



2023

Sustainability/ESG Report

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Together for Rural Revitalization, Green  
D  Shared Prosperity

**With gold shining and love blooming  
Hand in hand toward shared prosperity**

Pooling our collective strengths, illuminating every corner of the world,  
and lighting the path forward with hope,  
APP China will join hands with all stakeholders to paint a new chapter of  
revitalization and shared prosperity

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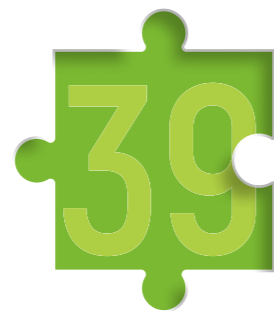
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# Message from Chairman



The 20th National Congress of the Communist Party of China charted a strategic blueprint of comprehensively promoting the great rejuvenation of the Chinese nation through Chinese modernization, and put forward the requirement of "improving the modern corporate system with distinctive Chinese features, and faster fostering world-class companies". APP China has been always resonating with the nation. Adhering to our vision of "contributing to the nation's development with industrial development", we actively embrace a "dual circulation" development paradigm, and resolutely advance the green transformation as well as the digital and intelligent transformation based on an integrated "Plantation-Pulp-Paper" industrial chain, aiming to participate in the sustainable and high-quality development of China's paper industry and Chinese modernization.

Over the last decade, China's paper industry has experienced a complete economic cycle. With industry growth slowing down and market demand falling back, paper industry is at a critical moment with both challenges and opportunities

ahead. Meanwhile, considering risks faced by our planet such as global climate change and sharp decline in biodiversity, companies need and are obligated to fully assess the actual and potential impacts of their operations on the environment and society. In this regard, we firmly believe that sustainable development is the key to addressing these issues. We should uphold long-termism and the "big picture thinking", continuously explore solutions that benefit environment, society, and economy, and truly create lasting value.

#### Implementing green and low-carbon transformation and exploring green and carbon reduction practices.

In 2023, we broke down the Group's strategic goals of "carbon peaking and carbon neutrality" into targets for the various business units under APP China. Our mills established their respective carbon peaking and carbon neutrality committees, which forms a robust carbon emission management system that allows us to steadily and orderly advance toward our goals of "peaking carbon emissions by 2030 and reach carbon neutrality by 2060". We have strengthened management

and innovation on the environmental front, such as cleaner production, forestry carbon sinks, biomass energy plantations, zero-carbon products, and forest biodiversity. We launched the "APPGreen" system of standards, which covers green production, green business ecosystem, green products and living. We intend to use the system to promote greater collaborative sustainable development efforts from our value chain partners. We continued to expand the area of our plantations, and accelerated the exploration and implementation of more efficient forest management models, which not only improves our sustainable supply capacity of raw materials, but also helps to effectively increase forest carbon sinks.

#### Adhering to the "people-oriented" thinking and contributing to the stability and harmony of the society.

The "people-oriented" thinking is deeply rooted in our corporate management. We care for the physical and mental health of employees, and fully protect their rights and interests. We continuously optimize our employee training system and resources, expand career development

path for employees, and encourage employees to unleash their potential and actively participate in the transformation of the Company, so as to achieve the harmonious alignment of their personal career goals and the Company's development visions. Under our public welfare vision of "building a harmonious society by helping the frail, the needy, the elderly, and the young", we continuously support community development. Cumulatively, we have donated over RMB1.5 billion in China to support balanced education development, youth talent cultivation, medical and research development, rural revitalization, and other charitable causes. We have successively launched rural revitalization projects in Ganzhou, Jiangxi Province, Lancang, Yunnan Province and other places, helping local communities diversely create values through exploiting local specialties, cultivating new-style agricultural entities, and improving the efficiency of the agricultural industry chain. Our rural revitalization projects have already achieved good results in terms of improved ecological environment and robust business growth of the village cooperatives.

**Deepening digital and intelligent transformation and optimizing corporate governance.** In 2023, we continued to advance toward "Digital and Intelligent Transformation 2.0", and have greatly improved our production efficiency and energy resource utilization efficiency through deep integration of intelligence technology and our industry, such as a series of successful intelligence upgrades in key areas such as product development, quality control, energy management, and risk prevention. We actively promoted the integration of "industry, university, and research institution", and established academician studios in Nanning, Guangxi Province and Ningbo, Zhejiang Province, building a reserve of high-end talent while promoting the commercialization of technological achievements. We intensified our R&D efforts, and developed and launched a variety of high-quality paper products, such as lightweight products with green and healthy attributes, zero-carbon products, and zero-plastic products, etc. We further optimized our corporate governance, strengthened risk management and internal control systems, and consistently emphasized

the importance of integrity and compliance among our employees and partners, ensuring stable development with a strong and comprehensive bottom line of compliance.

Great achievements require great ambitions, and great success requires great diligence. The world is at a stage filled with change, transformation, and adjustment. Faced with many uncertainties and risks, APP China will uphold the Company's vision and the strategic goal of "Two Transformations and One Surpassing", carry forward the spirit of self-improvement and perseverance, comprehensively enhance our technological innovation capabilities, strive to build a green ecosystem of green raw materials, green manufacturing, and green products, and make continuous efforts to create sustainable and shared value for the economy, society, and environment.

Chairman of Sinar Mas Group  
**Teguh Ganda Widjaja**

# About APP China





## Milestones

**1992**

Ningbo Zhonghua was formed through joint investment by APP, China Strategic Holdings Limited from Hong Kong, Ningbo Duplex Board Factory, and China Paper and Pulp Import and Export Co., Ltd. and is the first mill invested in and set up by APP in China.

**1996**

Gold Huasheng Paper (Suzhou Industrial Park) Co., Ltd. was established, and was once one of the largest diversified cultural paper product providers in China and Asia.

**1995**

APP started to establish plantations in China, embarking on a progressive journey to modernize papermaking in the country.

**1997**

Gold East Paper was officially established with a total investment of RMB20 billion; with an annual production capacity of 2 million tons of coated paper, it is one of the world's largest single-line coated paper enterprises.

Yalong Paper Products (Kunshan) Co., Ltd. started operations; with an annual paper product capacity of 200,000 tons, it was once one of the largest paper deep-processing enterprises in China.

**1998**

Gold Hongye Paper Group Co., Ltd. started operations, activating 23 fully automated assembly lines simultaneously; it currently has an annual capacity of over 1.2 million tons of tissue base paper and over 800,000 tons of finished products, and its brands such as "Breeze" and "VIRJOY" have become industry-leading tissue brands.

**2004**

Ningbo Asia Pulp & Paper was put into operation, equipped with one of the world's largest single-machine production capacities and the most advanced industrial paperboard production lines.

**2005**

Hainan Jinhai Pulp & Paper Co., Ltd., APP China's first pulp mill as well as one of the first batch of integrated "Plantation-Pulp-Paper" Green Circular Industrial Bases in China, officially started operations.

**2010**

With an annual chemi-mechanical pulp (CMP) production of 300,000 tons, the first phase of Guangxi Jingui Pulp & Paper's Integrated "Plantation-Pulp-Paper" project started operations, and its 600,000-ton papermaking production also started operations.

**2017**

APP China actively responded to the "Belt and Road" Initiative and signed a strategic agreement with several cities to build large-scale production and R&D bases for tissues, industrial paper, and viscose fiber using "Industry 4.0+artificial intelligence" technologies.

**2020**

Sinar Mas Paper acquired 100% of Shandong Bohui Group's equity, optimizing corporate scale and resource allocation, and promoting orderly competition and high-quality development in China's pulp and paper industry.

The foundation stone laying ceremony of the Sinar Mas Group Yancheng Cellulose Fiber Integration Industrial Base was held at the Binhai Port Industrial Park, Yancheng, Jiangsu Province.

**2021**

The Sinar Mas - APP Rudong Tissue Base started operations with a total investment of RMB45 billion, a planned site area of 567 hectares, and an annual high-grade tissue production capacity of 3.96 million tons. It was divided into three phases of construction, and the first phase of the project has been fully completed and put into production currently.

**2022**

On the occasion of its 30th anniversary of entering China, the Company integrated an ESG development concept into its sustainability strategy and released the first ESG report at the 5th China International Import Expo.

**2023**

The first academicians studio of Sinar Mas Group APP was inaugurated in Nanning, Guangxi Autonomous Region.

# Achievements and Honors

Entity	Honors and Awards	Issuers
APP China	2023 Responsible Enterprise	The 19th China Corporate Social Responsibility Forum
	Environmental Ecological Contribution Award	2023 Yicai China - Corporate Social Responsibility List
	2023 ESG Pioneer Enterprise Award	The 13th Philanthropy Festival and 2023 ESG Summit
	Based in Shanghai for 20 Years MNC's Regional Headquarters	Shanghai Municipal People's Government
Hainan Jinhai Pulp & Paper	2022 Water Efficiency Leader among Key Water-using Enterprises and Industrial Parks (valid for 2 years from the date of issuance)	Ministry of Industry and Information Technology, Ministry of Water Resources, National Development and Reform Commission, State Administration for Market Regulation
	2022 Green Factory	General Office of Ministry of Industry and Information Technology
	Worker Pioneer (Paper Research Team of the Technology Department)	All-China Federation of Trade Unions
	Top 10 Enterprises of Papermaking Industry in China's Light Industry (No.6)	China National Light Industry Council, China Paper Association
	2022 Top 200 Enterprises of China's Light Industry (No.45)	China National Light Industry Council
	2023 Outstanding Organization Award in the 2nd Hainan Free Trade Port Skills Competition - Danzhou Vocational Skills Competition	Danzhou Municipal Bureau of Human Resources and Social Security
	2022 Top 100 Enterprises in Hainan Province (No.11), 2022 Top 40 Enterprises of Manufacturing Industry in Hainan Province (No.4)	Hainan Enterprise Confederation, Hainan Entrepreneurs Association
	2023 Excellent Case of Industrial Internet Application in Hainan Province (Digital Mill for Pulp and Paper Built Based on Lean Management A+ System)	Hainan Provincial Department of Industry and Information Technology
Gold East Paper	2022 Advanced Unit for Friendly Emission Reduction in Air Pollution Control in Zhenjiang City	Zhenjiang Atmospheric Pollution Prevention and Control Joint Conference Office
	2022 Advanced Unit in Transportation Work of Zhenjiang New District	Zhenjiang Municipal Transportation Bureau New District Branch
	2022 Water Efficiency Leader among Key Water-using Enterprises and Industrial Parks (valid for 2 years from the date of issuance)	Ministry of Industry and Information Technology, Ministry of Water Resources, National Development and Reform Commission, State Administration for Market Regulation
	China Environmental Labeling (Type II) Product Certification (coated paper, white kraft (card) paper, double adhesive paper, and thermal paper), China Environmental Labeling (Type I) Product Certification (copy paper)	China Environmental United Certification Center (CEC)
	Jiangsu Province Worker Pioneer	Jiangsu Provincial Federation of Trade Unions
	Jiangsu Province Employment and Internship Demonstration Base	Jiangsu Provincial Department of Human Resources and Social Security
	Top 10 Enterprises of Papermaking Industry of China's Light Industry	China National Light Industry Council, China Paper Association
	2022 Top 200 Enterprises of China's Light Industry (No.63)	China National Light Industry Council
	Internationally Renowned Brands for Key Cultivation and Development in Jiangsu Province (2023-2025) ("Space Shuttle")	Jiangsu Provincial Department of Commerce
	2023 Zhenjiang City Statistical Credit Red List Enterprise	Zhenjiang Municipal Bureau of Statistics
2023 Top 100 Innovative Enterprises, Top 500 Manufacturing Enterprises (No.3)	Jiangsu Provincial Department of Human Resources and Social Security	



# Sustainability/ESG Strategy



**Sustainability Commitment**

"APPGreen" works together with you to be a gardener for greening our Planet: Green, Circular, and Healthy

**For Planet**

**For People**

**Green Planet**

Conserve resources  
Promote sustainable development of the environment

**Green Business Ecosystem**

Empower supply chain and business partners  
Build an ecosystem of green alliances

**Green Products & Lifestyles**

Continuously optimize products  
Continuously expand the proportion of sustainable products

**Green Livelihood**

Create significant amount of quality employment opportunities  
Build a green planet community

**Sustainability Certification**

**CFCC/PEFC-FM Certification\* of APP China Forestry**

No.	APP China Forestry Companies	Certificate No.
1	Simao Jin Lancang High-Yield Forestry Co., Ltd.	CFCC/PEFC-FM-ZTFC-000018
2	Wenshan Jin Wenshan High-Yield Forestry Co., Ltd.	CFCC/PEFC-FM-ZTFC-000017
3	Hainan Jinhua Forestry Co., Ltd.	CFCC/PEFC-FM-ZTFC-000003
4	Guangxi Jin Gui Forestry Co., Ltd.	CFCC/PEFC-FM-ZTFC-000005
5	Guangxi Jin Qinzhou High-Yield Forestry Co., Ltd.	CFCC/PEFC-FM-ZTFC-000006
6	Jin-Qingyuan Timberland (Paper mill) Ltd.	CFCC/PEFC-FM-ZTFC-000007
7	Shaoguan Jin-Shaoguan First Quality Timberland (Paper mill) Ltd.	CFCC/PEFC-FM-ZTFC-000008
8	Heyuan Jinmei Science & Technology Forestry Co., Ltd.	CFCC/PEFC-FM-ZTFC-000030
9	Leizhou Jin-taiyang Science and Tech Forestry Ltd.	CFCC/PEFC-FM-ZTFC-000030
10	Yangjiang Jin-taiyang Science and Tech Forestry Ltd.	CFCC/PEFC-FM-ZTFC-000030
11	Guangxi Xing Guilin Agriculture Technology Co., Ltd.	CFCC/PEFC-FM-ZTFC-000031
12	Guangxi Jin Taiyang Forestry Co., Ltd.	CFCC/PEFC-FM-ZTFC-000031
13	Xinjiu (Guangdong) Forestry Co., Ltd.	CFCC/PEFC-FM-ZTFC-000061
14	Zhaoqing Jiayao Forestry Economy Development Co., Ltd.	CFCC/PEFC-FM-ZTFC-000061
15	Huizhou Nanyou Forestry Economy Development Co., Ltd. Huizhou Nanyou Forestry Economy Development Co., Ltd., Heyuan Branch	CFCC/PEFC-FM-ZTFC-000061

CFCC/PEFC-FM certification refers to CFCC/PEFC Forest Management certification.

**2023 Main Sustainability Management System Certification Audit Status at Mills of APP China**

	ISO9001	ISO14001	ISO45001	ISO50001	CFCC/PEFC-CoC*
Gold East Paper	Periodic audit	Periodic audit	Periodic audit	Re-certification audit	Label change audit
Ningbo Asia	Re-certification audit	Re-certification audit	Re-certification audit	-	Re-certification audit
Hainan Jinhai Pulp & Paper	Re-certification audit	Re-certification audit	Re-certification audit	Re-certification audit	Re-certification audit
Guangxi Jingui Pulp & Paper	Periodic audit	Periodic audit	Periodic audit	-	Re-certification audit
Shandong Base of Bohui Paper	Periodic audit	Periodic audit	Periodic audit	Periodic audit	Periodic audit
Jiangsu Base of Bohui Paper	Periodic audit	Periodic audit	Periodic audit	Periodic audit	Periodic audit
Rudong Base	Periodic audit	Periodic audit	Periodic audit	Periodic audit	Periodic audit

\*CFCC/PEFC-CoC certification refers to CFCC/PEFC Chain of Custody certification.



# Stakeholder Engagement

APP China has a regular communication mechanism with stakeholders through various channels to fully understand their expectations and demands, and incorporate their feedback into our corporate decision-making in a timely manner. As sustainable development has become a highly focused topic, we actively participate in industry and cross-sector communication and exchange activities, proactively absorb forward-looking ideas, and share our own practical experiences with others. In 2023, we co-hosted the 2023 China Paper Industry Sustainable Development Forum,

where experts from government, industry associations, research institutes, universities, and enterprises discussed the empowering role of green intelligent manufacturing in the paper industrial chain. In addition, we also engaged in cross-disciplinary dialogues with partners from various institutions through platforms such as the China International Import Expo and other conferences of the industry.

APP China and its subsidiaries have been guiding their development with standards, continuously deepening the application of

standards in production practices. During the years, we have also accumulated rich practical experience. During the reporting period, we participated in the formulation or revision of multiple national and group standards, contributing actively to the sustainable development of the industry, the high-quality development of China's society and economy, the construction of ecological civilization, and the realization of the carbon peaking and carbon neutrality goals.

## Industry-University-Research Cooperation in Low-Carbon Field

In October 2023, the Zhenjiang Municipal People's Government, the Development and Reform Commission of Jiangsu Province, and the Department of Ecology and Environment of Jiangsu Province jointly hosted the "Carbon Peaking and Carbon Neutrality 2023 Jinshan Summit", aiming to promote the exchange of carbon reduction experiences and explore low-carbon development strategies. At the summit, Gold East Paper signed an agreement with Nanjing Forestry University for a joint project in the low-carbon field, committing to jointly focus on the green and low-carbon practice and commercialization of the research outcome of "efficient utilization of papermaking plant fiber raw materials". The project will contribute to the sustainable development of the paper industry and contribute to the construction of a "Low-Carbon Zhenjiang".

## "Forest Certification in Action"

In September 2023, APP China co-hosted the "Forest Certification in Action" event in Harbin in cooperation with the Forest Certification National Innovation Alliance and Northeast Forestry University, under the guidance of the Science and Technology Development Center of National Forestry and Grassland Administration. The event activities included forest certification lectures at Northeast Forestry University, and awareness raising campaigns in popular urban areas as well as key communities, educating consumers about forest certification and APP China's paper products with forest certification. The aim of the event was to increase awareness and understanding of the China Forest Certification system among a broader audience, provide reliable information for consumers to choose sustainable paper products, and encourage stakeholders to join their efforts to promote sustainable consumption. The Forest Certification National Innovation Alliance and APP China also donated RMB50,000 to the student ecological society at Northeast Forestry University to support their activities in promoting ecological protection.

The "Forest Certification in Action" event hosted by APP China



The 2023 China Paper Industry Sustainable Development Forum co-hosted by APP China

Stakeholders visiting the workshop of Guangxi Jingui Pulp & Paper



China

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Employment  
Occupation  
and safety  
Human rights

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Air pollutant  
Water resource  
management  
Sustainable  
management

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Employment  
Human rights  
Supply chain  
management

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Environmental  
management and



# Annual Focus 1: Contributing to Rural Revitalization

The development of agriculture, rural areas, and rural residents is fundamental to the economic development of China and the improvement of people's wellbeing. Since the proposal to implement a rural revitalization strategy in 2017, the government has successively formulated and implemented a series of institutional framework and policy documents on rural revitalization, such as the *Rural Revitalization Strategy (2018-2022)*, the *Law of the People's Republic of China on Promoting Rural Revitalization*, and the *14th Five-Year Plan for Agricultural and Rural Modernization*. Centering around revitalizing industries, talents, culture, ecology and organizations, tremendous efforts have been made on promoting rural revitalization with significant achievements. Implementing

the rural revitalization strategy is a long-term task that requires the whole society to persistently explore and put into practice, so as to steadily achieve the medium- and long-term goals of rural revitalization: "By 2035, decisive progress will have been made, with the basic modernization of agriculture and rural areas achieved" and "By 2050, rural revitalization will be achieved. Rural areas should have robust agriculture, beautiful landscapes and prosperous farmers".

APP China has focused on rural development for decades. Whether it is through the Huang Yicong Foundation or our mills across the nation, we put assistance to less developed areas as a top priority on the list of our public welfare undertakings. Since Chairman Teguh Ganda

Widjaja proposed "improving the lives of millions" as a sustainable development goal of the Sinar Mas Group, the Huang Yicong Foundation and APP China Forestry have conducted significant field research and experience sharing focusing on promoting rural revitalization with the development of agroforestry solutions. In 2023, we officially launched the Golden Orchard program, empowering rural residents to develop through the specialty agricultural business of growing navel oranges. Meanwhile, APP China has also been working on many other rural revitalization projects, rolling out projects in stages and focusing on key topics, continuously contributing our capabilities to the achievement of the strategic goals of rural revitalization.

## Piloting Rural Revitalization Projects

Adhering to the mission of "improving the lives of millions", the Huang Yicong Foundation successively carried out rural revitalization pilot projects in Ganzhou, Jiangxi Province and Lancang, Yunnan Province in 2023. These pilot projects cover multiple aspects of rural revitalization, such as industrial development, talent cultivation, and organizational development. By developing local industries, cultivating new agricultural operators, and improving the efficiency of the agricultural industry chain, these projects have generated benefits for rural residents and contributed to the rural revitalization strategy of China.

### • Golden Orchard Program

The Foundation funded and jointly supported the local farmers cooperative to launch the Xinfeng Golden Orchard program with APP China Forestry in Ganzhou, Jiangxi Province. The program focuses on various activities related to the growing of a local specialty cash crop – navel orange, including fruit picking, deep processing, sightseeing, leisure, and cultural tourism. The 1,000-mu industrial park is located in Xingjin Village, Datangbu Town, Xinfeng County. Half of the park is orange groves, while the other half is planned as a comprehensive park integrating sightseeing, leisure, and study tours.

The program was officially launched in March 2023. The construction is progressing as scheduled, with basic infrastructure such as power supply, roads, and integrated water and fertilizer systems completed. As of the end of 2023, a total of about 20,600 navel orange seedlings have been planted, and a total of 2,959 local residents have engaged in various jobs generated by this program, a significant contribution to local employment market.

Launch Ceremony of Golden Orchard program

## • Huang Yicong Rural Talent Revitalization Scholarship

In collaboration with its rural revitalization programs, the Foundation has established the Huang Yicong Rural Talent Revitalization Scholarship at Jiangxi Environmental Engineering Vocational College to support rural revitalization, cultivate professional talent, and reward outstanding students with outstanding academic performance, outstanding skills, and comprehensive development of morality, intelligence, physical fitness, and exceptional characters in full-time public vocational schools. The scholarship also gives priorities to schools with higher educational standards, and students majoring in agriculture, forestry,

advanced manufacturing, modern services, strategic emerging industries, and other related fields.

In 2023, the first round of Huang Yicong Rural Talent Revitalization Scholarship was awarded to 11 students, each receiving a scholarship of RMB3,000. In the future, the Foundation will use the Golden Orchard program as a testing ground to carry out more rural development pilot projects in agricultural technology research, agricultural practice, volunteer services, and other aspects with Jiangxi Environmental Engineering Vocational College.

students received the Huang Yicong Rural Talent Revitalization Scholarship in 2023

## • "Paper for the Countryside"

To support rural education development, in June 2023, the Foundation, in collaboration with Gold Hongye Paper as well as the live broadcast team of Hao Shaowen, launched the "Paper for the Countryside" public welfare project, donating RMB100,000 worth of tissue products to 11 rural schools in Xinfeng County, Jiangxi Province and Liangshan Prefecture, Sichuan Province. In addition to donating products to create more convenience and foster better hygiene habits among students, the project also has a Paper Knowledge Classroom component. APP China volunteers and community volunteers worked together to conduct popular science classes on paper culture and tissue hygiene, teaching knowledge to the students.

## • Projects in Preparation

In August 2023, APP China signed a strategic cooperation agreement with the Yunnan Forestry and Grassland Bureau. The cooperation aims to jointly build win-win cooperation projects to promote rural development, enterprise growth, and prosperity for farmers living in forestland. Both parties will adhere to the principles of compliance, complementary advantages, and focusing on ecological and social benefits, and strive to tapping vast forest resources in Yunan to develop a Yunnan model of "lucid waters and lush mountains are invaluable assets".

In October 2023, the Foundation signed a targeted assistance agreement with the government of Lancang County, Yunnan

Province. The cooperation focuses on carrying out rural revitalization pilot projects to tap local resources, so as to improve the wellbeing of local residents and support the economic and social development of Lancang. The project has entered the industrial feasibility study stage, with a detailed industrial research being conducted by the Foundation and APP China Forestry.

In the future, the Foundation plans to expand its assistance projects to more remote areas. The Foundation follows a rigid project procedure that requires on-site visits and careful study first, so as to ensure that the project planning can meet the actual needs of local communities with tangible benefits.

## Caring for Children in Rural Areas

APP China had years of experience in assisting development in rural areas before "improving the lives of millions" was made a sustainable development goal of the Company. Since its inception, the Foundation has always set "assisting in equilibrium of education" as a key focus of its public welfare projects, and has been carrying out a variety of projects targeting the growth needs of rural children in different age stages continuously, striving to grow together side-by-side with rural children.

## • The Sunshine Preschool Project

The Foundation collaborated with non-profit organizations specializing in early childhood education and launched the Sunshine Preschool Project in 2014. The project aims to support the growth of children aged 3 to 6 in remote rural areas of Yunnan, and assist the training of local early childhood educators, exploring better early childhood education models, and promoting long-term development of local communities. In 2021, participating preschools in Ximeng County and Funing County completed the 3

to 5 years project cultivation stage and were handed over to local education authorities and village committee for independent operations. The Lancang project was also completed in 2022. In August 2022, the Foundation initiated the project in Honghe County with 21 classes. As of the end of 2023, the Foundation had supported a total of 186 preschool classes in four counties in Yunnan, with 4,248 children enrolled and 1,797 graduated cumulatively, with a total funding of RMB7.29 million approximately.

As of the end of 2023, the Foundation's Sunshine Preschool Project had been implemented in four counties in Yunnan, with

preschool classes supported

children enrolled

children graduated, and

RMB million total funding support

Foundation staff interacting with children of a Sunshine Preschool class

## • One Plus One Matching Fund Project

The Foundation launched the One Plus One Matching Fund project in 2012. The Foundation partnered with employees from APP China Shanghai Office, pairing up with schools in Huining County, Gansu Province, Xunhua County, Qinghai Province, and Hongsibu Region, Ningxia Autonomous Region. APP China employee volunteers

make monthly donations to provide financial assistance to primary and middle school students from impoverished families. Meanwhile, the Foundation provides matching fund to support the paired schools, as well as other schools in remote areas, to improve their facilities, or pay for teaching supplies.

As of the end of 2023, over 1,000 employee volunteers had participated in the project, donating a total of RMB3.50 million, including RMB2.21 million from employee donations, and RMB1.30 million from the Foundation's matching fund, benefiting 3,692 students in total.

## Annual Focus 2: Exploring the Sustainable Roadmap for Low-Carbon Development

Addressing climate change is a common challenge facing all humanity and is a core issue for global sustainable development. In recent years, with the deepening of global climate governance, the international community has reached a consensus on addressing climate change and is implementing a series of climate actions. From the signing of the *Paris Agreement* to the hosting of the 28th United Nations Climate Change Conference (COP28), many nations have made emission reduction commitments and proactive action plans to address climate change. Since proposing its carbon peaking and carbon neutrality goals

for 2030 and 2060 respectively, China has been actively and steadily implementing relevant initiatives, achieving significant progress in terms of related policies, industrial development, and technological research.

As one of the earliest paper enterprises in China to adopt the integrated "Plantation-Pulp-Paper" modern development, APP China is committed to embedding the "green gene" deeply into our development philosophy and strategy. We closely follow global trends of climate actions, and actively respond to government's

requirements for green, low-carbon, and circular development. Focusing on energy conservation and carbon reduction, we strive to continuously reduce operational carbon footprint through the introduction of advanced environmental protection technologies, the development of forestry carbon sinks, and the research and promotion of green products. We are also in active search for carbon reduction solutions throughout our value chain, striving to make concrete contributions to make planet Earth a greener and better home for all.

### • The High School Scholarship Program

The High School Scholarship program (also known as the Yicong Scholarship program) is a joint program of both APP China and the Foundation. Launched in 2011, the program has set up scholarships in a number of high schools in Guangxi, Gansu and Guizhou provinces.

The Yicong Scholarship rewards outstanding high school students with a three-year scholarship based on the assessment of both the participating schools and student

applicants. The Foundation also organizes activities for scholarship recipients to help them broaden their horizons and improve their capabilities more comprehensively, including the field visit of APP China Qinzhou Mill every summer since 2015, the Yicong Shanghai Study Camp every year since 2016, and the online workshop on career choices in cooperation with Tomorrow Education launched in 2019. As of the end of 2023, the program had funded 822 students with a total funding amount of

nearly RMB13.40 million, and conducted 175 Tomorrow vocational training classes with a total participation of 66,550 person-times.

In the future, the Yicong Scholarship will continuously provide support for outstanding high school students, encourage them to participate in social and public welfare activities, and carry out more capacity-building programs to provide students with a broader platform to grow and thrive.

### Rural Revitalization Support for Local Communities

Our mills have been focusing on supporting the development of local communities, and actively participating in supporting rural revitalization initiatives of local communities through charitable donations and targeted assistance. In 2023, Guangxi Jingui Pulp & Paper donated RMB95,000 to Ma'an Village, Lingshan County, Qinzhou City, to improve village infrastructure, such as roads, cultural squares, drainage systems, power grid upgrade, and greening, to improve the living conditions of local residents. Hainan Jinhai Pulp & Paper donated RMB150,000 each to two villages, Yidong Village and Pai'an Village, in Changjiang Li Autonomous County, Hainan Province for improving village infrastructure and improving the living conditions for village residents.

## Governance

APP China has established a climate change governance system led directly by the Board of Directors, which is responsible for overall guidance and supervision of the overall implementation of the Company's green transformation initiatives. Under the Board of Directors, the Economic Committee of APP China is the highest-level management body responsible for guiding the direction and ensuring the orderly implementation of the green transformation of the Company, including formulating carbon emission reduction targets, planning carbon emission reduction projects, and setting and managing carbon emission reduction indicators and targets, ensuring that the Company systematically and efficiently implements its climate response initiatives.

### APP China's Governance System for Addressing Climate Change

<b>Board of Directors</b>	Set the strategic direction of the Company's green transformation. Responsible for leading and overseeing the overall implementation of the Company's green transformation.
<b>Economic Committee</b>	Responsible for executing the decisions of the Board of Directors, guiding the implementation of the green transformation plans, and ensuring the orderly implementation of green transformation activities.
<b>Carbon Neutrality Project Executive Committee</b>	Consisting of members from headquarters departments, such as the Strategy Department, the Digitalization Office, the Culture and Communication Department, and the Technology Center, as well as directors of various business units, the Committee is responsible for the implementation of the "dual carbon" goals at each unit.
<b>Strategy Department</b>	Responsible for formulating and tracking the progress of the "dual carbon" goals and road map, coordinating the implementation of key carbon emission reduction measures, and tracking and managing carbon emission reduction indicators.
<b>Headquarters departments and BUs</b>	Carry out carbon neutral capacity building, carbon accounting, carbon emission quota trading, product carbon footprint accounting, energy saving and carbon emission reduction, carbon asset development, green financial product development, etc.

Our mills actively respond to the Group's climate change response strategy. Each mill has established its own carbon peaking and carbon neutrality committee, and continuously optimizes its carbon emission management system and climate change governance. The Company has established an MBOS competition platform, where our mills and employees can set up project teams, collect proposals, set target pledges, conduct indicator competition assessment, and share experience. Winning projects are rewarded with bonuses to motivate employees more actively participate in energy conservation and carbon reduction activities, and the green transformation of the Company. During the reporting period, Guangxi Jingui Pulp & Paper formulated its *2023 Refined Management Assessment Plan for Energy Conservation and Consumption Reduction*. According to this plan, energy conservation performance of each department is included into the performance evaluation of department directors, so as to motivate the departments to achieve more substantial energy conservation and carbon reduction results.

The Company also actively conducts capacity building training for employees to promote employees' understanding, knowledge and skills related to carbon peaking and carbon neutrality. We have organized a variety of trainings on addressing climate change, including corporate carbon reduction strategy, greenhouse gas management training, carbon accounting system training, carbon peaking and carbon neutrality knowledge training, greenhouse gas emission management, carbon management system internal audit, carbon neutral products, etc.

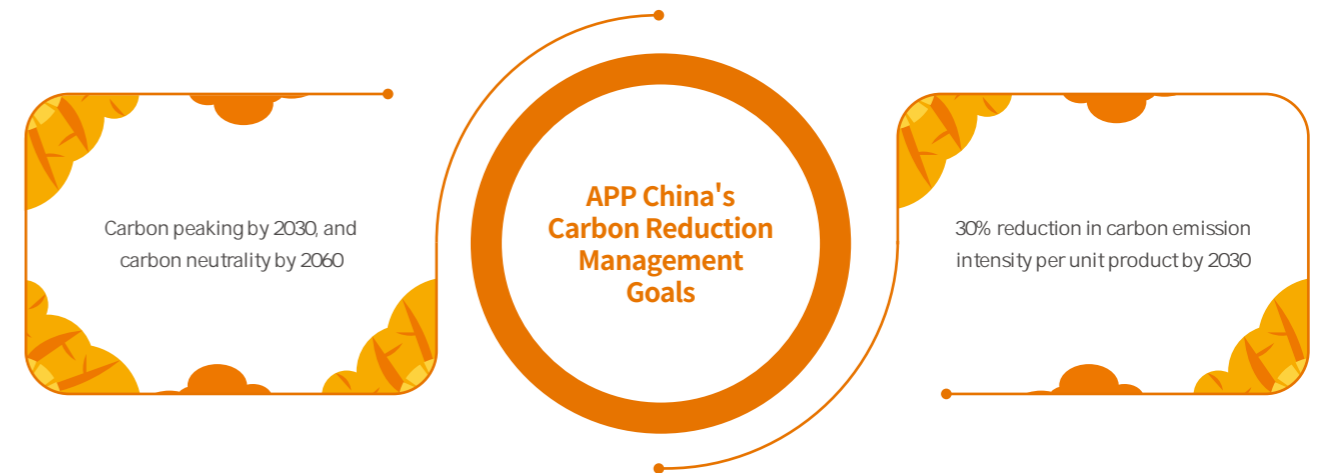
### Deepening Carbon Reduction Efforts with Organizational Framework

Both Shandong Base and Jiangsu Base of Bohui Paper have established a Carbon Peaking and Carbon Neutrality Management Committee. The committee is headed by the general manager of each base, who is responsible for the overall carbon reduction initiatives of the company. An executive director or executive deputy director is appointed to coordinate relevant carbon reduction operations and ensure the implementation of the company's carbon reduction strategy. Under the committee, each base has also set up a Carbon Peaking and Carbon Neutrality Management Office, which is responsible for the implementation of specific carbon reduction activities, such as carbon emission accounting and reporting, implementation of carbon reduction measures, organizing product carbon footprint verification and carbon neutrality certification, coordinating carbon trading and carbon asset management, and planning and providing carbon-related trainings for employees.

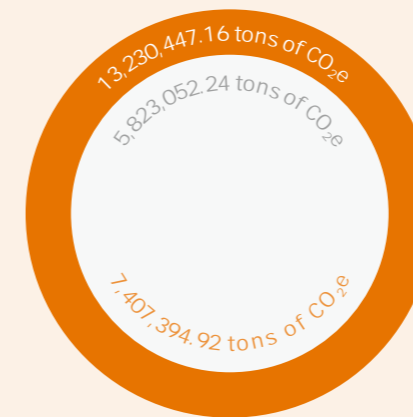
## Strategy and Goals

APP China started drafting its carbon peaking and carbon neutrality strategic plan in 2021, with the overall planning virtually completed in 2022. With 2021 set as the benchmark year for key carbon management targets, the strategic plan focuses on several key areas to ensure that the Company achieves its carbon neutrality goals, including reducing carbon emissions and intensity, improving energy efficiency, developing and adopting cutting-edge low-carbon technologies such as CCUS, and promoting carbon emission reduction throughout the value chain.

These carbon reduction goals have been broken down and assigned to our business units. Based on their production operations, production scale, carbon emission baseline, existing technologies, and process reserves, the business units set their specific targets, such as the reduction ratio of carbon intensity per unit product, renewable energy usage, biomass energy usage, and green electricity usage. Currently, our mills are in the process of actively formulating their carbon reduction action plans and implementing energy-saving and carbon reduction measures in order to achieve the assigned targets. In 2023, Bohui Paper set its three-year carbon management goals around carbon emissions and carbon intensity indicators, with specific carbon management targets set annually for each department to ensure continuous improvement in carbon management performance.



### 2022\* GHG Emissions of APP China Mills within the Reporting Scope



\* As of the completion of this report, the GHG emission data of most mills for 2023 were still under the process of verification. The scope of data covers Gold East Paper, Ningbo Asia, Guangxi Jingui Pulp & Paper, Hainan Jinhai Pulp & Paper, Hainan Gold Hongye, Shandong Base of Bohui Paper, Jiangsu Base of Bohui Paper, and Rudong Base. The carbon accounting at Ningbo Asia, Bohui Paper, and Rudong Base was performed in accordance with the ISO 14064-1:2018, while other mills used the Greenhouse Gas 1

# Risk Management

Physical risks and transition risks are the main climate change risks that enterprises are currently facing. Identifying and analyzing risks can help enterprises better understand the risk stage they are in, laying a solid foundation for subsequent in-depth climate risk management.

Risks	Risk Factors	Response Measures
<p><b>Physical Risks-Acute Risks</b></p> <p><b>Timeframe: Short-, medium- to long-term</b></p> <p><b>Impact level: High</b></p>	<p>APP China has plantations in multiple locations in China. Exacerbating climate change may bring higher frequency and intensity of extreme weather events such as typhoon, heavy storm, freeze, high temperature, and drought caused by climate change, which may pose significant risks to the Company's forestry operations, as well as the health and safety of employees and other workers.</p> <p>Our production bases are mainly located in coastal areas, which are vulnerable to natural disaster risks such as typhoon and flood. Extreme weather events may disrupt our supply chain, which both increase our operating costs and affect our production stability.</p>	<p>Formulate emergency plans and response procedures for fire, strong wind, disease and pest, and other disasters to ensure timely and effective relief of forests in plantation after disasters occur, and minimize forest asset losses.</p> <p>Implement customized forest management approaches based on locations and environmental conditions. For example, in Hainan, forest lands are categorized into three types: wind-resistant and stable-yield, humid and high-yield, and drought-resistant and yield-increasing, each with differentiated cultivation methods in terms of variety and quality of saplings, planting density, land preparation methods, fertilization, planting season, and disaster prevention, etc.</p> <p>Take extreme weather conditions into consideration when making decisions on wood chip procurement, and ensure the stability and continuity of raw material supply through source area diversification, and coordination of resources both internally and externally.</p> <p>Maintain close communication with local meteorological services at each production base to obtain accurate real-time weather warnings; establish emergency response plans and strengthen the management of emergency facilities on a daily basis; and ensure timely rescue of disasters with a dedicated emergency firefighting and disaster response team, well-prepared emergency control supplies, and regular emergency drills for typhoon and flood control.</p> <p>All plantations and mills purchase relevant insurance coverage every year to mitigate potential losses caused by disasters.</p> <p>Improve employees' safety awareness and emergency response capabilities with health and safety activities such as emergency drills for heatstroke and first aid knowledge lectures.</p>
<p><b>Physical Risks-Chronic Risks</b></p> <p><b>Timeframe: Long-term</b></p> <p><b>Impact level: Medium-High</b></p>	<p>The rise of average temperature globally caused by climate change may have a more significant negative impact on the ecological balance of forest systems, including higher risk of pests and diseases, thereby increasing the risk of forest management. The main raw materials for paper making, wood chips and wood pulp, come from forest resources. In a scenario of chronic risks, the supply capacity of our own plantations or forestland controlled by our supply chain may decrease, leading to risks such as increased raw material costs and challenges to production and operational continuity.</p>	<p>Intensify R&amp;D on seedling varieties with characteristics such as wind resistance, waterlogging tolerance, cold resistance, disease and pest resistance, and high pulp yield, strengthening climate risk response in the seedling breeding stage. In addition, we optimize the yield stability of our own plantations by increasing the annual growth of forest through measures such as customized forest management, nurturing and fertilization management, and experimental site management, etc.</p> <p>Sustainable forestry practices are of great significance for improving the climate adaptability of forest land. We conduct CFCC/PEFC forest management certification and ISO14001 environmental management system certification every year to improve sustainable forest management. We also actively promote the procurement of forest management certified raw materials and work together with our supply chain partners to promote sustainable forest management.</p>



Risks	Risk Factors	Response Measures
<p><b>Transition Risks-Policy Risks</b></p> <p><b>Timeframe: Short-, medium- to long-term</b></p> <p><b>Impact level: Medium-High</b></p>	<p>The government is accelerating the focus of control from energy consumption to carbon emissions and intensity. In the future, both state and local governments are expected to implement stricter policies and regulations on carbon reduction, leading to higher compliance costs of the Company.</p> <p>The power plants of our main production bases have been included in the national carbon emissions trading market. The paper industry is likely to be included in the market entirely in the short term. If our carbon emissions are at a high level, our fulfillment costs may increase. Meanwhile, changes in the carbon emissions accounting methods for the power generation industry, as well as the decreasing trend of carbon emission quota allocation, may also increase the fulfillment costs of the Company.</p> <p>The EU Carbon Border Adjustment Mechanism (CBAM) will gradually reduce the exemption quotas by 2026, and the paper industry may be covered in CBAM in the future, leading to increased costs for product exports of the Company.</p>	<p>Each business unit of APP China formulates a detailed policy list every year, against which they conduct compliance inspections regularly and implement relevant improvement measures in a timely manner, as well as organize targeted training.</p> <p>Increase the use of clean energy such as photovoltaics and purchased green electricity, ensure more efficient use of biomass energy sources such as bark and wood chips, and implement energy-saving upgrade projects to continuously reduce carbon emissions. Establish an online system for energy and carbon emission data and continuously strengthen digitalized management. Guangxi Jingui Pulp &amp; Paper, Gold East Paper, and Hainan Jinhai Pulp &amp; Paper made a profit of RMB25.363 million from fulfilling their carbon market transactions during the 2021-2022 period.</p> <p>We have set the goal of reducing product carbon footprint by 30% by 2030, launched multiple carbon neutral products, and plan to build "zero-carbon mills", to actively address potential emerging regulatory risks in the future.</p> <p>Continuously track the carbon footprint of exported products, and establish and gradually improve the product carbon emission accounting framework to meet the EU's requirements for product carbon emission data.</p>
<p><b>Transition Risks-Technology Risks</b></p> <p><b>Timeframe: Medium- to long-term</b></p> <p><b>Impact level: Medium</b></p>	<p>As government regulations on energy management and carbon emissions become increasingly stringent, our existing technologies and equipment may no longer meet the new environmental standards, leading to the risk of early phase-out. To comply with new regulatory requirements, we need to invest in new technologies and equipment, or upgrade existing technologies and equipment, which may increase the operating costs of the Company.</p> <p>The application of forward-looking technologies such as carbon capture, utilization, and storage (CCUS) is an important solution to achieve carbon neutrality goals. However, these technologies are still evolving and not yet widely commercialized, resulting in a number of risks related to their application, such as technical complexity, high costs, and the safety and reliability of long-term storage of carbon dioxide.</p>	<p>In addition to introducing advanced low-carbon technologies, we continuously strengthen our independent R&amp;D capabilities and actively promote the application of innovative R&amp;D results in various production bases, gradually reducing reliance on external technologies, achieving both significant carbon reductions and cost reductions for technological upgrades.</p> <p>Actively cooperate with external parties to explore the practical application of new technologies. Hainan Jinhai Pulp &amp; Paper leverages its location advantage to explore "blue carbon" possibilities, and collaborates with universities and research institutions to explore the application of CCUS technology.</p>
<p><b>Transition Risks-Market Risks</b></p> <p><b>Timeframe: Medium- to long-term</b></p> <p><b>Impact level: Low-Medium</b></p>	<p>With the increasing awareness of environmental protection, consumers are paying greater attention to the sustainability and environmental attributes of products when making purchasing choices. Meanwhile, due to the same trend, the market demand for products that are environmentally certified or have green attributes is continuously increasing. If we fail to timely launch high-quality green products that meet these needs, we may miss market opportunities and even face the risk of declining market competitiveness.</p>	<p>We have launched a series of "zero-plastic" and "carbon neutral" products, and a number of our industrial, cultural and tissue products have obtained green product-related certifications, such as the China Environmental Labeling Product Certificate. We will further intensify our R&amp;D in green and low-carbon products in the future.</p> <p>A number of our production bases have been recognized as national and local "Green Factory", showcasing our long-term efforts in energy conservation and emission reduction, and laying a solid foundation for further reducing product carbon footprint.</p>
<p><b>Transition Risks-Reputation Risks</b></p> <p><b>Timeframe: Short- to medium-term</b></p> <p><b>Impact level: Low</b></p>	<p>The climate actions of manufacturing enterprises are increasingly becoming a focus of attention for stakeholders such as investors, consumers, and regulatory authorities. Many companies at home and abroad have set specific reduction targets and implemented related management measures. If we fail to demonstrate adequate determination and action, we may face questioning from stakeholders, which could in turn affect our brand image and reputation.</p>	<p>We attach great importance to green development, and have integrated green transformation into our core development strategy. We take proactive actions to advance the implementation of our carbon peaking and carbon neutrality goals. Our mills are gradually establishing a carbon emission management system while carrying out in-depth climate governance regularly. A number of our mills have conducted carbon emission verification in accordance with the ISO14064 standard. Overall, APP China faces relatively limited climate-related reputation risks.</p>

## Climate Response Practices and Progress

For companies, climate change not only brings challenges, but also opens up the opportunities for transformation, upgrading, and innovation. In 2023, APP China continued our exploration and innovative practices in various areas, such as developing forestry carbon sinks, cultivating biomass energy forest, and developing green and low-carbon products, striving to achieve a win-win result for both environmental and economic benefits.

### Developing Forestry Carbon Sinks

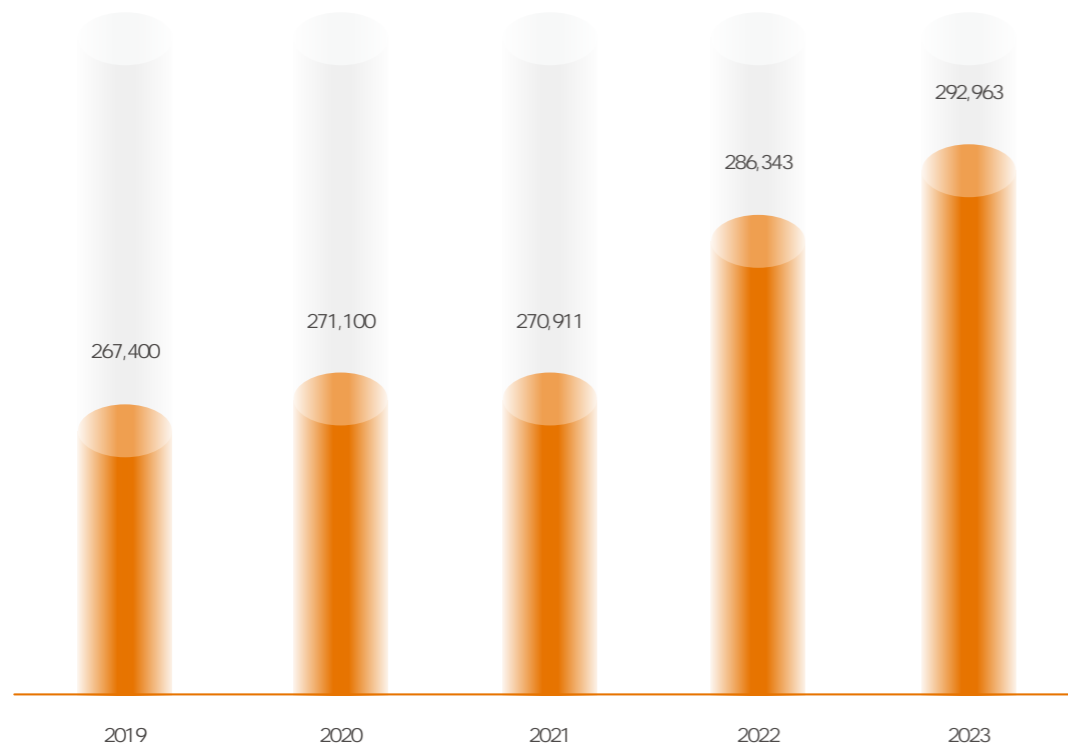
To realize the carbon peaking and carbon neutrality goals, forestry carbon sink is one of the most economically efficient methods for carbon sequestration. In recent years, APP China has been actively developing forestry carbon sinks. In 2019, we initiated the first carbon sink inventory of our plantations, laying the foundation for the development of forest carbon sinks. In September 2023, we initiated the third carbon stock assessment, which indicated that as of August 31, 2023, the carbon stock of APP China's plantations was 45.83 million tons of carbon dioxide, with a net increase of 990,000 tons of carbon dioxide compared to the amount at the end of 2022.

In 2023, our Hainan VCS Carbon Sink Project started the development of 69,000 mu of acacia forestland as carbon sinks, with a number of the project processes completed already, including preparing the project design documents (PDD), conducting satellite map verification, public disclosure at the VCS official website, and signing agreement with an approval agency.

After the Ministry of Ecology and Environment released the *Management Measures for Voluntary Greenhouse Gas Emission Reduction Trading (Trial)*, the Sustainability Department of APP China Forestry promptly studied the policy and

developed a number of interpretation and explanation documents for reference internally, such as the *Key Points on CCER Registration and Trading System Joint Account Opening*, the *Project Methodology*, and the *Differences between New and Old Management Measures*. The documents were also submitted to company executives as decision-making reference.

Total Area of APP China's Plantations (hectare)



### Developing Biomass Energy Plantations

APP China actively responds to the government's call to carry out green transformation and industrial upgrading, which includes actively using biomass fuels as replacements for coal. The biomass energy sources mainly include biomass energy plantation, supplemented by roots of trees. APP China Forestry has initiated a number of targeted pilot projects, including the biomass energy plantation pilot project, after conducting in-depth research on forest-related sciences and consulting industry experts for suggestions and guidance.

The Low-temperature Chilling Injury Area Eucalyptus Biomass Energy Timber Plantation Transformation and High-efficiency Cultivation Pilot Project, with a total area of 292.88 mu of forestland, was launched in Wenshan County, Yunnan Province. The project aims to explore ways to overcome the constraints on developing biomass energy plantations in high-altitude mountainous areas.

Dual-purpose plantation is the main direction of the Hainan biomass energy

plantation pilot project, which mainly includes high-density (3x1.33 meters, 167 trees per mu) eucalyptus plantation. APP China Forestry completed the planting of over 3,200 mu and 7,168 mu of biomass energy plantation in 2022 and 2023 respectively. As of the end of 2023, a total of over 10,000 mu of eucalyptus energy plantation had been planted cumulatively, with a mean annual increment (MAI) of approximately 1.5 tons per mu per year, and a total of about 85,000 tons of root biomass materials supplied to our mills.

### Expanding Supplies of Biomass Fuel Materials

APP China Forestry Hainan Business Area launched the Biomass Fuel Supply Project in 2022, aiming to produce a stable source of biomass fuel with economic scale in support of the biomass energy initiatives of APP China's production bases. In 2023, the pilot project focused on the dual-purpose plantation model with the plan of growing 10,000 mu of high-density eucalyptus as a biomass energy plantation. Other than this, the project also experimented with other varieties, such as Indian rosewood and Chinese tallow tree, as potential candidates for biomass energy plantation choices, with over 400 mu of pilot plantation planted. In 2023, APP China Forestry Hainan Business Area supplied 51,338 tons of biomass fuel material to Hainan Jinhai Pulp & Paper, while APP China Forestry Guangxi Business Area supplied 58,899 tons of biomass fuel material to Guangxi Jingui Pulp & Paper.



## • Transformation of Low-quality and Low-efficiency Plantations

APP China Forestry Guangdong Business Area operates the Nankang Plantation, which has 74,000 mu of forest land spanning over seven counties and cities. Since 90% of the areas are located near the north limit for eucalyptus, the cold-tolerant eucalyptus variety growing here faces certain degree of chilling injury risk. Through in-depth research and planning, APP China Forestry plans to upgrade this low-quality plantation by building a long-fiber wood plantation, a short-fiber wood plantation, a carbon sink plantation at Ganzhou Operation Area, as well as exploring the possibility of building a biomass energy plantation. Taking long-fiber wood plantation as priority, we focused

on building a wood supply base with mixed long- and short-fiber woods. *Pinus elliottii* was selected as the long-fiber wood variety for the project. In 2022, Nankang Plantation planted 870 mu of *pinus elliottii* in Yudu County. With a survival rate of 99%, these trees can grow to 1.6 meters on average in 20 months. The project gained strong support from local government and forestry bureau due to its outstanding economic, ecological, and social returns. It was recognized as a state low-quality and low-efficiency plantation transformation project, and received a government afforestation subsidy of RMB150,000 in 2023.

## • Developing Green Products

APP China has successfully developed a number of green products, with multiple products, including tissue products, cultural paper products, and industrial paper products, being certified as carbon-neutral. In 2023, Gold East Paper's carbon paper, and Bohui Paper's aseptic liquid packaging paperboard, food-grade coated kraft CBKB product and of set printing paper obtained the certification for carbon

neutral products: Gold East Paper's coated paper, white cardboard (card) paper, double adhesive paper, and thermal paper, as well as Hainan Jinhai Pulp & Paper's pulp product and coated paper product obtained the China Environmental Labeling (Type II) Product Certification; and Hainan Jinhai Pulp & Paper's copy paper obtained China Environmental Labeling (Type I) Product Certification.

### Carbon Neutral Products of APP China

In November 2023, at the Sixth China International Import Expo, APP China launched a new carbon neutral series of products, including zero-carbon copy paper, zero-carbon aseptic liquid packaging paperboard, zero-carbon food-grade coated cardboard, and zero-carbon of set printing paper. These products not only meet the "zero-carbon" goal throughout product development, production, and use (from cradle to gate), but also meet the high-quality requirements of different consumption scenarios.

## Environmental

# Marching Toward a Green Future

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9 INDUSTRY AND INNOVATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

## Sustainable Forest Management

Adhering to our forestry management concepts focusing on "compliance, technology, ecology, harmony, and sustainability", APP China follows a growth path focusing on sustainable forest management, and continuously explores more standardized and scientific ways to manage our plantations, striving to achieve win-win economic, social, and ecological benefits.

- **292,963** hectares of plantations, up **2.31%** year-on-year
- **31.328** million seedlings cultivated in 2023, up **62.95%** year-on-year
- **45.83** million tons of CO<sub>2</sub> fixed in plantations, with a net increase of **990,000** tons of CO<sub>2</sub> in forest carbon sinks
- **272,494.87** hectares of plantations are CFCC/PEFC-FM-certified, accounting for **93.01%** of the total area of our plantations
- **100%** of raw wood materials supplied by our plantations to our pulp mills are CFCC/PEFC-FM-certified
- **59.67%** of our plantations are ISO14001-certified
- **51.13%** of our plantations are High Conservation Value-assessed

## Sustainable Forest Audit and Standards

APP China started large-scale plantation operations in 1995. As of the end of 2023, the Company owned 292,963 hectares of plantations and three seedling nurseries focusing on the integrated "research, production, demonstration, and promotion" of clone tissue cultured high-quality eucalyptus varieties.

APP China Forestry started implementing the ISO14001 Environmental Management System in 2001. In 2011, we also started implementing the CFCC/PEFC-FM Forestry Certification system. We have integrated

the requirements of relevant certification standards into the daily operations of our plantations. Each year, we rigorously complete relevant internal and external audits, timely summarize audit findings and share key achievements and experience, actively communicate with our stakeholders, and rectify and improve problems found in our forestry operations, ensuring the continuous improvement of our forestry management capabilities.

In 2023, APP China Forestry conducted a series of trainings for all plantations

to help our forestry management staff systematically understand relevant national standards and required operational procedures. We rigorously carried out internal audits and made thorough preparations for external audits. All 15 forestry companies under APP China Forestry completed the annual CFCC/PEFC-FM certification audits. Among which, 12 companies completed their periodic audits, 3 new companies completed their initial certification audits, and 6 companies also passed the periodic audits for ISO14001 certification.

### Vision of APP China Forestry

APP China Forestry is committed to managing modern timber plantations with scientific management and sustainability concepts, striving to become a world-leading forestry business and harmoniously create win-win economic, social, and ecological benefits.

## • Forestry Risk Management

Forestry operations are mainly exposed to risks such as fire, wind, frost, disease and pest, and flooding. Climate change has induced frequent occurrence of extreme weather events globally, causing both disruptions to the balance of ecosystems and a growing trend in forest-related risks. APP China forestry has formulated and continuously optimizes a series of emergency response procedures for disasters, such as the *Disaster Emergency Response Procedures*, the *Lightning Disaster Response Plan*, the *Typhoon Disaster*

*Emergency Response Plan*, the *Eucalyptus Frost Disaster Emergency Response Plan*, and the *Forest Disaster Insurance Management Measures*. These policies stipulate the specific response measures and procedures for various types of disasters, aiming to ensure effective prevention and post-disaster relief to minimize the possible damage to our forest assets.

In 2023, APP China Forestry classified disaster-prone areas into different risk

categories according to historical occurrence of disasters. Targeted forest management measures were implemented in high-risk areas, mitigating the overall disaster risks more effectively. During the reporting period, there was 130,815 mu of our plantations affected by natural disasters, up 14% year-on-year. Among the plantations affected, 3,964 mu suffered from frost damage, and 116,070 mu suffered damages caused by typhoons.

### Forest Disaster Risks Prevention Measures of APP China Forestry

#### Fighting Eucalyptus Wilt Disease

Eucalyptus wilt is a disease that causes the most serious damage to the entire plant. In APP China's plantations in Guangdong, the peak season of eucalyptus wilt occurs from July to September each year, which can seriously affect our operations.

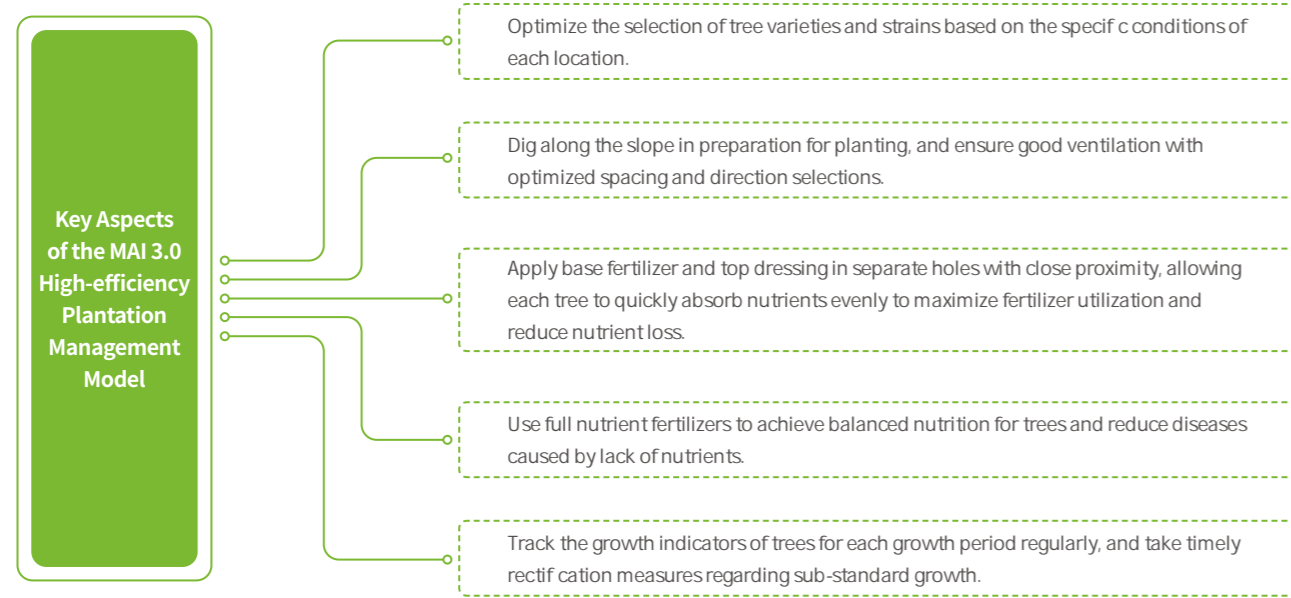
For effective prevention and control of the spread and outbreak of eucalyptus wilt, APP China has introduced highly resistant eucalyptus varieties such as LH1 and L11, and continues to tackle the technical challenges of combating eucalyptus wilt. In September 2023, APP China Forestry collaborated with Research Institute of Tropical Forestry, Chinese Academy of Forestry to conduct experiment

## Boosting Annual Growth of Plantations

Accelerating the growth of plantations can effectively enhance our wood supply capacity, as well as increase the amount of forest carbon sinks. APP China Forestry has made the increase of mean

annual increment (MAI) of plantations one of its core tasks, and actively carries out pilot projects for this purpose. In 2023, APP China Forestry formulated the *Brief Technical Protocols of the MAI*

*3.0 Plantation Management Model*. We promote the MAI 3.0 efficient plantation management model among our forestry companies to further improve our plantation management capabilities.



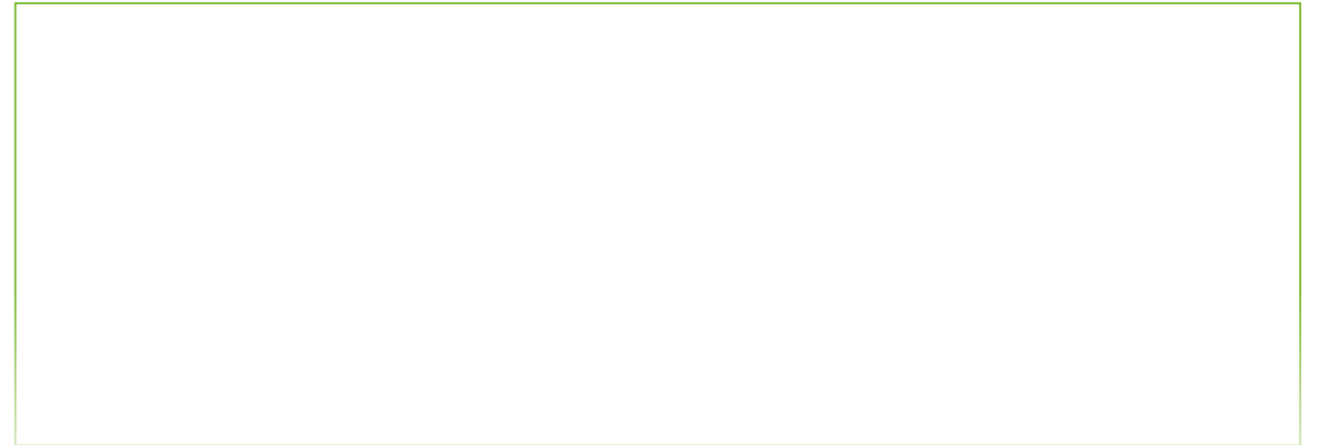
APP China Forestry has been dedicated to the research and cultivation of seedling varieties. In order to effectively realize the MAI targets, we have developed customized forest management plans for each plantation based on factors such as disaster risks, climate patterns, and yield, and implement targeted management measures. Meanwhile, we implement a tree variety diversity plan, collecting and experim

High Conservation V

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APP China is committed to the exploration and implementation of green development practices. The Company has established a robust environmental management system. We actively manage the operations of our mills to build "Green Factory", promote the transformation toward green energy, ensure efficient use of water, and adopt

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## Energy Management

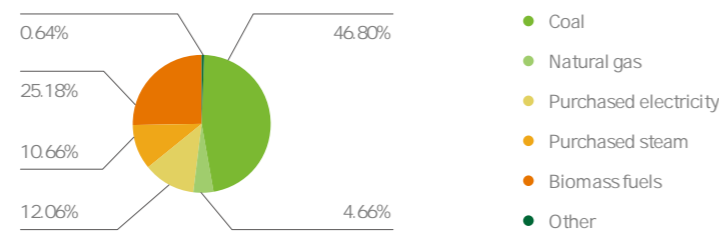
Our mills have established their own energy management systems strictly in compliance of requirements of the *Energy Conservation Law of the People's Republic of China*, the *Administrative Measures for Energy Conservation in Key Energy Consumers*, and other relevant laws and regulations. During the process, we also drew reference from a number of industry standards, including the *Energy Management Systems (GB/T 23331-2012)*, the *Energy Management Systems—Requirements with Guidance for Use (GB/T 23331-2020)*, the *Energy Management System—Requirements Certification for Pulp and Paper Plants (RB/T 118-2014)*, and the *Guideline for Energy Management in Industry Enterprise (GB/T 15587-2009)*. Each mill has established a dedicated Energy Management Committee. The committee is responsible for developing and implementing energy performance improvement plans, coordinating energy conservation and carbon reduction of ef-

fectiveness across departments, and conducting regular reviews of energy management effectiveness.

To ensure the successful achievement of APP China's carbon reduction goals of "peaking carbon emissions by 2030 and reaching carbon neutrality by 2060", our mills continuously strengthen the management of their reduction targets, breaking down the

targets into annual targets around indicators such as comprehensive energy consumption per ton of paper produced, comprehensive energy consumption per ton of pulp produced, and the proportion of renewable energy in energy mix. Indicators related to comprehensive energy consumption are included in the KPIs for performance evaluation.

Energy Mix of APP Mills within Reporting Scope in 2023



Note: Biomass fuels include black liquor (accounting for approximately 91%), wood chips, etc.; other energy sources include gasoline, diesel, fuel oil, liquefied petroleum gas (LPG), solar energy, and purchased green electricity.

### Vigorously Pursuing Energy Conservation

Energy conservation through technological upgrade is an important means for APP China to achieve carbon peaking and carbon neutrality goals. In recent years, the Global Technology Research and Development Department of APP China has been focusing its efforts on the research of cutting-edge energy-saving and carbon-reduction technologies. A series of energy-saving upgrade projects have already been implemented in our

mills accordingly. In 2023, a number of these energy-saving upgrade projects were successively applied in our mills with significant results. For example, replacing Venturi heat pumps with steam compressors can reduce the natural gas cost by RMB100 per ton of paper produced; and upgrading water ring vacuum pumps on paper machines to more efficient turbo machines can reduce electricity cost by over RMB14 million per year.

Each mill also conducts a significant number of energy-saving potential assessments each year, and establishes targeted improvement project teams to follow the identified opportunities, achieving significant energy-saving and carbon-reduction results. In 2023, our mills achieved a total annual energy-saving of the equivalent of 119,824 tons of standard coal.

#### Results of Energy Saving Projects in 2023

Gold East Paper:

Guangxi Jingui Pulp & Paper:

Hainan Jinhai Pulp & Paper:

Hainan Gold Hongye:

Bohui Paper:



### Gold East Paper

Gold East Paper vigorously implemented a number of energy-saving technological upgrade projects, such as the efficiency improvement of generators, efficiency improvement of paper machines, and installation of hybrid frequency conversion shore power systems at docks. In addition, the company also contracted a third-party energy source inventory, and cooperated with mature energy-saving integration vendors to further ensure effective and continuous energy-saving results.

Gold East Paper actively implemented energy-saving technological upgrades

### Guangxi Jingui Pulp & Paper

Guangxi Jingui Pulp & Paper established an energy-saving committee in 2021. The company thoroughly manages its consumption of coal, steam, electricity, natural gas and water, and carries out energy-saving projects regularly. In 2023, the company conducted a comprehensive analysis of all production processes, and identified 40 conservation opportunities at its power plant, pulp line, and paper machines, generating a total of RMB42 million in cumulative cost savings, 117% of its annual target.

### Pushing Forward Green and Low-Carbon Transformation

In recent years, our mills have been accelerating the pace of green and low-carbon transformation of their energy structure by vigorously implementing new energy projects, such as building photovoltaic projects, purchasing green electricity, and exploring the efficient utilization of biomass energy.

oxides by about 142.02 tons and 123.64 tons per year respectively.

In March 2023, Gold East Paper started the Phase III construction of its 20-MW rooftop photovoltaic project. Upon its completion, Gold East Paper will be able to generate over 50 million kWh of power per year on average with a total installed capacity of 50 MW, making the project one of the largest rooftop distributed photovoltaic projects under a single entity in China or even globally. The project generated over 31 million kWh of power during the reporting period. Compared with a traditional thermal power plant with the same capacity, based on the average coal consumption of 350 grams/kWh for the mainstream 600MW thermal power generation unit, this project can realize an energy saving equals to approximately 16,707.5 tons of standard coal per year. The project can also help reduce the emissions of air pollutants, reducing the emissions of sulfur oxides and nitrogen

In 2023, our mills utilized a total of 544,914.38 tons of biomass fuels, up 1.3% year-on-year. During the reporting period, Guangxi Jingui Pulp & Paper purchased 129 million kWh of green electricity to replace self-generated electricity, reducing the consumption of 40,600 tons of standard coal. The company also continued to carry out biomass pellet co-firing experiment projects, completing the co-firing of 47,800 tons of wood chips, 56,100 tons of pulp residues, 31,100 tons of sludge, and 16,600 tons of bark during the reporting year, up 7% year-on-year in total compared to 2022, with an energy saving of 21,400 tons of standard coal.

Solar power generation:

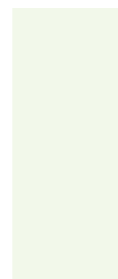
million kWh

Proportion of renewable energy:

Proportion of biomass fuel:

Phase III of Gold East Paper's 20-MW rooftop photovoltaic project

## • Water Management



Methods of Non-hazardous Solid Waste Disposal at Guangxi Jingui Pulp & Paper

Wood chips generated in the wood preparation workshop and pulp residue generated in the chemi-mechanical pulp workshop are sent to the power workshop for incineration.

Part of the lime sludge generated in the alkali recovery workshop is used as a desulfurizer for fuel gas in the power workshop, and another part is sold to the surrounding power plant as the desulfurization agent for the boiler exhaust gas.

Green mud generated in the alkali recovery workshop is sent to the power workshop for incineration.

Sludge generated in the wastewater treatment workshop is partially sent to the power workshop for incineration, with the remaining part sold as material for the production of corrugated paper, yarn tube paper, and organic fertilizer, etc.

Fly ash, bottom ash, and gypsum generated in the power workshop are sold as materials for the production of cement and concrete.

Waste alumina generated in the hydrogen peroxide workshop is sold as material for making ceramics.

Sustainable Logistics

APP China attaches great importance to sustainable logistics. In recent years, the Company actively explores the "new models, new management, new processes, and new layouts" for logistics. We have formulated logistics risk contingency plans and optimized logistics routes with the combination of various logistic models, such as ocean-rail, ocean-road, road-rail, trunk-feeder lines, and "bulk-to-container", achieving both cost savings and reduction of logistic carbon footprint.

During the reporting period, our mills implemented a variety of resource recycle and reuse projects in the logistics process, such as the recycling and reuse of starch bags, corrugated cardboard pallets, paper core plastic sleeves, and waste pulp sheet, etc. Hainan Jinhai Pulp & Paper, Gold East Paper, and Rudong Base continued to optimize their loading operations, improving logistics efficiency by increasing the percentage of container shipment.

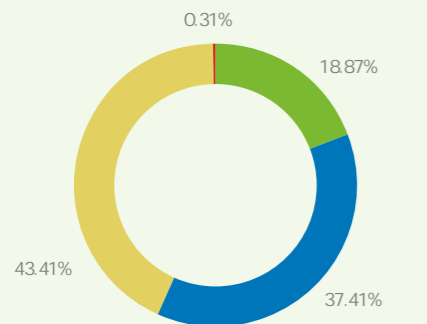
Meanwhile, our mills actively implemented the upgrading and green transformation of logistic equipment. In 2023, Hainan Jinhai Pulp & Paper contributed to the green development of the port area with the increased use of power supplied ashore for ships, with a total of 259 services provided for ships during the year. Bohui Paper and Hainan Jinhai Pulp & Paper continued to replace fuel-powered forklifts with electricity-powered ones, effectively reducing the carbon emissions and pollutants generated in forklift operations.

Green Logistics Measures of Bohui Paper

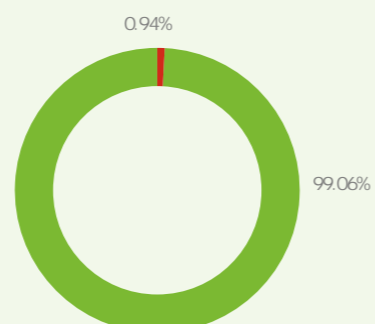
**Loading materials:** Bohui Paper replaced plastic pallets with reusable wooden pallets to reduce the use of plastics, and obtained customers' consent to reduce the use of pallets without compromising the quality of the products shipped.

**Long-haul transportation:** Bohui Paper actively adopts the sea-rail intermodal logistics model as a prioritized low-carbon transportation method. For example, Jiangsu Base successfully reduced the shipping mileage from Dafeng to Shanghai by switching from road transportation to water shipping, effectively reducing vehicle exhaust emissions and carbon emissions. Jiangsu Base also actively encouraged carriers to use natural gas powered and electric trucks in their fleet.

Methods of Non-hazardous Solid Waste Disposal at Mills within Reporting Scope in 2023



Energy Recovery from Solid Waste Incineration



● Recycling and reuse ● Incineration  
● Selling to external parties for reuse ● Other  
● With energy recovery ● Without energy recovery

Note: "Recycling and reuse" refers to the recycling and reuse of waste through direct processing by APP China mills or through special cooperation with third-party agencies, such as making by-products from waste. Other disposal methods are mainly comprised of centralized treatment by local sanitation departments.

# Preserving Biodiversity and Protecting Ecological Security

APP China attaches great importance to biodiversity conservation in production and operation. Upholding "insisting on integrating sustainable development of forest resources and biodiversity conservation, high conservation value areas protection, and ecological protection into social and economic development" as one of the key principles for our forestry management operations, we are committed to making positive contributions to maintaining ecological stability where we operate.



Please scan the QR code to view the APP China Biodiversity Report

## Biodiversity Conservation Measures

In recent years, rare plants and wild animals were often monitored in and around our plantations. In addition, Jiangsu Base of Bohui Paper is located within 25 kilometers of the Dafeng Milu (*Elaphurus davidianus*) National Nature Reserve, with wild Milu are often sighted close to the mill. The presence of wildlife close to our operating area is not only an indication of well-protected biodiversity and the harmonious coexistence of our business activities with the ecological environment, but also a reminder for us to

pay greater attention to biodiversity and take proactive measures to preserve biodiversity.

To this end, we have intensified the efforts for monitoring and protecting wild animals and plants in our daily production operations and daily patrols. We also actively carry out training and awareness-raising activities on the protection of wildlife. Regarding our forestry management practice, the Company strictly complies with national laws and regulations such

as the *Forest Law*, the *Environmental Protection Law*, and the *Wildlife Protection Law*. We have formulated relevant policies and regulations, such as the *Wildlife (RTE Species<sup>1</sup> Included) Protection Regulations*, and the *Measures for the Administration of Biodiversity Conservation and Monitoring*, to comprehensively regulate our biodiversity conservation initiatives.

<sup>1</sup> RTE Species: A collective term for rare, threatened, and endangered species.

## APP China Forestry's Key Biodiversity Conservation Measures



### Rescuing a Trapped Milu

Milu (*Elaphurus davidianus*) is a national first-class protected animal. It was distinguished in China in last century. In 1985, the animal was reintroduced back to China, with herds placed in Nanhaizi in Beijing and Dafeng in Jiangsu for breeding, free-range, and wild release. Dafeng, where our Jiangsu Base of Bohui Paper is located, is chosen for this program because that it used to be a natural habitat for the animal in history.

In May 2023, one of Jiangsu Base's employee sighted a wild Milu entangled in wires in the reed marshes south of the mill. The company immediately activated the relevant emergency plan and dispatched a rescue team with drones. It took them 10 minutes to locate the stranded animal in the marshes. Eventually, the animal was successfully rescued and released with the cooperation of local police and wildlife reserve personnel.

A stranded Milu was successfully rescued

## • Biodiversity Identification

APP China Forestry regularly collects and compiles the latest requirements of national and local laws and regulations and relevant international conventions into a *List of Laws, Regulations, and Other Requirements*. Both the list and the specific requirements are distributed to each plantation as training materials for our forestry workers. We strive to enhance the awareness of biodiversity protection compliance among our forestry workers, so that they can integrate relevant requirements into daily forestry operations. Prior to each operation, we conduct a comprehensive survey of protected wildlife in and around our plantations. Besides national

and provincial protected animals and plants, we also record the local tree species found for protection. Forestry workers are required to conduct a comprehensive field survey over the scheduled plot before operation to confirm that there is no presence of protected animals and plants, and fill out the *Biodiversity Survey Record Form*. If any key protected wild plant or the nesting area of any key protected wild animal is found, the forestry worker is also required to fill out the *Wildlife (including RTE) Species Record Form*, mark the location on map, take photos for records, and record the finding on file.

APP China Forestry has been conducting HCV assessment of our plantations and their surrounding areas for years. In recent years, a number of rare plants and animals were found during the process, such as *Alsophila spinulosa*, a national second-class protected plant, Indian bison, and Asian elephant. During the reporting period, Indian bison were sighted in the Huimin Plantation of Lancang Operation Area, for which we promptly adopted relevant protection and awareness-raising measures.

## • Biodiversity Impact Monitoring

Each year, APP China Forestry has been cooperating with various universities and research institutions on ecological impact monitoring, including biodiversity monitoring. Our partners include the Guangxi Academy of Sciences Ecological

Industry Research Institute, Guangdong Eco-Engineering Polytechnic, the School of Earth Sciences of Yunnan University, and Hainan University. These projects are intended to objectively and accurately assess the impact of forestry activities on

ecosystems. In the future, we will continue to strengthen our capabilities, striving to establish a scientific, quantitative, and objective evaluation system for the ecological service functions of eucalyptus plantations.

Monitoring and recording biodiversity impact

## Scientific Forest Management Practice Contributing to Biodiversity Conservation

APP China Forestry has been conducting ecological monitoring projects with Guangdong Eco-Engineering Polytechnic for years. The project has set up a standard experiment plot in each of the four plantations in the Guangdong Business Area. Monitoring results over the years show that the soil fertility in the four plots is suitable for tree growth, the soil quality meets the requirements of sustainable cultivation, and the water quality is above Class II (drinking water standard) of the national surface water quality standard. In addition, the diversity of understory plants in eucalyptus forests is higher than those in 5 broad-leaved forests in state-owned plantations. Well-managed eucalyptus plantation has ecological, economic, and social benefits.



Lush understory vegetation in our plantations

## • Biodiversity Conservation Capacity Building

APP China continues to strengthen its biodiversity conservation initiatives. The Company also pays great attention to conducting biodiversity protection-related training for employees and contractors. We conduct periodic training on the identification and protection of wildlife for various functional departments and frontline forestry workers. We have developed an illustrated list of protected

animals and plants both at national and provincial levels. Prior to the forestry operations, their images will be displayed to field workers for on-site training and education.

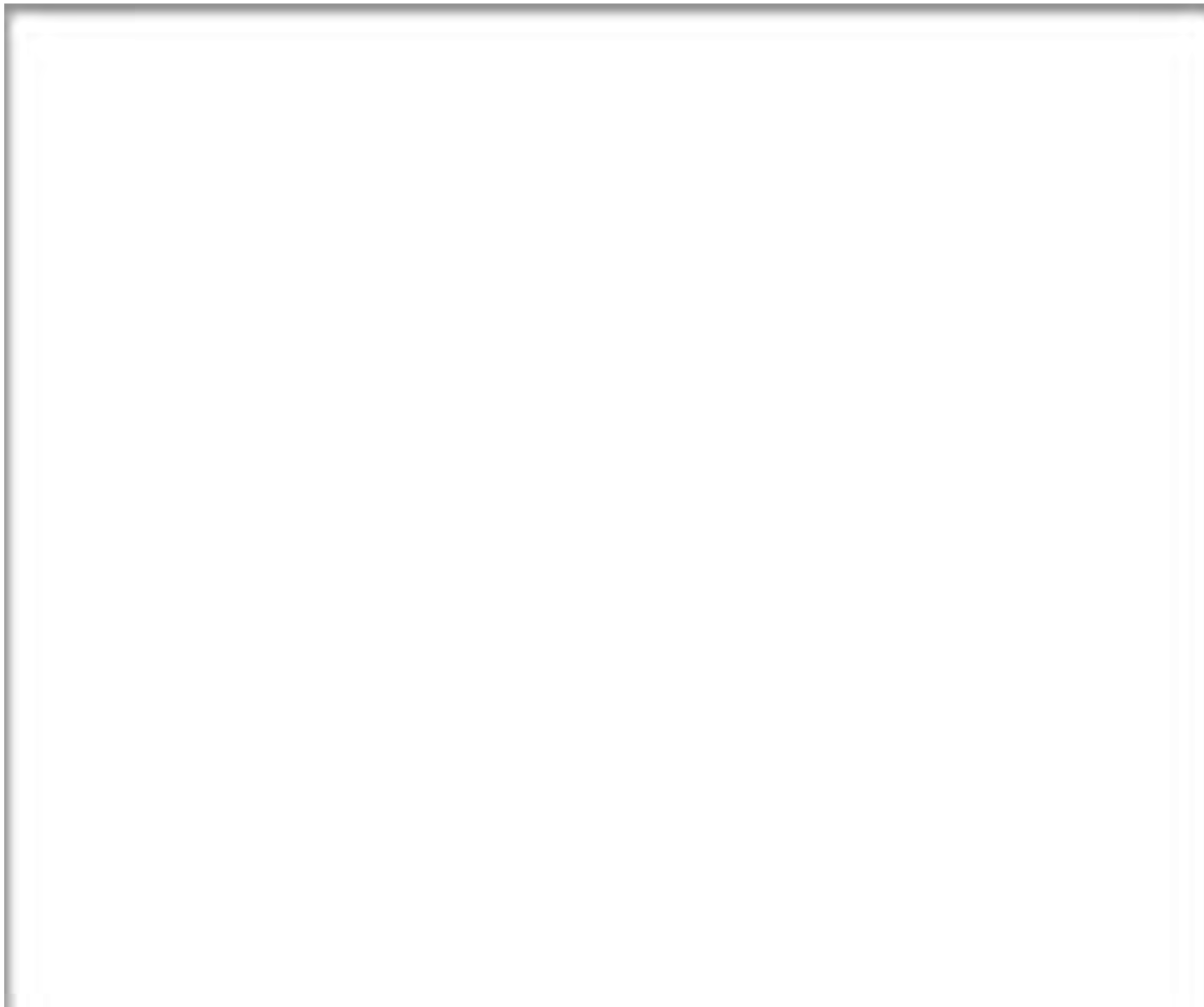
In October 2023, an expert team from the Guangdong Eco-Engineering Polytechnic conducted a biodiversity monitoring survey in the Yuantan forest area in Guangdong.

APP China Forestry Guangdong Business Area organized employees to learn side-by-side with the expert team. Our staff carefully observed the whole process of setting up monitoring plots and collecting soil and water samples, accumulating experience for developing the capabilities to conduct monitoring independently next year.

# Social

## Creating and Sharing a Better Life Together

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## Empowering Employee Career Development

APP China attaches great importance to protecting employees' rights and interests, and provides rich resources and offers supporting platforms for employees to realize their career aspirations and demonstrate their talents. The Company has established a sound incentive mechanism to encourage employees to actively innovate and participate in contributing ideas and suggestions to the growth of the Company.

- Percentage of female employees: **21.83%**
- Percentage of female employees in management: **18.72%**
- Proportion of positions filled through internal recruitment and internal transfers: **84.7%**
- Total employee training hours: **918,971.8** hours
- 123** positions provided for people with disabilities

## Protecting Employee Rights

APP China takes the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Civil Code of the People's Republic of China*, and other relevant national and local laws and regulations as the basis for labor relationship management. Adhering to the principles of equality, voluntariness, and consensus through negotiation, APP China signs labor contracts with all employees. We strictly prohibit child labor, as well as forced labor and workplace discrimination in any forms, and ensure equal pay for equal work, striving to provide a just, fair, and harmonious workplace for all employees.

The Company provides employees with the five social insurances and housing provident fund. During the reporting period, we provided new employees employed for less than one year with several new benefits, such as paid sick leave and annual leave. Our mills also offer a number of additional benefits such as meal allowances, high temperature allowances, complementary insurance, and employee dormitories based on actual conditions. We have a dedicated Employee Care Fund for providing additional financial support to employees with serious illness. We also provide female employees with financial support for accident insurance and medical insurance coverage for their underage children. We are increasingly implementing flexible working mechanisms. For example, our Shanghai

office implements a staggered working hours mechanism, and the employees can apply for telecommuting under special circumstances.

To fully listen to the voices of employees, we have established various communication channels, such as employee representative meetings, employee satisfaction surveys, and regular employee townhall meetings. APP China Forestry updates their own *Employee Handbook* based on suggestions collected from employees from time to time, and the revised version shall get confirmed by employees first with their signatures before the official release. During the reporting period, our business units, such as Guangxi Jingui Pulp & Paper, Rudong Base, and Hainan Gold Hongye, organized a number of employee townhall meetings and communication sessions, where employees

freely shared their thoughts and opinions, allowing us to better understand their needs and thoughts regarding both work and life.

The Company attaches great importance to the physical and mental health of employees, and takes active measures to ensure work-life balance. Our mills provide various leisure and entertainment facilities in their living quarters, such as library, basketball court, table tennis room, badminton court, gym, etc., and regularly organize activities, such as basketball game, team competition, flower arrangement lectures, festival celebrations, etc. Some subsidiaries such as Guangxi Jingui Pulp & Paper and Bohui Paper have established cultural and sports clubs to encourage employees to explore their hobbies and enrich their after-work lives.

### Employee Satisfaction Survey of Guangxi Jingui Pulp & Paper

Guangxi Jingui Pulp & Paper conducted an online satisfaction survey for all employees in 2023, with a total of 1,820 questionnaires collected and an effective response rate of 97.69%. The survey questionnaire was mainly designed with reference to the Locke, Arnold and Feldman scales, including 5 dimensions, 10 aspects, and 43 indicators. The survey results indicated a relatively high satisfaction among employees, with an average score of 82.88 (out of 100). The results of the survey will be used by the company to better identify possible issues in enterprise operations and formulate targeted improvement measures, so as to ensure continuous improvement in employee satisfaction.

### Employee Townhall Meeting at Rudong Base

In December 2023, Rudong Base organized an employee townhall meeting with the theme of "open your hearts and listen to individuals' voices for a shared future", aiming to listen to employees' voices and better understand their thoughts, so as to provide help targeting challenges in employees' work and life accordingly.

A total of 44 employee representatives from various age groups and departments participated in this townhall meeting, sharing their ideas and suggestions on work and life, and expressing their desires and confidence in growing together with the company. Department heads shared their experiences and insights with employees, provided reasonable suggestions, and responded to issues of concern to employees. Issues raised by employees were assigned to relevant departments to follow up to ensure their effective resolution.

## • Building Smooth Career Development Channels

Against the backdrop of continuous industrial upgrading, we are in increasingly greater need for technical talent. To effectively attract talent and facilitate their comprehensive growth, we have established a professional technical career development channel with relevant grade evaluation mechanism, forming a "dual-channel" career growth path in combination of the management channel, and providing employees with greater growth space and more diverse career development choices. In 2023, as a great encouragement for the enthusiasm of the employees, a total of 237

employees were promoted through the "dual-channel" mechanism at our six major mills in China.

In addition, the Company will also help employees achieve better development and achievements in the workplace by providing job rotation opportunities, implementing hierarchical performance appraisal, and supporting employees' on-the-job education. In 2023, a total of 1,544 positions were opened within the Company, with 84.7% of which filled through internal recruitment and internal transfers.

Proportion of positions filled through internal recruitment and internal transfers

## • Enriching Employee Training Resources

With a strong emphasis on talent development, APP China continuously optimizes its employee training system, providing a rich variety of training opportunities for employees at all levels and in different business units. Our subsidiaries have also formulated a series of training management policies. For example, Bohui Paper has established the *Employee*

*Training Management Measures*, the *Management Measures for Management Trainees*, and the *Mentorship Agreement*, while Gold East Paper has formulated the *Occupational Training Measures* and the *On-the-Job Continuing Education Management Measures*, aiming to continuously standardize vocational training to help employees enhance their professional

development capabilities. In 2023, in line with the Company's development needs, we continued to carry out customized training and targeted training programs, such as training for digital talent, training for the Paper Business Unit sales team, and the advanced leadership development program. s3

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## • Employee Motivation and Engagement

APP China has established a performance evaluation mechanism centered around setting annual goals at the beginning of the year, revising goals at mid-year, and conducting year-end performance evaluation as well as comprehensive assessment. This mechanism serves as a key reference for decisions on employee bonus, promotion and raise, providing positive incentives for employee development. The Company implements a position-based salary system. Salary levels of employees are set fairly and unbiased, taking into account factors such as the job position, qualifications, experience, work performance, and capabilities of each employee.

In 2023, the Company expanded the eligibility of the long-term retention bonus from senior management to include middle and lower management staff and professional technical talent. The Company also plans to introduce a new long-term incentive plan for senior management. Based on an analysis of local job market and industry employment conditions, Guangxi Jingui Pulp & Paper conducted a human resources risk assessment, formulated retention measures from the aspects of career planning and promotion mechanism adjustment, ensuring a stable pipeline of talent for key positions.

### APP China "Striver" Selection

In 2023, the Company held the third APP China "Striver" Selection with the theme of "The Power of Role Models in 'Two Transformations and One Surpassing'". All employees were eligible for this year's selection. A total of 176 Strivers at all levels were selected from 26 selection activities. The Company integrated this campaign into regular talent development activities with a mentorship program, facilitating cross-mill, cross-regional, and cross-BU mentoring to encourage greater employee participation in our strategic transformation. The "Night of Strivers" live streaming event concluded the campaign, with over 5,000 employees watching the stories and experience sharing of the selected Strivers online.

"Everyone can be creative, and everything can be innovated" signifies the innovation spirit advocated by APP China. We organize MBOS proposal competition every year to

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In 2023, the group headquarters revised the *Management Measures for Reporting and Handling EHS Incidents*. The updated content includes more detailed classification of EHS incidents, stricter requirements for the reporting deadline of incidents, and more specific penalties for concealing or falsifying reports, such as termination of contracts of those accountable, harsher disciplinary actions for mill managers, and a one-year suspension of eligibility for any internal award for the mill. The subsidiaries

of the Group consistently implement the EHS meeting system, promoting internal communication and collaboration on EHS management with regular meetings, themed meetings, and year-end meetings. Our mills strictly implement the collective production safety responsibility system, signing safety responsibility agreements with employees at each level, holding monthly safety meetings, setting annual safety targets, and conducting monthly assessments. These measures closely link

## Deepening Safety Risk Management

### Safety Education and Training

In 2023, APP China intensified its safety training for all employees. The Company officially launched the Safety Management Community, which includes six sections: safety information, accident cases, laws and regulations, safety knowledge lectures, employee experience sharing platform, and best practices. The online community aims to allow every employee to participate in the co-creation of a corporate culture on safety in a more flexible way. During the reporting period, our EHS Department conducted a

series of surveys of our mills, and organized the Safety Management Training for Managers for senior managers of the mills surveyed. Key topics of the training include current safety risk management practices, safety culture, safety management standardization, and the dual prevention mechanism.

Our subsidiaries also carried out a variety of safety education activities, such as safety awareness and skills training,

safety accident warning education, safety knowledge competition, and special safety meeting. These activities continuously expand the depth and breadth of employee safety education, ensuring that employees at all levels establish strong safety awareness and practice the "prevention-oriented" safety principle in daily work. In 2023, a total of 799,932.12 hours of safety training were carried within the Company.

### Bohui Paper Launched Its First Safety Month Event

In September 2023, Bohui Paper launched its first Safety Month event with the theme of "Eliminate Hazards to Prevent Accidents". The event featured a variety of activities, including "writing a safety reminder letter to family members", accident case sharing by supervisors, comprehensive safety inspections, and accident experience study, effectively enhancing employees' safety awareness. In addition, the company also organized safety officer skills competitions and safety knowledge tests to improve employees' ability to identify, predict, and respond to safety accidents through skills competitions and peer learning, striving to reduce the possibility of accidents from the source.

Contractor safety management is of great importance to the operations of an enterprise. Contractor safety management at construction sites face a number of challenges due to the factors such as the high mobility of contractor employees, lack of safety awareness among contractor EHS management personnel, lax on-site supervision, and weak safety management capabilities of contractors. APP China has incorporated

contractors into the Company's EHS management system, gradually standardizing and strengthening contractor safety management with a series of measures, such as strengthening qualification review, clarifying safety management responsibilities, regularly conducting safety training and contractor meetings, enhancing operational process supervision, and inspecting the implementation of contractor

safety measures at least once a month. In 2023, we have launched a series of targeted training and awareness raising activities focusing on the key factors and best practices in contractor safety management, as well as relevant experience sharing sessions, effectively urging our subsidiaries to continuously deepen their contractor safety management activities.

## • Strengthening Occupational Health Management

In compliance with the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and the *Employer's Occupational Health Surveillance Measures on the Supervision*, APP China has formulated its *Code of Occupational Health Supervision and Management* and other management policies, forming a robust management system with the EHS Department of APP China in charge of the overall management, EHS departments of business units provide guidance and conduct regular audits, and the EHS department of each mill manages their specific occupational health-related issues.

In response to accidents caused by improper use of personal protective equipment, the Chairman's Office of the Group also formulated the *Notice on Strengthening the Management of Personal Protective Equipment*, requiring all units to strengthen relevant management measures. Other than providing workers with the proper personal protective equipment, we also provide regular training on the proper use of personal protective equipment, and conduct regular inspections and supervision of the use of protective equipment, to ensure that the relevant regulations are effectively implemented.

disease management policies, organizing occupational health examinations, conducting occupational disease hazard assessments, providing occupational disease prevention and control training, implementing the "three simultaneities" rule for new projects (i.e., occupational disease prevention and control measures must be designed, constructed, and put into operation simultaneously with the project), and timely reporting occupational disease hazards. With these measures, we strive to effectively fulfill our responsibility of occupational disease prevention and control and effectively reduce the potential impact of occupational hazards.

In 2023, the Chairman's Office of the Group updated the *Code of Occupational Health Supervision and Management* and other relevant EHS policies. We further refined the requirements for the identification and control of occupational disease hazards. Our mills are required to conduct annual monitoring and inspection of occupational disease hazard factors, and provide occupational health examinations and establish health monitoring records for individuals with exposure to those

Employees with exposure to occupational disease hazard must receive pre-job training on occupational health and occupational disease prevention and control regulations, job-related personal protection knowledge, and the proper use of personal protective equipment. One shall not start working before passing the post-training exam. Our subsidiaries strictly implement the requirements for occupational disease prevention and control, including optimizing occupational

During the reporting period, Hainan Jinhai Pulp & Paper urged contractors to conduct occupational health examinations for employees with exposures, actively fulfilling its responsibility for the prevention and control of occupational diseases. In 2023, a total of 596 employees from 37 contractor units of Hainan Jinhai Pulp & Paper were arranged to receive physical examinations.



## Quality Control, Striving for Excellence

APP China strives to continuously improve its product quality through strictly controlling the incoming inspection of raw materials, continuously optimizing the quality management of the production process, and fully implementing the quality management plan. We are committed to providing customers and consumers with satisfactory products with high-quality.

APP China mills strictly comply with the laws and regulations such as the *Product Quality Law of the People's Republic of China*. In accordance with the ISO9001 Quality Management System Standards, we have established comprehensive quality control procedures, covering material procurement, product quality inspection, chemical quality

assessment, non-conforming product management, and the management of potentially unsafe products, and implement strict quality control standards throughout the product lifecycle.

Incoming inspection of raw materials is a key step for ensuring product quality.

Our mills attach great importance to the health, safety, and environmental attributes of raw materials, and have established strict incoming inspection standards and procedures to fully ensure the quality and safety of raw materials.



APP China mills have effectively improved the efficiency of quality control measures by promoting the application of lean management system in product quality management. Gold East Paper launched a quality traceability platform. With modules such as in-transit data dashboard, inventory data dashboard, and material requisition data, the platform can help quality management personnel accurately trace the quality of raw materials at different stages in the production cycle. Hainan

Jinhai Pulp & Paper has established a non-conforming alarm system for materials with non-conforming physical properties, which automatically sends warning messages and information about non-conforming incident through WeChat. Persistent non-conforming incidents will also trigger a quality abnormality rectification notice, requiring the relevant parties to take timely actions to analyze reasons and formulate relevant rectification plans. Hainan Jinhai Pulp & Paper has also achieved real-time

monitoring of the paper making process with intelligent data capturing capabilities, which allows the company to quickly identify the reasons for problems that occur during the production process. The company has also established a monitoring and early warning system for its paper machines and related systems, which can promptly detect equipment abnormalities and ensure product quality.

### Quality Improvement of Production Waste Paper Material

In October 2023, Ningbo Asia started using waste paper from the production process in the pulping process to use resources more efficiently. Ensuring the quality of raw materials is a crucial first step to guarantee the quality of the finished paper products. To ensure strict quality inspection, Ningbo Asia formulated the *Production Waste Paper Inspection Quality Control Reward and Punishment Scheme* and refined the standards, inspection standards, and inspection procedures for production waste paper. The company also regularly conducts quality training and issue communication sessions with suppliers, and organizes targeted communication meetings to ask waste paper suppliers with quality issues to improve quality. All these efforts have resulted in significantly improved quality of production waste paper materials.

## Customer-Oriented Services

Adhering to a customer-oriented service philosophy, APP China is committed to maintaining smooth communication with customers, continuously improving product and service quality based on customer feedback, and providing customers with comprehensive and high-quality pre-sales, in-sales, and after-sales service experiences.

APP China has established efficient customer service processes and diversified communication channels. The Company is dedicated to providing customers with comprehensive pre-sales consultation, in-sales support, and after-sales services. In addition, the Company actively uses both online and in-person technical support to help customers solve problems related to using paper products, striving to provide customers with products and services beyond market value. In 2023, APP China's Paper Business Unit organized customer service exchange meetings among its various units, aiming to pushing for further improvement in customer service quality with cross-mill sharing of customer service skills and complaint handling experiences.

The Company attaches great importance to customer feedback. While actively responding to consumer complaints, we also conduct in-depth analysis of the reasons for complaint in order to ensure improvement from the source. During the reporting period, the Paper Business Unit simplified

the processing procedures for certain types of complaints, which has effectively sped up the time for processing complaints. The Quality Assurance Department, Production Department, and Sales Department of Hainan Gold Hongye visit distributors and customers together every month, and regularly hold production-sales meetings to conduct in-depth analysis of customer needs. The Company also establishes targeted improvement work teams to tackle key challenging issues.

Every year, our business units conduct customer satisfaction surveys to comprehensively understand customer needs and feedback in various aspects, such as product quality, sales service, sales personnel after-sales service, logistics service, technical service, and information service. In 2023, the customer satisfaction score of Gold East Paper, Gold Hongye Paper, and Bohui Paper have improved compared to 2022. In addition, we also invite customers to visit our mills, and listen to their feedback during the visit.

As of the end of 2023, the Paper Business Unit has been carrying out the "Little A Classroom" customer communication program for six consecutive years. The program has received wide attention and praise from customers. A total of 67 "Little A Classroom" sessions were organized in 2023, with a participation of over 800 person-times, covering topics such as market trends, product features, basic knowledge of papermaking and paper, printing and post-processing technology exchanges, scientific methods of paper use, and sustainability related topics. At a session in March 2023, two senior environmental protection experts from Ningbo Asia conducted online live lectures on the topics of the "Road to Pollution Control and Emission Reduction for Sustainable Development" and "Building a Standardized System to Coordinate Sustainable Development", promoting the awareness about sustainable development among a greater number of customers and consumers.

## Innovating Talent with Industry-Academia Collaboration

APP China actively leverages its industry expertise and resources, and continuously explores ways to deepen the collaboration between enterprises and universities in vocational training to cultivate more talent for the paper making industry.

### The "Dream Plan" Program

Since its inception in 2019, the "Dream Plan" program has established joint classes with Jiangsu Vocational & Technical College, Jiangsu Vocational University, Jiangsu Vocational Institute of Technology, Jiangsu Vocational College of Electrical Automation, Jiangsu Vocational College of Mechanical Engineering, Jiangsu Vocational College of Light Industry and Food Engineering, Zhejiang University of Science and Technology, and University of Technology of China. The program focuses on papermaking and papermaking-related fields, cultivating talent with practical skills needed by the industry. Students participating in this program are awarded a scholarship to cover their tuition fees, living and transportation expenses, and an allowance to cover part of their living and transportation expenses during graduation. In 2023, the program admitted a total of 39 students.

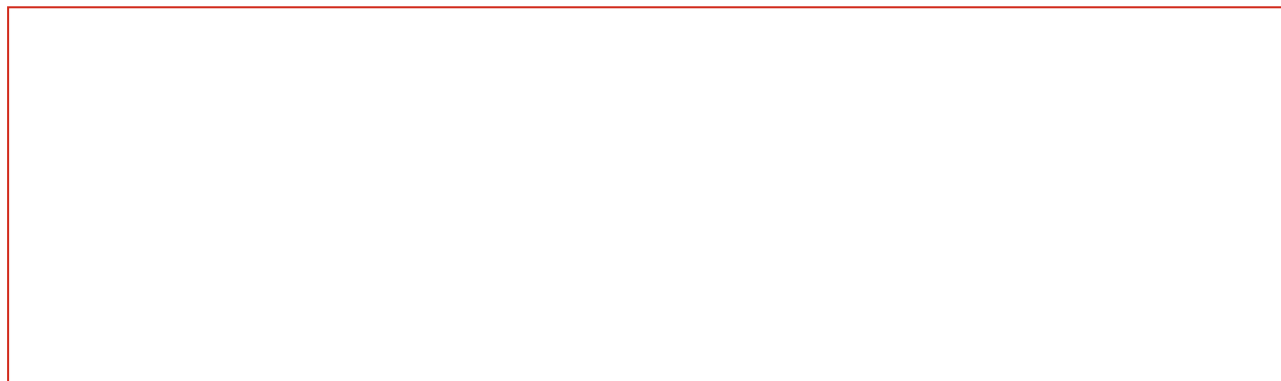
### Deepening the Industry-Academia Collaboration

To deepen the collaboration of the paper making industry and academic institutions for innovatively cultivating industry talent, Hainan Gold Hongye collaborated with Yangpu Advanced Technical School and jointly launched a modern apprenticeship training program. This program features a training mode of "studying while working, both as employees and as students", fully integrating the role of enterprise and school. Upon completion of the training program, students who pass the examinations will obtain a vocational skills level certificate. In 2023, the closing ceremony of the training program had been successfully held. The first class of this program recruited a total of 39 students. All these students had obtained the national intermediate vocational skills certificate after passing Q

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Upholding our original aspiration of charity and philanthropy, which is to "help the frail, the needy, the elderly, and the young, and build a harmonious society", APP China is committed to making continuous contributions to supporting education equity, national development, poverty alleviation, and community development, growing together with our stakeholders toward a harmonious society.



## • Supporting Community Development

APP China and its subsidiaries have long been engaged in various public welfare activities such as community assistance, charitable donations, culture promotion, tree planting, and voluntary blood donation, making positive contributions to the harmonious development of the community. APP China Forestry actively implements the recruitment principle of prioritizing local hiring in the recruitment for plantation management personnel, not only creating employment opportunities for local communities, but also cultivating a large group of managerial and technical talents.

### Caring for Teenager Girls



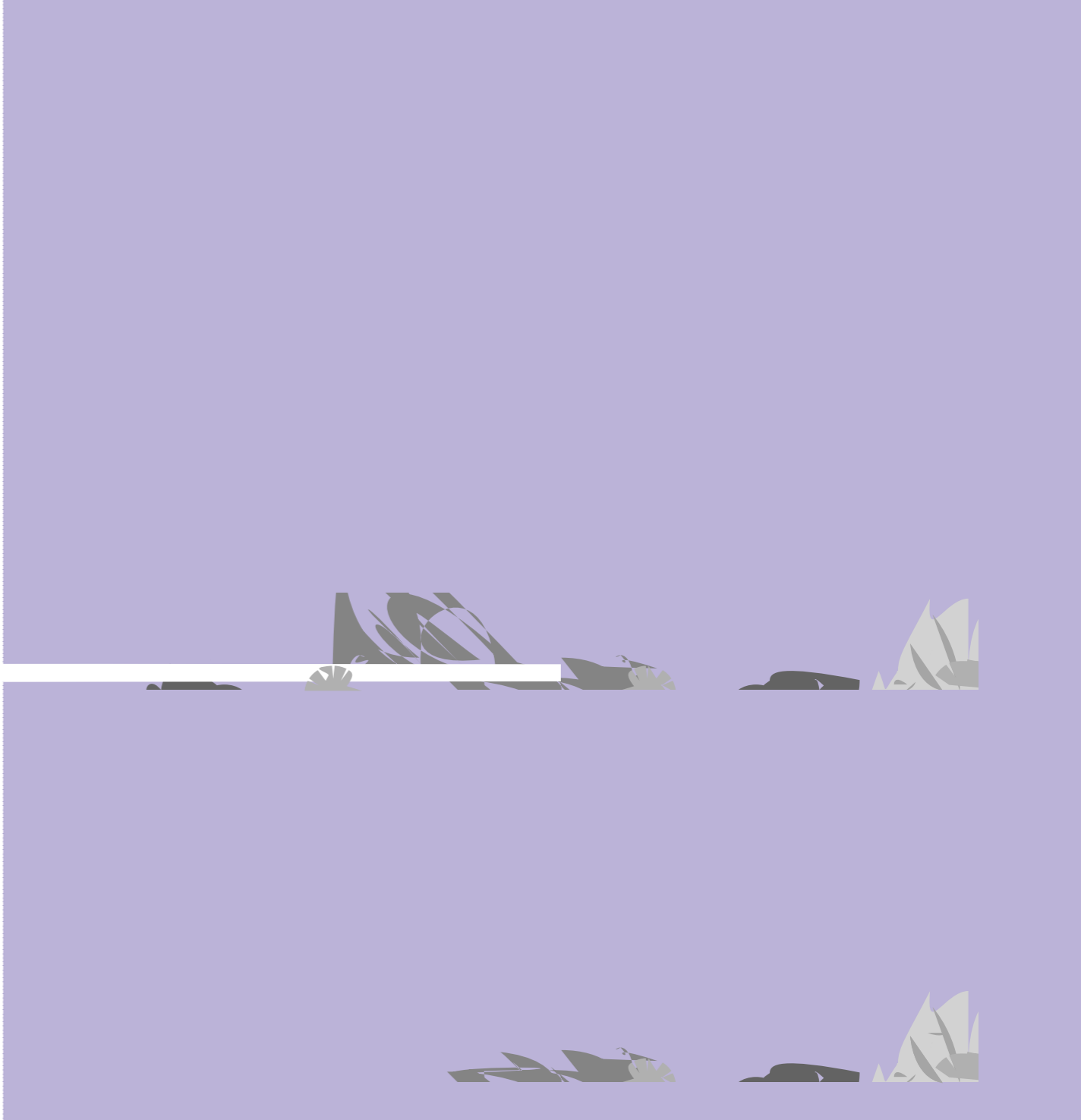
Since its opening in April 2021, Ningbo Asia's Green Paper Culture Center has been actively carrying out papermaking culture promotion activities, featuring both China's papermaking cultural heritage and the environmental protection efforts of modern papermaking industry. In 2023, Ningbo Asia carried out a variety of popular science education activities with the themes of "green", "environmental protection", "heritage", and "popular science", receiving a total of more than 900 visitors in 72 batches, and hosting over 20 popular science events for local community members and students of all ages.

Hainan Jinhai Pulp & Paper regularly visits the elderly and families in need in neighboring communities with support. The company also funds the improvement of cultural and sports facilities in local communities, donates cultural and sports supplies, and sponsors community basketball, volleyball, chess games during holidays. In January 2023, the company donated over RMB120,000 to fund its community care activities.

In 2023, Hainan Jinhai Pulp & Paper, APP China Forestry, Bohui Paper, and several other subsidiaries organized tree planting activities. Over 30 volunteers from Hainan Jinhai Pulp & Paper and APP China Forestry planted over 300 eucalyptus seedlings. Cumulatively, Hainan Jinhai Pulp & Paper volunteers have planted a total of over 20,000 trees over the 14 consecutive years.

In 2023, Gold Hongye Paper donated tissue products worth about RMB1.45 million to a number of regions affected by flood disasters, providing much-needed assistance to people affected by the disasters.





## Developing Intelligent Forestry

APP China Forestry has made positive progress in its promotion of the application of mechanized forestry operations, with technologies such as integrated digging and fertilizing, inter-row weeding, integrated plowing and fertilizing, and integrated fertilizing applied in forest operations. Compared to manual operations, the efficiency of mechanized operations is significantly higher, with significantly lower operational cost. In 2023, the integrated digging and fertilizing technology and the inter-row weeding technology was applied to 4,654 mu and 7,178 mu of forest land respectively. We have also adopted quantitative container fertilization regarding closed-loop fertilizer control, achieving precise fertilization with intelligent controls through a WeChat applet.

In addition, APP China Forestry continuously expanded the boundaries of mechanization with the implementation of nine mechanized technologies, such as drone spraying and hillside digging and

fertilization. The company plans to introduce and develop more forestry machinery for mountain areas in the future, and gradually achieves the transformation from manual labor to mechanization and then to unmanned intelligence, further promoting the modernization and digitalization of forestry operations.

APP China Forestry has a geographic information aerial photography team. In recent years, the company has been continuously expanding the application of drones in various forestry operations, such as land acquisition, planning, afforestation, nurturing, management, and logging. By 2023, our drones have flown over a total area of 4.27 million mu of forest land, producing 19,772 maps. In the future, we will continue to promote the iterative updating of aerial survey equipment and promote the application of LiDAR drones in measuring reforestation growth indicators, further enhancing the visualized management of forest land.



## Powering Development with Technological Innovation

APP China strengthens independent R&D and establishes a virtuous cycle of cooperation among "industry, academia, and research". With these measures, our innovation capabilities have been continuously enhanced, and we strive to provide customers and consumers with products that are more environmentally friendly, healthier, and safer.

R&D investment: RMB **2.962** billion

**1,239** patents granted cumulatively

## Continuously Strengthening R&D Capabilities

With innovation as the driving force and industry demand as the orientation, APP China continuously intensifies its R&D efforts and actively strengthens the integrated mechanism for industry, academia, and research collaboration to realize the synergy among enterprises, universities, and society. In recent years, a number of our subsidiaries have successively obtained the recognition of national high-tech enterprises. In 2023, Hainan Jinhai Pulp & Paper was recognized as one of the "2023 Leading High-Tech Enterprises in Hainan Province".

APP China abides by applicable laws, regulations and provisions, such as the *Patent*

*Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Registration Measures for Computer Software Copyright*, and has formulated and continuously optimizes relevant policies such as the *Intellectual Property Rights Management Measures* and the *Patent Management Operation Procedures*, establishing normalized regulation over patent rights, copyrights, trademark rights, and trade secrets, aiming to protect the legitimate rights and interests of all subsidiaries of APP China, encourage employees' innovation initiatives, and enhance the innovation capabilities of the

Company. During the reporting period, our mills, such as Guangxi Jingui Pulp & Paper, conducted training sessions on patent knowledge to continuously enhance the capability of technological personnel to identify innovation opportunities in their daily work and promptly convert technological results into patents.

In 2023, our R&D investment totaled RMB 2.962 billion. As of the end of 2023, we held 1,239 authorized patents cumulatively, including 559 invention patents, 103 assigned invention patents, 422 utility model patents, and 155 design patents. In addition, we also had 209 patent applications pending.

### Promoting the Establishment of Academician Expert Studios

In May 2023, the inauguration ceremony of the Sinar Mas Group APP Academician Expert Studio was held in Nanning. Adhering to the concept of "shared resource, complementary advantages, mutual promotion, and mutual advance", we hope to promote deeper "industry, academia, and research" collaboration with the academician studio, contributing to the common development of our production bases and local industries in Guangxi.

In July 2023, Ningbo Asia also unveiled the Ningbo City Academician Studio, marking an important step of APP China's "government, industry, academia, and research" collaboration model. With the support of the Ningbo Municipal Government and the Ningbo Science and Technology Association, the Academician Studio strives to build on the experience of university-enterprise cooperation and previous research results to make breakthroughs in applied science, technological research, and achievement commercialization. The Academician Studio is also an important platform for Ningbo to attract high-end talent to support its innovation-driven development, and build Beilun District into a model for modernized harbor city as well as high-quality development and shared prosperity.

These studios allow the academician teams and APP China to further leverage their resource and technological advantages to achieve key technological breakthroughs in the field of green and low-carbon papermaking with more in-depth cooperation in the fields of papermaking, ecological environmental protection, green chemical industry, major research breakthroughs, commercialization of research results, jointly research on basic green and low-carbon papermaking technology applications, and research on industrialization of technological achievements.

### Researching on Corn Starch Coating Application

Corn is widely grown in China. Gold East Paper has successfully conducted a research on replacing imported cassava starch with corn starch in the coating process, with some of its paper machines adjusted to use solely corn starch in 2023. Hainan Jinhai Pulp & Paper also conducted similar research, reducing production costs by nearly RMB12 million annually by optimizing the cooking process and production flow to increase the use of corn starch.

During the reporting period, Gold East Paper also innovated on corn starch coating process, successfully addressing issues with traditional corn starch coating process, such as high screening residue, clumping, and excessive foaming, with a proprietary modified formula and process.

### Green Products from Gold Hongye Paper

The first "Zero-Plastic" Breeze tissue product uses 100% paper-based packaging with existing automatic production lines. The new packaging effectively replaced traditional plastic film packaging, making the tissue products 100% biodegradable and more environmentally friendly.

### High Processing Adaptability Single-Sided Coated White Card

The high processing adaptability single-sided coated white card IVP is a new product developed by Guangxi Jingui Pulp & Paper in 2023. This product can meet our customer's requirements for reverse ultraviolet (UV) curing printing processing. As a green and low carbon printing technology, the UV curing printing technology not only consumes lower energy, but also is more suitable for three-dimensional printing and high-end printing. In order to meet the high requirements for post-processing from the customers, the company conducted multiple rounds of technical optimizations during the development process based on customer needs, and successfully developed a product with both high quality and cost-efficient. Sales of the product reached nearly 3,500 tons every month. The development of this product is also a successful example of our efforts to empower customers to reduce raw material consumption with our product innovations.

### Commercial Production of Plastic-Free Paper Cups

In October 2023, BASF, APP China, DBC Group, and Hunan Lido Environmental Science & Technology Co., Ltd. reached a strategic partnership to jointly promote the global development of plastic-free paper cup technology.

Plastic-free paper cups are recyclable, degradable, compostable, and microwavable, can be used for hot and cold drinks, as well as other food containers. This technology was jointly developed by APP China, BASF, and the DBC Group. Replacing traditional PE-coated paper cups and plastic cups with REP (Recyclable Energy Product) coated products can effectively reduce the plastic use in paper cup production, actively promote industry upgrading. In December 2023, Ningbo Asia successfully completed the commercial production of plastic-free paper sheets and delivered them to customers after passing relevant inspections, marking a more mature development stage for the application of plastic-free paper cups.

### Development of the High-Quality Double Coated Paper

Hainan Jinhai Pulp & Paper optimized the production process for making high-whiteness double-coated paper by reducing the use of long fibers, resulting in greater uniformity of the product. The optimization also includes reduction in the uses of chemi-mechanical pulp, whitening agents, and dyes, which results in significantly higher product strength as well as finer texture. The optimized process not only reduces costs, but also makes the product more environmentally friendly and safer. In addition, through optimizing the coloring process, the paper has a softer and more eye-friendly color tone, further enhancing the reading comfort and protecting the sight of readers.

### Development of Food-Grade Coated Kraft Cardboard

The food-grade coated kraft cardboard developed by Bohui Paper has a white front side, similar to high-grade white cardboard, suitable for high-precision of set printing;

## Strictly Managing Risks and Ensuring Stable Growth

APP China continuously enhances risk management and the development of internal control system to optimize its corporate governance effectiveness. The Company has also established a robust information security management system based on the ISO27001 standard to provide the necessary security guarantee for digital transformation and business growth with comprehensive prevention against network security threats and data leakage risks.

Piloted the establishment of the **"Three Lines Model"** framework based on the "Three Lines of Defense" for internal control, which will be replicated at various business units subsequently

**41** audit projects conducted

**Zero incidents** of data leaks or cybersecurity issues

### Risk Management System

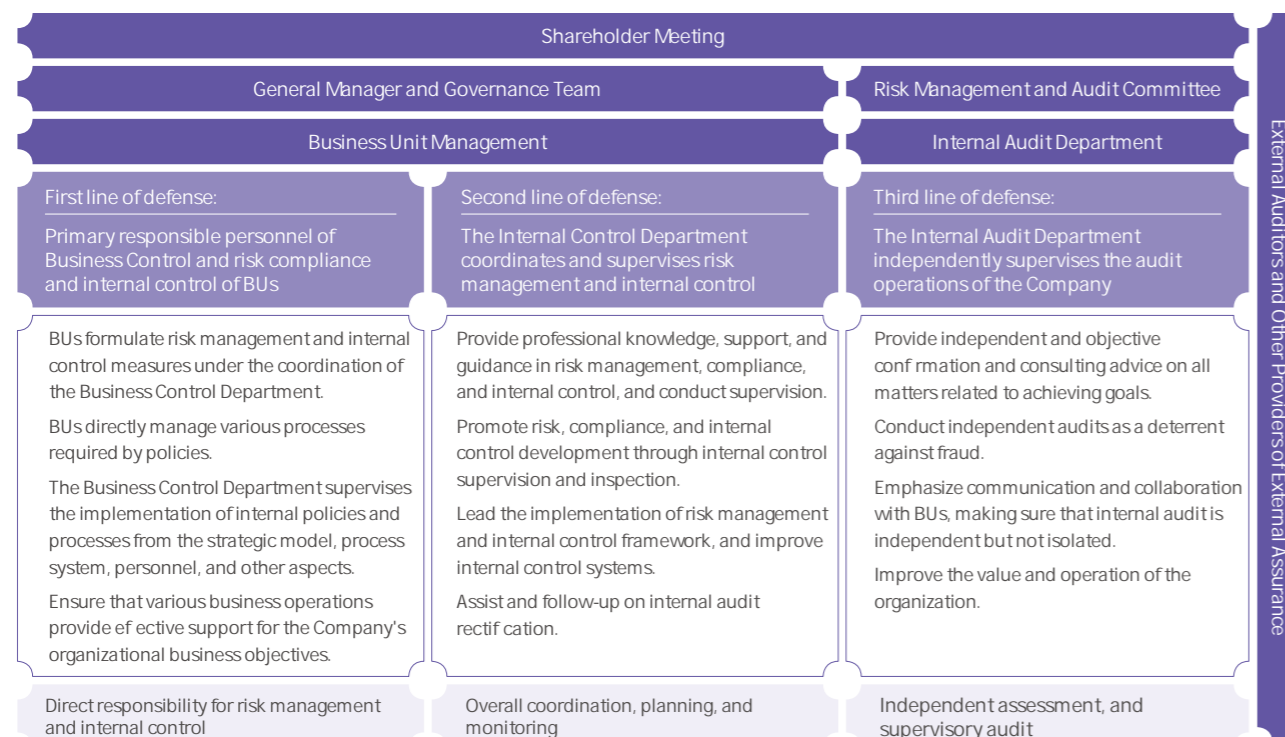
In 2023, APP China further improved the risk management and internal control system. Under the guidance of the Audit Committee, a pilot "Three Lines Model" framework, covering business control, internal control, and internal audit, was established at the Tissue BU based on the "Three Lines of Defense" for internal control. The framework will be replicated at various business units subsequently to

comprehensively enhance the effectiveness of the Company's risk management, internal control, and corporate governance. In 2023, the Company conducted a total of 41 audit projects.

During the reporting year, the Company further deepened its business audit operations. With various benchmarking as well as MBOS peer learning and

competition, we encouraged various units to identify and tap potential opportunities, and avoid related risks in fields such as production control, raw material management, warehousing logistics, and finished product sales. A total of 42 improvement project teams were established during the reporting year to follow-up the identified issues, generating a total return of RMB120million.

### The "Three Lines Model" Internal Control and Internal Audit Framework of APP China Tissue BU



## Information Security Risk Management

APP China has built a Company-wide IT infrastructure and information security management system consistent with the ISO27001 Information Security Management System, and formulated a series of regulations and policies on information security and cybersecurity, which are posted on our OA system and can be accessed by our employees at any time. The Information Security Committee is the Company's top information security decision-making entity, with members including the General Managers of Chairman's Offices of both Sinar Mas Group and APP China, the Digital CIO of APP China, Audit Committee members of Sinar Mas Group, and Director of Sinar Mas Group's Information Security Department.

The Company has formulated the *Guidelines for the Management of Major IT & OT Information Security Incidents*, specifying standardized response procedures

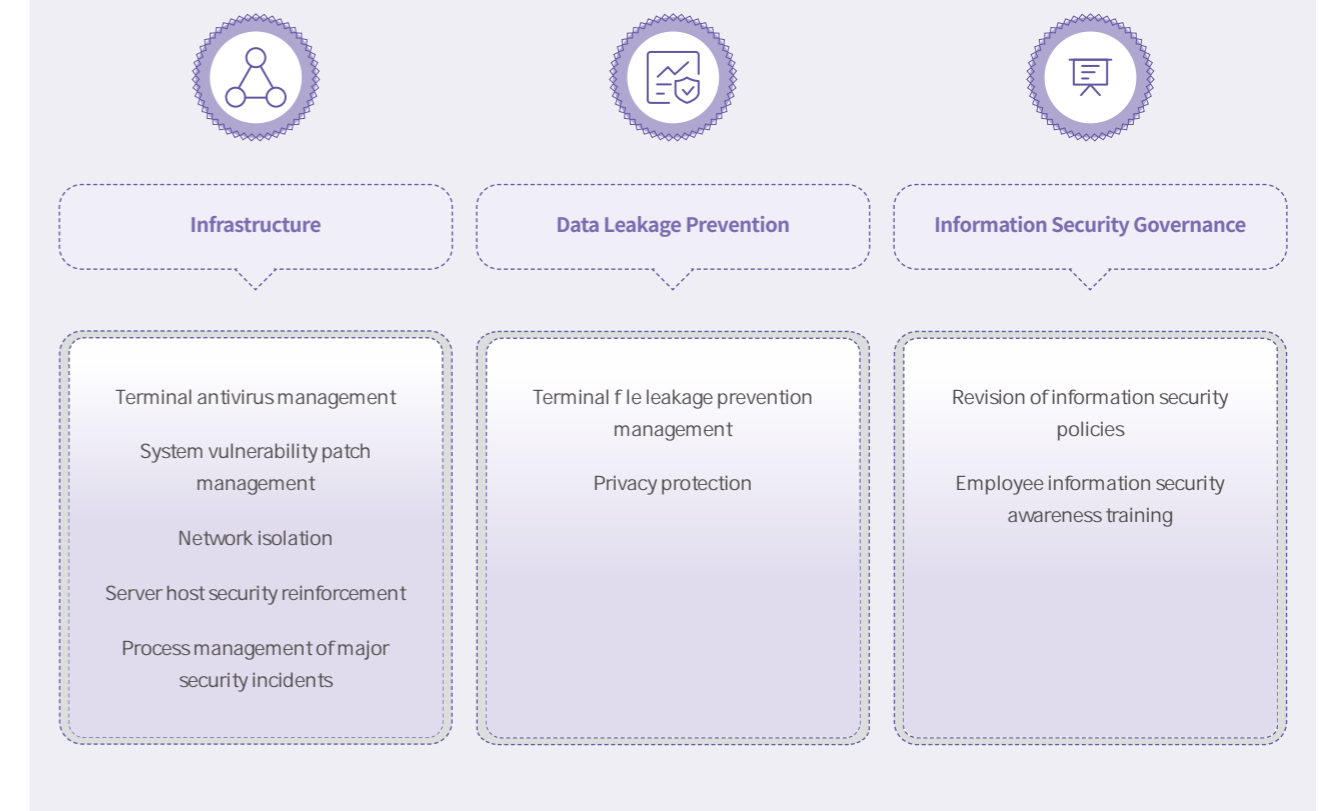
regarding information security-related incidents. During the reporting period, we tested the event response procedures in our business continuity plan. Employees can report suspected information security or cyber security issues to a specific email or the relevant Information Technology Department of their business unit or the SSC Service Sharing Center. Violations of the Company's information security policies shall be disciplinary accordingly based on the extent of the loss in accordance with the provisions in the *Employee Handbook*, serving as reminders to enhance the overall awareness of information security among all employees. In 2023, the Company had no incident of privacy data leaks or cyber security incidents.

In 2023, the e-commerce applet of our Tissue Business Unit (TBU) passed the National Information Security Protection

Level III Certification. In November 2023, the Company purchased cyber security insurance, which covers emergency response expenses, business interruption losses, data recovery costs, cyber ransom losses, etc. In addition to providing cyber security insurance coverage, we also improved our cyber security rating as assessed by the insurance provider by patching vulnerabilities and requiring two-factor authentication for remote access, web email, and privileged account systems.

We also organized monthly information security training sessions for all employees, raising employee awareness on information security through using corporate WeChat account postings, workplace bulletin boards, online mini-games, new employee orientation training, as well as phishing email simulations.

### Information Security Management Focuses of APP China





APP China Integrity and Compliance Whistleblowing Mechanism

Whistleblowing Channels

- ◆ Email: GRW@app.com.cn
- ◆ Phone: 021-22839763

Principles of Whistleblowing

- ◆ APP China adopts a "zero tolerance" attitude toward any behavior that violates professional ethics and integrity principles. Any violations by internal personnel shall be handled impartially and shall never be tolerated or condoned.

Scope of Whistleblowing

- ◆ Violation of laws and regulations, including criminal acts
- ◆ Corruption/bribery (accepting/giving bribery)
- ◆ Theft/encroachment/misappropriation of Company assets
- ◆ Misconduct that puts the Company at risk
- ◆ Violation of Company policies or integrity principles
- ◆ Severe violation of the *Employee Handbook* of the Company
- ◆ Intentionally damage the reputation of the Company
- ◆ Violent behaviors at workplace
- ◆ Major crisis event
- ◆ Leakage of major business secrets or information security breaches
- ◆ Abuse of power
- ◆ Conflict of interest

Reward for Whistleblowers

- ◆ Internal whistleblowers: Bonuses, rewards and credits
- ◆ External whistleblowers: Bonuses, Channel rewards

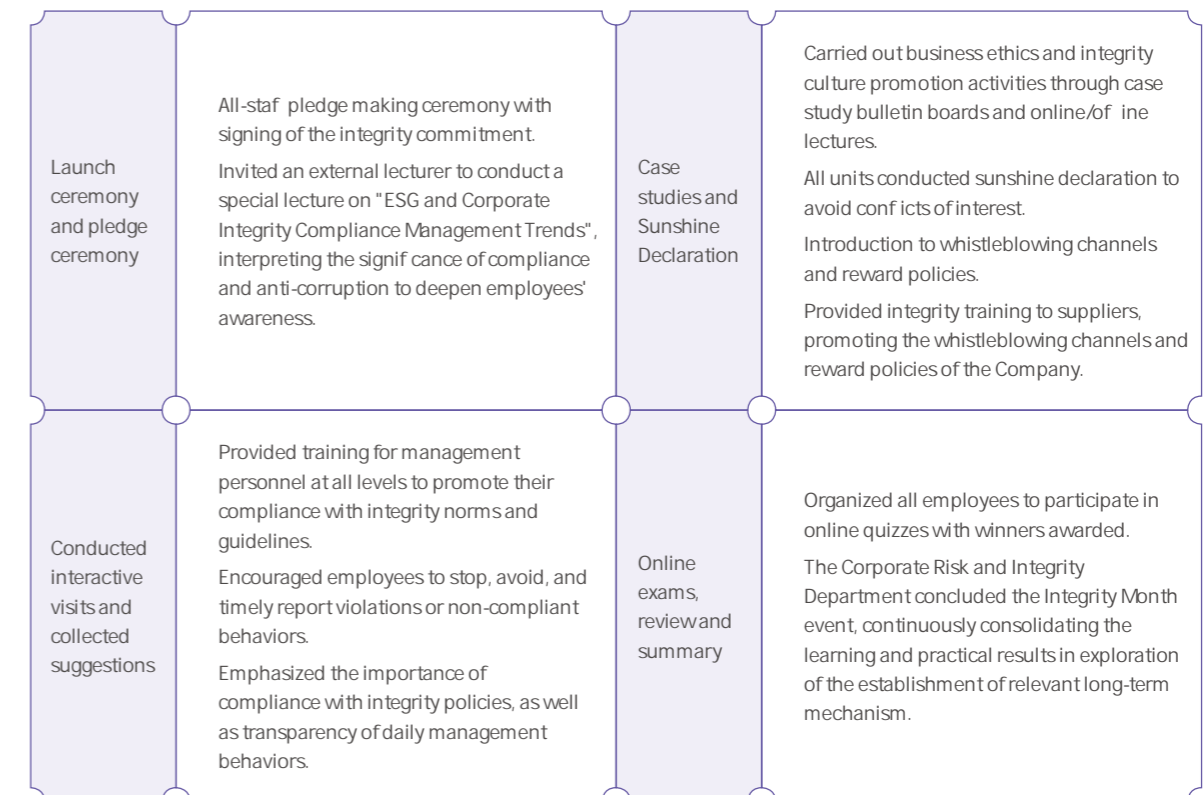
Integrity Culture Building

APP China attaches great importance to cultivating a culture of integrity, and regularly conducts various training and cultural activities to promote integrity and compliance among all employees. Through training, lectures, thematic learning, online quizzes, brochures, posters, Company-wide emails, corporate WeChat promotion, etc., we continued to focus on improving the awareness of integrity and compliance among employees. We also conducted targeted integrity awareness programs for senior and middle management personnel, such as the Integrity Month and thematic training.

"Winning Through Change, Integrity as Foundation" Sunshine Integrity Month Event

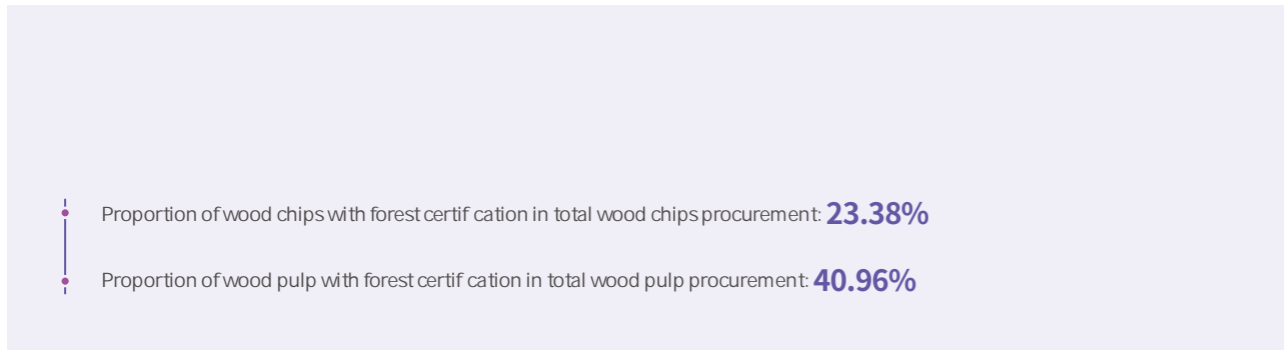
From August to September 2023, APP China launched the sixth annual "Sunshine Integrity Month" event activity with the theme "Winning Through Change, Integrity as Foundation". During the four-week event, the Company organized various activities for each department and mill to engage with employees and further enhance the awareness about compliance and business ethics of all employees. The Company also promoted the awareness of its whistleblowing channels during training sessions, and organized all employees to fill out an online "Conflict of Interest Declaration Form" to identify and prevent potential conflicts of interest. In addition, the Company also conducted integrity awareness exams to instill the integrity thinking of "dare not, cannot, will not" into the moral bottom line and daily guidelines of employee.

2023 Sunshine Integrity Month Activities



Senior management of APP China participating in integrity training during the "Sunshine Integrity Month"

Employees taking the *Integrity Pledge*



The main supplier categories of APP China include raw materials, energy, technical services, equipment manufacturing, logistics, and engineering and construction. In 2023, we revised the *APP Procurement Manual*, continuously optimized supplier

approval and assessment mechanisms, and continuously improved the online supplier management system to strengthen supplier risk assessment and control. In 2023, We procured a total of 3,343,385.16 tons of certified wood pulp

and 2,623,009.32 tons of certified wood chips, accounting for 40.96% and 23.38% of total wood pulp and wood chips procurements respectively.

### Supplier approval

Supplier risk assessment comprehensively considers the financial status, credit profile, fraud record, legal risk, information security, and customer complaint system, etc. of suppliers. Specific vendors such as wood chips and energy suppliers are required to provide proof of third-party certification regarding their health, safety, and environmental protection performance. Suppliers are categorized as low-, medium-, and high-risk suppliers.

Suppliers are required to sign the *Sinar Mas Supplier/ Partner Pledge on Business Compliance and Integrity* and the *Corporate Social Responsibility Statement and Pledge*, as well as abide by the integrity and compliance management standards of APP China.

### Supplier communication and assessment

Suppliers are subject to ongoing risk monitoring, and due diligence assessments are reviewed at random intervals.

An effective supplier communication mechanism has been established to quickly resolve various issues during cooperation to ensure consistent supply of quality products and services.

Suppliers are classified based on their respective category and assessment results, and those who persistently fail to meet our requirements will be delisted.

### APP China's Requirements for Pulp and Wood Fiber Suppliers

Suppliers are required to maintain valid records to demonstrate the origin of the source of raw materials (e.g., plantation), and to be able to demonstrate in general how the suppliers of wood fiber obtained their raw materials.

Suppliers and their upstream suppliers must comply with the laws and regulations of the countries in which they operate, including laws and regulations on environmental protection.

Suppliers shall guarantee that all wood chips come from plantation forests.

Suppliers shall take proactive actions to improve their own sustainability management mechanisms, including strengthening the procurement of raw materials from plantation forests.

Suppliers shall comply with the Responsible Fiber Procurement & Processing Policy (RFPPP) of APP China's pulp and paper businesses, guaranteeing to provide:

- only timber that has been properly inspected and certified as legally sourced and traced through the chain of custody;
- no timber harvested in violation of tradition and civil rights;
- protection of HCV through appropriate forest management activities in source forests of timber where HCV forests are identified;
- only waste and wood residues that comply with national regulations and are not on the list of regulated species of the International Union for Conservation of Nature (IUCN) and the *Convention on International Trade in Endangered Species of Wild Fauna and Flora* (CITES) Appendix I;
- no genetically modified trees for reforestation unless it is assessed as in compliance with best-practice standards; and
- timber harvested in compliance with the Fundamental Conventions of the International Labour Organization (ILO).

Proportion of Wood Chips Sourced from Certified Forests (%)

	26.95	21.13	18.88	23.38
2019	2020	2021	2022	2023

# Performance in Numbers

## Environmental Performance

### Energy

Indicator	Unit	2023	2022	2021
Coal	ton	4,018,244.02	3,533,945.33	3,622,348.26
Gasoline	ton	442.08	529.62	408.27
Diesel	ton	4,978.92	3,732.87	3,522.56
Fuel oil	ton	1,962.17	1,651.06	1,146.27
Natural gas	10,000cubic meters	23,316.87	23,070.74	22,797.08
LPG	ton	4,290.33	8,976.29	7,179.45
Kerosene	ton	0.00	0.66	0.65
Purchased electricity	10,000kWh	698,973.70	427,144.95	376,627.71
Purchased steam	GJ	15,654,807.44	15,460,124.74	12,106,028.74
Black liquor from pulp	ton	2,957,873.05	2,978,895.18	2,796,688.29
Other biomass fuels	ton	604,557.38	537,774.95	387,104.53
Solar power generation	10,000kWh	3,038.15	3,102.42	2,440.66
Purchased green electricity	10,000kWh	12,899.95	21,122.00	0

### Water resources and wastewater\*

Indicator	Unit	2023	2022	2021
Total water withdrawal**	ton	158,457,617.63	140,426,381.96	125,567,722.20
Total wastewater discharge***	ton	127,005,726.42	109,903,311.37	101,907,671.22
Wastewater discharge per ton of paper produced	ton	6.18	5.79	5.88
Wastewater discharge per ton of pulp produced	ton	10.05	9.60	12.46
COD emissions per ton of paper produced	kg	0.21	0.24	0.24
COD emissions per ton of pulp produced	kg	0.52	0.60	0.86

\*Not including data from APP China Headquarters. Not including data from APP China Forestry except for the indicator of total water withdrawal.

\*\*97.05% came from surface water, 2.94% from third-party facilities, and 0.01% from ground water.

\*\*\*In 2023, there were zero incidents of major water body pollution at APP China.

Mill*	Annual average discharge concentration (mg/L)				
	COD	NH <sub>3</sub> -N	Total Phosphorous (TS)	Total Nitrogen (TN)	Suspended Solids
Gold East Paper	37.14	0.47	0.09	5.55	6.25
Hainan Jinhai Pulp & Paper	49.71	1.19	0.025	3.88	15.31
Ningbo Asia	44.99	1.30	0.11	2.27	15.00
Guangxi Jingui Pulp & Paper	42.68	0.65	0.02	3.65	8.00
Shandong Base of Bohui Paper	27.20	0.60	0.02	3.91	-
Jiangsu Base of Bohui Paper	33.28	2.13	0.13	5.29	-

\*Wastewater discharged from Hainan Gold Hongye was treated by Hainan Jinhai Pulp & Paper. The annual average pollutant discharge concentration data for each mill were below the requirements of the *Discharge Standard of Water Pollutants for Pulp and Paper Industry* (GB 3544-2008).

### Water reuse

Mill	Amount of reused water (ton)		
	2023	2022	2021
Gold East Paper	664,730,400	650,109,600	658,752,000
Hainan Jinhai Pulp & Paper*	984,158,242	974,001,791	985,949,728
Ningbo Asia	250,158,336	245,318,915	230,884,979
Guangxi Jingui Pulp & Paper	642,083,786	430,151,971	340,441,483

\*The data of Hainan Jinhai Pulp & Paper include those of Hainan Gold Hongye.

### Air pollutant emissions\*

Indicator	Unit	2023	2022	2021
Total SO <sub>2</sub> emissions	ton	511.70	688.82	550.15
Total NO <sub>x</sub> emissions	ton	4,137.85	4,243.02	3,995.42
Total soot emissions	ton	292.46	342.10	292.95
Total VOCs emissions**	ton	3.32	0.04	0.14

\*Not including the data of APP China Forestry.

\*\*In 2023, Rudong Base was included into the scope of total VOCs emissions. In addition, there was an increase in Shandong Base of Bohui Paper's production, thus total VOCs emissions have been increased.



## Employee retention after maternity/paternity leave

Indicator	Unit	2023	2022	2021
Female employees who took maternity leave	person	169	155	124
Female employees who returned to work after maternity leave	person	152	141	114
Female employees who resigned after maternity leave	person	16	12	6
Male employees who took paternity leave	person	402	400	338
Male employees who returned to work after paternity leave	person	382	383	323
Male employees who resigned after paternity leave	person	16	14	5

## Employee composition by level

Indicator	Unit	2023	2022	2021
Percentage of senior-level managers	%	0.93	0.95	0.99
Percentage of middle-level managers	%	9.38	9.70	8.80
Percentage of line-level employees	%	89.69	89.35	90.21

## Employee composition by gender

Indicator	Unit	2023	2022	2021
Percentage of female employees	%	21.83	22.70	23.27
Number of female employees in management	person	371	412	337
Percentage of female employees in management	%	18.72	18.80	18.62

## Employee composition by age

Indicator	Unit	2023	2022	2021
Percentage of employees aged 30 and below	%	21.56	22.21	20.12
Percentage of employees aged between 31 and 50	%	69.12	68.65	70.93
Percentage of employees aged 51 and above	%	9.33	9.14	8.94

## Employee training

Indicator	Unit	2023	2022	2021
Total training investment	RMB10,000	601.38	387.76	562.16
Total employee training time	hour	918,971.80	1,052,512.80	753,012
Number of employees who participated in company-paid diploma programs	person	104	79	35
Total investment in company-paid diploma programs for employees	RMB10,000	20.68	2.92	2.55
Average training time for senior management	hour	40.21	32.71	37.99
Average training time for mid-level management	hour	37.22	40.44	31.62
Average training time for line-level employees	hour	48.99	41.40	41.65

## Occupational health and safety

Indicator	Unit	2023	2022	2021
Employee safety training time	hour	799,932.12	631,233.50	450,918.00
Total investment in protective gears	RMB10,000	1,115.74	1,055.92	922.51
Work-related injuries of employees	person-time	70	51	44
Work-related fatalities of employees*	person	1	1	0
Total lost worktime rate of employees**	/	1,892.97	1,307.74	2,234.87
Lost time injury frequency rate of employees***	/	1.57	1.25	-
Work-related injuries of contractors	person-time	4	4	5
Work-related fatalities of contractors	person	1	1	-
Total lost worktime rate of contractors**	/	17.91	159.33	-
Lost time injury frequency rate of contractors***	/	0.12	0.14	-

\*In May 2023, a female employee of Guangxi Jingui Pulp & Paper had her hair and clothes caught in a lathe while operating the lathe. The employee died despite medical efforts. After the incident, the Company carried out investigation over all aspects of risk control, including risk identification, already-formulated control measures, the advocacy of control measures, and the implementation and the supervision of the implementation of the control measures. Corrective measures had been formulated from the aspects of technology, behavior and management. APP China Headquarters and the Paper BU conducted a comprehensive review of the incident, and carried out advocational education throughout the Company to push all units to improve management measures and prevent such incident from happening again.

\*\*Total lost worktime rate = (Total lost hours/Total hours worked in the reporting period) × 1,000,000

\*\*\*@ ,000

es, e = s/T ed in the reporting period) × 1,000,000\* @ ,00/ s/T eQ v lost hour

\*\*\*@ ,000

## • Indirect economic impact

Indicator	Unit	2023	2022	2021
Employee volunteer hours	hour	21,508	30,348	16,532
Donations	RMB10,000	13,863	13,712	4,692

## Economic and Governance Performance

### • Economic performance

Indicator	Unit	2023	2022	2021
Total assets	RMB100million	2,427	2,445	2,465
Total taxes paid	RMB100million	39	51	47
Sales revenue	RMB100million	926	943	973
Total profit	RMB100million	50	81	84
Net profit	RMB100million	43	61	64

### • Places of origin for APP China's pulp procurement\*

Region	2023	2022	2021
China	45.68%	45.03%	39.89%
Other Asian regions	31.02%	31.27%	33.49%
North America	8.82%	8.14%	12.88%
South America	8.48%	9.55%	5.64%
Europe	6.00%	6.01%	7.96%
Oceania	0%	0%	0.14%

\*The changes in the proportion of each origin of procurement are mainly determined by product quality and relevant market price.

## • Materials

Indicator	Unit	2023	2022	2021
Total amount of wood chips purchased	10,000 tons	1,121.99	1,390.55	1,129.64
Amount of certified wood chips*	10,000 tons	262.30	262.54	238.69
Proportion of certified wood chips	%	23.38	18.88	21.13
Total amount of wood pulp purchased	10,000 tons	816.26	752.82	692.10
Amount of certified wood pulp*	10,000 tons	334.34	154.72	124.30
Proportion of certified wood pulp	%	40.96	20.55	17.96
Total amount of waste paper purchased	10,000 tons	52.18	52.97	52.82

\*Including CFCC/PEFC Certification and FSC Certification.

### • Anti-corruption

Indicator	Unit	2023	2022	2021
Number of governance agency members reached by anti-corruption policies and procedures	person	23	20	14
Percentage of governance agency members reached by anti-corruption policies and procedures	%	100	100	100
Number of governance agency members receiving anti-corruption training	person	23	20	14
Percentage of governance agency members receiving anti-corruption training	%	100	100	100
Number of senior-level managers receiving anti-corruption training	person	178	196	183
Percentage of senior-level managers receiving anti-corruption training	%	100	100	100
Number of middle-level managers receiving anti-corruption training	person	1,804	1,995	1,627
Percentage of middle-level managers receiving anti-corruption training	%	100	100	100
Number of line-level employees receiving anti-corruption training	person	17,242	18,377	16,676
Percentage of line-level employees receiving anti-corruption training	%	100	100	100
Number of incidents of termination or non-renewal of contracts with suppliers due to corruption*	case	7	19	12

\*In advocacy for a culture of integrity and compliance, APP China requests all suppliers to sign the *Sinar Mas Supplier/Partner Pledge on Business Compliance and Integrity* and the *Corporate Social Responsibility Statement and Pledge*. The percentage of suppliers to whom anti-corruption policies have been communicated to is 100%.

## Independent Verification Statement

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by Sinar Mas Paper (China) Investment Co., Ltd. and the group of companies under its direct investment in China (herein referred to as "APP China" or "the Company") to perform an independent third-party verification on APP China 2023 Sustainability/ESG Report (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with APP China and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by APP China and provided to TÜV SÜD. The scope of verification is limited to the given information. APP China shall be held accountable for authenticity and completeness of the provided data and information.

Time frame of this verification:

- ❖ The Report contains the data disclosed by APP China during the reporting period from January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2023, including governance, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- ❖ The verification took sampling way to carry out the on-site work, the on-site verification sampling took place at below listed location:

Scope of the Report	Verification Location
APP China Headquarters	66F, Sinar

## GRI Standards (2021) Content Index

Statement of use	APP China has reported in accordance with the GRI Standards for the period from January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page Numbers
GRI 2: General Disclosures 2021	2-1 Organizational details	4; 114
	2-2 Entities included in the organization's sustainability reporting	114
	2-3 Reporting period, frequency and contact point	114
	2-4 Restatements of information	114
	2-5 External assurance	106-108
	2-6 Activities, value chain and other business relationships	4; 18-20; 96-97; 104
	2-7 Employees	101
	2-8 Workers who are not employees	71; 101
	2-9 Governance structure and composition	6
	2-12 Role of the highest governance body in overseeing the management of impacts	2-3; 28; 67; 90-91
	2-13 Delegation of responsibility for managing impacts	28; 67
	2-14 Role of the highest governance body in sustainability reporting	114
	2-16 Communication of critical concerns	2-3; 92-94
	2-17 Collective knowledge of the highest governance body	14-16; 18-20; 28; 67; 90-91
2-22 Statement on sustainable development strategy	2-3; 14-16	
2-23 Policy commitments	17-20; 60-61; 92-95	
2-24 Embedding policy commitments	20; 60-61; 92-95	
2-24	Content of the policy commitments	17-61; 92-95

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GRI Standard	Disclosure	Page Numbers
GRI 3: Material Topics 2021	3-1	Process to determine material topics 21
	3-2	List of material topics 21
	3-3	Management of material topics 14-16; 18-97
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed 4; 104
	201-2	Financial implications and other risks and opportunities due to climate change 27-37; 48-49
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported 22-26; 75-79
	203-2	Signif cant indirect economic impacts 22-26; 34-37; 72-73; 75-79; 87-89
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers 96-97; 104
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures 92-97; 105
	205-3	Conf rmed incidents of corruption and actions taken 105
GRI 301: Materials 2016	301-1	Materials used by weight or volume 105
	301-2	Recycled input materials used 105
GRI 302: Energy 2016	302-1	Energy consumption within the organization 48-49; 98
	302-4	Reduction of energy consumption 27-37; 48-49; 87-89
GRI 303: Water and Ef uents 2018	303-1	Interactions with water as a shared resource 46-47; 50
	303-2	Management of water discharge-related impacts 46-47; 50
	303-3	Water withdrawal 98-99
	303-4	Water discharge 98-99
	303-5	Water consumption 98-99
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas 45; 54-57
	304-2	Signif cant impacts of activities, products and services on biodiversity 45; 54-57
	304-3	Habitats protected or restored 54-57
	304-4	IUCN Red List species and national conservation list species with habitats in areas af ected by operations 54-57
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions 29; 48-49
	305-2	Energy indirect (Scope 2) GHG emissions 29; 48-49
	305-3	Other indirect (Scope 3) GHG emissions 29; 48-49

GRI Standard	Disclosure	Page Numbers
GRI 305: Emissions 2016	305-5	Reduction of GHG emissions 27-37; 48-49
	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other signif cant air emissions 50-51; 99-100
GRI 306: Waste 2020	306-1	Water generation and signif cant waste-related impacts 51-52
	306-2	Management of signif cant waste-related impacts 46-47; 51-52; 87-89
	306-3	Waste generated 51-52; 100
	306-4	Waste diverted from disposal 51-52; 100
	306-5	Waste directed to disposal 51-52; 100
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria crit Asx tt 96-97
	308-2	Negative environmental impacts in the supply cQ crits Q / im ta ú

GRI Standard	Disclosure	Page Numbers
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Did not occur
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Did not occur
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Did not occur
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	22-26; 34-36; 40-47; 54-57; 75-79
	413-2 Operations with significant actual and potential negative impacts on local communities	22-26; 42-47; 78-79
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	96-97
	414-2 Negative social impacts in the supply chain and actions taken	96-97; 105
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	72-74; 87-89
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Did not occur
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	17; 36-37; 87-89
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Did not occur

## TCFD Index

TCFD Recommended Disclosures	Page Numbers
<b>Governance: Disclose the company's governance around climate-related risks and opportunities.</b>	
a. Describe the board's oversight of climate-related risks and opportunities.	28
b. Describe management's role in assessing and managing climate-related risks and opportunities.	28
<b>Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material.</b>	
a. Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.	29-37; 87-89
b. Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.	14-16; 29-37; 87-89
c. Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	29
<b>Risk Management: Disclose how the company identifies, assesses, and manages climate-related risks.</b>	
a. Describe the company's processes for identifying and assessing climate-related risks.	28-33
b. Describe the company's processes for managing climate-related risks.	28-33
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.	30-33
<b>Metrics and Targets: Disclose the metrics and targets used to access and manage relevant climate-related risks and opportunities where such information is material.</b>	
a. Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.	14-16; 29; 34-37; 48-49
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	29-33
c. Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.	14-16; 29-37; 48-49

## UN Global Compact Ten Principles Index

Theme	Principle	Page Numbers
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	22-26; 60-61; 67-71; 74-79; 92-94; 96-97
	Principle 2: make sure that they are not complicit in human rights abuses.	60-61; 67-71; 92-94; 96-97
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	60-66
	Principle 4: the elimination of all forms of forced and compulsory labor;	60-61; 96-97
	Principle 5: the effective abolition of child labor; and	60-61; 96-97
Environment	Principle 6: the elimination of discrimination in respect of employment and occupation.	60-61
	Principle 7: Businesses should support a precautionary approach to environmental challenges;	27-57; 84; 87-89
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	27-57; 84; 87-89
Anti-corruption	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	34-37; 46-53; 84; 87-89
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	7; 90-97; 105

## About this Report

This is the 17th Sustainability Report issued by Sinar Mas Paper (China) Investment Co., Ltd. and its subsidiaries and affiliates (referred to as APP China). The report is released in both Chinese and English. The English report is translated from the Chinese report. If there is any discrepancy between the two reports, the Chinese version shall prevail. The Board of Directors, as the top governance body of APP China, is ultimately responsible for reviewing and approving the information disclosed in this report.

### Reporting Boundary and Scope

The time span of this report is from January 1, 2023 to December 31, 2023. Our last Sustainability Report was released in October 2023. Data in "Company Profile", "Economic Performance", "Places of origin for APP China's pulp procurement" and "Materials" relate to Sinar Mas Paper (China) Investment Co., Ltd. and its subsidiaries and affiliates. Cases and other data in the report are collected from APP China Headquarters, pulp & paper mills, and APP China Forestry Business Unit, unless otherwise stated.

APP China Headquarters	Gold Hongye Paper (Nantong) Co., Ltd. (Rudong Base)
Gold East Paper (Jiangsu) Co., Ltd. (Gold East Paper)	Hainan Gold Hongye Paper Co., Ltd. (Hainan Gold Hongye)
Hainan Jinhai Pulp & Paper Co., Ltd. (Hainan Jinhai Pulp & Paper)	APP China Forestry Business Unit (APP China Forestry, including Forestry Business Headquarters, Hainan, Guangxi, and Guangdong Business Areas, and Lancang, Wenshan, and Ganzhou Operation Areas)
Guangxi Jingui Pulp & Paper Co., Ltd. (Guangxi Jingui Pulp & Paper)	
Ningbo Asia Pulp & Paper Co., Ltd. (Ningbo Asia)	
Shandong Bohui Paper Co., Ltd. (Bohui Paper)	
Gold Hongye Paper Group Co., Ltd. (Gold Hongye Paper)	

As APP China completed the acquisition of Bohui Paper in July 2020, we started including relevant data from Bohui Paper in our report from our 2021 Report. Gold Hongye Paper Co., Ltd. absorbed and merged Hainan Gold Shengpu Paper Co., Ltd. in 2023, and the data of Hainan Gold Shengpu Paper Co., Ltd. are no longer disclosed separately.

### Reporting Framework

The report has been prepared in accordance with the core option of GRI Standards (2021) issued by the Global Sustainability Standards Board (GSSB), the Global Compact Ten Principles, the TCFD recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD), the Pulp & Paper Products standard and the Forest Management standard issued by the Sustainability Accounting Standards Board (SASB), the S&P Global Corporate Sustainability Assessment (CSA), and papermaking industry cleaner production and emissions standards.

### Content and Indicator Selection

This report was prepared in accordance with the GRI principles of materiality, stakeholder inclusiveness, sustainability context, and completeness, etc. At the preliminary stage, our work group conducted policy analysis, industry issues analysis, the core issues and indicators benchmark of ESG mainstream information disclosure frameworks and rating systems, stakeholder surveys, and field visits to our headquarters and pulp & paper mills to collect the management approaches, specific practices and performance indicators on sustainability/ESG issues most relevant to APP China.

### Report Assurance

APP China commissioned Technischer Überwachungs-Verein (TÜV) to assess the reliability, objectivity, and transparency of this report. Please refer to the Assurance Statement for further details.

### Contact Us

We sincerely welcome readers' comments and suggestions regarding this report and our work. Readers can contact us by email: [csr@app.com.cn](mailto:csr@app.com.cn).

