused on the development and optimization of new materials and processes, aiming to improve product performance and production efficiency. The Packaging Business Unit has set up an R&D Design Department, focusing on innovative upgrades to packaging design, enhancing product functionality, environmental friendliness, and market competitiveness. Both departments are managed by the general managers of their respective business units, ensuring high alignment of R&D directions with business strategies, efficient collaboration, and successful application of innovations.

The Company has formulated the *R&D Innovation Management Regulations* to constantly improve the management system for R&D innovation as well as the design and development process so as to accurately grasp the frontier of industry technologies, intensively tap the innovation potential, effectively enhance the quality and efficiency of R&D innovation activities, and move further towards the goal of "setting an energy efficiency benchmark for the industry". The *Brand and Intellectual Property Management Regulations* have also been formulated to strengthen the incentives and rewards for R&D talents and encourage R&D innovation projects.

Strategy

Shanying International has profoundly realized the role of new quality productive forces as a key driver in enterprise development, and regards R&D innovation as a main source of new quality productive forces. It explores all elements of innovation, including new materials, technologies, products and business models. By optimizing R&D planning and strengthening R&D capacity building, the Company continuously advances innovation-driven development, empowering its sustainable growth and industry advancement.

Impact, Risk and Opportunity Management

The Company has established a systematic R&D innovation management process to precisely control the entire project lifecycle. Through scientific project initiation evaluations, dynamic risk management and critical milestone monitoring, the Company ensures that each phase of an R&D project - from planning to implementation - is feasible and robust, allowing for flexible responses to changing market demands.

R&D Innovation Management Process



The Company has set up R&D and testing centers and provincial enterprise technology centers. Through independent R&D and external cooperation, the Company continuously enhances its technological innovation capabilities. While raising the waste paper output ratio, the Company also explores the feasibility of using other non-wood resources to turn waste into treasure and enable cleaner and more efficient energy utilization. During the reporting period, the Company established professional-level packaging R&D, design and testing centers in Qingdao, Suzhou, Shanghai and Taipei, further strengthening its product innovation capabilities.

Valuing technological innovation, the Company's headquarters and subsidiaries actively invest in R&D. Focused on addressing key technical challenges, the Company has made key technological breakthroughs. By launching high-quality innovative products, the Company continuously optimizes its product structure, enhances market competitiveness, and steadily increases its market share.

Technological Innovation Products (Partial)

Name	Contents and effects
Coated base paper products	<ul style="list-style-type: none">Anhui Shanying has developed coated base paper products of different grammage and colors. Based on the production process for newsprint, the company has produced coated base paper products of different colors through flotation, bleaching, internal sizing and dyeing processes
White high-transparency extensible paper	<ul style="list-style-type: none">Guangdong Shanying solved the technical difficulty for white high-permeability high-strength extensible paper and developed white extensible paper with an air permeability exceeding 25um/pa.s and a physical strength up to the standards for high-strength bag paper. The product meets EU standard for imported paper and ranks top by market share in the Chinese extensible paper market.
Wood-grain silver-fir liner boards	<ul style="list-style-type: none">Zhejiang Shanying has successfully developed 120g and 140g wood-grain silver-fir liner boards, meeting the market demand and enhancing product profitability.

The Company has established a high-level, independent R&D team through diversified measures such as the construction of postdoctoral workstations, development of management trainees, and introduction of domestic and international talent. During the reporting period, the Company has developed various R&D platforms at different levels, including national postdoctoral workstations, provincial enterprise technology centers, and the recycled fibers papermaking technology research center, forming a large-scale R&D talent team.

To attract and retain R&D talent, the Company has introduced innovative incentive programs such as special rewards for cost reduction and efficiency enhancement, quarterly rewards for high-tech R&D patent applications, and others, effectively stimulating the creative energy of the R&D team. Additionally, the Company has established a career development and promotion mechanism, regularly organizes professional training, and collaborates with universities such as South China University of Technology and Zhejiang University of Science and Technology for industry-university-research cooperation. This creates a comprehensive talent development system, continuously enhancing the appeal and stability of the R&D team.



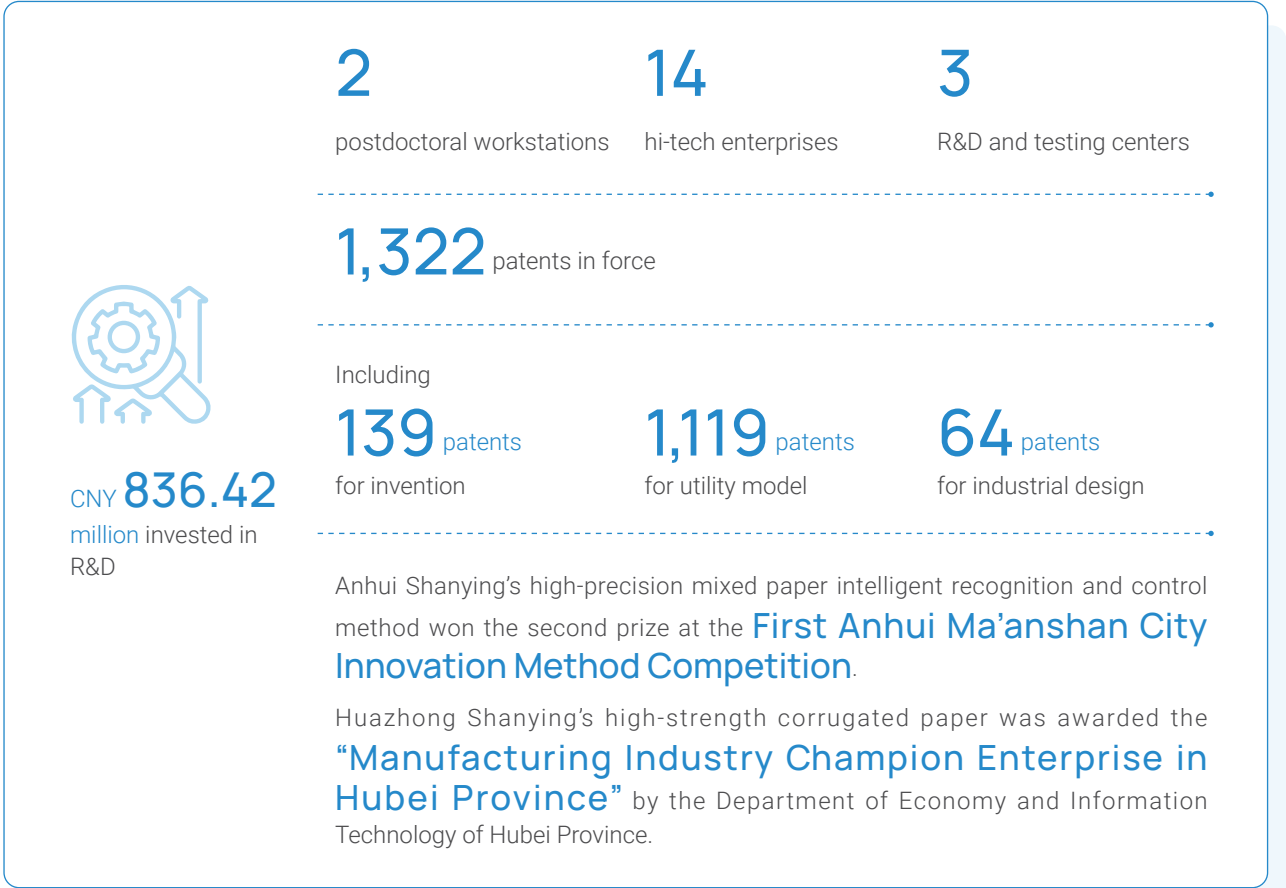
Zhejiang Shanying's Environmentally Friendly High-Strength Coated Kraft Liner Board R&D and Industrialization Project

During the reporting period, Zhejiang Shanying achieved technological innovation and industrialization breakthroughs in the environmentally friendly high-strength coated kraft liner board project, successfully completing the full transformation from R&D to production. Leveraging three core patent technologies, Zhejiang Shanying successfully applied for the Haiyan County Invention Patent Industrialization Program. Additionally, two cutting-edge technology research projects in collaboration with universities passed the mid-term evaluation. After achieving mass production, the product was validated by the market and performed excellently, generating total sales revenue of CNY 30.36 million and creating a profit of CNY 2.64 million. Building on these results, Zhejiang Shanying will continue to optimize product quality and develop new low-basis-weight products to further enhance market competitiveness.

Metrics and Targets

The Company's goal is to "continuously increase investment in R&D innovation and become an industry technology benchmark", driving technological innovation and energy efficiency improvements through a systematic innovation mechanism. During the reporting period, the Company maintained stable R&D investments, achieving multiple key technological breakthroughs that were successfully applied in actual production, further enhancing product competitiveness and market influence.

R&D Achievements in 2024



Product Quality and Safety*

Governance

Shanying International places great importance on product quality management. Each of the manufacturing subsidiaries has established a Quality Management Department to coordinate product quality management affairs. The department will regularly hold quality analysis meetings and organize quality review and discussion, adjust quality inspection standards and methods and introduce automation equipment and new technologies according to customer requirements and industry trends, establish reward and punishment mechanisms, and continuously optimize the quality management measures, to enhance product quality.

Pursuant to the *Product Quality Law of the People's Republic of China* and other relevant laws, regulations and rules, Shanying International has developed the *Raw Material Management Regulations*, the *Production Management Regulations*, the *Quality Management Regulations*, the *Finished Product Management Regulations* and the *Lean Management Regulations*, constantly optimizing the management measures for quality control over the production process to regulate quality control over raw materials, processes and finished products and ensure product quality. During the reporting period, Sichuan Xiangheng formulated the *Quality Incentive Regulations*, established negative incentive levels for in-process quality control (IPQC) and implemented graded punishments for violations that impact product quality. These effectively standardized quality control practices in the production process to ensure product quality.

Strategy

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



Impact, Risk and Opportunity Management

Quality Management System Construction

Committed to centering its operations around customers and leveraging quality risk management as a driving force, the Company is dedicated to establishing a comprehensive quality management system. It identifies quality elements concerned by customers and implements improvements at the source, such as in materials and processes, and continuously implements improvement measures, to ensure high quality and high reliability of its products from source to end. In the packaging sector, the Company has obtained authoritative certifications, including the China National Accreditation Service for Conformity Assessment (CNAS) certification, International Safe Transit Association (ISTA) certification, and China Metrology Accreditation (CMA) certification, demonstrating its professional technical capabilities in the field of quality management.

Quality Management Certification (valid during the reporting period)

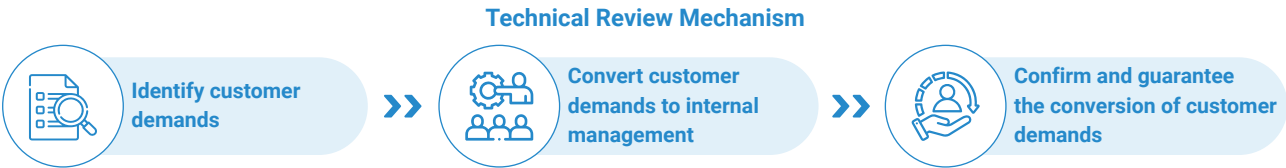
ISO 9001:2015 Quality management system certification	Papermaking: Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Guangdong Shanying, Ma'anshan Tianshun Packaging: All production bases
G7 certification	Packaging: Zhejiang Xiangheng, Putian Xiangheng
GMI certification	Packaging: Putian Xiangheng, Tianjin Xiangheng, Zhejiang Xiangheng, Hefei Xiangheng, Hangzhou Xiangheng, Qingdao Hengguangtai, Foshan Dongda, Yangzhou Xiangheng



Customer Quality Demand Analysis

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

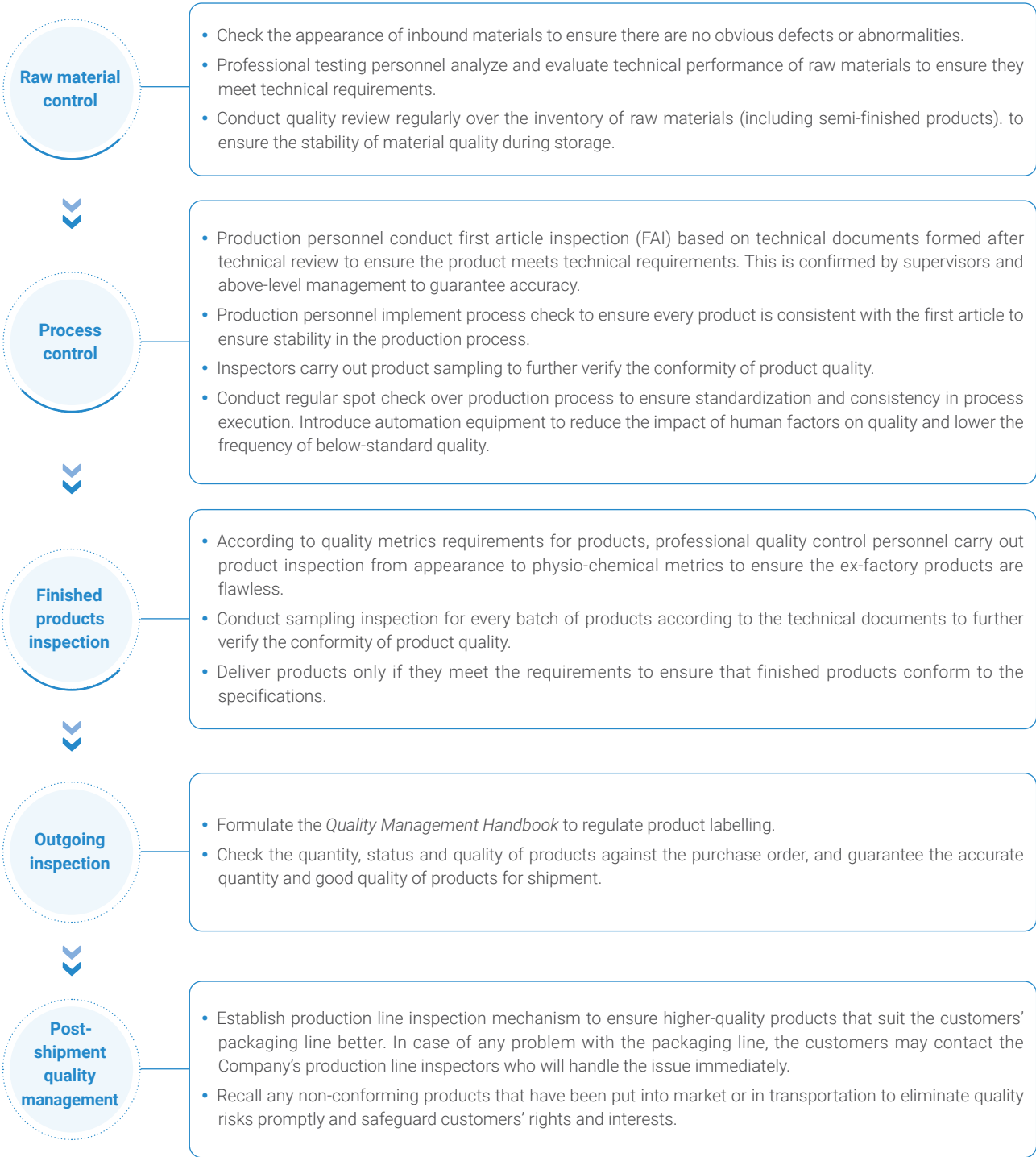
Prior to the commencement of operations, the Company initiates a thorough review and transformation of customer demands within its quality management framework. This process translates customer requirements into internal terminology, pinpointing and managing potential risk areas to ensure that production,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



➤ Full-process Quality Management

The Company implements full-process quality management, adheres to a customer-centric quality philosophy, and strictly controls quality in every step from raw material management, production and product inspection to after-shipment quality management, thereby securing excellent quality and consistent performance of its products and promoting the Company's solid growth and value enhancement.

Full-process Quality Management Measures

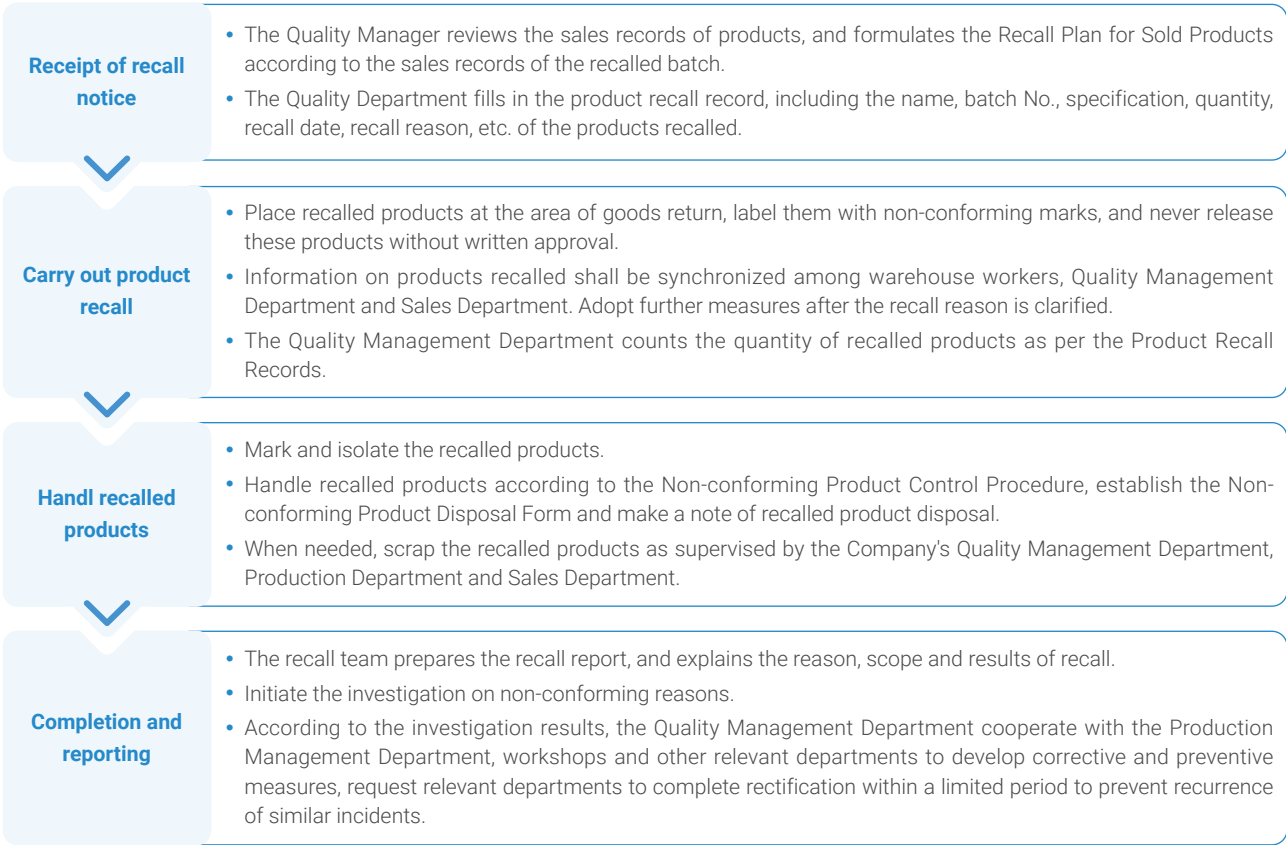


The Company has developed the *Standard Operating Procedure for Handling Nonconforming Products*, which specifies the reporting, approval and handling of non-conforming products, ensuring that they are dealt with in a timely and effective manner. Through strict process control and a quality traceability system, the causes of non-conformance are analyzed, and corrective actions are taken to prevent similar issues from occurring again. In addition, the Company has established a product recall system, which processes recalled products according to the *Non-conforming Product Control Procedure* and maintains detailed records.

Procedure for Handling Non-conforming Products



Product Recall Procedure



The Company conducts self-inspection on product quality every year, and cooperates with customers to launch product quality audit. Any defect found will be thoroughly investigated and corrected within the specified time. During the reporting period, Anhui Shanying conducted a quality audit, focusing mainly on the review of quality system documents. The audit results were satisfactory.

> Quality Culture Construction

The Company actively promotes the all-round construction of quality culture at multiple levels, and organizes regular quality improvement trainings and quality culture activities to form a sound atmosphere of whole-staff focus on quality and whole-staff involvement in quality improvement and constantly improve the company's core competitiveness and brand image. The Company also introduces mentorship programs and the AB job rotation system as part of its incentive mechanisms, effectively motivating employees to proactively strive for excellence in quality. During the reporting period, Anhui Shanying developed 16 incentive plans and distributed bonuses totaling CNY 5.33 million throughout the year, effectively implementing the management philosophy of “creating and sharing value”.

Quality Culture Construction Measures

Regular trainings on quality improvement

- Work out an annual quality-themed training plan, train all production-related employees on quality improvement, and popularize advanced quality management concepts and technologies.

Quality culture activities

- Solicit rational suggestions, and organize innovation competitions and labor skills contests, to encourage the employees to participate in quality management, share experience through interaction and exchange, and jointly promote the Company's quality culture.

The Company provides regular training to product inspectors, covering professional knowledge such as physical property metrics, appearance defect inspection, and operation of testing instruments, to ensure that they are familiar with the product quality requirements and capable of performing inspections in strict accordance with standards, thereby providing strong assurance for the stability and reliability of product quality.

Metrics and Targets

Product Quality and Safety Targets

Metric	Annual target	Progress in 2024	Achievement status
Critical quality incidents	0	0	Achieved
Pre-job training pass rate	100%	100%	Achieved

During the reporting period, the Company had no product recall incident, quality-related violation, or lawsuit arising from such matters. Luzhou Yishenghong was awarded the title of “Outstanding Demonstration Enterprise for High-Quality Development of the Baijiu (Food) Industry in Luzhou City” for its high-quality corrugated board, cartons, and other packaging products.

Customer Service Management

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



Through long-term accumulation along the upstream and downstream of the industry chain, the Company collaborates with customers to continuously enhance product design, manufacturing, and delivery capacities. Customer demand-driven, the Company actively expands new businesses and new models, comprehensively improves the overall solution service level and creates greater value for customers.

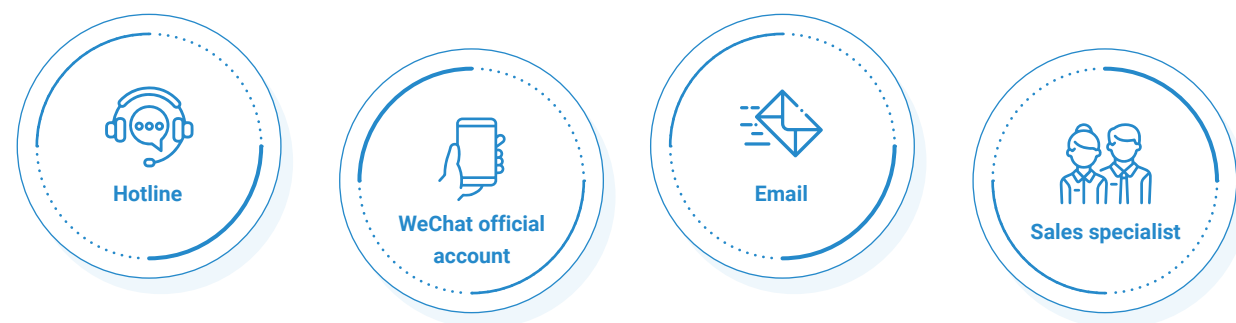
Customized Green Packaging Solution - Eco-friendly Paper Box Fastener R&D Project

During the reporting period, to help a customer achieve its goal of 100% use of eco-friendly, plastic-free paper packaging materials by 2030, the Company's 3C design team developed an innovative paper box fastener to replace traditional plastic fasteners. After multiple rounds of prototyping and rigorous testing and validation, the paper fastener successfully achieved the same connection and protection performance as plastic fasteners. This solution received high recognition from the customer, showcasing the Company's service capacity in the field of green packaging solutions.

Eco-friendly Paper Box Fastener

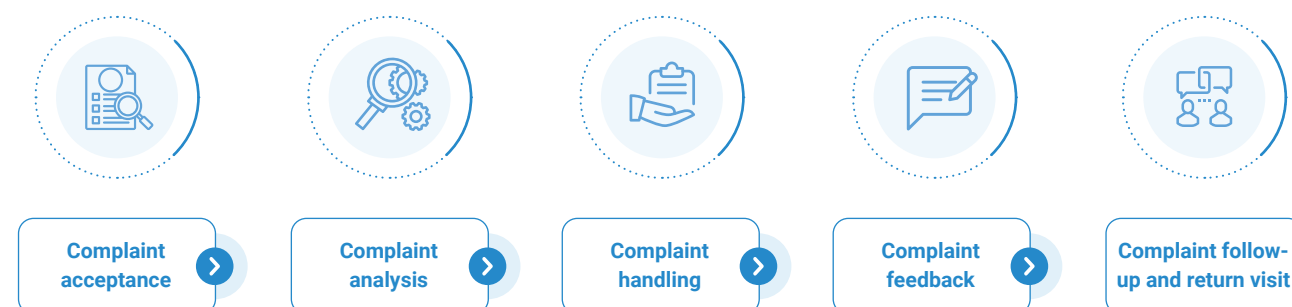
The Company continuously enhances customer service by formulating the *Sales Management Regulations* and building diverse customer communication channels to facilitate customer consultation, complaint and feedback and realize timely interaction and in-depth communication with customers.

Customer Communication Channels



In addition, the Company has formulated the *Customer Complaint Handling Regulations for Quality Issues*, which defines the standardized process for handling customer complaints and requires the provision of comprehensive technical services for customers at all stages before, during and after sales. During the reporting period, the six major bases of the Company's paper business received a total of 1,734 customer complaints, primarily related to appearance, specifications, paper cores, and rewinding issues. For each complaint, the responsible departments are required to conduct a detailed root cause analysis, provide improvement measures and completion timelines, and continuously track the effectiveness of the improvements to ensure that the issues are properly resolved.

Customer Complaint Handling Procedure



The Company has built the Customer Relationship Management System (CRM), established a customer-related database, analyzed customer behavior patterns, potential problems, customer questions and complaints, and performed corresponding improvements, to enhance customer satisfaction.

The Company conducts regular customer satisfaction surveys and monthly after-sale meeting to thoroughly understand customer demand and continuously improve service. During the reporting period, the five major bases in the papermaking sector conducted customer satisfaction surveys using online questionnaires, once in the first half and once in the second half. The surveys covered brand image, product quality, and service. The survey results showed that, in the second half of the year, the overall customer satisfaction score across the bases was 86.03%, customer loyalty was 85.91%, and customer complaint rate was 16.57%, reflecting significant improvement compared to the first half of the year.

To improve customer service quality, during the reporting period, the Company organized 14 specialized training sessions for customer service staff, production staff, and sales personnel. The training covered various topics, including corrugated board manufacturing processes, basic printing knowledge, analysis of corrugated carton-related complaints and improvement measures, and identification of base paper defect-related customer complaints. Through systematic training, the Company effectively enhanced the professional skills and problem-solving abilities of its employees, further enhancing customer loyalty.

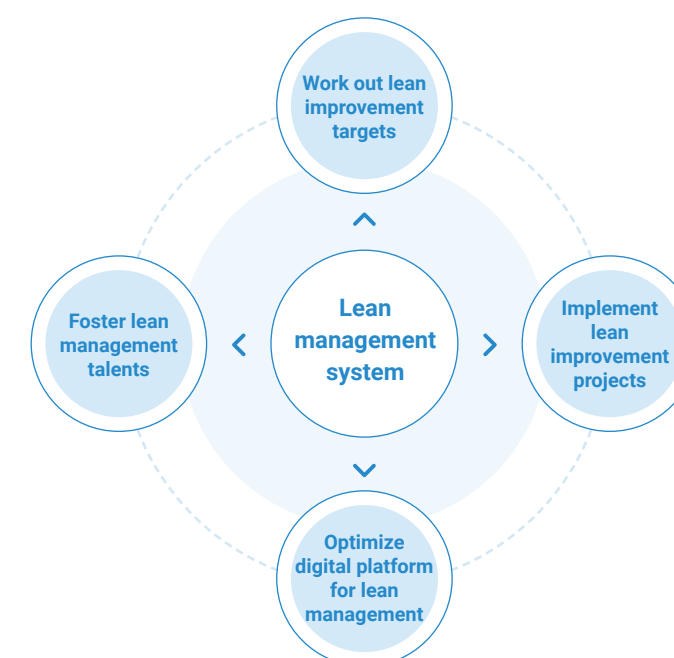
During the reporting period, the Company, through outstanding customer service management, earned multiple industry recognitions, showcasing its leading position and professional capabilities in customer service and fostering collaboration.

Honors from Customers in 2024 (Partial)

Honor	Awarding customer
2024 Supplier Strategic Alliance Best BP of the Year	Budweiser Brewing Company APAC Limited
Outstanding Quality Supplier	Danone (Fengrun) Food and Beverage Co., Ltd.
Best Pioneer Award at the Annual Supplier Conference	Shanghai Dewu Information Group Co., Ltd.
Gold Medal Partner	Midea Group Co., Ltd.
Fine Craftsmanship Quality Award	Qingdao Haier Air-Conditioner Electronics Co., Ltd.
Contract Fulfillment Benchmark Award	SF Holding Co., Ltd.

Lean Management

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



By integrating management principles, tools and the digital system, the Company has put forward a series of countermeasures or solutions to improve organizational capability and management, consolidated project achievements through follow-up and constant improvements, and cultivated a standard process. During the reporting period, the Company implemented a total of 165 lean improvement projects, with a lean system maturity score of 4.8 points, an increase of 0.24 points compared to 2023.

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

Management Process for Lean Improvement Projects



Lean Management Practices in 2024 (Partial)

- ▶ Anhui Shanying actively promoted lean management, with 61 lean projects initiated in the year and 53 successfully implemented, involving 12 departments. The projects focused on the reduction of raw material, energy, chemical auxiliary, special equipment and maintenance costs, as well as improvements in work efficiency, quality, and Overall Equipment Effectiveness (OEE).

▶ Suzhou Shanying launched a visual BI reporting decision-making project. Through automated data transmission, report access control, dashboard design, and department-specific reporting, the project aimed to enhance data management and analytical capabilities. After the project was implemented, data security incidents were reduced by 90%, employee efficiency increased by 50%, user satisfaction rose from 70% to 95%, and departments’ data utilization rate improved from 50% to 90%.
- ▶ Jiashan Xiangheng, based on on-site 6S management, promoted lean management by eliminating the seven major wastes, implementing a comprehensive equipment maintenance project, and carrying out annual improvement projects. These efforts resulted in cost savings of CNY 420,000, a 26% increase in per capita production output, and a customer on-time delivery rate of 99.2%. In addition, Jiashan Xiangheng conducted 7 lean production training sessions to further enhance production efficiency and operational effectiveness, as well as to strengthen employees’ awareness of information-based and digital operations in business departments.

▶ Tianjin Xiangheng implemented two lean production projects, i.e., the reduction of waste paper rate across the entire plant and the improvement of key OEE metrics. Through specialized training, the introduction of equipment maintenance systems, and the establishment of a phased incentive mechanism to encourage employee participation, the company achieved an average reduction of 1.83% in the waste paper rate across the plant through the implementation of lean management. This resulted in annual savings of CNY 1.29 million in raw paper costs and a reduction of CNY 970,000 in production labor costs compared to the previous year.

Supply Chain Security

Supply Chain Quality and Risk Management

Shanying International classifies its suppliers into production, trade, agency and service suppliers based on their product characteristics and business attributes. At the same time, the Company implements tiered management of suppliers based on material type, purchase amount, risk level, and performance appraisal results. Suppliers are categorized into strategic, bottleneck, leverage, and general types to ensure the targeted and efficient management of procurement.

In terms of management mechanisms, the Company has formulated the *Procurement Management Regulations*, the *Management Regulations for Bidding and Negotiable Bidding*, *Supplier Management Regulations*, and the *Waste Management Regulations*, based on the five supplier management dimensions of “Safety, Quality, Deliverable, Cost, Environment” (SQDCE), and continues to enhance supplier management and supply chain stability through system standardization and process optimization.

The Company has built a complete supplier quality management system covering key processes such as supplier admission, management of existing suppliers, and exit of unqualified suppliers. This system forms a standardized and orderly closed-loop management mechanism, effectively improving supply chain operation efficiency and management level.

Supplier Management Process



During the reporting period, the Company conducted both online and on-site inspections of 1,072 core suppliers, focusing on systematic evaluations of delivery capacity, product quality, price levels, and research and development capacity. No non-compliance issues were found during the factory inspections. At the same time, the Company assessed the cooperation engagement of all qualified suppliers, eliminating 558 long-tail suppliers with low long-term cooperation willingness and low transaction frequency, thereby further improving the coordination efficiency and resource allocation quality of the supply chain.

The Company continues to improve its procurement model, strengthen digital management capabilities of the supply chain, and enhance the stability, collaboration and risk management levels of the supply chain through proactive two-way communication and feedback with suppliers.

Supplier Risk Management Measures

Procurement model optimization

- Establish supplier "addition, exit, review and cultivation" mechanism, and adjust the number of suppliers based on the characteristics of each category to increase procurement concentration.
- Promote a localized procurement model to effectively reduce long-distance transportation costs.
- For certain spare parts, adopt consignment stock to procurement, sharing stock management risks with suppliers and reducing capital occupation by stocks.
- Implement the "three suppliers substitution" principle for core materials to prevent supply interruption risks and enhance supply chain stability.

Application of DPP

- Fully utilize Qixin and DPP for supplier life-cycle management, price monitoring, sourcing and bidding management.
- Conduct monthly performance reviews for new suppliers. Suppliers who fail to meet standards will be uniformly notified and placed on the monitoring list.
- Based on the *Risk Scale*, establish a two-level risk management system, with real-time warnings via DPP. Suppliers' risk information will be promptly reported, and corresponding freezing or elimination actions will be taken to effectively control supply chain risks and ensure supply stability.

Supplier communication and feedback

- Conduct annual reverse appraisal of strategic, bottleneck, some leverage, and some general suppliers, covering procurement and payment processes, service evaluation of procurement and receiving personnel, business process feedback, and the implementation of "Eight Don'ts".
- During the reporting period, evaluation questionnaires were distributed to 175 suppliers, the feedback results were analyzed, and specific improvement plans were developed accordingly to continuously optimize internal processes and improve operational efficiency.

In addition, the Company places great importance on the professional skill development of the procurement team and organizes both internal and external training to enhance the business capabilities and knowledge base of procurement staff. In 2024, the Company invited Kadant to conduct training on pulping equipment and experience sharing, helping procurement personnel gain an in-depth understanding of the basic knowledge of papermaking equipment and best practices in the industry. At the same time, internal technical experts from the Supply Chain Center provided training on papermaking processes to new procurement employees and other relevant staff, strengthening the team's mastery of core business and technical knowledge, and better driving the refinement and specialization of the Company's procurement management.

Sustainability Management of the Supply Chain

Shanying International is deeply aware of the impact of procurement activities on the environment and society, and continues to implement responsible procurement strategies. During the new supplier admission process, the Company engages third-party platforms to conduct supplier qualification reviews. Suppliers with substandard credibility records and evaluation results will be excluded from the qualified supplier database. At the same time, the Company conducts comprehensive assessments and dynamic management of suppliers based on environmental protection, social responsibility and business ethics performance. The Company collaborates with all parties in the supply chain to jointly promote green, transparent, and responsible development.

Sustainable Procurement Measures

Environmental

- Prioritize the use of environmentally certified raw materials
- Prioritize suppliers that have a complete set of environmental management system certifications, such as ISO 14001:2015 and FSC forest management certification.

Social

- Set a veto in the evaluation system, require suppliers to commit to complying with laws, regulations and relevant provisions and refraining from child labor or forced labor, and uphold fairness and non-discrimination in employee management. If a supplier is involved in any of these, the Company will no longer cooperate with it
- Require suppliers to sign the *Declaration of Intellectual Property Rights Ownership of the Supplier*
- Where appropriate, give extra points to suppliers that donate to the community

Business ethics

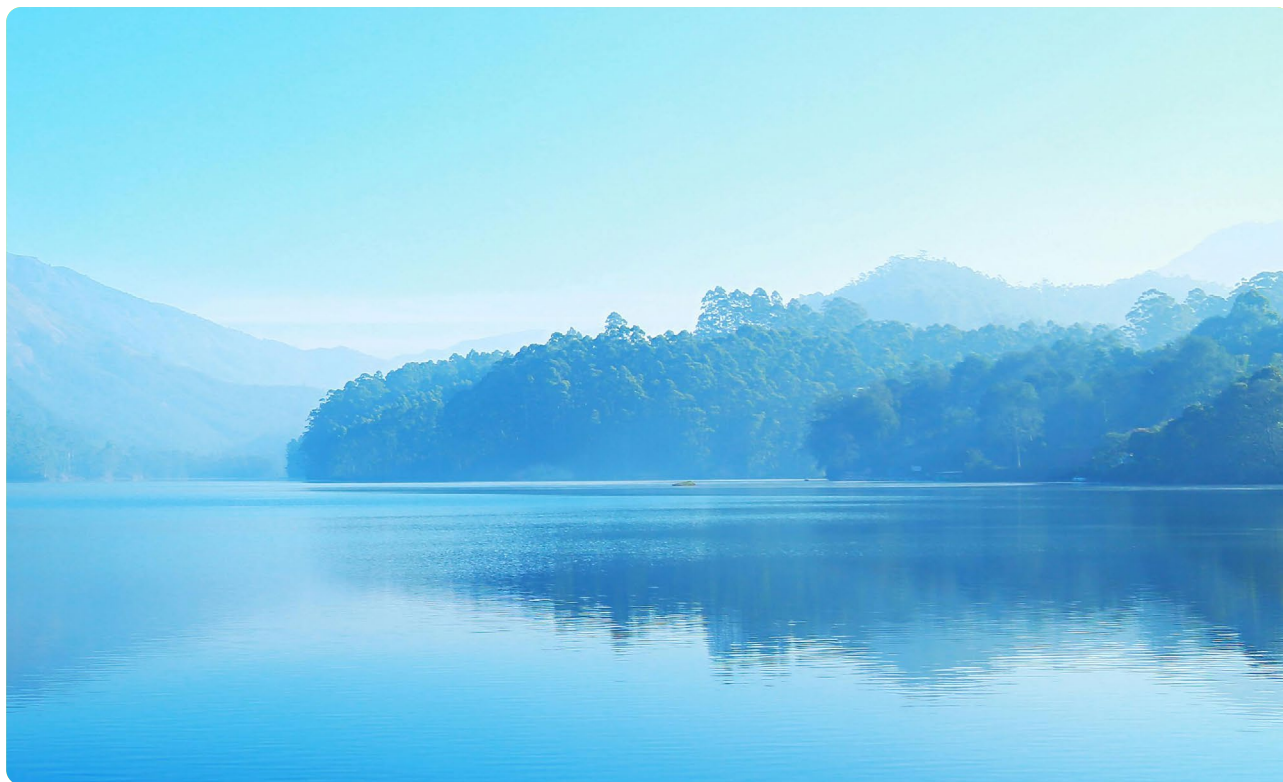
- Require suppliers to sign the *Letter of Commitment to Transparent Cooperation* and the *Integrity Agreement*, follow the integrity and transparency principle, and reject any form of commercial bribery

The Company actively strengthens interaction and communication with customers, jointly advocating the concept of sustainable supply chain development. It is committed to building a low-carbon, efficient, and green supply chain, driving the entire industry chain towards a green transformation. During the reporting period, the Company and Budweiser established a Supplier Strategic Alliance (SSA) where the two sides share technologies, resources and experience and empower each other by building a supply chain carbon management platform and organizing training sessions, to support collaborative innovation within the industry chain and jointly create green ecological value. In 2024, the Company was listed among national-level green supply chain management enterprises by the General Office of the Ministry of Industry and Information Technology.

Equal Treatment to SMEs

Shanying International strictly adheres to the *Law of the People's Republic of China on the Promotion of Small and Medium-sized Enterprises*, *Regulations on Ensuring Payments to Small and Medium-Sized Enterprises* and other relevant laws and regulations. The Company is committed to creating a fair, just, and transparent cooperation environment, effectively safeguarding the legitimate rights and interests of small and medium-sized enterprises (SMEs). The Company values its cooperation with SMEs and works to enhance their overall capabilities through strengthened technical exchanges and support, helping them achieve stable development within the supply chain system, and building an industrial ecosystem based on equality, mutual trust, and win-win cooperation.

During the reporting period, the Company's balance of accounts payable (including notes payable) remained below CNY 30 billion, accounting for less than 50% of total assets. Neither the Company nor its subsidiaries had any overdue payments to SMEs that was to be publicly disclosed on the National Enterprise Credit Information Publicity System.



Employee Management Responsibility

Employee Rights and Benefits*



Governance

In strict compliance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and labor-related laws and regulations in places where the Company operates, Shanying International effectively safeguards employees' legitimate rights and interests. In 2024, the Company revised and released several policies, including the *Human Resources Management Regulations*, the *Management Measures for Punishment and Accountability*, and the *Business Trip Management Measures*, further standardizing human resources management processes and behavioral norms. At the same time, the Company's overseas operations have developed and implemented corresponding human resources management regulations in accordance with the local laws and regulations to ensure the integration of compliant management with localized operations.

The Company has established an agile human resources management structure to ensure that personnel management responsibilities are effectively implemented and coordinated efficiently. The headquarters' Human Resources Center performs centralized management of the human resources affairs of core management personnel at the Company's headquarters and subsidiaries. The human resources departments of business units are responsible for managing all personnel within the units, excluding the management teams, as well as the management teams of the companies they are at. The human resources departments of the Company and its subsidiaries are responsible for handling day-to-day management of employees, but excluding management teams. The structure ensures a clear, reasonable division of responsibilities within the human resources management system.

Strategy

The Company follows a strategic path of "legal compliance as the baseline, system construction as the core, cultural integration as the guide, and value co-creation as the goal". It builds a holistic framework for employee rights protection and continuously optimizes it to create a strategic support platform for human capital with organizational resilience, cultural cohesion, and sustainable competitiveness. This platform helps the Company and its employees achieve a win-win situation in shared success and mutual growth through collaboration.

Impact, Risk and Opportunity Management

> Compliant Employment

The Company's employees include labor contract workers, dispatched workers, retired and rehired workers and interns. The Company pays "five social insurances (endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and housing fund" for labor contract workers (dispatched workers have their social insurances and housing fund contributions made by their labor dispatch companies in accordance with the law), with the social security coverage reaching 100%, and purchases commercial insurances for interns and retired and rehired workers.

The Company firmly protects employee rights, safeguards the legal rights of job seekers, and explicitly defines the employee compensation management system in the *Human Resources Management Regulations*, which includes clear implementation methods for compensation adjustments, annual performance bonuses, and compensation inquiry management.

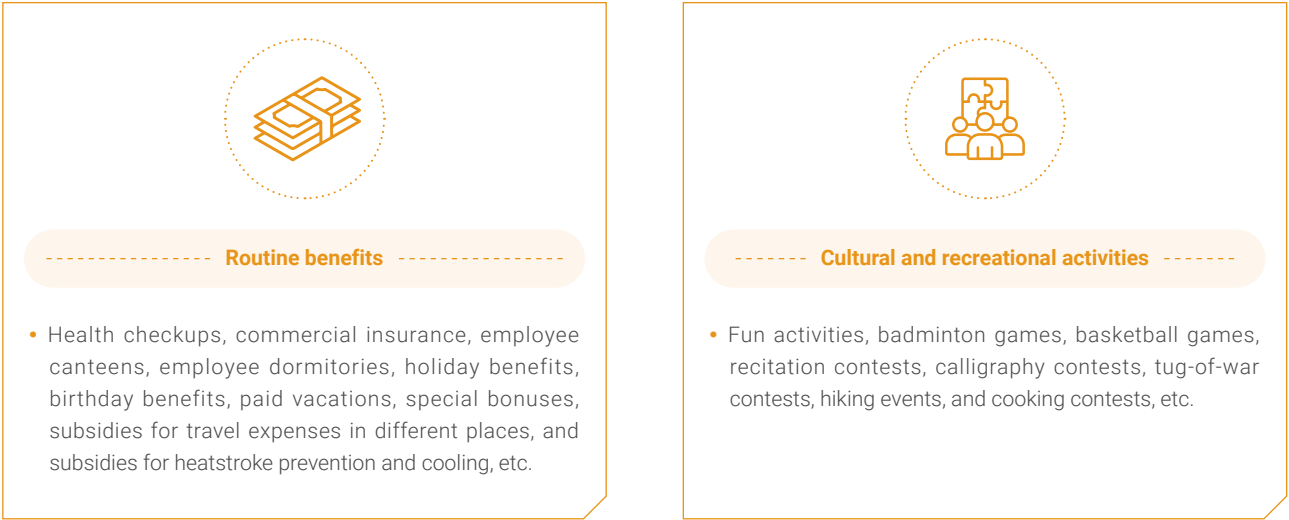
The Company consistently adheres to lawful and compliant employment practices and places high importance on safeguarding the legitimate rights and interests of employees. In recruitment management, the Company explicitly prohibits the use of forced labor and child labor and the hiring of individuals under the age of 16, ensuring the legality and compliance of the recruitment process, and effectively protecting the basic rights of job seekers to prevent labor-related risks. During the reporting period, the Company strictly complied with labor laws and did not engage in forced labor or hire child labor.

> Employee Compensation and Benefits

In terms of compensation management, the Company has established a standardized and transparent management system, clearly defining compensation adjustment processes, performance bonus distribution, and compensation inquiry mechanisms to enhance compensation management efficiency. This ensures the legitimate rights and interests of employees in obtaining fair compensation and equal treatment. Through comprehensive and standardized human resources management measures, the Company continuously builds a legal, fair, and stable working environment.

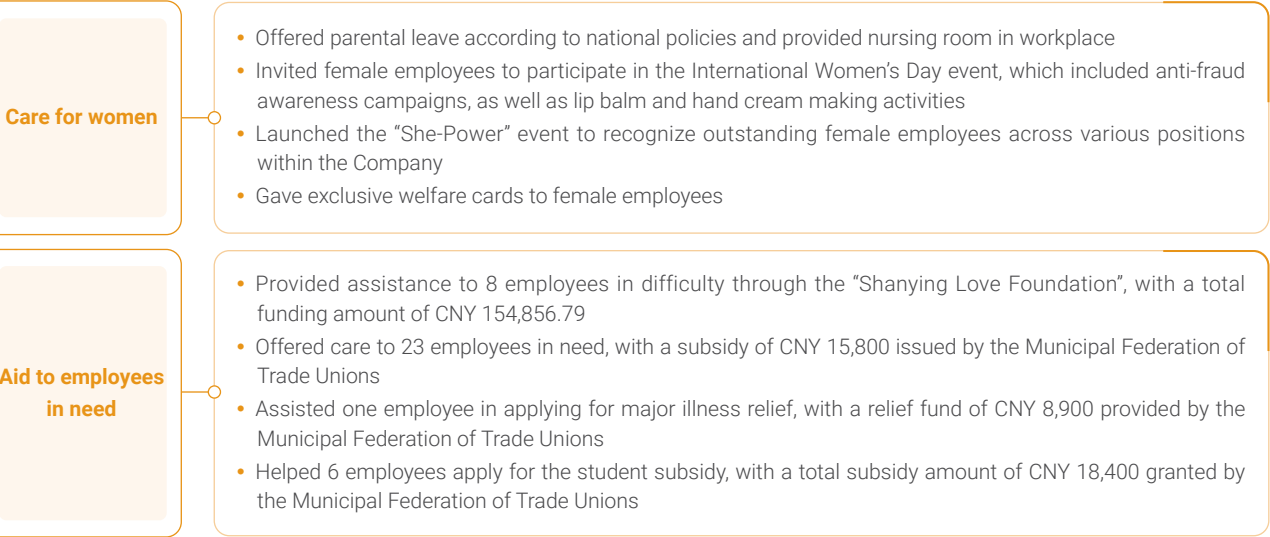
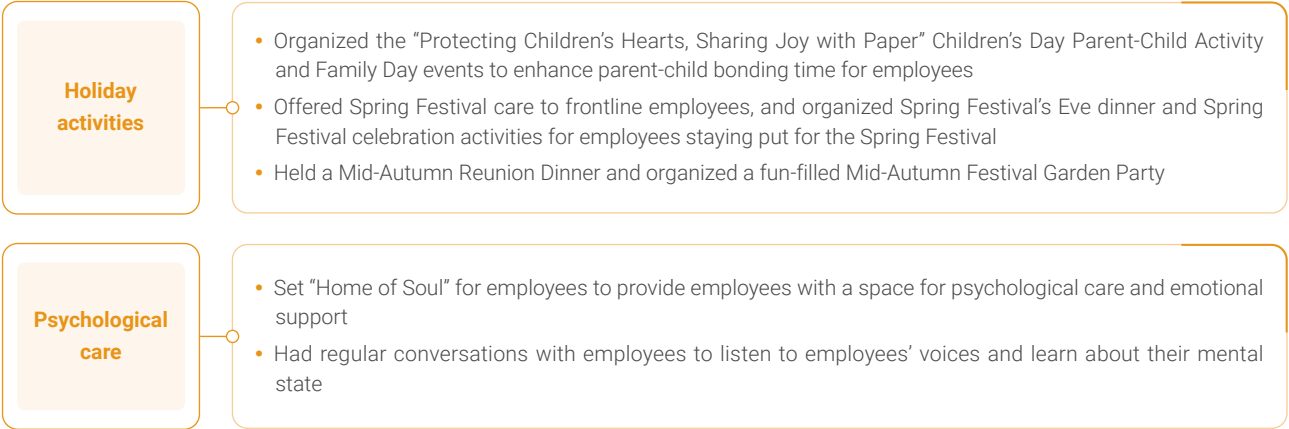
In addition, the Company places great importance on employees' comprehensive needs related to work, life, and physical and mental health. It continuously improves its benefits system, promoting the diversification and humanization of welfare offerings. By enhancing employee care, the Company strengthens employees' sense of belonging and recognition, further consolidating team strength and helping employees achieve a balanced development of work and life.

Employee Benefits System



At the same time, Shanying International cares about the well-being of its employees and actively conducts humanitarian care activities such as holiday activities, women care activities and supports for employees in need. These efforts create a warm, inclusive, and supportive workplace environment, enhancing employees' sense of belonging and cohesion.

Employee Care in 2024



> Employee Communication

The Company places great importance on employee communication and engagement, striving to build a smooth and efficient communication mechanism to continuously enhance employees' sense of belonging and cohesion. By implementing the *Management Measures for Rational Suggestions*, the Company has established diverse communication channels, including feedback via the WeChat public account, the Chairman's mailbox and regular employee satisfaction surveys. These channels allow the Company to widely listen to employee opinions, promptly respond to reasonable demands, and drive effective problem resolution. At the same time, the Company regularly organizes face-to-face meetings between management and frontline employees to actively listen to employees' voices, bridge the gap between management and staff, and foster an open, trusting, and collaborative corporate atmosphere.

The Company further secures employees' right to know and express through the trade union and employee representative meetings. The Company's trade union covers all employees and has concluded a *Collective Agreement* with the Company, playing an active role in safeguarding employees' legitimate rights and interests and guaranteeing employee benefits. During the reporting period, the Company held the workers' congress, where important proposals directly related to employees' interests, such as the *Management Measures for the Long-Term Incentive Plan of Shanying International Holdings Co., Ltd. (2024-2026)* and the *2024 Employee Stock Ownership Plan (Draft)*, were considered and approved. The election of employee supervisors for the Board of Supervisors was also completed, ensuring broad employee participation and full expression in major decisions of the Company.

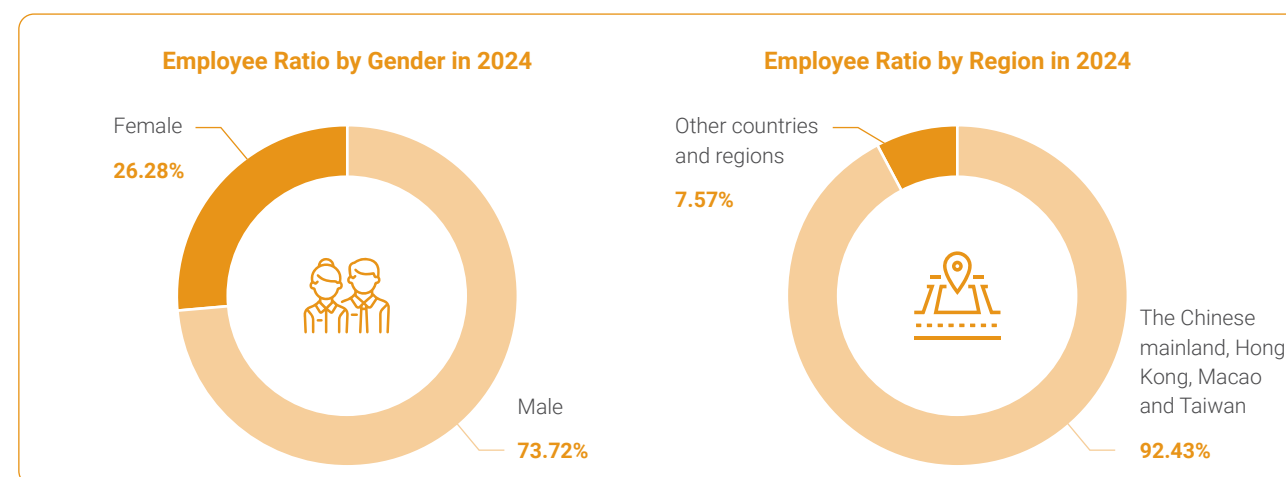
Additionally, the Company has established a standardized and efficient employee complaint and reporting mechanism, actively encouraging employees to report issues and, where necessary, submit written materials and related evidence based on the severity of issues, ensuring that issues are dealt with promptly and fairly. For issues related to compensation and benefits, unfair treatment, or other actions that harm the interests of the Company or employees, employees can file complaints or reports with the relevant departments of their companies or business units, or the headquarters, depending on the nature and severity of the issue. For serious violations, such as illegal activities or regulatory breaches, employees can directly report to the Audit and Supervision Center. The Company will handle these issues strictly according to regulations, ensuring the legitimate rights of complainants and reports are protected. Furthermore, the Company has implemented a mechanism to protect the complainants to prevent retaliation and information leakage and effectively safeguard the legitimate rights and interests and personal safety of complainants and reporters.

To further consolidate the effectiveness of employee communication, the Company continues to strengthen the professional capabilities of its human resources team in employee relations management. In 2024, the Company conducted specialized training for all HR personnel on topics such as *Communication and Handling in Employee Relations Events* and *Experience Sharing on Employee Relations Management*, systematically improving the team's practical skills in employee communication, problem solving, and relationship maintenance, thereby providing a solid foundation for creating an open, harmonious, and stable working environment.

> Employee Equality and Diversity

The Company upholds the principles of diversity, equality and inclusiveness in its employment practices, striving to create an open, fair, and just working environment. It ensures that employees are treated equally in job assignments, compensation, and other areas, truly achieving gender pay equity. The Company maintains a “zero tolerance” policy toward workplace discrimination and harassment, strictly complying with the *Employment Promotion Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and other relevant laws and regulations. It has also developed the *General Principles of Human Resources Management (Applicable outside China) (Trial Version)*. The Company's overseas operations have similarly developed and implemented local employee handbooks, tailored to local laws and practices, reinforcing the implementation of regulations and daily prevention measures, effectively avoiding workplace discrimination and harassment. During the reporting period, there was no workplace discrimination or harassment occurring in the Company.

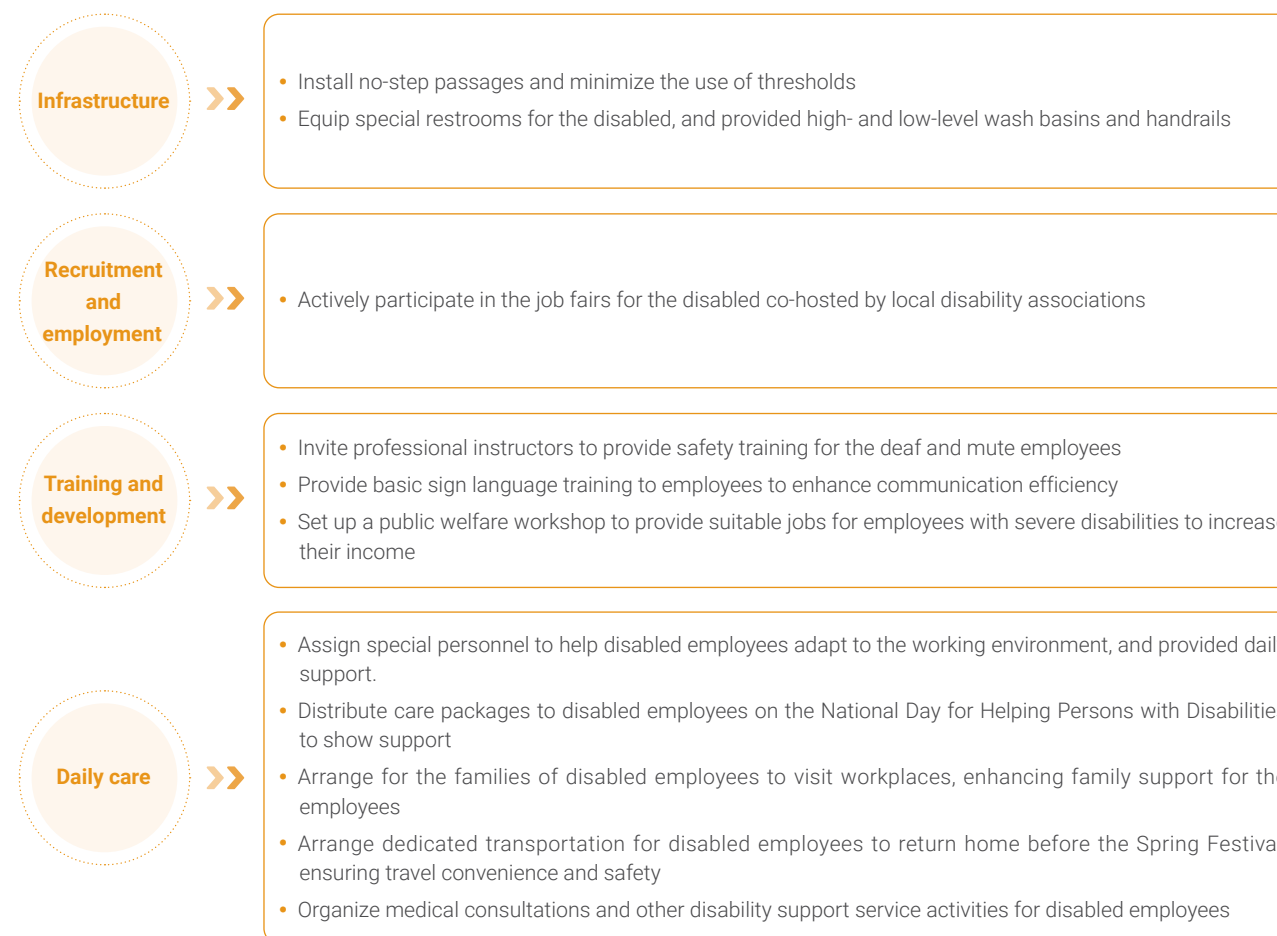
The Company is committed to promoting gender equality and continuously improving the career development support mechanism for female employees. Gender diversity has been incorporated as an important goal in human resources management, with a commitment to achieving a minimum of 30% female representation by 2027, alongside a sustained effort to increase the proportion of female managers. During the reporting period, the Company had a total of 13,637 employees, with female employees accounting for 26.28%, and female managers representing 23.04%, an increase of approximately 2.3 percentage points compared to 2023.



The Company places great importance on building employee diversity and actively promotes the development of geographic, cultural, and national diversity. The Company has established offices in domestic cities such as Shanghai, Suzhou, and Wuhan, as well as in multiple countries and regions including North America, Europe, and Southeast Asia. It prioritizes hiring local employees, steadily advancing workforce localization, and fostering integration with local communities. To strengthen understanding and collaboration among employees from different backgrounds, the Company organizes cross-cultural training and invites overseas subsidiaries to participate in the Company's 2024 annual recognition activities, creating a diverse and inclusive working environment that respects differences and encourages collaboration. At the same time, the Company promotes cultural integration and dissemination by facilitating exchanges between technical teams overseas, as well as inviting overseas employees to attend conferences in China, thereby enhancing mutual understanding. During the reporting period, employees from the Chinese Mainland and Hong Kong, Macau, and Taiwan accounted for 92.43%, while employees from other countries and regions accounted for 7.57%.

The Company remains committed to supporting the employment and career development of people with disabilities. It has established a comprehensive employment system and management mechanism to ensure equal opportunities in promotion, title evaluation, social security, and welfare benefits, helping to improve their quality of life. At the same time, the Company has built barrier-free facilities according to the *Code for Accessibility Design* to provide convenience to disabled employees.

Care Measures for Disabled Employees



Metrics and Targets

To more effectively safeguard employee rights and benefits, the Company has set annual human resources management targets and implemented tracking, evaluation, and supervision mechanisms to continuously promote the implementation and optimization of corresponding measures. In 2024, the Company achieved a 100% social insurance coverage rate for employees, ensuring comprehensive basic protection for employees. During the reporting period, there were no child labor or forced labor-related violations of laws and regulations, or compliance issues regarding the recruitment and dismissal of employees, working hours and holidays, promotion and equal opportunities. The legitimate rights and interests of employees were effectively protected.

Occupational Health and Safety*

Governance

Shanying International has established the HSE (Health, Safety, and Environment) Committee, chaired by the Company’s President, with members including the management team and heads of various departments and business units at headquarters. The HSE Committee is responsible for the planning and study of HSE work and decision-making of important matters, and convened a plenary meeting of the HSE Committee once a year to summarize and plan for HSE matters of the Company. The Company has set up HSE functional departments and appointed dedicated safety production management personnel, with the Company’s Safety Director overseeing and guiding the implementation of occupational health and safety management across subsidiaries, ensuring the effective execution of work safety requirements.

The Company strictly abides by the *Work Safety Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulations on the Safety Administration of Dangerous Chemicals* , and other relevant laws and regulations, and has developed normative documents, including the *HSE Management Regulations*, the *Emergency Plan Management Regulations*, and the *Hazardous Substances Safety Management Regulations*, to establish a comprehensive HSE management system. During the reporting period, the Company revised the *HSE Management Regulations* to refine the division of HSE responsibilities and risk control, emergency management, education and training, work safety, occupational health and accident accountability, thereby enhancing the safety management system. In addition, the Company revised and improved the safety management systems for relevant parties to strictly control key aspects such as admission reviews, qualification reviews, special operations, and on-site supervision for relevant parties.

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

Occupational Health and Safety Management System Certifications (valid during the reporting period)

ISO 45001:2018 Occupational health and safety management system	<p>Papermaking: Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Guangdong Shanying, and Huazhong Shanying</p> <p>Packaging: 20 subsidiaries including Hefei Xiangheng, Wuhan Xiangheng, Putian Xiangheng, and Ma’anshan Xiangheng</p>
National work safety standards	<p>Papermaking: Anhui Shanying, Zhejiang Shanying, Guangdong Shanying, Huazhong Shanying, Huanan Shanying</p> <p>Packaging: 10 subsidiaries including Hefei Xiangheng, Wuhan Xiangheng, Putian Xiangheng, and Suzhou Shanying</p>

Strategy

The Company adheres to the principle of “safety first, prevention first, and comprehensive management”, focusing on three core areas: safety production management, occupational health protection, and hazardous chemicals control. Through measures such as special accident management, digital construction, full-process control, and enhanced training and assessment, the Company is committed to creating a safe working environment free of accidents, injuries or pollution.

Impact, Risk and Opportunity Management

The Company regularly identifies potential safety hazards and sources of danger in workplaces, occupational disease risks throughout the production cycle, and chemicals that pose harm to human health, facilities and the environment. Through risk assessments, priorities are determined, and protective measures, employee training, and continuous improvements are implemented to ensure the health and safety of employees.

Work Safety Management

The potential safety hazards and sources of danger in the Company include fire, electric shock, mechanical injury, vehicle injury, burn, object strike, crane injury, fall from height, slips and trips. The Company continues to optimize work safety measures to provide a safe working environment for employees. During the reporting period, the Company reinforced management and control of five major types of accidents, including fire, vehicle injury, fall from height, environmental issues, and mechanical injury caused by non-compliant operations, and established strict appraisal, reward and penalty standards, thereby effectively lowering the incidence of accidents.

Work Safety Management Measures



The Company regularly formulates an HSE supervision and inspection plan, and conducts internal audit and inspection over the safety management, safety accidents and safety-related rewards and punishments of subsidiaries. During the reporting period, the Company organized two safety inspections, one in the first half of the year and the other in the second half, for subsidiaries, and identified and rectified 2,404 safety hazards. In addition, the Company promoted activities such as the correction of serious potential dangers, Workplace Safety Month, knowledge contests, and safety training for frontline executives, significantly enhancing employees’ safety awareness and operational skills.

Furthermore, subsidiaries such as Anhui Shanying and Zhejiang Shanying continued to advance digital management of workplace safety, implemented digital and intelligent management through the safety and information technology system, and enhanced workplace safety management efficiency.

> Occupational Health Protection

The Company organizes identification and evaluation of occupational hazard factors once every year, and establishes a corresponding list. Occupational hazards of the Company include noise, dust, high temperature and radiation hazards, involving pulping and papermaking workshops, flat paper workshops, waste paper packaging rooms, paste making workshops, coal bunkers, main powerhouses, and boiler islands.

The Company commissions a qualified technical service agency to test occupational hazard factors and evaluate occupational hazard status. For workplaces and positions exposed to hazards, the Company implements environmental and equipment safety protection, personal safety protection, and occupational health training and publicity to safeguard the employees' occupational health and enhance their awareness of occupational health.

Occupational Hazards Identification and Prevention Measures

Environmental and equipment safety protection

- Prioritize the use of new technologies, processes and materials that help prevent occupational diseases and protect workers' health
- Set up warnings and notice boards on site, and offer protective equipment to employees
- Perform special inspection on the use of personal protective equipment (PPE) on site, and urge employees to use personal protective equipment consciously and correctly

Personal safety protection

- Provide PPE including safety helmets, safety shoes, earplugs and earmuffs
- Carry out occupational health inspection for workers exposed to occupational disease hazards before employment, during employment and upon departure

Occupational health training and publicity

- Regularly give occupational health training to workers exposed to occupational hazards
- Organize health lectures targeting the common minor health concerns among employees

> Hazardous Chemicals Control

The Company has identified chemicals that are hazardous to human health, facilities and the environment, including sodium hydroxide, hydrochloric acid, sodium hypochlorite, sodium sulfite and hydrogen peroxide solution. To manage these hazardous chemicals, the Company has developed standardized operating procedures that cover the entire process, including transportation, handling, storage, use and disposal. During the reporting period, the Company strengthened control measures through safety training, supervision, and inspections, focusing on enhancing the professional knowledge and skills of relevant personnel and management. This helped standardize on-site safety management and prevent safety and environmental accidents related to chemicals.



Chemical Safety Management Procedure

01

Transportation

- Select the mode of transportation according to the chemical characteristics
- Entrust a qualified third party for carriage



Loading and unloading

- Ensure the loading and unloading area complies with regulatory requirements, where the emergency equipment shall be equipped and fire is strictly prohibited
- Check and register the vehicles carrying chemicals and relevant personnel before allowing them to get in
- Wear corresponding protective equipment such as goggles during loading and unloading

02

03

Storage

- Establish a dedicated hazardous waste warehouse managed by designated personnel
- Provide storage containers appropriate to the chemical properties
- Establish a comprehensive inbound and outbound inspection and grading system shall be set up for chemicals



Use

- Develop the regulations on safe management and operation of chemicals
- Equip necessary emergency rescue equipment

04

05

Discarding

- Commission a qualified third party to dispose of waste chemicals on site



Metrics and Targets

The Company has set an annual target of "zero critical HSE incidents", strictly implementing the work safety accountability system and continuously optimizing the occupational health and safety management system. During the reporting period, the Company recorded no serious workplace safety accidents like fire, explosion or chemical poisoning and no occupational diseases or suspected cases, and did not receive any punishment imposed by regulators for violating laws and regulations related to occupational health and safety. Furthermore, after a review and evaluation, Anhui Shanying was awarded the "Provincial-level Healthy Enterprise" honor, reflecting its ongoing investment and excellent performance in occupational health and work safety management.

Employee Growth and Development

Employee Training

Shanying International always regards employee capability development as a key focus in human resources management. Leveraging both internal and external high-quality resources, the Company continuously improves its training system to meet the learning and growth needs of employees at different stages of development, supporting the construction of a talent pipeline.

The Company's training management aims to promote the formation of a learning organization and has developed the *Open Class Program* and the *Annual Training Plan*, offering systematic training for new entrants, professional staff and managers. The Company's training approach adheres to the principle of "internal training as the primary focus, supplemented by external training", creating a multi-layered training system that combines internal courses as the foundation with external resources as a supplement. Internal training includes multiple modules for onboarding guidance, management skills, professional expertise, and general competencies, while external training is introduced based on job characteristics and specialty needs, providing specialized courses to continuously enhance the relevance and effectiveness of the training. During the reporting period, 96.88% of the Company's employees received training sessions, with their capabilities effectively improved.

Employee Training System

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

The Company has built the internal lecture system, offering training to employee lecturers, makes systematic planning for processes including lecturer application, selection, appointment and training, and course development. By offering employee lecturer training courses, setting clear assessment standards, and implementing incentive mechanisms, the Company encourages employees with professional expertise and practical experience to apply for internal lecturer selection, promoting knowledge sharing and experience transfer. At the same time, the Company conducts regular evaluations of excellent courseware to enhance the quality of courses and the enthusiasm of lecturers, continuously optimizing the internal training system. During the reporting period, the Company certified 36 internal lecturers, injecting new momentum into empowering internal talent and fostering organizational learning.

The Company has built and operates an online learning platform with online courses and online live lessons, covering over 50 subsidiaries. This platform is dedicated to providing all employees with a convenient and efficient channel for knowledge acquisition and skill development. In 2024, the Company updated various courses in the platform's training columns, including "Shanying School", "Shanying Open Class", "Packaging Satellite Factory" and "Internal Control", and developed the new course titled *Corporate Dual-Carbon Management*, continuously enriching the training content and enhancing the coverage and effectiveness of learning.

Training Achievements in 2024 (Partial)

Frontline Executive Training Camp

In 2024, the Company launched the Frontline Executive Training Camp program, implementing a "pilot before promotion" approach to steadily advance the project. The aim is to enhance the practical management capacity and on-site execution skills of frontline executives.

The training camp encompasses four core courses, namely, *Understanding the Role of Frontline Executives and Personnel Management*, *On-site Work Instruction*, *On-site Work Improvement*, and *On-site Safety Management*. These courses focus on key topics such as frontline management responsibilities, team mentoring, process optimization, and safety management. During the reporting period, the Company piloted teaching sessions at 7 subsidiaries, gaining valuable experience for the full-scale promotion of the program and laying a solid foundation for its future success.



Certificate for Frontline Executive Training



EMBA Program for Senior Executives

In 2024, the Company organized senior executives to participate in an EMBA program, which covered key topics such as *New Strategic Thinking: Adaptation and Disruption*, *Gobi Leadership*, and *Organizational Behavior*. The program focused on enhancing core capabilities in strategic thinking, leadership development, and organizational management.

During the reporting period, a total of 45 mid- and senior-level executives passed the graduation examination, making a further enhancement of the senior management team's ability to handle complex changes and drive organizational transformation, providing strong talent support for the Company's high-quality development.

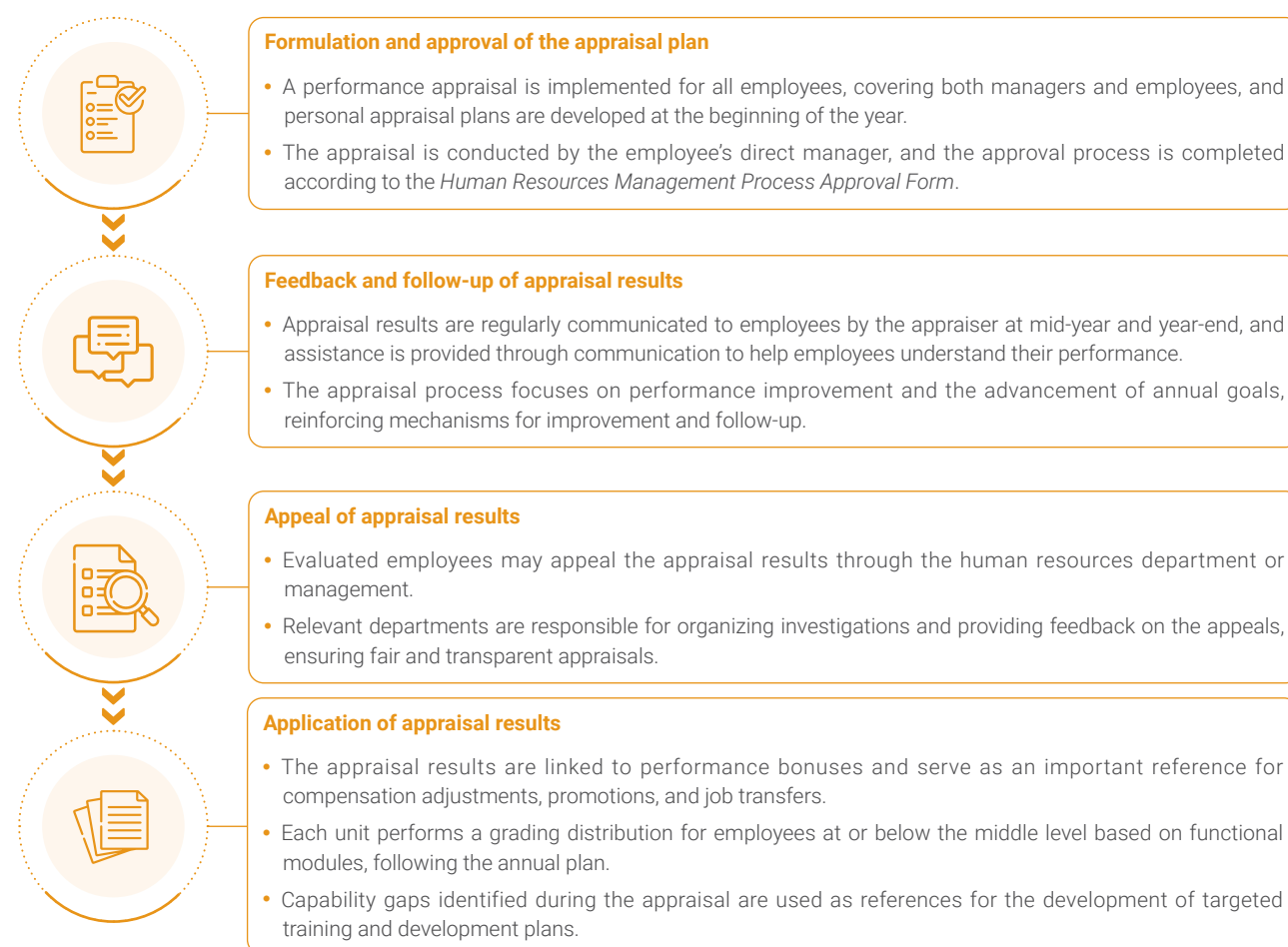
Employee Promotion and Development

Shanying International upholds the employee management policy of "equal stress on integrity and ability, integrity first, determining the position based on capability, assigning appropriate talent to an appropriate position", emphasizing both capability and character in its management approach. It has developed internal regulations such as the *Management Method for Honor System* and the *Specialized Assessment and Incentive Program*, and updated the relevant chapters on performance appraisal and employee development in the *Human Resources Management Regulations* in 2024, further enhancing the institutional support for talent motivation and retention.

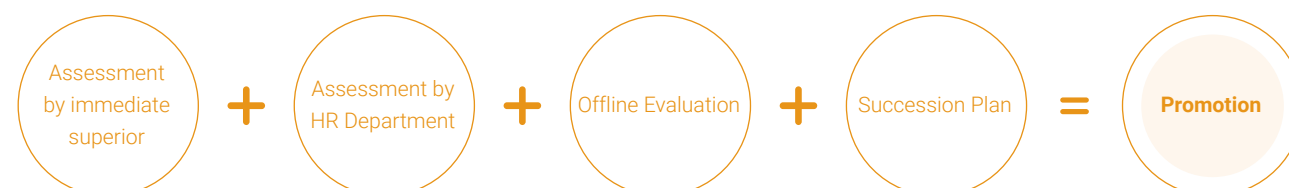
To unlock employees' potential and enhance organizational vitality, the Company has gradually established the growth paths for employees in technology, R&D and design, and digitization positions in addition to the hierarchical management track, on the basis of its development pathways for management personnel, in line with business needs, forming a dual career ladder covering both management and professional positions and better addressing employees' diversified career demands.

The Company conducts talent review regularly, formulates personalized Individual Development Plans (IDPs) and designs Succession Plans for key positions based on the employees' competence and potential. In terms of performance management, the Company conducts annual, quarterly and monthly multi-dimensional performance appraisals, adopts different forms of assessment and appraisal plans for different types of employees, and makes promotion and development decisions based on the appraisal results. Moreover, the Company attaches importance to communication and feedback of the appraisal results, fosters the achievement of goals and improvement of capabilities through continuous conversations on performance, promoting mutual growth between employees and organizations.

Performance Appraisal Process

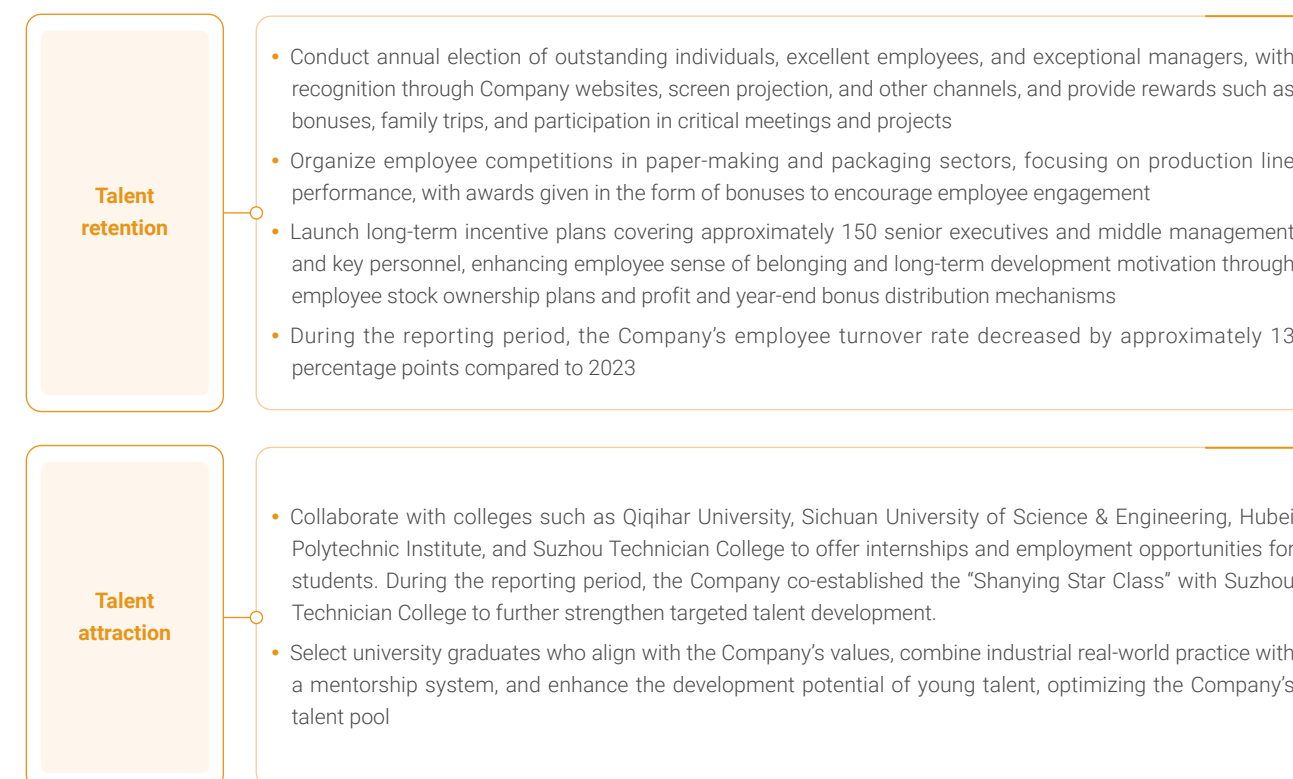


Appraisal and Promotion Procedures



In addition to performance-based incentives, the Company regularly conducts annual evaluation and reward activities to ensure talent retention. The Company also attracts talents through cooperation with universities, equity incentives and management trainee mechanism, to secure talents for long-term development.

Talent Development Measures



Public Welfare Responsibility



Public Welfare and Charity

Adhering to the spirit of “pioneering and innovating, striving for the first class and contributing to the community”, Shanying International is committed to public welfare activities and encourages employees to actively engage in volunteer services. The Company strictly follows laws and regulations such as the *Charity Law of the People's Republic of China* and the *Law of the People's Republic of China on Donation for Public Welfare Undertakings* in its charitable initiatives. It continuously improves the *Public Welfare and Charity Management Regulations*, further clarifying responsibilities and donation approval processes. By setting up a ledger of donations and regularly announcing donation details, the Company ensures transparent and standardized operation of public welfare and charity activities.

During the reporting period, the Company increased its donations for public welfare and charity to a total of CNY 3.70 million, covering areas such as disaster relief, aid for those in need, rural revitalization, education, and environmental protection.

Public Welfare and Charity Projects

Disaster relief

- Zunyi Xiangheng donated funds to Xishui County in January 2024 to support earthquake relief efforts in Gansu Province.
- Ma'anshan Xiangheng donated flood control supplies to the Tangnan Town Flood Control Command Center in July 2024 to aid local flood control and disaster relief efforts.
- Anhui Shanying donated various urgently needed supplies to frontline flood control workers in July 2024 to ensure their basic living needs.

Aid for the those in need

- The Headquarters donated funds to Pingliang Road Sub-district in Yangpu District, Shanghai, in March 2024, to support the 30th Charity Event of Yangpu District, helping the elderly and disadvantaged children.
- Suzhou Shanying donated funds and living materials to the needy in Miaoan Village, Dongbu New City, Suzhou, in May 2024, to support local elderly, disabled, and isolated groups.
- Zhejiang Shanying donated funds to Haiyan County Charity Federation in November 2024 to support local charitable initiatives.
- The headquarters donated special funds through Wealove Foundation of Shanghai Charity Foundation in November 2024 to assist the Company's employees in need.

Rural revitalization

- Huanan Shanying donated special funds to Zhangzhou Changtai District Charity Federation in August 2024 to support the construction of a primary school in Yishan Village, Wuan Town, through targeted assistance.
- Guangdong Shanying purchased agricultural products from Guizhou Junchuang Youpin E-commerce Co., Ltd. in December 2024 to demonstrate concrete support for the consumption-driven assistance of agricultural products from Guizhou.

Education

- Guangdong Shanying donated funds to Zhaoqing Dawang Education Foundation in April 2024 to support the educational efforts of Zhaoqing High-tech Zone.
- Putian Xiangheng donated funds to Putian Licheng District Education Development Promotion Association in August 2024 to promote the development of local education.
- The headquarters donated funds through Wealove Foundation of Shanghai Charity Foundation in October 2024 to support the foudation's annual sponsorship program for students from poor families.
- Zhejiang Shanying made a donation to the Community Development Foundation of Xitangqiao Subdistrict, Haiyan Country, in November 2024, dedicated to support local education.
- Foshan Dongda donated educational funds to Foshan Gaoming District Charity Association in December 2024 to assist impoverished students.
- Ma'anshan Xiangheng donated educational funds to students at a special education school in December 2024 to improve educational conditions for special needs students.

Environmental protection

- Zhuhai Senyang donated funds to the Red Cross Society of Doumen District, Zhuhai, in April 2024, to support the Qianwu Town's "Green Beautiful Guangdong" environmental protection project.

The Company's active charity and public welfare actions have received widespread recognition from the society. During the reporting period, Huanan Shanying was awarded the title of “Caring Enterprise” by the People's Government of Changtai District, and Zhejiang Shanying received the title of “2023 Four-star Unit of Charitable Donations in Haiyan County”, fully demonstrating the Company's outstanding contributions and positive image in the field of social responsibility fulfillment.

Community Communication and Development

Shanying International adheres to the philosophy of “growing with the local community” and actively integrates into local community development. Through activities such as community interaction, environmental improvement, volunteer blood donation, flood control and disaster relief, the Company promotes collaborative development between itself and communities, helping to improve the livelihood of local residents and build a harmonious and prosperous social environment.



Community Communication and Development Projects

Diverse interaction with the community



Police, military and enterprise collaboration

- Suzhou Shanying visited and offered summer supplies to the Wuzhong District Fire and Rescue Brigade, enhancing safety cooperation between the Company and the fire department.
- Guangdong Shanying visited the Fire and Rescue Brigade and the Third Traffic Police Detachment of the High-Tech Zone in Zhaoqing City to pay tribute to frontline personnel, deepen police-enterprise safety cooperation, and jointly promote a safe and civilized traffic environment.

Reading culture sharing

- Zhejiang Shanying was invited to participate in the community reading promotion event and the young secretary forum for enterprises in Haiyan County . The Company's young employees actively shared their reading insights, continuously contributing to the development of a reading culture in the community.

Support for the disabled and underprivileged

- Putian Xiangheng hosted the "Legally Safeguarding the Rights of the Disabled" event, where people's congress representatives provided consulting services, and assistive employment positions were set, earning high recognition and honors from the government.
- Suzhou Shanying carried out a relief activity for underprivileged families, providing help to 31 families in Miaoan Village suffering from major illnesses, accidents, disabilities, and loneliness, actively fulfilling its social responsibility.

Community environmental construction



Ecological protection exchange

Anhui Shanying co-hosted the 4th Multi-party Governance Forum on Wanjiang River Basin Ecological Environment Protection to share its experience in green and low-carbon transformation, promoting solid waste regulation and green industry development.

Anhui Shanying participated in the "Ma'anshan Environmental Protection Century Campaign", showcasing its achievements in resource utilization and carbon management, actively promoting the circular economy and ecological civilization construction.

Tree planting and afforestation

- Anhui Shanying, Zhejiang Shanying and Chongqing Xiangheng organized tree planting and greening activities for employees, actively contributing to the improvement of the ecological environment and promoting their green development and ecological civilization construction.

Volunteer blood donation



- Suzhou Shanying, Zhejiang Shanying and Anhui Shanying organized employee participation in volunteer blood donation activities.

Flood prevention and disaster relief



- Jilin Shanying swiftly responded to the local fire department's emergency rescue request, sending vehicles and personnel to assist in extinguishing a wildfire, ensuring the safety of local residents and property.
- The Party Committee leadership of Shanying International visited flood control personnel on the front lines of the Yangtze River Basin, donating urgently needed flood control materials, demonstrating the Company's social responsibility and commitment.
- Ma'anshan Xiangheng, in collaboration with the local chamber of commerce, visited Tangnan Town Flood Control Command Center, donating supplies to continue supporting local flood prevention and disaster relief efforts.

Governance Responsibility

Corporate Governance



Shanying International has always adhered to the principle of governing the Company according to law, strictly complying with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Code of Corporate Governance for Listed Companies*, and other relevant laws, regulations and regulatory requirements. The Company continuously promotes the standardization and institutionalization of its corporate governance system.

The Company has developed several key documents to define the governance structure and duties, including the *Articles of Association*, *Rules of Procedure for the Shareholders' Meetings*, *Rules of Procedure for the Board of Directors*, *Rules of Procedure for the Board of Supervisors*, *Work Rules of the Strategy Committee under the Board of Directors*, *Work Rules of the Audit Committee under the Board of Directors*, the *Work Rules of the Nominating Committee under the Board of Directors* and the *Work Rules of the Remuneration and Appraisal Committee under the Board of Directors*. These documents clarify the responsibilities and operational norms of each governance body, providing strong institutional support for improving governance effectiveness. During the reporting period, the actual governance operation of the Company continued to comply with the regulatory requirements of the China Securities Regulatory Commission (CSRC) on the corporate governance of listed companies.

In terms of governance structure, the Company has established a corporate governance structure comprising the Shareholders' Meetings, the Board of Directors, the Board of Supervisors and the senior management, ensuring clear responsibilities and efficient operations. Members of the Board of Directors are subject to election or replacement by the Shareholders' Meetings, and their tenure is three years, upon the expiration of which they may be re-elected. The main powers and functions of the Board of Directors include to convene the Shareholders' Meetings, to execute resolutions of the Shareholders' Meetings, to decide on the Company's business plans and investment plans, and to manage the Company's information disclosure. The Board of Directors has four specialized committees, namely the Strategy Committee, the Audit Committee, the Nominating Committee, and the Remuneration and Appraisal Committee. These committees provide professional support and review matters related to strategic planning, internal control, personnel nominations, and compensation and performance bonus, enhancing the professional and scientific decision-making.

The Board of Supervisors adheres to the principle of being responsible to shareholders, focusing on the performance of the directors and senior management and the compliance of the Company's financial operations. It fulfills its supervisory duties according to the law, timely provides independent opinions and effectively safeguards the general interests of the Company and the legitimate rights and interests of all shareholders.

Composition of the Board of Directors and the Board of Supervisors and the Three Meetings Convened in 2024

Composition of the Board of Directors and the Board of Supervisors



7 directors including 3 female directors
3 independent directors



3 supervisors including 2 female supervisors
1 employee supervisor

Three meetings



6 shareholders' meetings with 25 proposals considered



22 meetings of the Board of Directors with 78 proposals considered



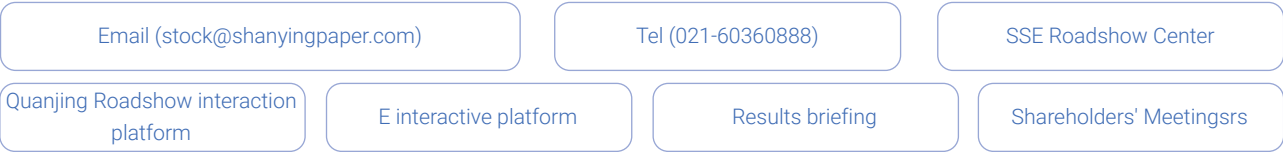
6 meetings of the Board of Supervisors with 23 proposals considered

Protection of Investors’ Rights and Interests

Investor Relation Management

Shanying International actively practices the “investor-oriented” philosophy, continuously improving its investor relation management mechanism, and is committed to building an open, transparent, and efficient market communication system. The Company has established the *Investor Relation Management Regulations* and responds to investor concerns through multiple channels, such as phone calls, emails, investor receptions, and briefings, promoting positive interaction and enhancing the market’s understanding and confidence in the Company’s development. At the same time, the Company places great importance on market sentiment monitoring, closely follows media reports and market rumors, and timely assesses important matters that may affect investors’ judgments. When necessary, the Company clarifies and communicates through announcements, briefings, and other methods to accurately convey its value.

Investor Communication Channel



The Company continuously improves the shareholder rights protection mechanism, strengthens the constraints on controlling shareholders and actual controllers, and effectively safeguards the legitimate rights and interests of minority shareholders. In terms of regulating related party transactions, the Company has formulated the *Related Party Transaction Management Regulations*, which clearly outlines the transaction review process, information disclosure requirements, and avoidance mechanisms, ensuring that the transaction process is fair and decision-making is transparent. During the reporting period, related party transactions strictly followed internal approval processes and complied with relevant laws and regulations, with no actions that harmed the interests of minority shareholders.

Additionally, the Company has established a scientific and reasonable profit distribution policy and dividend distribution mechanism, actively returning value to shareholders who have placed their trust and support in the Company. The Board of Directors focuses on the alignment between the Company’s market value performance and its fundamentals. When the market deviates from the Company’s true value, the Board analyzes the reasons in a timely manner and takes prudent measures to ensure that the Company’s investment value is rationally reflected. During the reporting period, the Company actively practiced the “investor-oriented” philosophy by formulating and promoting the “Quality Improvement, Efficiency Enhancement, and Focus on Returns” special action plan. This plan aims to improve the quality of business development and enhance investor returns by focusing on the main business, optimizing asset structure, implementing share repurchases, and strengthening profit distribution.



- In 2024, Shanying International continued to strengthen its investor relation management, focusing on efficient communication and professional collaboration with the capital market. The Company engaged in regular communication with both buyers and sellers, promptly responding to a total of 133 inquiries raised on the E interactive platform and via department emails and phone calls. The Company actively monitored and responded to public opinions, ensuring that investor concerns were addressed in a timely manner.
- During the reporting period, the Company held annual and semi-annual performance briefings, participated in several online and offline strategy meetings and communication events, and hosted institutional investor visits. Throughout the year, 25 research reports on the Company were released by various brokerage firms, further enhancing the communication effectiveness and professional recognition between the Company and the capital markets.

In addition, during the reporting period, Shanying International was awarded the title of “Top 300 Most Popular Listed Companies” in the annual selection of listed companies by 10jqka.com.cn. The Company’s Board Secretary was also included in the “Top 300 Most Popular Board Secretaries” list, reflecting the high recognition from the market and investors for the Company’s investor relation management efforts.

Information Disclosure

Shanying International strictly adheres to regulatory requirements such as the *Administrative Measures for Information Disclosure of Listed Companies*, and has established a sound information disclosure management system. The Company has developed and implemented documents such as the *Information Disclosure Regulations*, *Management Measures for Information Submission*, and *Insider Information Management Regulations*, clearly defining responsibilities. The Securities Department is responsible for disclosing information and receiving investor visits. The Company continuously optimizes its internal information reporting mechanism by appointing an information reporter at each subsidiary and regularly organizing related training to enhance the professional capabilities of information identification and reporting.

The Company has developed multiple information disclosure channels, including publishing announcements through legal media such as *China Securities Journal*, *Shanghai Securities News*, *Securities Times*, and the official website of Shanghai Stock Exchange, guaranteeing the authenticity, accuracy, integrity, timeliness and fairness of information disclosure as well as the equal right of all shareholders to access information. In 2024, the Company disclosed a total of 169 public announcements, and performed compliant and orderly information disclosure. Additionally, the Company continues to organize information disclosure compliance training to enhance employees’ understanding of the importance of information disclosure, effectively prevent false records, misleading statements and material omissions, and practically safeguard the legitimate rights of investors and the stable operation of the capital market.

Risk Compliance and Internal Control

Risk Compliance

Shanying International has always placed a high priority on risk prevention and compliance management, strictly adhering to laws and regulations such as the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, and the *Basic Norms for Internal Control of Enterprises*. The Company continuously builds and improves its internal control and risk compliance management system, reinforcing the institutional foundation for the Company’s sound operations.

The Company has established the Legal and Compliance Center to oversee compliance matters. It has developed several internal regulations, including the *Basic Norms for Compliance*, *Contract Management Regulations*, *Legal Affairs Management Regulations*, and *Rules and Regulations Management Measures*, clearly defining responsibilities and management processes. These regulations help ensure that compliance requirements are effectively implemented across all functional departments and subsidiaries, creating a risk control and compliance execution system that covers all business lines.

Risk Compliance Management Measures and Progress in 2024

Risk identification

- Identify the compliance risks in various operating activities of the Company and urge the centralized responsible departments to incorporate their compliance obligations and risk prevention and control measures in the institutional design
- During the reporting period, the Company carried out risk identification and assessment, worked out the list of procurement, personnel and financial risks, collected risk cases, and gave risk warning and inspection to relevant departments

Risk assessment	<ul style="list-style-type: none">Investigate the compliance risks of operating activities, prepare the risk report and urge relevant departments to strengthen control and make improvementsDuring the reporting period, the Company organized self-assessment activities for various enterprises based on the <i>Compliance Self-assessment Questionnaire</i>, focusing on risks related to information security, employment, finance and taxation, management decision-making, safety and environmental protection, sales and product quality, and procurement. The assessment results were fed back to and filed with the Legal and Compliance Center
Institutional compliance review	<ul style="list-style-type: none">Perform systematic legal compliance review over the Company's regulations, policies, procedures and operation manualsDuring the reporting period, the Company reviewed and optimized 39 institutional documents and added 18 model contracts. The Company also conducted compliance review of regulations on environmental protection, employment and anti-corruption, performed penetration testing, and issued audit, supervision and rectification opinions on non-compliance
Improvement of the institutional system of overseas companies	<ul style="list-style-type: none">Urge overseas companies to improve their regulations, and examine their institutional implementation and executionDuring the reporting period, the Company gave risk control training and warning based on key risk items in the Articles of Association of overseas companies
Risk compliance training	<ul style="list-style-type: none">Offer centralized training for all employees on regulations updated during the year to ensure timely and effective implementation of the updated regulationsDuring the reporting period, the Company invited external risk management experts to give the Company's management team risk compliance trainingConduct risk compliance training throughout the year, including topics such as legal risk identification of contracts, risk prevention during procurement, sales compliance and risk management, and identification and mitigation of corporate risksOrganized training on the amendments to the <i>Company Law</i>, helping various departments understand the impact of the law's 2024 version on corporate governance, capital systems, and other areas
Risk compliance seminar	<ul style="list-style-type: none">Participate in risk compliance seminars that cover interpretation of relevant laws and regulations, analysis of the impact of new policies, construction of compliance system, and risk control technologies.During the reporting period, the Company participated in China Compliance Summit to study and discuss the risk compliance management systems and measures of top enterprises at home and abroad; and it attended a seminar on "changes in the new <i>Company Law</i>" in Yangpu District, Shanghai, to study and discuss revised content in the new <i>Company Law</i> and the influence to companies.

Internal Control

The Company's Board of Directors has established the Audit Committee, which serves as the highest decision-making body for internal audit management. The Audit Committee is responsible for overseeing the organization, guidance, and supervision of audit activities, ensuring the independence and effectiveness of internal audits within the corporate governance system. Under the Audit Committee, there is an Audit and Supervision Center, an independent audit execution body that carries out audit duties under the Committee's guidance and reports to the Board of Directors. The Audit and Supervision Center is led by a General Manager who is fully responsible for the day-to-day audit management, appointed or dismissed by the Chairman of the Board. The Center operates in accordance with the Company's audit regulations, establishing a clearly defined, standardized and efficient internal audit management system.

The Company continuously improves management regulations such as the *Internal Audit Management Regulations* and the *Internal Control Self-appraisal Regulations*, and has revised the *Internal Control Appraisal Manual* to further clarify the boundaries of internal audit responsibilities and work processes. These improvements standardize the internal control self-appraisal mechanism, providing institutional support for the effective operation and continuous optimization of the internal control system.

To ensure the continued and effective operation of the internal control system, the Company has established a standardized and orderly audit issue rectification mechanism, and designated the main responsible person of the audited unit as the primary person in charge of rectification. For issues identified during internal audits and the proposed improvement suggestions, the audited unit must steadily advance the rectification work according to the process of "issue identification, responsibility assignment, rectification implementation, follow-up supervision, and result acceptance" within the timeframe specified in the audit report. The rectification results are required to be reported in writing to the internal auditor, ensuring effective implementation of corrective actions and closed-loop handling of issues.

Internal Control Management Measures and Progress in 2024

Internal audit	<ul style="list-style-type: none">Conduct internal control audit, management audit, financial audit, and special audit (including anti-corruption investigation), and urge all entities to implement rectificationDuring the reporting period, the Company conducted a total of 72 audit projects, identified 257 issues subject to audit opinions and supervision, and rectified 245 out of themDuring the reporting period, the Company conducted internal social responsibility audit with a focus on work safety, engineering quality authentication and employees' social security contributions according to the annual audit plan to ensure its fulfillment of the social responsibilities
Internal control appraisal	<ul style="list-style-type: none">Evaluate defects in the execution and design of internal control, and offer basis for strengthening, improving and perfecting internal controlDuring the reporting period, the Company revised the internal control evaluation criteria and scope, timely disclosed the <i>2024 Annual Internal Control Appraisal Report</i> in accordance with the requirements for listed companies, and cooperated with external auditors in disclosing the <i>2024 Annual Internal Control Audit Report</i>
Internal control training	<ul style="list-style-type: none">Leverage internal and external training to cultivate audit talents with business, financial and audit expertise and enhance internal control awareness and capability of all employeesDuring the reporting period, the Company organized specialized training on risk identification, response and disposal, as well as the compliance management of the sales business of packaging subsidiaries, further enhancing employees' awareness of risk prevention and control and risk management capabilities



Digitization and Information Security Management*

Governance

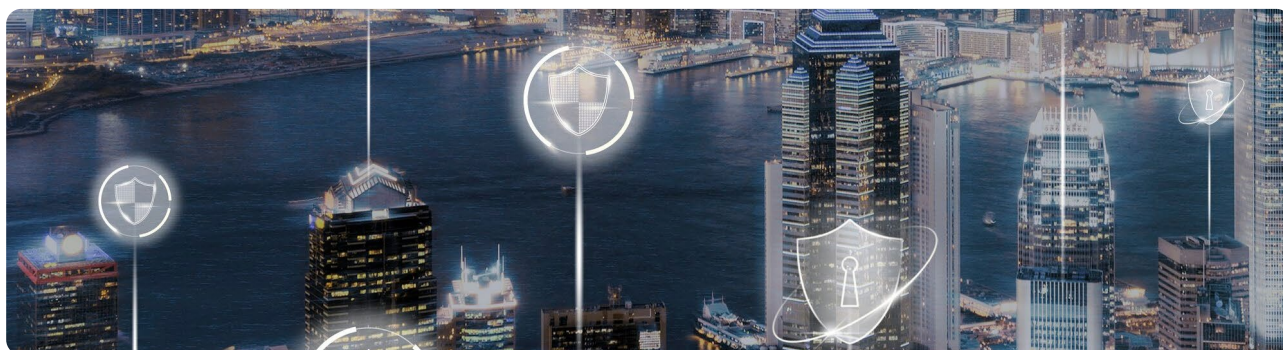
In strict compliance with relevant domestic and international laws and regulations, including the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and the *General Data Protection Regulations (GDPR)*, Shanying International actively fulfills its obligations related to cybersecurity and data compliance, ensuring lawful and compliant operations during its digital development process. At the same time, the Company refers to national standards and industry norms such as the *Information Security Technology - Information System Security Management Requirements*, *Information Security Technology - Information System Security Engineering Management Requirements*, *Information Security Technology - Baseline for Classified Protection of Information System* to strengthen the foundation of information security management.

The Company continuously improves its digital and information security management system. It regularly revises the *Digital Work Management Regulations*, the *Management Method for Digital Projects*, and the *Management Method for Digital System Operation and Maintenance*, and has added the *Master Data Management Measures*. In the *Basic Norms for Compliance*, the Company outlines regulations on cybersecurity, data protection, and employee conduct, clearly prohibiting employees from disclosing the Company's, employees', or external customers' trade secrets and personal information. The Company also strictly forbids illegal storage, processing, transmission, trading, provision or disclosure of the data collected, preventing information security risks from an institutional level.

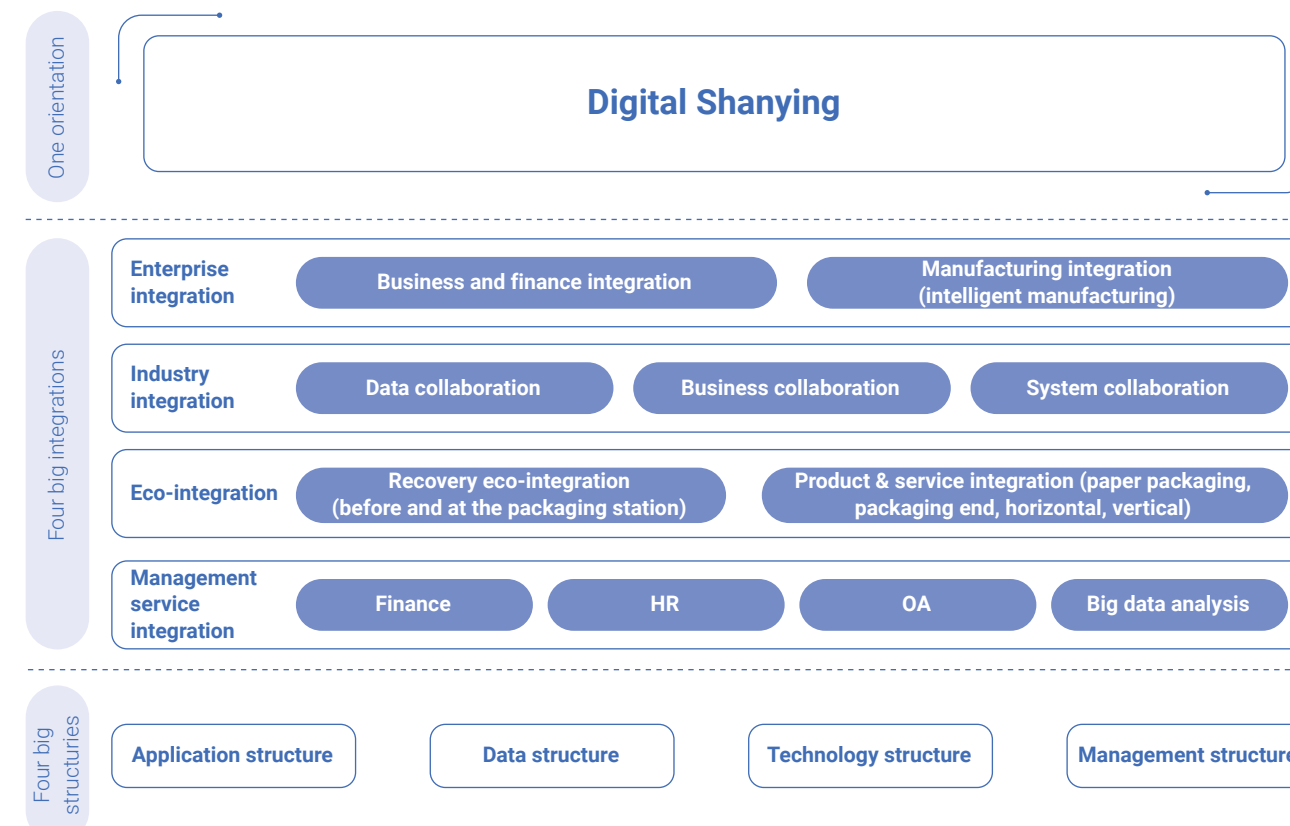
Additionally, the Company places great emphasis on digital development and information security management, continually advancing the establishment of a compliant, stable, and efficient digital governance system. The Company has established the Digitalization and Sharing Center as the department responsible for digital strategy planning and information security management. This center coordinates the digitalization process across various business sectors, promotes the standardized, service-oriented, transparent, and data-driven IT operations, and ensures the safe and efficient operation of information systems.

Strategy

Adhering to the development philosophy of "establishing an enablement system for the whole value chain and industry chain with intelligent machine and service platform", the Company continues to advance digital and intelligent transformation, integrating digital intelligence technology deeply into key internal operations, manufacturing processes, and other crucial areas. It aims to build an integrated collaborative system across the entire industry chain, enabling high-quality development. At the same time, the Company regards information security as a critical support for its digital strategy, focusing on the four dimensions of "asset operation & maintenance and risk management, threat monitoring and intelligent analysis, coordination and response command, and practical ability evaluation and drilling". It is building a 7x24, full-scenario, normalized security operation system to ensure the steady progress of its digital transformation in a secure and controlled environment.



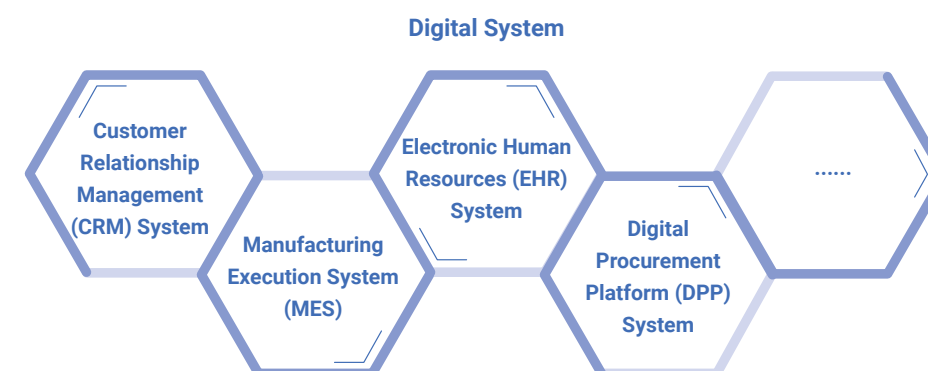
A New Engine which is Fully Integrated and Considered Internationalization



Impact, Risk, and Opportunity Management

> Digitization Construction

Shanying International is actively promoting the digital transformation of its management system. Valuing the in-depth integration and application of digital technologies across the entire business process, The Company has built a digital management system that spans procurement, production, sales, human resources, and warehousing. The Company has fully deployed systems including the Customer Relationship Management (CRM) system, the Manufacturing Execution System (MES), the Electronic Human Resources (EHR) system, and the Digital Procurement Platform (DPP). These systems integrate data on raw material procurement, papermaking, finished products sales and other core business, optimizing business processes, enhancing operational transparency, improving lean management practices, thereby driving the continuous improvement of resource utilization efficiency.



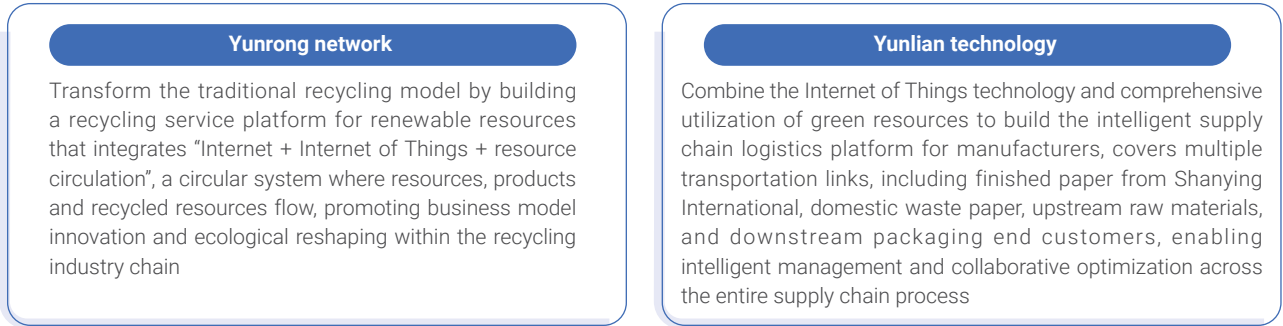
In 2024, the Company focused on process integration, efficiency improvement, and automation capability building. It advanced the implementation of the unattended operations and intelligent warehousing (EWM) project, further enhancing factory operational efficiency, reducing reliance on manual labor, and helping subsidiaries achieve tangible results in quality improvement and efficiency enhancement.

Progress in Digitization Construction



In addition, long engaged in the upstream and downstream of the papermaking and packaging industry chain and leveraging its extensive industry experience and resource accumulation, the Company actively promotes the construction of an industrial interconnected platform, aiming to create a digital and intelligent ecosystem that covers the entire value chain. By building the “Yunrong Network” and the “Yunlian Technology” platforms, the Company connects key links such as resource recycling, supply chain logistics, production manufacturing, and end-user services, driving collaborative development across the industry chain and supporting the use of renewable resources and the green, low-carbon transformation.

Industrial Interconnected Eco-platform

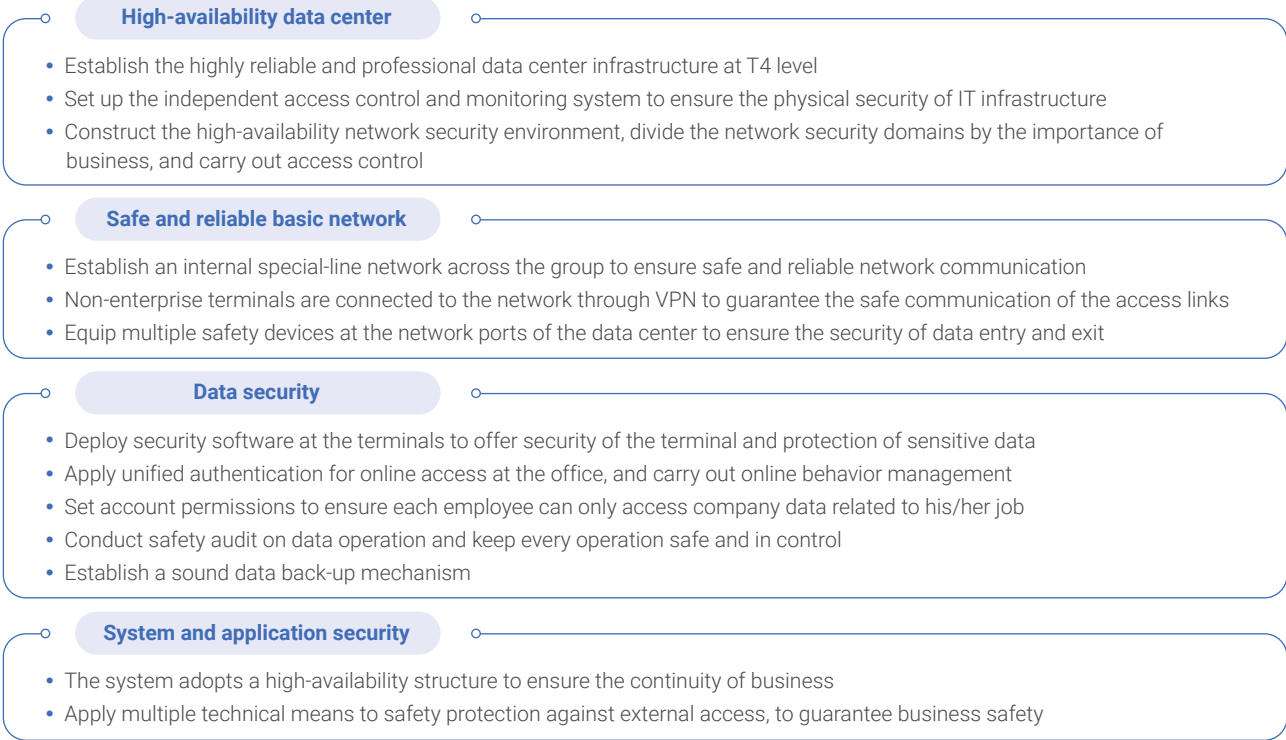


During the reporting period, the Company made positive progress in digitalization. The Sichuan Xiangheng corrugated board workshop was recognized as a “Municipal-level Digital Workshop in Chengdu”, and the Company’s self-developed digital production operation platform was named one of the “2024 Top 10 Models of Industrial Internet Application in Anhui Province”. These achievements not only reflect the Company’s digital application capabilities in key scenarios but also lay a solid foundation for further deepening the transformation and enhancing overall operational efficiency.

Information Security Management

The Company continues to advance the construction of its information security management system. Building on existing monitoring mechanisms and security protection measures, the Company has deepened its collaboration with 360 Managed Security Services (MSS). The Company has conducted multiple rounds of security scanning and fixing for key areas such as system vulnerabilities and external network assets. Additionally, the Company has further strengthened security monitoring and protective measures, effectively reducing system exposures and enhancing the general defensive capacity of its networks.

Information Security Construction Measures



In 2024, the Company launched the construction project for a remote disaster recovery center, aiming to enhance the emergency response and continuous operation capabilities of key business systems in the event of unexpected incidents. The project involves setting up a backup system environment at a remote location, conducting disaster recovery switch drills, and performing data testing to ensure that when the main system fails, core business operations can quickly switch to the backup system to continue running. This ensures that data will not be lost and business operations will not be interrupted, minimizing operational risks and economic losses. Currently, the Company has completed the EWM system pilot and will gradually extend coverage to key business systems such as CRM, the procurement order management system, and DPP.

In addition, the Company focuses on building an information security culture and actively improves employee security awareness. During China Cybersecurity Week, the Company invited security experts from 360 to conduct specialized security awareness training both online and offline, enhancing employees’ understanding of cybersecurity risks and their ability to mitigate them, and fostering an atmosphere of information security management with participation from all employees.

Metrics and Targets

The Company has set detailed targets around key areas such as digital marketing, digital procurement, digital finance and human resources management, data analysis, intelligent manufacturing, and business-finance integration. During the reporting period, the Company steadily advanced the construction, optimization, piloting, and rollout of related systems, driving continuous improvement in digital capabilities. At the same time, the Company has set “zero information security violations” as one of its annual management targets. During the reporting period, the Company strictly adhered to information security laws and regulations, and there were no incidents of regulatory penalties for violations of information security regulations. The information security management remained in a good and compliant state.

Anti-Commercial Bribery and Anti-Corruption

Shanying International consistently upholds a business philosophy of integrity and compliance, as well as the “zero tolerance” principle, and strictly prohibits any form of bribery, fraud, or corruption. The Company rigorously adheres to relevant laws and regulations, including the *Criminal Law of the People’s Republic of China*, the *Anti-Unfair Competition Law of the People’s Republic of China*, the *Anti-Money Laundering Law of the People’s Republic of China*, and the *Interim Provisions of the State Administration for Industry and Commerce on Prohibiting Commercial Bribery* continuously enhancing its compliance management level and operational transparency.

To establish a comprehensive and systematic compliance management framework, the Company has issued the *Basic Norms for Compliance*, setting behavioral norms in key areas such as market transactions, partner management, anti-corruption, conflict of interest, and overseas compliance. This aims to raise awareness and execution capabilities regarding integrity and compliance among all employees. Additionally, the Company has formulated the *Procurement Management regulations*, which outlines the “Eight Don’ts” in purchasing to clarify the behavioral baseline during the procurement process, regulate the conduct of procurement personnel, and ensure that procurement operations are conducted with integrity, efficiency, and transparency.

Shanying International’s “Eight Don’ts” in Purchasing

- 01

Don't take benefits or kickbacks from suppliers
- 02

Don't join suppliers' banquet and enter tainment activities (only the working meals are allowed)
- 03

Don't apply for reimbursement of expenses that should be paid personally at the supplier
- 04

Don't raise requirements unrelated to work to suppliers
- 05

Don't hold business negotiation or meeting with the supplier when only 2 people or fewer are involved
- 06

Don't hold business negotiation at individual offices, as business negotiation must be carried out at the conference room
- 07

Don't disclose the Company's secrets or business secrets
- 08


Don't express any speech or opinion unfavorable to the Company

In terms of employee and partner management, the Company has established institutional documents such as the *Employee Compliance Behavior Handbook* and the *Letter of Commitment to Transparent Cooperation*, which comprehensively regulate the behavioral boundaries of internal employees and external business partners. Employees are required to sign the *Letter of Commitment for Integrity and Ethical Compliance* upon joining, while partners are required to sign the *Letter of Commitment to Transparent Cooperation*, collectively fostering a fair and impartial business cooperation environment. During the reporting period, there were no corruption lawsuits against the Company or its employees.


The Company continues to promote the development of a clean culture, organizes differentiated anti-corruption training for different types of employees. New employees are required to undergo anti-fraud training during their onboarding phase. In addition to regular training, employees in key departments and sensitive positions are subject to a rotation system. Digital control measures are introduced in critical processes, such as procurement and bidding, to strengthen process supervision and reduce integrity risks.

To further improve the supervision mechanism, the Company has established corruption reporting channels that accept both real-name and anonymous reports. A reporter protection mechanism is also in place to strictly safeguard the security of reporters’ information. Moreover, based on the *Reporting Reward Management Regulations*, the Company offers rewards for verified and substantiated reports, encouraging employees and stakeholders to participate in supervision and creating a clean and honest corporate atmosphere.


Reporting Channels for Corrupt Practice




WeChat
shenji8833



Hotline
13917999742
021-62376897



E-mail
shenji@shanyingintl.com



Letter
Audit and Supervision Center, 8th Floor,
Shanying International Headquarters
Building, 6th Block Binjiang International,
No. 645, Anpu Road, Yangpu District,
Shanghai, 200082

Rewards for reporting corrupt practices

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

Punishments for corrupt practices

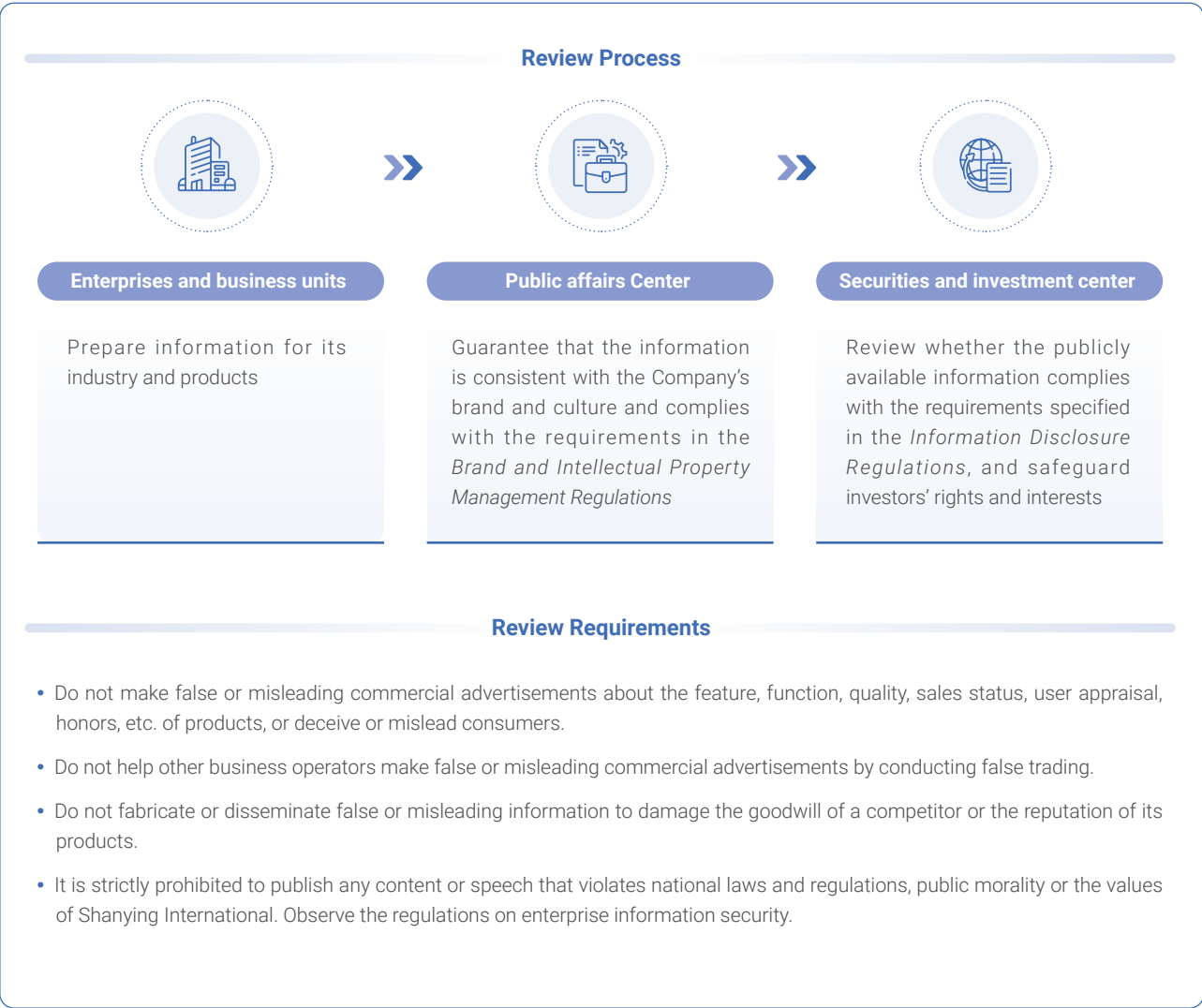
Anyone receiving and concealing business bribery practices that are proved to be true will be punished with all bribery properties confiscated and administrative penalties. If the case constitutes a crime, the labor contract of the responsible person will be terminated and the responsible person will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

Anti-Unfair Competition

Responsible Marketing

To ensure the authenticity, compliance and accuracy of publicized content, the Company strictly adheres to the *Anti-Unfair Competition Law of the People's Republic of China* and other relevant laws and regulations. The Company has developed and implemented the *Information Disclosure Regulations* and other related management policies, established and refined the review process for external publicized information. These efforts continuously enhance the compliance and risk prevention capabilities of the Company's promotional activities.

Information Review Process and Requirements



The Company places great emphasis on strengthening the standardized management of salesmen and customer service staff. It conducts relevant training to enhance their sense of responsibility and compliance in marketing, fostering an atmosphere of honest, trustworthy, and responsible market communication. During the reporting period, there was no violation against the laws or regulations associated with marketing, and no lawsuit arising from such matters.

Intellectual Property Management

The Company attaches great importance to intellectual property compliance and management, strictly adhering to the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, *Measures for the Registration of Computer Software Copyright*, and other relevant laws and regulations. It continuously improves the *Brand and Intellectual Property Management Regulations*, promoting the standardization and institutionalization of the management framework.

The Public Affairs Center at the Company's headquarters, as the coordinating department for intellectual property management, is responsible for planning and organizing intellectual property management at the Company level. It also has specialized positions dedicated to advancing related tasks, effectively safeguarding the Company's legal rights and interests. Each subsidiary is required to appoint an intellectual property management specialist in accordance with management requirements, who is responsible for the daily execution of management tasks within the subsidiary.

The Company strengthens the management of intellectual property rights protection, actively safeguarding its legitimate rights while strictly preventing infringement risks. During the reporting period, the Company did not experience any intellectual property infringement incidents.

Intellectual Property Management Measures

Safeguard our own intellectual property rights	<ul style="list-style-type: none">Timely register, record, apply for and register intellectual property rights during the R&D projectThe Legal and Compliance Center will file a lawsuit against any infringement on the Company's intellectual property rights
Avoid infringement on the intellectual property rights of others	<ul style="list-style-type: none">Conduct intellectual property search and check at the patent database at home and abroad, Chinese sci-tech periodical database and other existing databases before project establishmentRespect others' labor and findings, purchase genuine software and other products, never infringe on the intellectual property rights of others or misuse or imitate the patent technologies of others, and do not infringe on the registered trademark of others
Intellectual property right publicity and training	<ul style="list-style-type: none">Intellectual property management specialist at the headquarters participated in the "Advanced Training Course on Promoting High-Quality Development through Intellectual Property Transformation and Utilization" organized by the Shanghai Intellectual Property Office. They systematically studied high-value patent discovery, search and analysis methods, and results transformation strategies, with their intellectual property management and application capabilities strengthened.Suzhou Shanying organized multiple intellectual property-focused training sessions, covering basic patent knowledge, AI-assisted editing, technical searches, application processes, and writing practices, to enhance employees' practical skills in intellectual property.

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

<ul style="list-style-type: none">Shanying International passed the annual review of the Intellectual Property Management System certificationHuanan Shanying was recognized as an Enterprise with Intellectual Property Advantage in China and passed the review of Enterprise with Intellectual Property Advantage in Fujian ProvinceSuzhou Shanying passed the annual review of the Intellectual Property Management System certification
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ESG Data Table and Notes

Economic Performance

Metrics	Unit	2022	2023	2024
Total asset	Billion CNY	52.52	54.74	52.06
Total shareholders' equity	Billion CNY	14.13	15.72	16.83
Operating revenue	Billion CNY	34.01	29.33	29.23
Operating profit	Billion CNY	-2.27	0.20	-0.42
Earnings per share	CNY/share	-0.52	0.04	-0.10

Environmental Management¹

Metrics	Unit	2022	2023	2024
Environmental compliance management				
Environmental protection investment	10,000 CNY	52,051.16	39,259.18	28,461.37
Number of penalties imposed for violating environmental protection laws and regulations ²	Case	0	1	1
Total amount of fines imposed for violating environmental protection laws and regulations ²	10,000 CNY	0.00	20.00	3.98
Response to climate change ³				
Scope 1 GHG emissions ⁴	Tons of CO ₂ e	4,176,512.01	3,616,792.00	3,760,981.15
Scope 2 GHG emissions ⁴	Tons of CO ₂ e	1,181,742.81	1,548,305.29	1,667,811.28
Intensity of GHG emissions by productivity (Scope 1+Scope 2)	Tons of CO ₂ e/tons of product	0.7070	0.6095	0.5846
Scope 3 GHG emissions ⁵	Tons of CO ₂ e	11,540,678.63	12,522,514.84	12,427,647.34
Intensity of GHG emissions by productivity (Scope 3)	Tons of CO ₂ e/tons of product	1.5227	1.4778	1.3383
Energy use				
Comprehensive energy consumption ⁶	MWh	/	/	17,152,711.18
Intensity of comprehensive energy consumption	MWh/tons of product	/	/	1.8472
Coal consumption	Ton	1,989,334.13	1,773,500.77	1,805,971.60

Metrics		Unit	2022	2023	2024
Liquefied petroleum gas consumption		Tons	138.29	92.87	73.60
Natural gas consumption		10,000 m³	8,928.36	9,310.52	10,690.69
Diesel consumption		Ton	11,193.69	3,810.81	3,492.51
Gasoline consumption		Ton	437.21	255.49	224.57
Biomass usage		Ton	770,019.25	799,071.21	855,715.30
Photovoltaic power consumption		MWh	/	/	64,534.03
Purchased electricity usage		MWh	/	/	2,281,351.35
Purchased heat usage		GJ	2,352,276.17	3,608,870.84	4,435,994.45
Clean energy usage		MWh	/	/	3,775,916.76
By energy type	Solar energy	MWh	/	/	64,534.03
	Biomass energy	MWh	7,390,829.83	2,450,285.22	2,555,274.20
	Natural gas	MWh	980,461.91	1,211,901.46	1,156,108.53
Water resource use					
Total water consumption		Ton	/	/	27,975,155.75
Water consumption per unit of output		Tons/tons of product	/	/	3.9255
Pollutant discharge					
Total wastewater discharge		m³	/	/	42,378,100.05
COD emission		Ton	1,601.52	1,704.21	1,484.28
NH ₃ -N emission		Ton	82.18	83.38	32.53
Total exhaust emission		m³	/	/	21,380,128,520.00
SO ₂ emission		Ton	248.02	225.31	202.20
NO _x emission		Ton	946.33	1,050.66	925.61
Smoke and dust emission		Ton	31.10	29.11	33.23
Waste disposal					
Total hazardous waste		Ton	/	/	347.75
Hazardous waste generated per unit of output		kg/tons of product	/	/	0.0488
Total non-hazardous waste		Ton	/	/	927,132.09
Non-hazardous waste generated per unit of output		kg/tons of product	/	/	130.0949

Note:

1. The scope of data for environmental compliance management, response to climate change, and energy use for the years from 2022 to 2024 align with that of the Company's consolidated financial statements.

The data of water resource use, pollutant discharge and waste disposal for 2024 cover eight major pollutant discharge units under the Company, including Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Guangdong Shanying, Jilin Shanying, Aituo Environmental Energy, and Putian Xiangheng.

The data of wastewater discharge for 2022 cover six major water pollutant discharge units under the Company, including Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Guangdong Shanying, and Aituo Environmental Energy. The data for 2023 further cover Wuhan Xiangheng.

The data of exhaust emission for 2022 cover six major atmospheric pollutant discharge units under the Company, including Anhui Shanying, Zhejiang Shanying, Huanan Shanying, Huazhong Shanying, Aituo Environmental Energy, and Putian Xiangheng. The data for 2023 further cover Guangdong Shanying.

2. During the reporting period, Hefei Xiangheng Packaging Co., Ltd., a subsidiary in the packaging segment, received an Administrative Penalty Decision (W.H.H. (Y) F. [2024] No. 10) issued by the Hefei Municipal Bureau of Ecology and Environment on June 27, 2024. Hefei Xiangheng entrusted a third-party testing agency to regularly monitor wastewater metrics. However, as the third-party agency was ordered to suspend operation, it failed to provide the latest monitoring report, resulting in an environmental penalty of CNY 39,800 imposed on Hefei Xiangheng. Hefei Xiangheng has since terminated its cooperation with the testing agency and engaged a qualified third-party agency to issue a new testing report and conduct self-monitoring in accordance with regulations. The Company will strictly urge Hefei Xiangheng to make rectification following regulatory requirements, enhance environmental protection management, and prevent similar issues from recurring. No environmental pollution incidents occurred due to the above matter, and there was no subjective malice on the part of Hefei Xiangheng, so this does not constitute a major impact.

3. The calculation of the GHG emissions (Scope 1+2 and Scope 3) and the intensity of GHG emissions by productivity (Scope 1+2 and Scope 3) was based on the *GHG Protocol Corporate Accounting and Reporting Standard*, the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting-Standard*, the *ISO 14064-1:2018 Greenhouse Gases-Part 1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouses Gas Emission and Removal*, the *Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guide for Power Generation Facilities* and the *Papermaking and Paper Product Corporation Greenhouse Gas Emission Calculation and Reporting Guide (Trial)*.

4. Scope 1 emissions are direct emissions from the consumption of coal, liquefied petroleum gas, natural gas, diesel and gasoline, and the greenhouse gases include CO₂ and CH₄. Scope 2 emissions are indirect emissions from the consumption of purchased electricity and heat, and the greenhouse gases included CO₂. The emission factors used in the calculation of Scope 1 and Scope 2 emissions were derived from the measured low calorific value of coal and carbon content per unit calorific value of the self-contained power plant. The default values were derived from the *Power Generation Guide*, the *Paper Manufacturing Guide*, and the emission factors of the corresponding annual purchased electricity released by China. The selected GWP value was CH₄ of 27.9-tCO₂e/tCH₄, derived from IPCC AR6.

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

6. The calculation of comprehensive energy consumption refers to the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020).

Innovation-Driven Development

Metrics	Unit	2022	2023	2024
Number of R&D personnel	Person	1,140	1,233	1,392
Percentage of R&D personnel	%	7.61	8.79	10.21
Investment in R&D	10,000 CNY	83,092.25	83,687.87	83,641.62
Percentage of R&D investment in operating income	%	2.44	2.85	2.86
Percentage of R&D investment in income from core business	%	2.49	2.92	2.91
Number of software copyright registered during the reporting period	Case	4	0	1
Number of trademarks approved during the reporting period	Case	25	0	0
Number of patents granted during the reporting period	Case	311	124	163
Number of valid patents during the reporting period	Case	1,020	1,199	1,322
Number of invention patents applied to core business	Case	1,020	1,199	1,322

Products and Customer Services

Metrics	Unit	2023	2024
Number of violations of laws and regulations related to products and services	Case	0	0
Total amount of fines imposed for violating laws and regulations related to products and services	10,000 CNY	0	0

Supply Chain Management

Metrics		Unit	2023	2024
Total number of suppliers		Supplier	3,292	3,700
By region	Suppliers on the Chinese mainland	Supplier	3,269	3,679
	Suppliers in Hong Kong, Macao, Taiwan and overseas	Supplier	23	21

Employment

Metrics		Unit	2022	2023	2024
Total number of employees		Person	14,976	14,024	13,637
By gender	Male	Person	10,767	10,222	10,053
	Female	Person	4,209	3,802	3,584
By employment type	Contract employees	Person	13,893	13,229	12,898
	Dispatched employees	Person	881	639	554
	Other types ¹	Person	202	156	185
By age	Aged ≥ 51	Person	1,598	1,486	1,446
	Aged 41-50	Person	4,438	4,131	4,046
	Aged 31-40	Person	5,097	4,900	4,755
	Aged ≤ 30	Person	3,843	3,507	3,390
By region	Chinese mainland, Hong Kong, Macao, and Taiwan	Person	14,020	13,067	12,605
	Other countries and regions	Person	956	957	1,032

Metrics		Unit	2022	2023	2024
By academic degree	Master or above	Person	259	236	230
	Bachelor's degree	Person	2,077	1,946	1,890
	Associate degree	Person	2,760	2,630	2,565
	High school degree or below	Person	9,880	9,212	8,952
By job title	Entry-level employees	Person	14,073	13,238	12,756
	Mid-level employees	Person	727	606	675
	Mid-level female employee	%	19.67	22.28	24.15
	Senior-level employees	Person	176	180	206
	Senior-level female employees	%	17.05	15.56	19.42
By job category	Employees in production	Person	10,290	9,673	9,399
	Employees in sales	Person	778	720	703
	Technicians	Person	1,513	1,430	1,407
	Employees in accounting	Person	342	300	287
	Employees in administration	Person	1,083	1,001	960
	Employees in management	Person	970	900	881
Employee turnover rate ²		%	29.27	39.36	26.18
By gender	Male	%	29.14	39.37	26.44
	Female	%	29.60	39.35	25.45
By age	Aged ≥ 51	%	27.35	38.63	29.18
	Aged 41-50	%	20.30	27.55	21.28
	Aged 31-40	%	26.92	33.84	21.83
	Aged ≤ 30	%	43.53	61.31	36.84
By region	Chinese mainland, Hong Kong, Macao, and Taiwan	%	30.44	40.37	27.42
	Other countries and regions	%	12.13	25.71	11.05

Notes:

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

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

Occupational Health and Safety

Metrics		Unit	2023	2024
Work injury insurance Investment		10,000 CNY	/	770.00
Work injury insurance coverage		%	/	100.00
Number of employees receiving medical check-ups for occupational diseases		Person	3,972	4,758
Number of working days lost due to work-related injuries per person		Day	0.23	0.43
Number of employees who died from work-related injuries		Person	0	1
Number of penalties imposed for violating occupational health and safety laws and regulations		Case	0	0

Employee Growth and Development

Metrics		Unit	2022	2023	2024
Total investment in employee training		10,000 CNY	/	/	403.07
Number of employee training sessions		Session	/	/	112
Employee training coverage ¹		%	97.08	97.83	96.87
By gender	Male	%	98.59	98.60	97.71
	Female	%	93.23	95.74	94.50
By job level category	Entry-level employees	%	96.89	98.14	98.29
	Mid-level employees	%	100.00	92.24	70.96
	Senior-level employees	%	100.00	93.33	93.69
Average training hours of Employees ²		Hour	23.35	23.71	23.72
By gender	Male	Hour	24.90	24.89	24.78
	Female	Hour	19.41	20.56	20.76
By job level category	Entry-level employees	Hour	22.73	23.50	23.54
	Mid-level employees	Hour	35.51	27.69	27.57
	Senior-level employees	Hour	22.75	25.94	22.41

Notes:

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

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

Public Welfare and Charity

Metrics	Unit	2022	2023	2024
Total investment in public welfare and charity	10,000 CNY	600.64	253.96	370.27
Including the Rural revitalization investment	10,000 CNY	18.50	18.50	20.85
Social contribution value per share ¹	CNY	0.67	1.07	0.76

Note:
1. Social contribution value per share=Basic earnings per share + (Taxes generated by the company for the country during the year + Wages paid to employees + Interest on loans paid to banks and other creditors + Value created for other stakeholders, such as donations - Other social costs due to environmental pollution)/Total number of shares issued by the company.

Information Security Management

Metrics	Unit	2024
Amount involved in data security incidents	10,000 CNY	0
Amount involved in customer privacy leaks	10,000 CNY	0

Business Ethics

Metrics	Unit	2024
Percentage of Board members covered by anti-commercial bribery and anti-corruption training	%	100
Percentage of management members covered by anti-commercial bribery and anti-corruption training	%	100
Percentage of employees covered by anti-commercial bribery and anti-corruption training	%	85
Amount involved in lawsuits or major administrative penalties due to unfair competition committed by the Company during the reporting period	10,000 CNY	0

Appendix 1: Full Names and Abbreviations of Subsidiaries

Business sector	Full names and abbreviations of subsidiaries ¹	
Packaging	Changzhou Xiangheng Packaging Co., Ltd	Changzhou Xiangheng
	Chongqing Xiangheng Creative New Materials Co., Ltd.	Chongqing Xiangheng
	Foshan Dongda Packaging Co., Ltd.	Foshan Dongda
	Guizhou Xiangheng Packaging Co., Ltd.	Guizhou Xiangheng
	Hangzhou Xiangheng Packaging Co., Ltd	Hangzhou Xiangheng
	Hefei Xiangheng Packaging Co., Ltd.	Hefei Xiangheng
	Jiashan Xiangheng Packaging Co., Ltd.	Jiashan Xiangheng
	Jiangsu Jiurun Packaging Co., Ltd.	Jiangsu Jiurun
	Luzhou Yishenghong Packaging Co., Ltd.	Luzhou Yishenghong
	Ma'anshan Xiangheng Packaging Co., Ltd.	Ma'anshan Xiangheng
	Putian Xiangheng Packaging Co., Ltd.	Putian Xiangheng
	Qingdao Hengguangtai Packaging Co., Ltd.	Qingdao Hengguangtai
	Yantai Hengguangtai Packaging Co., Ltd.	Yantai Hengguangtai
	Xiamen Xiangheng Packaging Co., Ltd.	Xiamen Xiangheng
	Sichuan Xiangheng Packaging Products Co., Ltd.	Sichuan Xiangheng
	Suzhou Shanying Paper & Paper Products Co., Ltd.	Suzhou Shanying
	Suzhou Xinghua Printing Technology Co., Ltd.	Suzhou Xinghua
	Xiangheng (Tianjin) Packaging Co., Ltd.	Tianjin Xiangheng
	Wuhan Xiangheng Packaging Co., Ltd.	Wuhan Xiangheng
	Yangzhou Xiangheng Packaging Co., Ltd.	Yangzhou Xiangheng
	Yibin Xiangtai Environmental Technology Co., Ltd.	Yibin Xiangtai
	Vietnam Zhongjian Package Co., Ltd.	Vietnam Zhongjian
	Zhejiang Xiangheng Packaging Co., Ltd.	Zhejiang Xiangheng
	Zhongshan Xiangheng Smart Paper Technology Co., Ltd.	Zhongshan Xiangheng
	Zhongshan Zhongjian Environmental Packaging Co., Ltd.	Zhongshan Zhongjian
	Zhuhai Senyang Packaging Co., Ltd.	Zhuhai Senyang

Business sector	Full names and abbreviations of subsidiaries ¹	
Papermaking	Aituo Environmental Energy (Zhejiang) Co., Ltd.	Aituo Environmental Energy
	Papermaking base in Ma'anshan, Anhui	Anhui Shanying
	Shanying Paper (Guangdong) Co., Ltd.	Guangdong Shanying
	Shanying Southern China Paper industry CO., Ltd.	Huanan Shanying
	Shanying Huazhong Paper Co., Ltd.	Huazhong Shanying
	Shanying Paper (Jilin) Co., Ltd.	Jilin Shanying
	Ma'anshan Tianshun Port Co., Ltd.	Ma'anshan Tianshun
	Suzhou Shanying Paper Co., Ltd.	Suzhou Shanying
	Zhejiang Shanying Paper Co., Ltd.	Zhejiang Shanying
	Phoenix Paper Wickliffe LLC	Phoenix Paper

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

Appendix 2: Index Tables

Index Table of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)*

Disclosure requirements	Corresponding section
Chapter I General Provisions	About this Report Sustainability Management ESG Data Table and Notes
Chapter II Disclosure Framework for Sustainability Information	Sustainability Management
Chapter III Environmental Disclosure	
Section 1 Response to climate change	
Response to climate change	Steady Operation for Long-term Development: Carbon Management in Response to Climate Change
Section 2 Pollution Control and Ecosystem Protection	
Pollutant discharge	Pollutant Discharge
Waste disposal	Waste Disposal
Ecosystem and biodiversity protection	Ecosystem and Biodiversity Protection
Environmental compliance management	Environmental Compliance Management
Section 3 Resource Utilization and Circular Economy	
Energy usage	Efficiency Improvement for Empowerment: Energy Use Optimization Driving Green Transformation
Usage of water resources	Resource Management
Circular economy	Material Recycling: Integrated Industry Chain Development Promotes Carbon Reduction at the Source
Chapter IV Social Disclosure	
Section 1 Rural Revitalization and Social Contributions	
Rural revitalization	Public Welfare and Charity
Contributions to the society	Public Welfare and Charity Community Communication and Development
Section 2 Innovation-Driven Development and Ethics of Science and Technology	
Innovation-driven development	Innovation-Driven Development
Ethics of science and technology	The Company does not engage in scientific research or technological development activities in ethically sensitive fields such as life sciences or artificial intelligence. Therefore, this topic is not applicable.
Section 3 Suppliers and Clients	
Supply chain security	Supply Chain Security
Equal treatment to SMEs	Equal Treatment to SMEs

Disclosure requirements	Corresponding section
Safety and quality of products and services	Product Quality and Safety
Data security and customer privacy protection	Digitalization and Information Security Management
Section 4 Employees	
Employees	Employee Rights and Benefits Occupational Health and Safety Employee Growth and Development
Chapter V Corporate Governance Information Related to Sustainable Development Disclosure	
Section 1 Sustainability-Related Governance Mechanisms	
Due diligence	Risk Compliance and Internal Control
Communications with stakeholders	Stakeholder Communication and Material Topic Management
Section 2 Commercial Behaviors	
Anti-commercial bribery and anti-corruption	Anti-Commercial Bribery and Anti-Corruption
Anti-unfair competition	Anti-Unfair Competition
Chapter VI Supplementary Provisions and Interpretation	Appendix 2: Index Tables

Index Table of the Global Sustainability Standards Board (GSSB) *GRI Standards 2021*

Statement of use	Shanying International reported the information referenced in this GRI Index Table in accordance with <i>GRI Standards</i> from January 1, 2024, to December 31, 2024.	
GRI 1 used	GRI 1: Foundation 2021	
GRI standards	Disclosure item	Corresponding section
GRI 2: General Disclosures (2021)	2-1 Organizational details	About Shanying International
	2-2 Entities included in the organization's sustainability reporting	About this Report
	2-3 Reporting period, frequency and contact point	About this Report
	2-6 Activities, value chain and other business relationships	About Shanying International Supply Chain Security
	2-7 Employees	ESG Data Table and Notes
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Management Stakeholder Communication and Material Topic Management
	2-14 Role of the highest governance body in sustainability reporting	About this Report Sustainability Management Stakeholder Communication and Material Topic Management
	2-15 Conflicts of interest	Protection of Investors' Rights and Interests
	2-16 Communication of critical concerns	Stakeholder Communication and Material Topic Management
	2-17 Collective knowledge of the highest governance body	Steady Operation for Long-term Development: Carbon Management in Response to Climate Change
	2-22 Statement on sustainability strategies	Sustainability Management
	2-26 Mechanisms for seeking advice and raising concerns	Anti-Commercial Bribery and Anti-Corruption
	2-27 Compliance with laws and regulations	During the reporting period, t the Company recorded one environmental violation. See "ESG Data Table and Notes – Environmental Management" in this report for details.
	2-29 Approach to stakeholder engagement	Stakeholder Communication and Material Topic Management
	2-30 Collective bargaining agreements	Employee Rights and Benefits
GRI 3: Material Topics (2021)	3-1 Process to determine material topics	Stakeholder Communication and Material Topic Management
	3-2 List of material topics	Stakeholder Communication and Material Topic Management
	3-3 Management of material topics	Stakeholder Communication and Material Topic Management
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed	ESG Data Table and Notes See <i>Shanying International 2024 Annual Report</i> for details.

GRI standards	Disclosure item	Corresponding section
GRI 203: Indirect Economic Impacts (2016)	203-2 Significant indirect economic impacts	Public Welfare and Charity Community Communication and Development
GRI 205: Anti-corruption (2016)	205-2 Communication and training about anti-corruption policies and procedures	Anti-Commercial Bribery and Anti-Corruption ESG Data Table and Notes
	205-3 Confirmed incidents of corruption and actions taken	Anti-Commercial Bribery and Anti-Corruption
GRI 206: Anti-competitive Behavior (2016)	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-Unfair Competition ESG Data Table and Notes
GRI 301: Materials (2016)	301-1 Materials used by weight or volume	Material Recycling: Integrated Industry Chain Development Promotes Carbon Reduction at the Source
	301-2 Recycled input materials used	Material Recycling: Integrated Industry Chain Development Promotes Carbon Reduction at the Source
	301-3 Reclaimed products and their packaging materials	Material Recycling: Integrated Industry Chain Development Promotes Carbon Reduction at the Source
GRI 302: Energy (2016)	302-1 Energy consumption within the organization	Efficiency Improvement for Empowerment: Energy Use Optimization Driving Green Transformation ESG Data Table and Notes
	302-3 Energy intensity	Efficiency Improvement for Empowerment: Energy Use Optimization Driving Green Transformation ESG Data Table and Notes
	302-4 Reduction of energy consumption	Efficiency Improvement for Empowerment: Energy Use Optimization Driving Green Transformation
GRI 303: Water and Effluents (2018)	303-1 Interactions with water as a shared resource	Resource Management
	303-2 Management of water discharge-related impacts	Pollutant Discharge
	303-3 Water withdrawal	ESG Data Table and Notes
	303-4 Water discharge	ESG Data Table and Notes
	303-5 Water consumption	ESG Data Table and Notes
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	ESG Data Table and Notes
	305-2 Energy indirect (Scope 2) GHG emissions	ESG Data Table and Notes
	305-3 Other indirect (Scope 3) GHG emissions	ESG Data Table and Notes
	305-4 GHG emissions intensity	ESG Data Table and Notes
	305-5 Reduction of GHG emissions	Steady Operation for Long-term Development: Carbon Management in Response to Climate Change
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	ESG Data Table and Notes
GRI 306: Waste (2020)	306-1 Waste generation and significant waste-related impacts	Waste Disposal
	306-2 Management of significant waste-related impacts	Waste Disposal
	306-3 Waste generated	Waste Disposal ESG Data Table and Notes

GRI standards	Disclosure item	Corresponding section
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	ESG Data Table and Notes
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Benefits
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Rights and Benefits
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety
	403-10 Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education (2016)	404-1 Average hours of training per year per employee	ESG Data Table and Notes
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Growth and Development
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	ESG Data Table and Notes
GRI 406: Non-discrimination (2016)	406-1 Incidents of discrimination and corrective actions taken	Employee Rights and Benefits
GRI 408: Child Labor (2016)	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Rights and Benefits
GRI 409: Forced or Compulsory Labor (2016)	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights and Benefits
GRI 413: Local Communities (2016)	413-1 Operations with local community engagement, impact assessments, and development programs	Environmental Compliance Management
	413-2 Operations with significant actual and potential negative impacts on local communities	Environmental Compliance Management
GRI 416: Customer Health and Safety (2016)	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Safety
GRI 417: Marketing and Labeling (2016)	417-2 Incidents of non-compliance concerning product and service information and labeling	Customer Service Management
	417-3 Incidents of non-compliance concerning marketing communications	Customer Service Management
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digitalization and Information Security Management

