



仙鹤股份有限公司 XIANHE CORPORATION

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XIANHE

2024 Sustainability Report
PAPER MAKE IT HAPPEN

REGARDING THIS REPORT

Overview

The 2024 Sustainability Report of Xianhe Corporation is the fourth consecutive sustainability report released by Xianhe Corporation, and also the sixth non-financial information report of the company. It aims to systematically describe the principles and concepts, management methods, and performance achievements of the company in sustainable development.

Report Scope

The scope of this report is consistent with the company's annual report, covering Xianhe Co., Ltd. and its subsidiaries within the scope of consolidation. This report is an annual report, covering the period from January 1, 2024 to December 31, 2024. Some of the content exceeds the scope mentioned above and will be explained in the relevant sections.

Compilation Basis

This report is guided by the "Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 14- Sustainable Development Reports (Trial)" and "Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 4- Preparation of Sustainable Development Reports", and refers to the "GRI Sustainability Reporting Standards" issued by the Global Sustainability Standards Board (GSSB) and the Container&Packaging Sustainability Accounting Standard of the Sustainable Development Accounting Standards Board (SASB), Pulp&Paper Products Sustainability Accounting Standard and IFRS issued by the International Sustainability Standards Board (ISSB) ® Develop a Sustainability Disclosure Standard. At the same time, this report also cites some recommendations from the ISO 26000:2010 Guidance on Social Responsibility published by the International Organization for Standardization (ISO).

Data Description

The data, management mechanisms, and cases in the report are sourced from the original records or financial reports of the company's actual operations. The financial data in the report is in Chinese yuan. If the financial data does not match the company's annual financial report, the annual report shall prevail.

Title Description

Xianhe Co., Ltd	Xianhe, Xianhe Co., Ltd., Xianhe Group, our company, the company, we
Zhejiang Zhefeng New Materials Co., Ltd	Zhefeng New Materials
Changshan Zhefeng Environmental Protection Technology Co., Ltd.	Zhefeng Environmental Protection
Quzhou Qujiang District Hegang Environmental Protection Technology Co., Ltd.	Hegang Environmental Protection
Zhejiang Hefeng New Materials Co., Ltd	Hefeng New Materials
Zhejiang Tangfeng Special Paper Co., Ltd	Zhejiang Tangfeng
Henan Xianhe Special Pulp and Paper Co., Ltd	Henan Xianhe
Zhejiang Zhefeng Energy Development Co., Ltd	Zhefeng Energy
Zhejiang Xianhe New Energy Co., Ltd	Xianhe New Energy
Guangxi Xianhe Energy Development Co., Ltd	Guangxi Xianhe Energy
Hubei Xianhe New Materials Co., Ltd.	Hubei Xianhe New Materials
Hubei Xianhe Thermal Energy Co., Ltd	Hubei Xianhe Energy
Zhejiang Xianlu New Materials Co., Ltd	Xianlu New Materials
Zhejiang Korai New Materials Co., Ltd	Korai New Materials
Kingdecor (Zhejiang) Co., Ltd.	Kingdecor

In the report, "Guangxi Xianhe" refers to the construction entity involved in the company's "Annual Production of 2.5 Million Tons of High Performance Paper based New Materials in Sanjiangkou New Area, Guangxi" project, and "Hubei Xianhe" refers to the construction entity involved in the "Annual Production of 2.5 Million Tons of Hubei Shishou High Performance Paper based Functional New Materials Circular Economy" project.

Reliability Commitment

Xianhe Group promises that there are no false records, misleading statements or significant omissions in the content of this report. The board of directors of the company assumes individual and joint responsibility for the truthfulness, accuracy and completeness of its content.

Report Acquisition

This report is released in both print and electronic formats, with the print version kept in the company's securities department. The electronic version can be found on the company's official website (<http://www.xianhe-paper.com>) Shanghai Stock Exchange website (<http://www.sse.com.cn>) Search.

Contact Information

We encourage all stakeholders to provide suggestions or opinions on our company's sustainable development and social responsibility management work. If there are any related matters, please contact zqb@xianhepaper.com .

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CHAIRMAN'S SPEECH

Dear friends, partners, and all colleagues from all walks of life:

2024 is an important year for Xianhe Group to continue deepening green development, optimizing industrial layout, and promoting high-quality growth. This year, we witnessed the official launch of the "Forest Pulp Paper Integration" project in Laibin, Guangxi and Shishou, Hubei, marking a solid step for the company in independent supply. Standing at a new starting point of development, we will embrace challenges with a more open attitude and move towards the future with a more resolute pace.

Plant a solid green foundation and seek a sustainable future together. Xianhe has always adhered to the development concept of "green mountains and clear waters are as valuable as mountains of gold and silver", faced the challenges and opportunities of climate change, continuously optimized its energy structure, vigorously develop the utilization of solar energy, biomass energy, and other clean energy sources, focus on constructing and upgrading energy storage projects, and continuously expand the coverage of carbon inventory and carbon management initiatives, actively developed carbon sink projects, and created a green and low-carbon industrial chain. This year, we promoted the construction of a circular economy system in our production bases in Guangxi and Hubei, achieving pollutant reduction and waste recycling, and setting a new benchmark for green manufacturing in the industry.

Adhere to innovation driven approach and empower industry upgrading. Xianhe is continuously accelerating its strategic layout of "integration of forestry, pulp, and paper", strengthening its research and development capabilities in paper-based functional materials, increasing investment in intelligent manufacturing, introducing automated production lines, intelligent detection systems, and digital supply chain management, and improving production efficiency and product quality stability. The company deepens cooperation with high-end customers both domestically and internationally, and further expands into high value-added product fields such as food packaging, medical materials, and publishing and printing materials. We always adhere to the concept of win-win cooperation and co creation of value, practice the principle of responsible procurement, promote the formation of a more resilient supply chain ecosystem for upstream and downstream enterprises, and enhance the overall competitiveness of the industrial chain. At the same time, the company actively expands overseas markets, optimizes its international supply chain layout, and accelerates the entry of domestic high-end specialty paper into the global market.

Gather talent and jointly draw a development blueprint. Xianhe always takes "family culture" as its core, allowing every struggler to realize their own value on Xianhe's platform. The company continues to improve its talent training system, providing high-quality technical talents to the industry through school enterprise cooperation and industry talent training programs, and continuously optimizing skills training, career development channels, and other aspects to help employees achieve career growth. Over the years, we have created thousands of job opportunities in multiple bases across the country and established an industry-leading salary and benefits system, allowing more employees to share the fruits of the company's development. Xianhe benefits from the times and feeds back to society. This year, we continue to root ourselves in the team of rural revitalization and volunteer poverty alleviation, contributing to the development of local economy and improvement of people's livelihood.

Adhere to the bottom line of compliance and build a solid foundation for development. In this year, Xianhe Group continued to adhere to the development direction of "standardization, transparency, and stability", continuously improved the governance structure of the board of directors, strengthened the ESG management system, strictly followed national laws and regulations, industry regulatory requirements, comprehensively implemented compliant operation and fair competition, established a risk control system covering multiple dimensions such as supply chain, finance, market, and environmental protection, strengthened the transparency of information disclosure, promoted ISO management system certification, and created a fair and transparent corporate culture through regular compliance training and anti-corruption mechanisms. With a high standard compliance governance system, the company consolidated its long-term competitiveness and achieved high-quality sustainable growth.

Accumulate steps to reach thousands of miles, and plan for the long run without stopping. Looking ahead to the future, we will continue to drive growth with the construction of "integration of forestry, pulp, paper and other industries", expand the market with a global perspective, consolidate the foundation with efficient governance, focus on the bullseye, work hard, and keep up with the trend, and embark on a path of continuous innovation and progress. We sincerely thank all customers, partners, employees, and all sectors of society for their support and trust in Xianhe Shares. We look forward to working together with everyone to create a green future!

Chairman of Xianhe Corporation
Wang Minliang



ABOUT US

Company Name: 仙鹤股份有限公司
 Company foreign name: Xianhe Co.,Ltd.
 Abbreviation of foreign company name: Xianhe
 Stock code: 603733
 Company Headquarters: Quzhou City, Zhejiang Province, China

COMPANY PROFILE

Xianhe Co., Ltd. is a large domestic enterprise engaged in the research and production of high-performance paper-based functional materials. Its main business is the research and development, production, and sales of high-performance paper-based functional materials, as well as their pulp and chemical raw materials. The paper-based functional material products produced by the company are mainly divided into six series with more than 60 varieties, including food and medical packaging material series, tobacco industry supporting material series, home decoration material series (including joint venture company Kingdecor products), business communication and publishing printing material series, electrical and industrial paper material series, and daily consumer material series. At the same time, the company also focuses on the research and manufacturing of paper-based functional materials, actively expanding its layout in the fields of chemical materials, industrial water treatment, solid waste treatment, clean energy, etc., promoting the development of new materials and new energy businesses, and gradually extending its business to the logistics and C-end product fields, committed to building an integrated upstream and downstream industrial ecosystem. The company has 5 production bases nationwide, located in Qujiang, Zhejiang, Changshan, Zhejiang, Neixiang, Henan, Laibin, Guangxi, and Shishou, Hubei.

CORPORATE CULTURE

The company adheres to the principle of "creating wealth and serving society" and the vision of "a hundred year Xianhe, sustainable development". Adhering to the craftsmanship spirit of "integrating knowledge and action, and creating with ingenuity and intelligence", guided by "family culture", we aim to become a leading enterprise in the global high-performance paper-based functional materials industry through sustainable and high-quality development.

Mission



With the integrated strategy of "forestry pulp paper", we aim to provide the best overall solution for the global high-performance paper-based functional materials field and become a leader in the global specialty paper industry.

Vision



Centennial Xianhe, sustainable development

Purpose



Create wealth and serve society

The connotation of Xianhe's "family Culture"



Treat employees as family members, let them share the fruits of enterprise development, and take care of this 'little home'

Relying on cadres and employees, advocating loyalty, dedication, standardization, orderliness, teamwork, and independent innovation to build the "everyone" of the enterprise well

Fulfill social responsibility, be a respected enterprise by society, and serve the country as a 'nation'

Spirit



Integrity, efficiency, innovation, and striving for strength

Values



Putting people first, taking home as the root

Harmony is precious, morality comes first

MAJOR EVENTS OF 2024

February 2024

- Xianhe Group has been awarded the honorary title of "Civilized Unit" in Zhejiang Province jointly issued by the Zhejiang Provincial Committee of the Communist Party of China and the Zhejiang Provincial People's Government.
- Xianhe Group has won the first prize of the "Comprehensive Contribution Award" for the 2023 Qujiang District High Quality Development Special Contribution Award issued by the Qujiang District People's Government of Quzhou City.
- Xianhe Group has been awarded the "Top 30 Manufacturing Enterprises in Quzhou City in 2023" by the Quzhou Entrepreneurs Association.
- Xianhe Group has been awarded the title of "Standard Innovative Enterprise - Junior" by the National Standard Innovative Enterprise Management Information Platform.

January 2024

- Xianhe Group has been awarded the "2023 Outstanding Grassroots Trade Union" by the Quzhou Intelligent Manufacturing New City Trade Union.
- Xianhe Group has been awarded the "Zhejiang Export Famous Brand" by the Zhejiang Provincial Department of Commerce.
- Zhefeng New Materials Awarded High-Tech Enterprise R&D Center Recognition.
- Zhefeng New Materials Conducts Phase I, Session III of Management System Training.
- Hubei Xianhe's PM2 Successfully Commences Operation.

March 2024

- The company organizes a voluntary blood donation activity.
- Xianhe, together with Zhefeng New Materials, organized management system training sessions.
- The Committee of the Communist Party of China at Xianhe Co., Ltd. has been awarded the honorary title of "Advanced Primary-Level Party Organization" in Quzhou Intelligent Manufacturing New City for 2023 by the Working Committee of Quzhou Intelligent Manufacturing New City of the Communist Party of China.
- Hubei Xianhe's PM1 Successfully Commences Operation.

April 2024

- The company held the fifth speech competition with the theme of "Youth and Going to the Place the Company Needs the Most".
- Xianhe, together with Zhefeng New Materials, organized management system training sessions.
- Guangxi Xianhe Successfully Commissions and Starts Up a 200,000-Ton-Per-Year Chemi-Mechanical Pulp and Wet Pulp Board Production Line, Achieving Production Capacity.
- Hubei Xianhe's No.2 Pulping Line Successfully Commissioned and Operating Smoothly.
- Zhefeng New Materials' 42MW/284.884MWh energy storage project achieved grid connection and was officially commissioned.

May 2024

- Xianhe Co., Ltd.'s mechanical and electrical repair section has been awarded the "2024 National Worker Pioneer" by the All China Federation of Trade Unions.
- The company will organize physical examinations for all cadres and employees in batches for the year 2024.
- The Xianhe Party Committee and the Quzhou Library Party Branch jointly held a themed party day event titled "Remembering History, Remembering Mission, and Contributing to the Prosperity and Strength of the Country".
- Xianhe Group has been awarded the "Digital Demonstration Enterprise and DCMM Certified Enterprise" by the China Electronic Information Industry Federation.
- Zhejiang Xianlu New Materials Co., Ltd., a subsidiary of the company, has obtained the "DCMM Certified Enterprise".
- Zhefeng New Materials Organizes Excellence Awards and Bonus Distribution.
- Zhefeng New Materials Hosts First Batch of External Boiler Certification Training — Theory Exam.
- Zhefeng New Materials Conducts Phase I, Session VI of Management System Training.

June 2024

- The Xianhe Youth League Committee held International Children's Day activities.
- The company has launched a public course on penetrating customer service.
- The company collaborates with Quzhou Sports Promotion Health Center to conduct health lectures and monitoring services.
- The company conducted fire safety training and emergency drills, and invited instructors from the Donggang Development Zone Fire Brigade of Zhizao New City to give lectures.
- The company invites experts to provide TPM equipment management training for all employees of the company's mechanical and electrical equipment personnel.
- Hefeng New Materials Recognized as a Pilot Unit for Vocational Skill Level Certification and Launches Advanced Papermaking Worker Training Program.
- Zhefeng New Materials Conducts Phase I, Session VII of Management System Training and Shares Practical Applications of the Management System.
- Henan Xianhe Organizes Training on the Human Resource Management System.
- Guangxi Xianhe's PM2 Successfully Commences Operation.
- Xianhe Quzhou Headquarters' 22.36MW/44.72MWh energy storage project achieved grid connection and was officially commissioned.

July 2024

- The company held the 3rd Safety Production Knowledge and Safety Operation Regulations Competition.

July and August 2024

- The Xianhe Labor Union and the Smart Manufacturing New City Federation of Trade Unions jointly held a summer care class in two phases.

August 2024

- The purchasing center and packaging R&D team of Mengniu Group visited Xianhe Co., Ltd. and its subsidiary Zhefeng New Materials for a one-day exchange activity.
- Xianhe Group Party Committee Holds a Thematic Session on "Studying the Spirit of the 20th CPC Central Committee's Third Plenary Session | Promoting Corporate Culture to Contribute to High-Quality Development"
- Guangxi Xianhe Successfully Commissions and Starts Up a 400,000-Ton-Per-Year Chemical Pulp Production Line, Achieving Production Capacity.

August and September 2024

- The company has specially invited well-known domestic education experts to conduct a training session for all employees on the theme of "Learning to Change Mindset and Live a Happy Life through Changing Mindset".
- Zhefeng New Materials Organizes Theoretical and Practical Exams for Advanced Papermaking Worker Certification Training.
- Hubei Xianhe's PM3 successfully commences operation.

September and October 2024

- The company holds the 2024 Employee Skills Competition.

October 2024

- The company organizes training on first aid knowledge and operational skills.
- Zhefeng New Materials Hosts Company-Wide Fun Sports Games.
- Guangxi Xianhe's PM4 Successfully Commences Operation.

November 2024

- Zhefeng New Materials organizes confined space operation drill and fire drill.

December 2024

- Xianhe Group's key technology and application project for lightweight green manufacturing of paper-based new materials has won the "Second Prize" of the Zhejiang Provincial Science and Technology Progress Award issued by the Zhejiang Provincial People's Government.
- Xianhe Group has obtained the "High tech Enterprise" certificate issued by the Zhejiang Provincial Department of Economy and Information Technology, the Zhejiang Provincial Department of Finance, and the Zhejiang Provincial Taxation Department of the State Administration of Taxation.
- Zhefeng New Materials Hosts the 2024 Annual Employee Skills Competition.
- Zhefeng New Materials Recognized in the Second Batch of 2024 Zhejiang Province "Specialized, Refined, Differentiated, and Innovative" SMEs.
- Zhejiang Tangfeng was awarded the certificate of high-tech enterprise.

2024 SUSTAINABLE DEVELOPMENT HIGHLIGHTS PERFORMANCE

ESG Awards

Received B- Ratings from CDP for Climate Change, Forests, and Water Security
Awarded Grade A in Wind ESG Rating

Financial Performance

Operating Revenue
RMB **10,273.5774** million

Total Assets
RMB **23,321.9080** million

Net Profit Attributable to Shareholders of the Listed Company
RMB **1,003.8306** million

Green Development and Low-Carbon Transition

Environmental Protection Investment
RMB **1,086.6756** million

Number of Environmental Incidents **0**

Total Photovoltaic Power Generation
65,089,149 kWh

Water Recycling Rate
98.11%

Quality First, Win-Win Cooperation

R&D Investment
RMB **134.2332** million

Product Qualification Rate
99.18%

Pulp Suppliers are Certified with FSC, PEFC, or Equivalent Certifications
100%

Customer Satisfaction Score
91.64

People-Oriented and Shared Prosperity

Employee Training Coverage
100%

Safety Training Coverage
100%

Public Welfare and Charity Contributions
RMB **1.9616** million

SUSTAINABILITY MANAGEMENT

STRATEGY OF SUSTAINABLE DEVELOPMENT



United Nations Sustainable



Eliminating all forms of poverty worldwide

Corporate Action

- Xianhe actively recruits local personnel in Guangxi and Hubei regions, fully utilizes local human resources, drives employment, and injects vitality into local economic development. At the same time, poverty alleviation workshops are being carried out in Henan to help disadvantaged groups achieve nearby employment, improve their income levels, and promote poverty reduction work.
- Continuously donating every year to support various public welfare undertakings, including helping students from disadvantaged families complete their studies, caring for elderly people living alone to improve their quality of life, etc., conveying warmth and care, and contributing to the construction of a harmonious society.



Ensure inclusive and equitable quality education, providing lifelong learning opportunities for all citizens

Corporate Action

- The company focuses on the comprehensive development of employees, providing them with a good learning platform, developing targeted training plans according to the needs of different positions, and actively supporting employees to receive re-education, continuously improving their professional skills and comprehensive qualities.



Realizing gender equality and empowering all women and girls

Corporate Action

- Adhere to the principle of gender equality, respect women's rights, and ensure that female employees enjoy equal treatment with male employees in the economic, social, and political fields.
- Establish a Women Workers' Committee to safeguard the rights and interests of female employees. The committee was once honored as the second batch of "Trade Union Female Employee Characteristic Work Brands" by the Office of the Zhejiang Provincial Trade Union Women's Workers' Committee.



Clean drinking water and sanitation facilities

Corporate Action

- The company always attaches great importance to the sustainable use of water resources, strictly controls water consumption, sets clear water-saving goals, determines water use control red lines, and ensures reasonable water use in all aspects.
- The company continuously upgrades its wastewater treatment equipment, strictly treats pollutants in accordance with environmental protection requirements, implements full process monitoring, and conducts regular water quality testing to ensure compliance with discharge regulations.



Ensure that everyone has access to affordable, reliable, and sustainable modern energy

Corporate Action

- Actively planning the layout of the new energy industry, establishing Xianhe New Energy, Zhefeng Energy, Guangxi Xianhe Energy, and Hubei Xianhe Energy companies, focusing on distributed photovoltaic power generation, power sales services, and thermal energy supply, and promoting sustainable development.
- Since 2014, solar photovoltaic power generation equipment has been used, and photovoltaic power generation has been deployed in various production parks to effectively supplement production energy.



Adopting sustainable consumption and production patterns

Corporate Action

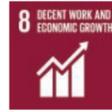
- Actively seize the development opportunity of "replacing plastic with paper", continuously conduct research and development of new environmentally friendly paper-based products, fully utilize raw materials and energy, and adhere to responsible production principles.
- Focusing on the research and manufacturing of environmentally friendly and low-carbon products such as "carbon free printing products" and "carbon free copy paper", promoting sustainable consumption with our main business as the guide.



Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and curb the loss of biodiversity

Corporate Action

- The company actively practices the principle of sustainable procurement, integrates ecological protection into supply chain management, and requires suppliers to provide FSC or PEFC certification to ensure that raw materials come from sustainably managed forests, promoting biodiversity conservation and the rational use of forest resources.



Promote sustained, inclusive, and sustainable economic growth, promote full and productive employment, and ensure that everyone has access to decent work

Corporate Action

- Advocate for "family culture", create employment opportunities in the community, create a safe and livable working environment for employees, and continuously improve their sense of happiness in life.
- Over the years, we have continuously promoted the prosperity of education and provided solid support for cultivating young people through establishing education funds, awarding Wang Bendao scholarships, and participating in charitable donation projects for impoverished college students.



Take urgent action to address climate change

Corporate Action

- Establish a systematic climate change management system, implement greenhouse gas emission monitoring plans based on internal energy consumption, gradually conduct carbon inventory, formulate effective emission reduction plans, and promote Xianhe towards the goal of low-carbon transformation and development.
- Focusing on building an integrated industrial chain for forestry pulp and paper, actively carrying out forestry construction, fully developing "carbon sink" resources, and contributing the positive strength of enterprises to mitigate the impact of climate change.



Advocate for building a peaceful and inclusive society to promote sustainable development, enabling everyone to access justice, and establishing effective, responsible, and inclusive institutions at all levels

Corporate Action

- Integrating compliance concepts into the operational process and daily work of employees, creating an honest, efficient, and stable operating environment.
- Fully implement the concept of anti-corruption work, establish a comprehensive anti-corruption management system that covers all employees, and promote the in-depth development of corporate anti-corruption culture through diversified anti-corruption management measures.

SUSTAINABLE DEVELOPMENT MANAGEMENT ARCHITECTURE

The company has established a three-tier structure with clear rights and responsibilities and mutual support, jointly building a sustainable development governance system covering strategy, operation, and execution, continuously improving relevant management systems, and ensuring that sustainable development work has rules to follow. Among them, the ESG committee regularly holds annual meetings to evaluate the operation of the company's sustainable development management system, strengthen sustainable development risk control, promote the continuous improvement of sustainable development governance structure, and lay a solid foundation for high-quality and sustainable development.

Main Responsibilities of ESG Committee



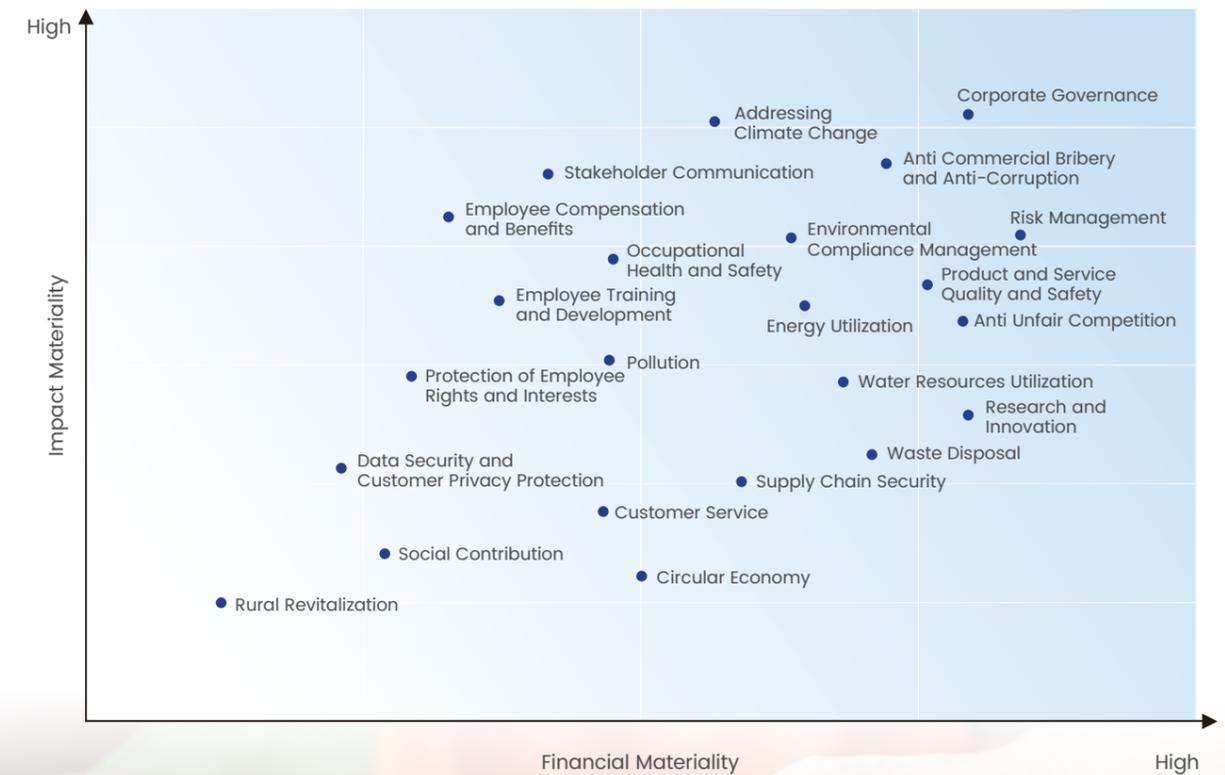
STAKEHOLDER COMMUNICATION

Xianhe Group always regards stakeholder participation as the core driving force for promoting sustainable development. The company establishes a multidimensional and normalized communication mechanism to systematically identify the value demands and development expectations of core groups such as investors, customers, employees, communities, and partners. By regularly conducting stakeholder surveys, questionnaire discussions, and assessing the importance of ESG topics, we continue to integrate the concerns of all parties into strategic planning and operational practices. We are committed to building a transparent and trustworthy dialogue platform, with a focus on dynamically responding to the demands of stakeholders, and jointly building a sustainable development ecosystem that integrates economic and social values.

Main stakeholders	Expectations and demands	Response measures
 Government	<ul style="list-style-type: none"> Operate in accordance with the law Integrity in Taxation Creating jobs Drive regional economic development Environmental protection 	<ul style="list-style-type: none"> Observe law and discipline Integrity in Taxation Assist in improving people's livelihoods Pay attention to pollution prevention and control
 Shareholder	<ul style="list-style-type: none"> Operating performance Return on investment Stable operation Information Disclosure and Transparency 	<ul style="list-style-type: none"> Improve corporate governance Strengthen risk management and control Develop business strategies Timely disclosure of information Conduct investor roadshows and organize investor research
 Staff	<ul style="list-style-type: none"> Protection of rights and interests Compensation and benefits Career Development and Promotion Safe and comfortable working environment Work-life balance 	<ul style="list-style-type: none"> Legally sign labor contracts Provide welfare and care Sharing the fruits of development Improve training mechanism Implement safety production
 Customer	<ul style="list-style-type: none"> High quality and diversified products Good service 	<ul style="list-style-type: none"> Persist in independent research and innovation product quality management Improve customer service system Understand customer satisfaction
 Suppliers and partners	<ul style="list-style-type: none"> Fair procurement mutual benefit and win-win Promote industrial development 	<ul style="list-style-type: none"> Persist in Sunshine Procurement Integrity in performance Conduct professional exchanges
 Community	<ul style="list-style-type: none"> Promote community development Public welfare and charity activities 	<ul style="list-style-type: none"> Charitable donation Participate in volunteer activities
 Social organizations and the public	<ul style="list-style-type: none"> Public participation Transparent management 	<ul style="list-style-type: none"> Accept public and media supervision External publicity

MATERIAL TOPICS ANALYSIS

Based on the material topics of the previous reporting cycle, combined with the latest industry trends, regulatory requirements, and corporate development directions, we have comprehensively updated and optimized the material topics of this reporting period to further enhance the effectiveness of ESG management work. We have referred to the requirements for identifying material topics in the "Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 14- Sustainable Development Report (Trial)" and "Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 4- Preparation of Sustainable Development Report", and distributed relevant questionnaires, fully considering the concerns of stakeholders. We have used systematic methods to analyze the financial importance and impact importance of the topics, providing strong support for the company's sustainable development.





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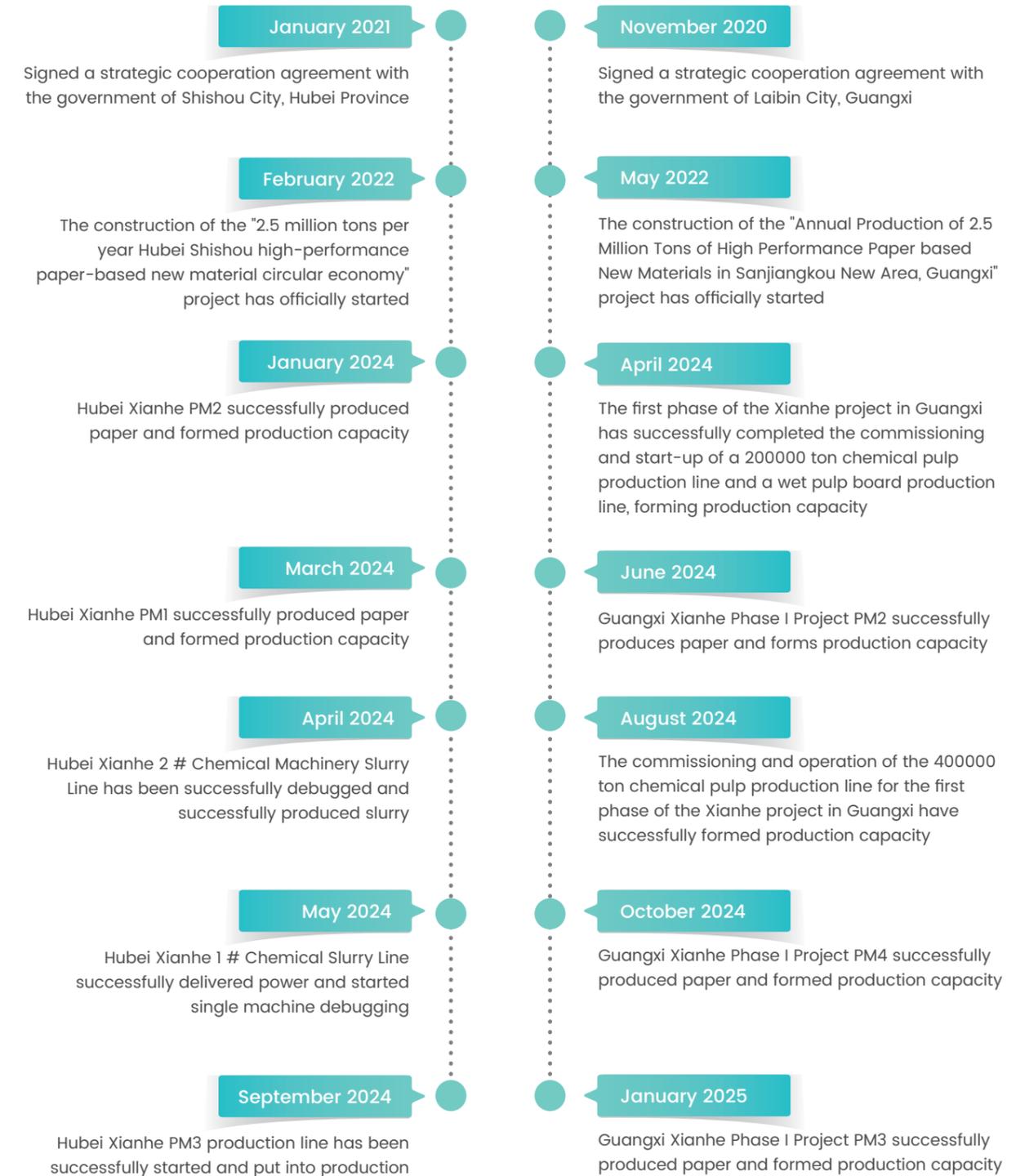
SPECIAL ARTICLE: "INTEGRATED CONSTRUCTION OF FORESTRY, PULP, PAPER AND USE":

LEADING GREEN CIRCULATION AND EMPOWERING REGIONAL DEVELOPMENT

Against the macro backdrop of global carbon peak and carbon neutrality, the paper industry is undergoing profound changes. As a resource and energy intensive industry, traditional papermaking relies on imported wood pulp and high energy consumption manufacturing models, which not only exacerbates cost fluctuations but also poses significant uncertainty to the supply chain. At the same time, some regions in China with abundant resources but relatively lagging economic development urgently need industrial upgrading to improve resource utilization efficiency and promote local economic development.

From a forward-looking strategic perspective, Xianhe Group has invested over 10 billion resources since 2020, focusing on the construction of the "Forest Pulp Paper and Use Integration" project in Laibin, Guangxi and Shishou, Hubei. The project deeply integrates forestry resources, pulp technology, high-performance paper-based functional material manufacturing, and green energy, reshapes the industrial chain structure, and explores new paths for sustainable development in the paper industry.

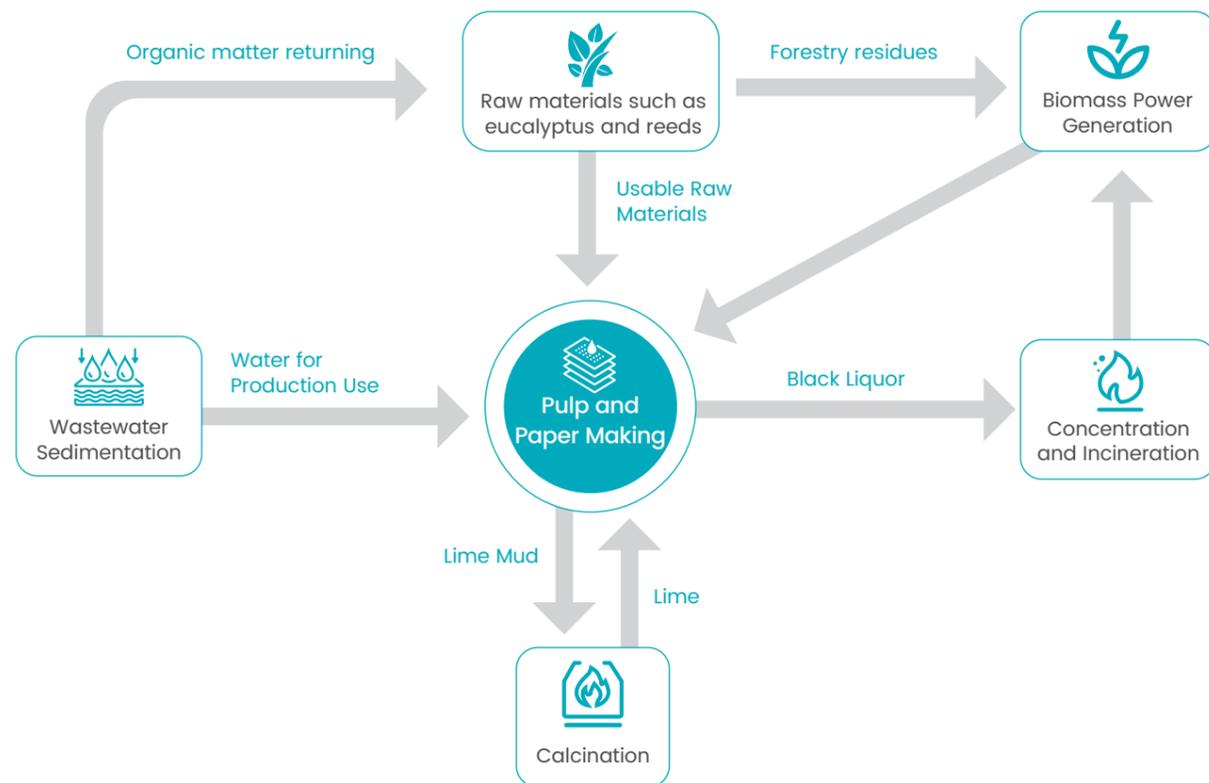
CONSTRUCTION PROCESS »



NEW MODEL OF CIRCULAR ECONOMY

The sustainable development of the paper industry should not be limited to end of pipe treatment, but should run through the entire industry chain, forming a closed-loop governance model from raw material acquisition, production and processing to energy utilization and waste recycling. Xianhe Group adheres to the circular economy concept of "zero waste, low energy consumption, and responsibility", and relies on its bases in Guangxi and Hubei to build a green manufacturing system that integrates "forestry cultivation, pulp and paper production, and waste resource utilization".

Xianhe Group, based on a deep awareness of sustainable development, introduced the practical experience accumulated by the Quzhou headquarters for many years in the early stage of project planning. By optimizing the energy structure and building a waste recycling system, it achieved the efficient implementation of circular economy in the new production base. The Guangxi base has launched a 20MW rooftop photovoltaic project and plans to explore more possibilities in wind power development to further increase the proportion of clean energy.



Burning wood chip waste and introducing black liquor incineration power generation technology can achieve partial self-sufficiency in energy sources such as steam and electricity, effectively reducing carbon emissions and reducing dependence on fossil fuels.

The sludge after sewage sedimentation is used for forest fertilization, and white mud is used as cement raw material to build a zero waste production system and reduce solid waste emissions.

NEW STRATEGY FOR SUPPLY CHAIN SECURITY

In recent years, extreme weather and geopolitical conflicts have occurred frequently, leading to intensified price fluctuations in the global wood pulp market and increased uncertainty in the international supply chain. Domestic paper companies are generally facing challenges such as dependence on imported raw materials, cost fluctuations, and fragile supply. Based on the strategy of "strengthening the chain, supplementing the chain, and stabilizing the chain", Xianhe Group has built an independent, controllable, efficient, and stable raw material supply system through the full industry chain layout of its bases in Guangxi and Hubei, creating a supply chain security paradigm for the paper industry.

Localized supply chain layout to reduce costs and increase efficiency

The Xianhe Guangxi Base is located in the largest eucalyptus planting area in China, while the Hubei Base relies on poplar and reed resources in the Yangtze River Basin. Through a diversified supply system of "independent forest land+contracted forest land+national storage forest cooperation", it ensures stable supply of raw materials, achieves sustainable wood supply, effectively avoids the impact of market price fluctuations, reduces dependence on imported wood pulp, and achieves the strategic goal of localizing the supply chain.

10 The fast-growing eucalyptus resources in Guangxi are abundant, and the local government has included the Xianhe project as a key project and promised to provide policy support and timber supply guarantees.

20 The poplar and reed industry chains in Hubei are well-established, and the government actively promotes the development of renewable fiber resources. A long-term cooperation mechanism has been established with Xianhe to jointly build an ecological protection and industrial coordinated development model.

Intelligent supply chain management to enhance industry resilience

Digital procurement and warehouse management

Build an intelligent supply chain management system to achieve refined operation of raw material demand forecasting, inventory management, and logistics scheduling, and improve supply chain flexibility.

Building an efficient transportation network

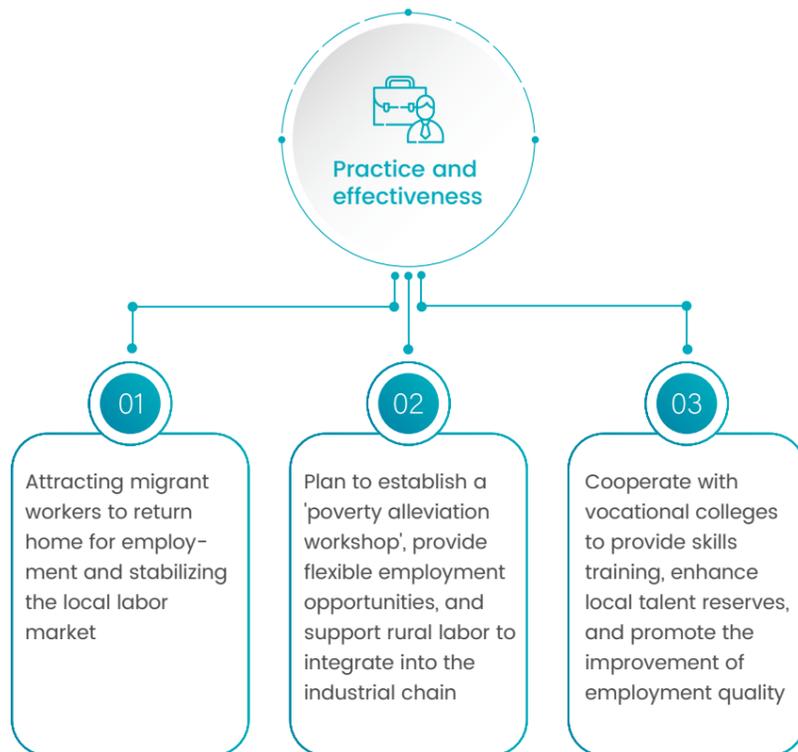
The Guangxi base plans to construct railway lines and water transport terminal berths, while the Hubei base utilizes the advantages of Yangtze River water transport to enhance logistics efficiency and achieve rapid circulation of pulp and paper raw materials and products.

NEW ENGINE OF REGIONAL ECONOMY

The central and western regions of China have long been limited by issues such as a single industrial structure, limited employment opportunities, and weak infrastructure, making it difficult to unleash the potential of local resources. The construction of Xianhe Group's bases in Guangxi and Hubei closely aligns with the national strategy for high-quality development in the central and western regions, promotes the optimization of local economic structure and industrial upgrading, and drives the coordinated development of upstream and downstream industries, promoting the transformation of local resource advantages into economic advantages and empowering regional economic takeoff.

Promote employment and increase residents' income

Xianhe Group provides over 2,600 job opportunities in Guangxi and Hubei, with more than 90% of them being local residents. The company also offers salaries far exceeding the local average income level, effectively improving the quality of life for residents and alleviating the phenomenon of labor outflow.



Promote the development of industrial clusters

The company has not only established a complete papermaking industry chain, but also has a driving effect on the upstream and downstream industries. The implementation of the project has directly promoted the development of papermaking calcium and lime calcium enterprises. The significant increase in demand for fillers during the pulp making process has provided opportunities for related enterprises to expand their production capacity and market. At the same time, paper chemical enterprises also benefit from the large-scale production demand of the base, further promoting the development of localized supply chains. With the gradual release of production capacity, paper processing enterprises have also ushered in new growth space, such as strong demand for paper-based product manufacturing in various fields such as food packaging and cultural printing, accelerating the upgrading of the paper processing industry in the region. The project of Xianhe Group not only improves the papermaking industry chain, but also provides new opportunities for the development of multiple industries such as local mineral processing, fine chemicals, deep processing of paper products, and logistics transportation. It has formed a high value-added, diversified and mutually reinforcing industrial cluster, which helps promote the high-quality development of regional economy.

Infrastructure construction and effectiveness

- The company spontaneously invests in repairing highways to enhance regional transportation convenience.
- With the support of 5,000 acres of land provided by the government in Sanjiangkou New Area, Guangxi, Xianhe is leading the construction of integrated supporting equipment such as power facilities, sewage treatment facilities, talent apartments, and schools in the park, accelerating the construction of industrial clusters.



The successful launch of the "Integration of Forestry, Pulp, Paper and Use" project is an important milestone for the company's development. We hope to work hard to move forward and create replicable examples of sustainable development for the industry. In the future, Xianhe Group will continue to deepen the circular economy model, increase investment in technological innovation, expand the application of clean energy, truly become a green closed-loop enterprise in the pulp and paper industry chain, help the paper industry achieve green transformation, and contribute Xianhe's strength to the national "dual carbon" strategy.

03

ENVIRONMENT

GREEN DEVELOPMENT, LOW CARBON TRANSFORMATION

Xianhe Group adheres to the concept of "Green China, Clean Factory", with a high sense of social responsibility and mission, and through advanced technology and management methods, promotes substantial results in environmental protection work. It is committed to building a resource-saving and environmentally friendly enterprise, pursuing the harmonious unity and mutual benefit of the enterprise, environment, and society.

- 23 Environmental compliance management
- 27 Addressing climate change
- 37 Water resource management
- 39 Pollution control
- 44 Circular economy
- 44 Ecosystem protection

ENVIRONMENTAL COMPLIANCE MANAGEMENT

Xianhe Group has established and improved institutional documents and governance structure, clarified the allocation of responsibilities and execution processes for environmental management work, and formed a comprehensive and reliable environmental management system with clear responsibilities, ensuring the environmental compliance of all production activities of the company and providing strong support for the achievement of the company's environmental protection goals.

📊
Key Performance
Environmental Goals for 2024

Number of fire accidents: 0	Number of oil and chemical leakage accidents: 0	Collection rate of hazardous substance detection reports for raw materials: 100%
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Environmental Management System

Xianhe Group strictly abides by laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Environmental Impact Assessment Law of the People's Republic of China, and has formulated and implemented a series of environmental protection procedures such as the Environmental Management System, Environmental Operation Control Procedure, and Environmental Factor Identification and Evaluation Procedure.

The company has established a three-level environmental protection and clean production management network consisting of company, department, and branch factories, to carry out comprehensive, all staff, and whole process environmental protection and clean production management, as well as environmental protection technology supervision work.

The Environmental Protection and Clean Production Management Committee is the highest management body for environmental protection and clean production in the company, the committee fully implements the environmental policies, guidelines, and regulations of the national and higher-level competent departments, coordinates and manages the company's environmental protection work, and organizes and carries out related work such as environmental supervision and testing. The committee has established an Environmental Protection and Clean Production Office, equipped with professional technical personnel related to environmental protection and clean production, responsible for daily supervision and inspection of the company's environmental governance situation, as well as undertaking the statistics, archiving, and reporting of environmental information. Each factory shall establish an environmental protection and clean production leadership group, with the factory director serving as the group leader, responsible for designing, organizing, and implementing environmental protection and clean production plans, and supervising the implementation of environmental protection measures on the production site.



Environmental Protection and Cleaner Production Management Structure

● Environmental Pollution Emergency Plan

The company adheres to the principle of "prevention first, self rescue first, unified command, and division of labor and responsibility". Based on the characteristics of sewage treatment and flue gas treatment processes and factors that may lead to accidental emissions, the company has developed emergency plans for accidental discharge of sewage and flue gas, clarified the processing procedures and precautions for various discharge accidents, and improved the prevention and disposal capabilities for sudden environmental pollution incidents.

● Emergency drill for sudden environmental incidents

The company regularly organizes employees to conduct emergency drills for sudden environmental incidents. In 2024, the company focused on conducting emergency drills for hazardous chemical spills, providing detailed explanations and practices on specific disposal methods and precautions for spills. The drill simulated real leakage scenarios, enabling participants to have a deep understanding of the emergency response process for hazardous chemical spills, and significantly improving the practical abilities of relevant personnel. It accumulated valuable experience for the company to quickly and effectively handle sudden environmental incidents in the future, further enhancing the overall emergency response level and environmental protection awareness of the company.

Hazardous Chemicals Spill Drill



● Environmental risk prevention and control

The Production Technology Department is responsible for identifying and evaluating environmental factors related to the entire lifecycle of the company's activities, products, and services, and compiling a 'List of Important Environmental Factors'. This list will be regularly updated based on annual evaluation results to ensure effective control and continuous improvement of environmental impacts.

● Environmental protection training

The company regularly organizes training and promotional activities related to environmental protection, aiming to enhance employees' environmental awareness, strengthen their sense of environmental responsibility, and promote the implementation of green development concepts. The training content covers multiple aspects such as environmental regulations, pollution prevention and control, and resource conservation. At the same time, practical exercises and case analysis are conducted based on the operation and management of the company's existing facilities and equipment, continuously enhancing employees' attention to environmental protection work and promoting the integration of environmental protection concepts into enterprise operations.



Daily monitoring of environmental protection equipment

The company comprehensively manages environmental protection equipment and facilities, strictly implements a regular inspection, maintenance, and acceptance system, conducts regular inspections and maintenance of equipment, pipelines, valves, etc., timely repairs or replacements of components with safety hazards, ensures that all environmental protection facilities and equipment are in good condition and operate at standard rates, and guarantees that daily production activities comply with environmental compliance requirements.

Environmental Compliance Inspection

To ensure that the use and storage of hazardous chemicals in its business premises comply with national laws, regulations, and relevant standards, the company entrusts qualified external organizations to conduct comprehensive and in-depth compliance reviews on a regular basis. The scope of review covers all relevant areas within the business premises, including chemical storage warehouses, production workshops, laboratories, as well as various facilities and equipment related to the use and storage of hazardous chemicals, such as storage tanks, conveying pipelines, ventilation systems, fire-fighting equipment, etc. The review covers various operational processes involving hazardous chemicals, such as loading, unloading, handling, use, and disposal, to ensure standardized operations and controllable risks; And the management system for hazardous chemicals, including institutional construction, personnel training, emergency plans, labeling management, and ledger records, to ensure that management measures are complete and effectively implemented.

Key Performance

Xianhe Co., Ltd. is one of the first "Zhejiang Green Enterprises" and a "National Green Factory" evaluated by the Ministry of Industry and Information Technology in Zhejiang Province.

Xianhe Shares, Zhefeng New Materials, Xianlu New Materials, Henan Xianhe, Zhejiang Tangfeng, and Korai New Materials have passed ISO 14001 environmental management system certification.

Key Performance In 2024

Environmental protection investment **1,086.6756** million yuan

The company's affiliated enterprises have formulated and filed emergency response plans with the environmental protection department **8** Individual

Emergency drill for sudden environmental incidents throughout the year **2** Order

Number of sudden environmental incidents **0** Piece

Hold a special conference on environmental protection and energy conservation throughout the year **4** Order

Proportion of employees covered by environmental protection training **100%**

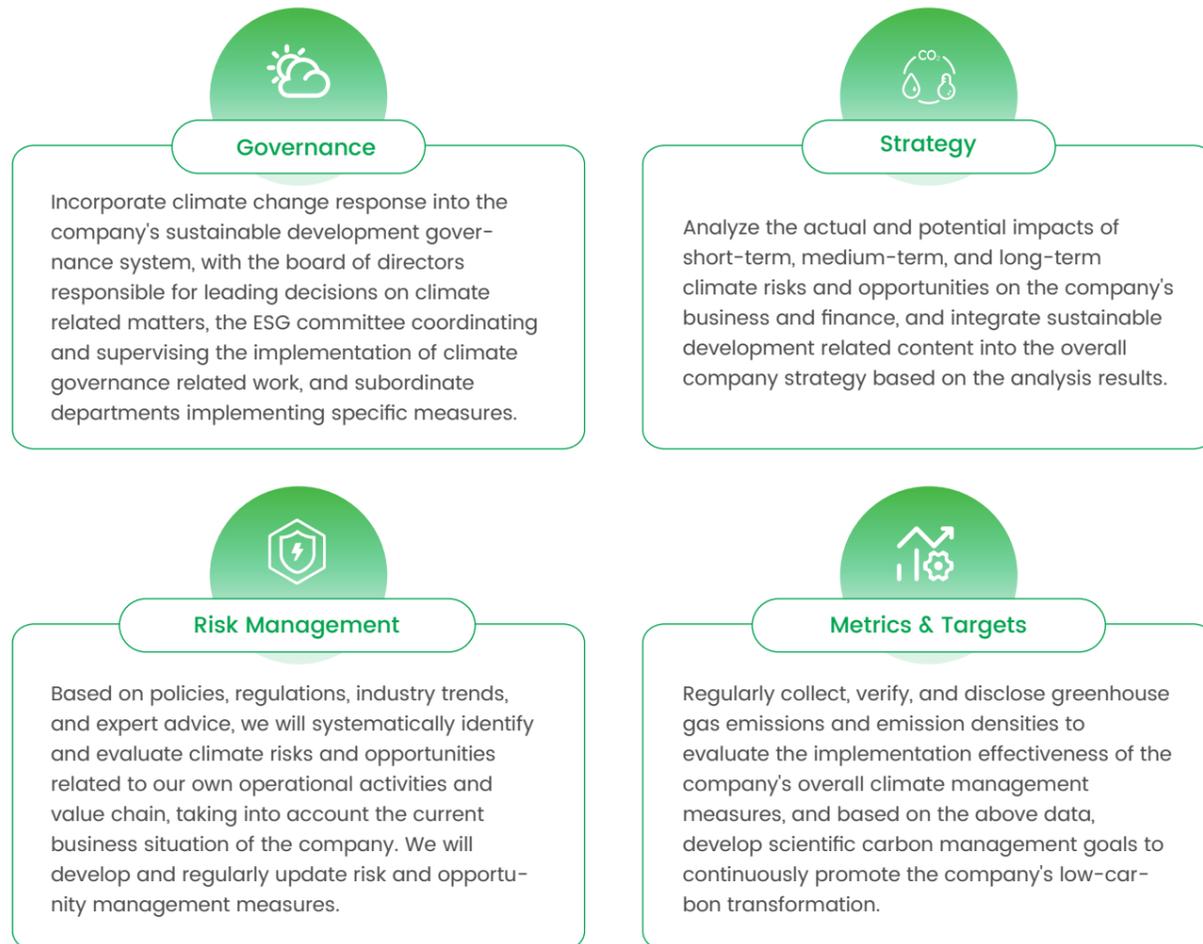
Environmental penalty incidents and amounts resulting from excessive or illegal discharge of pollutants **0** thousand yuan

COPING WITH CLIMATE CHANGE

Climate change has become an important challenge faced by countries around the world today. The paper industry is an energy intensive industry, and its key production processes such as pulp making, bleaching, and paper drying involve significant energy consumption and carbon emissions. Xianhe Group actively responds to the national "dual carbon" target, identifies the risks and opportunities brought by climate change, and incorporates climate management into the daily key work of relevant departments. In addition, the company has established a comprehensive energy and carbon management system to comprehensively control daily energy consumption and greenhouse gas emissions. At the same time, by implementing energy-saving and carbon reduction technologies, applying clean energy and other measures, the company actively promotes its low-carbon transformation process and helps achieve sustainable development goals.

Climate Change Management System

Based on the recommendations of the Climate Related Financial Disclosure Working Group (TCFD), Xianhe Group has constructed a climate change management system for the company from four levels: setting indicators and targets, risk and opportunity management, strategic planning, and corresponding governance measures.



Climate goals

Xianhe Group actively responds to the national Carbon Peaking and Carbon Neutrality Goals, striving to achieve carbon peak before 2030 and carbon neutrality before 2060, and working together with all sectors of society to promote the achievement of dual carbon goals and Paris Agreement goals.

Climate related risks and opportunities

a. Climate physics risks

Risk type	Risk description	Possible negative impacts	Main financial impact	Countermeasures	Probability
Acute risk	Typhoon, rainstorm, hail and other extreme weather events occur frequently	<ul style="list-style-type: none"> Delay in transportation of raw materials or products Damage to goods and transportation vehicles Increased supply chain instability 	<ul style="list-style-type: none"> Increased transportation costs Additional raw material procurement cost Delivery delay, revenue decline 	<ul style="list-style-type: none"> The company plans transportation backup routes in advance, continuously monitors the weather conditions of supplier and customer locations as well as logistics routes, and timely initiates emergency logistics plans. The company will reserve a certain amount of raw material inventory to avoid interruptions in raw material supply caused by extreme weather events. 	High
	There is a high risk of natural disasters, such as earthquakes and fires, in major wood pulp supply areas such as South America	<ul style="list-style-type: none"> Shortage of raw materials and decrease Production plan postponed 	<ul style="list-style-type: none"> Increased cost of raw material procurement Production delay, revenue decline Delivery delay resulting in breach of contract and compensation costs 	<ul style="list-style-type: none"> The company strengthens the diversification of its supply chain, actively seeks alternative suppliers, and ensures their wide geographical distribution, reducing dependence on a single supplier and mitigating the impact of weather disasters in concentrated areas. To ensure the supply of raw materials, the company has developed its own and cooperative forest land in Hubei and Guangxi regions, and built an integrated project for "forest pulp paper use" to improve the overall operational efficiency of the supply chain. 	Medium
Chronic risk	Persistent extreme heat or cold weather	<ul style="list-style-type: none"> Personnel injuries such as heatstroke and frostbite Reduced production safety and stability 	<ul style="list-style-type: none"> Increased medical expenses for personnel Production delay, revenue decline 	<ul style="list-style-type: none"> The company will conduct extreme weather monitoring and warning in advance, and provide employees with sufficient heatstroke and cold prevention facilities to ensure that the workplace temperature is suitable. During extreme weather conditions, adjust working hours or implement a shift system to reduce the time employees are exposed to extreme high or low temperatures. The company will develop a comprehensive disaster emergency plan and regularly organize natural disaster emergency drills and training to enhance its ability to respond to extreme weather conditions. 	Low
		<ul style="list-style-type: none"> The operational efficiency of equipment and facilities decreases, even leading to malfunctions and damages Reduced production safety and stability 	<ul style="list-style-type: none"> Increased basic operating costs Increased asset maintenance costs Production delay, revenue decline 	<ul style="list-style-type: none"> The company regularly maintains and inspects production equipment and facilities, and protects and maintains the equipment before extreme weather arrives to prevent overheating or freezing. The company has developed emergency plans for equipment failures and coordinated production resources in a timely manner to reduce the impact of extreme weather on the company's business. 	Low

b. Climate transition risks

Risk type	Risk description	Possible negative impacts	Main financial impact	Countermeasures	Probability
Policy and Legal Risks	Global carbon pricing expands and emission standards become stricter	<ul style="list-style-type: none"> Daily production and operation are affected 	<ul style="list-style-type: none"> Compliance and rising business operating costs Carbon tax increase or environmental penalty 	<ul style="list-style-type: none"> The company continues to promote the "integration of forestry, pulp and paper" strategy, actively develops forestry carbon sinks, and carries out energy-saving and carbon reduction transformations of production processes and equipment, striving to achieve the company's "carbon neutrality" goal as soon as possible. The securities legal department of the company will closely monitor and track environmental issues The changes in laws and regulations ensure that the company's operations always comply with environmental compliance requirements. 	High
Technical risk	Applying green technology to reduce the consumption of water, energy, and materials	<ul style="list-style-type: none"> The existing technology is outdated Immature new development technology or poor implementation effect 	<ul style="list-style-type: none"> Green technology research and development costs Costs of upgrading or replacing high emission equipment and production lines 	<ul style="list-style-type: none"> The company will carefully evaluate the feasibility of low-carbon technology and adopt a gradual upgrade strategy in the short term, investing funds in stages to update equipment and production lines. The company will actively cooperate with universities and research institutions to jointly promote the research and development of low-carbon technologies and the transformation of achievements. 	Medium
Market risk	Industry trends and changes in customer behavior	<ul style="list-style-type: none"> Changes in consumer preferences and reduced demand for traditional high carbon products 	<ul style="list-style-type: none"> Market share decreases, revenue declines 	<ul style="list-style-type: none"> The company continues to develop and produce low-carbon and environmentally friendly products to meet customer demands. 	High
Reputation Risk	Slow or poor performance in climate action	<ul style="list-style-type: none"> Brand image damaged Negative evaluations from stakeholders Social public opinion pressure 	<ul style="list-style-type: none"> Customer churn and revenue decline 	<ul style="list-style-type: none"> The company plans to expand the product range for implementing full lifecycle carbon footprint tracking and evaluation, and further research and analyze methods to reduce product carbon footprint and environmental impact. While taking proactive and effective actions to address climate change, the company also promptly discloses information in response to the informed needs of external stakeholders. 	High



c. Climate Opportunities

Opportunity type	Opportunity description	Possible positive impacts	Main financial impact	Countermeasures	Probability
Energie-wende	Clean energy application	<ul style="list-style-type: none"> Reduce dependence on traditional fossil fuels Reduce carbon emissions 	<ul style="list-style-type: none"> Energy cost savings Additional government subsidies or tax incentives 	<ul style="list-style-type: none"> The company actively invests in the construction of clean energy projects such as solar energy, wind energy, biomass energy, and energy storage projects to optimize its energy structure. 	High
Products and Services	Demand for low-carbon and environmentally friendly products and services	<ul style="list-style-type: none"> Green consumer group expands Brand image enhancement 	<ul style="list-style-type: none"> Income growth 	<ul style="list-style-type: none"> The company combines market and customer demand to accelerate the development of green and environmentally friendly products, such as products that are biodegradable, recyclable, or contain recycled components, to assist in the low-carbon transformation of the value chain. The company enhances the market awareness and recognition of low-carbon products through brand promotion, green certification, and other means. 	High
New Market	Popularize the concept of "replacing plastic with paper"	<ul style="list-style-type: none"> Enhance product attractiveness New cooperation opportunities 	<ul style="list-style-type: none"> Income growth 	<ul style="list-style-type: none"> The company seizes the market opportunity brought by the growth of demand, and promotes the substitution of environmentally friendly paper-based materials in industries such as food, daily chemical, and packaging by researching and producing paper straws, paper bags, paper boxes, and other alternatives to plastic products. 	High

Key Performance

In 2024, the company actively responded to international environmental initiatives, carried out CDP questionnaire filling work, and obtained B-level in three themes: climate change, forest protection, and water resource management.

Carbon Emission Management

To actively respond to carbon management requirements from regulators and downstream customers, Xianhe Co., Ltd. launched internal carbon accounting in 2022. It has now completed a comprehensive carbon emissions inventory for its Quzhou headquarters and major subsidiaries, providing data support for the formulation of scientific and reasonable emission reduction targets and pathways. In 2024, Xianhe Co., Ltd. (Factory at No. 69 Tianhu South Road) and Zhefeng New Materials have obtained greenhouse gas inventory reports after rigorous assessments, demonstrating compliance and transparency in GHG management.

Carbon Inventory Results – Zhefeng New Materials

Indicator	Unit	2024
Total Greenhouse Gas Emissions	tCO ₂ e	1,235,107.57
Scope 1 GHG Emissions	tCO ₂ e	36,017.15
Scope 2 GHG Emissions	tCO ₂ e	494,088.17
Scope 3 GHG Emissions	tCO ₂ e	705,002.25

*Due to increased production, total GHG emissions of Zhefeng New Materials rose compared with previous years, while emissions per ton of paper declined.

Carbon Inventory Results – Xianhe Co., Ltd. (Factory at No. 69 Tianhu South Road)

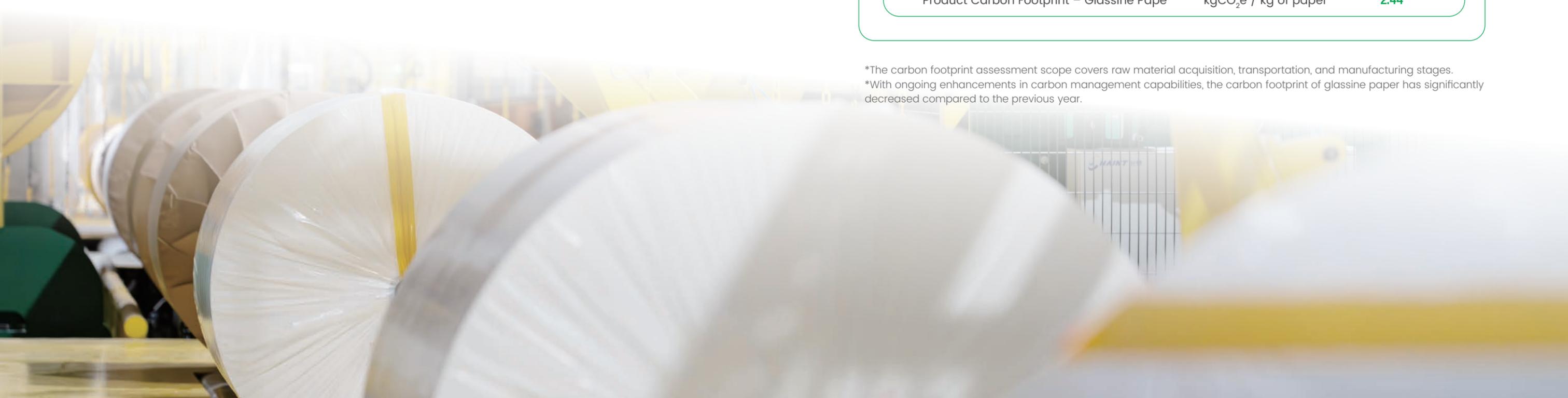
Indicator	Unit	2024
Total Greenhouse Gas Emissions	tCO ₂ e	372,134.25
Scope 1 GHG Emissions	tCO ₂ e	9,859.61
Scope 2 GHG Emissions	tCO ₂ e	201,337.00
Scope 3 GHG Emissions	tCO ₂ e	160,937.64

In addition, the company has continued expanding its product carbon footprint coverage. In 2024, it collaborated with professional external institutions to complete carbon footprint assessments for products such as Bible paper and glassine paper, obtaining carbon footprint certification to enable comprehensive lifecycle emission evaluation.

Indicator	Unit	2024
Product Carbon Footprint – Bible Paper	kgCO ₂ e / kg of paper	2.01
Product Carbon Footprint – Glassine Paper	kgCO ₂ e / kg of paper	2.44

*The carbon footprint assessment scope covers raw material acquisition, transportation, and manufacturing stages.

*With ongoing enhancements in carbon management capabilities, the carbon footprint of glassine paper has significantly decreased compared to the previous year.



Energy Management System

Key Performance: 2024 Energy Target

In 2024, Xianhe Headquarters signed an energy-saving target responsibility agreement with the Economic Development Department of Quzhou Intelligent Manufacturing New City, setting a goal of "saving **550** tons of standard coal" and successfully achieving the standard through technological transformation.

Energy Management System

Xianhe Group adheres to the principles of "law-abiding innovation, energy conservation and consumption reduction, green production, and continuous improvement". Based on ISO 50001:2018 "Energy Management System Requirements", RB/T 118-2014 "Energy Management System Certification Requirements for Pulp and Paper Enterprises", and national energy related laws and regulations, Xianhe Group has developed the "Energy Management System Management Manual" and a series of procedural documents to continuously improve energy utilization efficiency and optimize energy usage, promote the achievement of energy conservation and consumption reduction goals, and enhance the company's sustainable development capabilities.

The company has established a comprehensive energy management system and continues to promote the systematization and standardization of energy management work. The Energy Management Leadership Group serves as the leader, with members including the supervisors of each branch and the company's energy administrator, mainly responsible for the rational use and monitoring control of resources and energy. The Energy Management Leadership Group has established an Energy Conservation Management Group to formulate rules and regulations for specific energy consumption behaviors such as electricity and steam, ensuring the effective implementation of energy-saving, consumption reducing, and efficiency increasing measures.

Configuration and Maintenance of Energy Metering Equipment

Accurate energy consumption control is a key factor in achieving efficient resource utilization and improving overall operational efficiency. The company installs energy metering equipment such as electric meters and gas meters in energy consuming equipment such as boilers, motors, and drying equipment, and sets energy metering equipment allocation indicators to ensure that the equipment statistics cover all external settlement equipment, departmental workshop equipment, and key energy consuming equipment.

In addition, the company has established a systematic energy measurement management system and formulated energy measurement management systems such as the "Energy Measurement Record Control Procedure", "Energy Measurement Instrument Equipment, Use and Maintenance Management Procedure", and "Energy Measurement Data Collection, Processing, Statistical Analysis and Application Management Procedure" to ensure the accuracy and real-time performance of various energy consumption data. The company has set up a standard measurement room on the production site and equipped it with a dedicated measurement administrator. Under the direct leadership of the production plant manager, it works closely with the energy administrator to ensure the effective operation of the company's overall energy measurement system. The metrology room administrator is responsible for the regular inspection, calibration, and maintenance of instruments and meters; Each branch is responsible for the daily inspection and management of their own energy metering equipment to ensure stable operation of the equipment.

Energy Management System (EMS) and Big Data Analysis

The company applies EMS to unify and summarize the energy consumption data collected by measuring equipment, and uses big data analysis technology to find potential energy-saving opportunities and optimization space. For example, by comparing and analyzing the energy consumption patterns of different time periods, workshops, and equipment, identifying energy waste links and optimizing them; Optimize boiler combustion control strategy, automatically adjust fuel supply and air intake according to steam demand, thereby improving combustion efficiency and reducing natural gas consumption.

Energy Saving and Carbon Reduction Measures

Energy saving and consumption reducing measures

In response to the national energy conservation and emission reduction policies, the company continuously strengthens its sense of responsibility for energy conservation and emission reduction, and clarifies the energy-saving goals and responsibilities of each department through the establishment of a responsibility system. Through a comprehensive analysis of the production process, a detailed analysis of energy consumption in areas such as raw material processing, process adjustment, production scheduling, and equipment utilization is conducted to identify potential energy-saving points and develop practical and feasible energy-saving measures.

Device updates

- Upgrade the technology of motors for some large equipment, replace traditional motors with more efficient servo motors, and actively promote the application of permanent magnet servo motors.
- Replace some high energy consuming transformers with low-energy consuming transformers, while reducing no-load and load losses.
- More than ten high-efficiency energy consuming equipment were purchased, and energy-saving renovations were carried out on energy consuming equipment such as drying cylinders, downward paper rewinding machines, and double disc pulping machines, further improving the energy efficiency in the production process.

Green Office

- Optimize energy management in the office process and promote green office models. Choose energy-saving air conditioning and lighting equipment, set control programs to automatically adjust the temperature and air volume of the air conditioning, and reduce the power consumption of the company's daily office work.

Low carbon travel

- To effectively reduce employees' carbon footprint, actively promote green and low-carbon travel methods, encourage employees to purchase new energy vehicles, and install charging stations and other supporting facilities in the factory area to provide convenient charging services for employees and external personnel.

Forestry carbon sink development

Xianhe Group adheres to the development concept of "using paper to support forests and forests to promote paper", promotes sustainable utilization of forestry resources through integrated projects of forestry pulp and paper, and actively develops forestry carbon sinks. At present, the company is steadily advancing its two major projects in Laibin, Guangxi, with an annual output of 2.5 million tons of high-performance paper-based new materials in Sanjiangkou New Area, Guangxi, and Shishou, Hubei, with good progress.

Use of Clean Energy

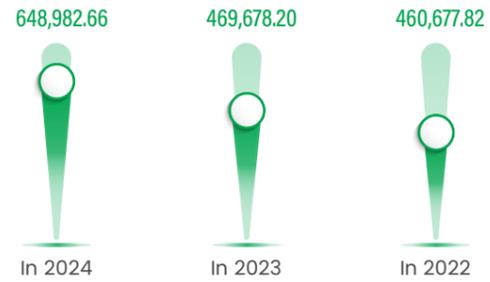
Throughout its history, the company has actively practiced the concept of green development and is committed to promoting energy structure transformation and sustainable development. At present, photovoltaic power generation facilities have been installed in all production parks of the company, with a cumulative installed capacity of 52.24 MW and an annual power generation of 51.7674 million kWh. While reducing electricity consumption, carbon emissions have been significantly reduced, providing strong support for achieving the "dual carbon" goal.

At the same time, the company strongly supports the construction of user side energy storage projects to further improve energy utilization efficiency. In April 2024, the subsidiary Zhefeng New Materials' 42MW/284.884MWh energy storage project was successfully connected to the grid and officially put into operation, with a daily discharge of 250000 kilowatt hours; In June of the same year, the 22.36MW/44.72MWh energy storage upgrade project of Quzhou headquarters was successfully put into operation, with a monthly charging capacity of 25,0000 to 26,0000 kWh and a discharging capacity of 22,0000 to 23,0000 kWh, with an energy storage charging and discharging efficiency of 87% to 88%. The construction of the above-mentioned energy storage projects effectively solves the problems of intermittency, instability, and uncontrollability of new energy, greatly enhances the company's ability to consume renewable energy, improves the company's autonomy and flexibility in energy management, and further promotes the company's transition to green and low-carbon.

The company's Hubei and Guangxi bases fully utilize biomass resources such as sawdust, bark, reeds, sludge, and solid substances extracted from black liquor for power generation, prioritizing their own production needs. Excess electricity is integrated into the power grid to achieve efficient resource utilization and energy self-sufficiency. Additionally, 20MW PV facilities at Guangxi base and 16MW PV facilities at Hubei base are both under installation. The company will steadily advance related construction projects and continuously improve the green level of its energy supply.



Comprehensive energy consumption Unit:Tons of standard coal



Comprehensive energy consumption density Unit:Tons of standard coal/tonne of paper



Steam usage Unit:Ton



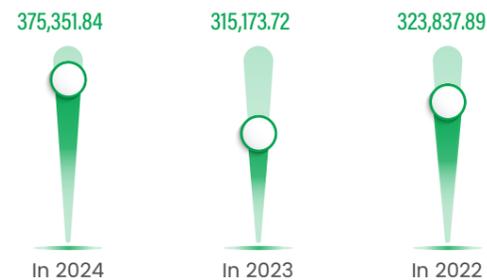
Natural Gas Consumption Unit:Cubic Meters



Power Consumption Unit:KWh



Heat consumption Unit:Ton



Renewable energy usage Unit:kWh



Proportion of renewable energy usage Unit:%



*In 2024, the company revised its statistical scope and calculation standards for energy data. The relevant data in this report shall prevail.

WATER RESOURCE MANAGEMENT

The paper industry is a typical high water consuming industry, which requires a large amount of water resources for processes such as washing, flushing, and quality adjustment during the production process. Xianhe Group attaches great importance to water resource management, strictly abides by laws and regulations such as the Water Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China, and has formulated institutional documents such as the Water Measurement Management System, the Planned Water Use Management System, and the Water saving Equipment Management System. The company has established a Water Conservation Office, under the leadership of the Clean Production Management Committee, to coordinate water resource management work, responsible for setting water use targets, decomposing tasks, and supervising the implementation of water-saving measures. The company continues to promote production water conservation measures and incorporates water-saving work into regular management, comprehensively improving water resource utilization efficiency.

Water Use Targets and Progress

The company is committed to creating a water-saving enterprise, formulating the "Ten Year Plan for Water Conservation" from 2020 to 2030, and strictly promoting various water-saving measures in accordance with the planning requirements. At present, the company has successfully achieved various preliminary goals and plans to commission qualified units to conduct water balance tests by 2030. The company plans to conduct a water balance test to comprehensively understand the status of its own water supply network and the water usage status of each business link, accurately identify high water consumption factors, and provide scientific basis for the formulation of water-saving measures.

Key Performance Water conservation target for 2024

The water and electricity consumption per 10000 yuan of output value has decreased by **1%** compared to the previous year



Production Water Conservation Measures

In terms of production water, the company obtains government approval to draw water from reservoirs to ensure compliance with laws, regulations, and water resource planning. It uses water treatment and purification technology to treat reservoir water to meet industrial water standards, ensuring stable supply of production water and avoiding the occupation of drinking water resources. The company is equipped with high-precision water metering equipment in the production area to collect and transmit water usage data in real-time. The company relies on data to comprehensively analyze the water usage during the production process, accurately identify high water consumption factors, and develop scientific water-saving measures.

Upgrade and optimize the cleaning equipment, reduce the number of nozzles, and shrink the nozzle diameter. After the renovation, the usage of water resources was reduced by about 25%.

Shorten the interval time of cleaning equipment, reduce water waste during the cleaning cycle, and decrease the annual water consumption of a single device.

The cooling water for each machine production equipment adopts an internal circulation system, which effectively reduces the water temperature by adding cooling towers. The cooled water flows back to the cooling system to achieve recycling. At the same time, a temperature control system is installed at the outlet of the external drainage pipeline to further enhance the cooling effect and reduce the drainage volume.

Strengthen the management of equipment usage duration and take measures to stop using high-pressure cleaning water for production units that are not in use.

Optimize the process flow, replace the water ring vacuum pump with a magnetic levitation vacuum pump in the new project, achieve 100% water free, oil-free, low-noise, low vibration, and significantly reduce environmental pollution.

Normalized water-saving plan



Creating a water-saving culture

The company posts water-saving signs in major water use areas and appliances, organizes pre shift and post shift meetings, creates a good water-saving atmosphere within the company, conducts water-saving publicity every year, and enhances employees' water-saving awareness.



Strictly control water consumption

The company will refine and decompose the annual overall water-saving target to each branch, and set water consumption indicators, clarify the red line of water use control, in order to strengthen the management of water resource development and utilization. If the water usage situation changes due to production plan adjustments, equipment updates, or process improvements, each branch factory needs to submit an application to the water management department in advance, explaining the reasons for the changes and the expected changes in water usage.



Strengthen equipment management

The company attaches great importance to the management of water-saving equipment and has formulated the "Water saving Equipment Management System" to ensure the reasonable arrangement of the use, management, maintenance, and other work of water-saving appliances, fully realizing the benefits of equipment.



Promote circular utilization

The company and its controlling subsidiaries have invested in the construction of water treatment systems such as intermediate water treatment systems, white water recovery systems (including white water tanks, super efficient shallow air flotation systems, etc.), sand filtration devices, steam reflux water systems, etc., to recover and recycle water resources used in the production process, effectively controlling water resource usage. Currently, the water resource reuse rate can reach over 90%.

Index	Unit	In 2024	In 2023	In 2022
Total water consumption	Ton	21,686,645.58	18,307,713.20	20,207,564.96
Unit production water consumption	Cubic metre/tonne of paper	15.79	17.56	24.42
Total amount of water cycle and reuse	Ton	709,225,599.28	591,949,393.47	653,377,933.71
Water cycle and reuse ratio	%	98.11	97.20	96.77



POLLUTION PREVENTION AND CONTROL

Xianhe Group strictly abides by laws and regulations such as the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, and the Noise Pollution Prevention and Control Law of the People's Republic of China. It has formulated and strictly implemented the "Wastewater, Waste Gas, Solid Waste, and Noise Control Procedure", continuously strengthened the comprehensive management of wastewater, waste gas, solid waste, boundary noise, and sound source noise, and tried to recycle and reuse wastewater, waste gas, and solid waste as much as possible. It implements source control of noise to minimize its impact on the environment and human health.

The company complies with the national environmental protection "three simultaneities" system in its business operations. The pollution prevention and control facilities in the construction projects are designed, constructed, and put into operation simultaneously with the main project, and have obtained pollutant discharge permits in accordance with the law. The company conducts real-time monitoring of each emission outlet and regularly entrusts third-party professional organizations to conduct emission testing to ensure that all emission indicators comply with national and local environmental standards. During the reporting period, the company did not experience any excessive emissions and did not receive any significant administrative penalties or criminal accountability for pollutant emissions issues.

📊
Key Performance
2024 Pollutant Emissions and Waste Management Targets



100% compliance rate for production wastewater discharge



Noise emission compliance rate of **100%**



Solid waste classification collection rate of **100%**

Wastewater Management

The company's wastewater is divided into cooking waste liquid (mainly black liquor) generated by chemical pulping, intermediate water generated during pulp washing and bleaching, and white water generated during papermaking according to the production process. The company independently builds sewage treatment equipment and continuously updates treatment technology. Steaming and boiling waste liquid is recycled through alkali recovery system and black liquor comprehensive utilization system. White water is directly reused in production after air flotation or multi disc vacuum filtration treatment. The intermediate water is treated through a series of processes such as initial sedimentation, anaerobic, biochemical, sedimentation, sand filtration, etc., to remove suspended solids and impurities before being discharged to the sewage treatment plant.

The company regularly monitors key indicators such as pH value, chromaticity, suspended solids concentration, chemical oxygen demand, biological oxygen demand, ammonia nitrogen concentration, phosphorus concentration, etc. of wastewater in accordance with the special discharge limit requirements stipulated in the "Discharge Standards for Water Pollutants in the Pulp and Paper Industry" (GB 3544-2008). If they exceed the standard, measures will be taken in accordance with the "Accident, Incident, Non conformance, Correction and Prevention Control Procedure" to ensure the compliance and effectiveness of wastewater treatment. At the same time, the company strictly follows the "Consultation and Information Exchange Management Procedure", fully listens to and absorbs the opinions, suggestions, and complaints of company employees and local residents, and promotes the continuous improvement of water pollution prevention and control work.

Waste Gas Management

The exhaust gas mainly comes from the unorganized exhaust gas generated by wastewater treatment in sewage stations, the volatilization of liquid raw materials and products, the exhaust fumes from canteens and kitchens, the emissions from office vehicles, and the emissions from analytical experiments. Among them, the unorganized exhaust gas generated by wastewater treatment in sewage stations accounts for the largest proportion. The company has clarified the responsible departments and control measures for various emission sources, formulated the "Waste Gas Emission Management System" for unorganized waste gas, actively adopted waste gas treatment technologies and processes, continuously optimized the purification effect of waste gas, and ensured that the waste gas meets the emission standards.

In addition, the company conducts monthly monitoring of exhaust emissions to meet standards. If the results of the exhaust emissions exceed the standard, EHS Department is responsible for supervising the use of various exhaust purification equipment, arranging professional personnel to conduct timely maintenance and adjustment of the equipment, and ensuring its continuous and effective operation.

Pollutant Discharge Status of the Company and Its Major Subsidiaries

Xianhe Co., Ltd. (Qujiang Factory)

Wastewater Discharge

Unit:g/tonne of paper

Indicator	Wastewater Discharge Intensity	Compliance Status
COD	410.67	✓
Ammonia Nitrogen	7.39	✓

Waste Gas Emission

Unit:g/tonne of paper

Indicator	Air Emission Intensity	Compliance Status
Particulate Matter	4.19	✓
Nitrogen Oxides	1.31	✓
Sulfur Dioxide	0.03	✓

Zhefeng New Materials

Wastewater Discharge

Unit:g/tonne of paper

Indicator	Wastewater Discharge Intensity	Compliance Status
Chemical Oxygen Demand	136.46	✓
Ammonia Nitrogen	1.33	✓

Waste Gas Emission

Unit:g/tonne of paper

Indicator	Air Emission Intensity	Compliance Status
Nitrogen Oxides	14.58	✓
Sulfur Dioxide	1.34	✓

Henan Xianhe

Wastewater Discharge

Unit:g/tonne of paper

Indicator	Wastewater Discharge Intensity	Compliance Status
Chemical Oxygen Demand	1,298.17	✓
Ammonia Nitrogen	40.52	✓

Waste Gas Emission

Unit:g/tonne of paper

Indicator	Air Emission Intensity	Compliance Status
Flue Dust	30.88	✓
Nitrogen Oxides	464.40	✓
Sulfur Dioxide	49.61	✓

Hubei Xianhe New Materials

Wastewater Discharge

Unit:g/tonne of paper

Indicator	Wastewater Discharge Intensity	Compliance Status
Chemical Oxygen Demand	275.38	✓
Ammonia Nitrogen	11.07	✓

Waste Gas Emission

Unit:g/tonne of paper

Indicator	Air Emission Intensity	Compliance Status
Particulate Matter	0.22	✓
Nitrogen Oxides	61.55	✓
Sulfur Dioxide	131.52	✓

*Flue Gas Emission from Solid Waste Incinerator

Waste Gas Emission

Unit:g/tonne of paper

Indicator	Air Emission Intensity	Compliance Status
Particulate Matter	73.41	✓
Nitrogen Oxides	228.28	✓
Sulfur Dioxide	2.20	✓

*Flue Gas Emission from Alkali Recovery Furnace

Hegang Environmental Protection

Wastewater Discharge

Unit:Tons

Indicator	Actual Discharge	Permitted Discharge
Chemical Oxygen Demand	264.04	301.13
Total Nitrogen	39.87	60.23
Ammonia Nitrogen	2.94	30.11

Zhefeng Energy

Waste Gas Emission

Unit:Tons

Indicator	Actual Emission	Permitted Discharge
Flue Dust	3.75	14.25
Nitrogen Oxides	30.43	78.60
Sulfur Dioxide	27.50	55.02

Zhefeng Environmental Protection

Wastewater Discharge

Unit:Tons

Indicator	Actual Discharge	Permitted Discharge
Chemical Oxygen Demand	97.82	130.50
Total Phosphorus	0.44	1.31
Total Nitrogen	6.44	39.15
Ammonia Nitrogen	0.95	13.05

Waste Management

The company divides the waste generated from its business activities into two categories: general waste and hazardous waste, in accordance with the National Hazardous Waste List. Among them, general waste mainly includes sludge, household waste, construction waste, recyclable paper, metal waste, and general plastic waste, while hazardous waste mainly includes waste engine oil, waste batteries, oily waste, etc. The company has formulated the "Solid Waste Management System" and "Hazardous Waste Management System" to comprehensively manage the storage and disposal of waste.

The company promotes clean production and is committed to reducing the generation of general waste and hazardous waste. At the same time, following the principle of "saving resources and making full use of things", a comprehensive utilization strategy is adopted in waste management. For recyclable waste, the company actively seeks ways to recycle or sell it to the outside world to achieve the circular use of resources. For non-recyclable waste, such as general waste such as sludge and hazardous waste such as engine oil, qualified third-party organizations are entrusted to handle them to ensure that the waste is disposed of in a standardized and safe manner.

Noise Management

The company attaches great importance to the control of workplace noise pollution and has formulated the "Noise Emission Management System" to clarify the sources of noise and control measures for various types of noise. The company actively takes various measures to reduce the impact of noise on the surrounding environment and employees. In terms of equipment selection and process optimization, priority should be given to selecting low-noise new processes and equipment with minimal or no harm, in order to reduce the generation of noise from the source. For the high noise equipment that has been put into use, the company has taken a series of noise reduction measures, such as installing sound insulation facilities and applying sound-absorbing materials. In terms of employee protection, the company provides protective equipment for relevant positions affected by noise, arranges regular annual physical examinations, and reduces the degree of harm caused by noise to employees; Conduct relevant training to enhance employees' awareness of noise protection. In addition, the company manages noise in accordance with the Class III standard of GB 12348-2008 "Emission Standard for Industrial Enterprise Boundary Noise", and on-site inspectors monitor and record noise every quarter.

CIRCULAR ECONOMY

Driven by the "dual carbon" goal, China's paper industry is undergoing a profound transformation from traditional manufacturing to green and intelligent manufacturing. As a leading enterprise in specialty paper, the company has built a circular economy ecosystem of "integrated forestry, pulp and paper use" with two billion dollar projects in Laibin, Guangxi and Shishou, Hubei as strategic pivot points. In addition, the company actively promotes resource recycling in the production process and industrial model innovation, committed to creating a new paradigm of resource intensive utilization and industrial coordinated development.

Zhefeng Energy Industrial Waste Gas Comprehensive Utilization Carbon Emission Reduction Project

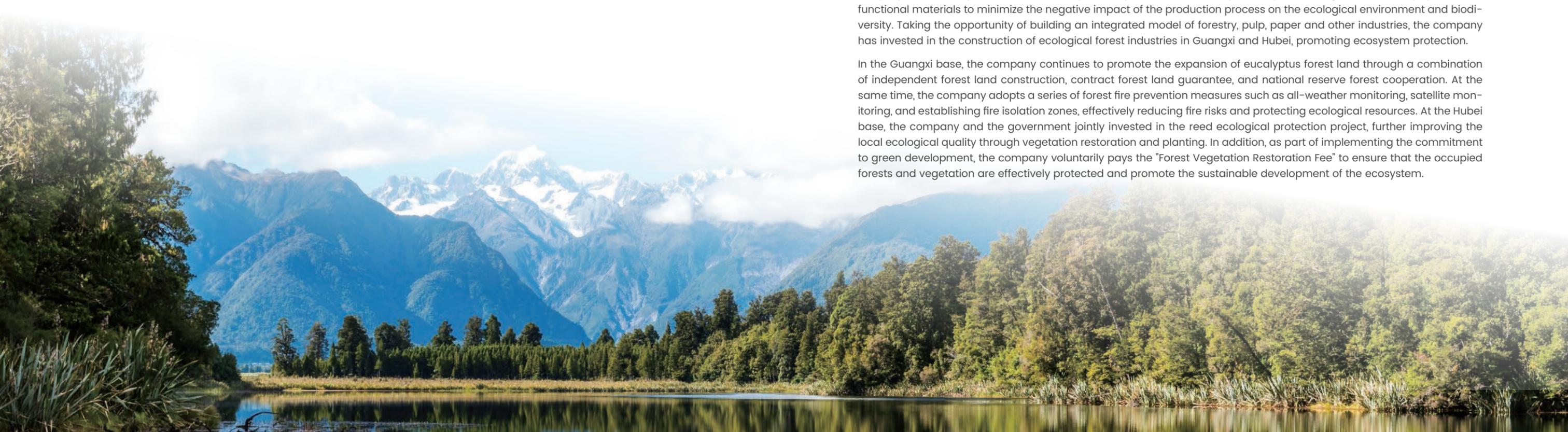
Case

The project produces light calcium carbonate by reacting the exhaust gas from the existing boiler tail of Zhefeng Energy with calcium hydroxide, which is used for Zhefeng's new material papermaking production. The production wastewater is purified by the sewage treatment system and reused in the production process of light calcium carbonate. This project can absorb and utilize 54000 tons of carbon dioxide annually, effectively realizing the resource utilization of industrial waste gas and wastewater, and contributing to low-carbon emission reduction and green economic development.

ECOSYSTEM PROTECTION

The company's business layout does not involve ecologically sensitive areas, and its production and operation activities have not had a significant impact on the ecosystem and biodiversity. During the reporting period, the company continuously optimized its process flow, actively developed environmentally friendly technologies and new paper-based functional materials to minimize the negative impact of the production process on the ecological environment and biodiversity. Taking the opportunity of building an integrated model of forestry, pulp, paper and other industries, the company has invested in the construction of ecological forest industries in Guangxi and Hubei, promoting ecosystem protection.

In the Guangxi base, the company continues to promote the expansion of eucalyptus forest land through a combination of independent forest land construction, contract forest land guarantee, and national reserve forest cooperation. At the same time, the company adopts a series of forest fire prevention measures such as all-weather monitoring, satellite monitoring, and establishing fire isolation zones, effectively reducing fire risks and protecting ecological resources. At the Hubei base, the company and the government jointly invested in the reed ecological protection project, further improving the local ecological quality through vegetation restoration and planting. In addition, as part of implementing the commitment to green development, the company voluntarily pays the "Forest Vegetation Restoration Fee" to ensure that the occupied forests and vegetation are effectively protected and promote the sustainable development of the ecosystem.





03

PRODUCT

QUALITY FIRST, WIN-WIN COOPERATION

Xianhe Co., Ltd. is based on its own research advantages, seizing the development opportunity of "replacing plastic with paper", and meeting the demand for paper-based new materials in industrial manufacturing and daily life with high-quality products and services. At the same time, the company adheres to the principle of responsible procurement, establishes a product lifecycle quality management system, and works together with upstream and downstream partners in the industry chain to promote the industry towards a low-carbon, efficient, and sustainable future.

47

Adhere to innovation driven

52

Strictly adhere to the quality standards

59

Provide high-quality service

63

Chain Drive Green Future

68

Assist in the development of the industry

ADHERE TO INNOVATION DRIVEN APPROACH

High performance paper-based materials have the characteristics of high-tech content and high added value, which can meet the demand for high-performance consumable materials in various fields. In the 14th Five Year Plan for the Development of New Materials Industry in Zhejiang Province, special paper-based materials are listed as one of the key development areas of "advanced basic materials". They can effectively promote the material upgrading and high-end application expansion of the paper industry, and have important strategic significance for supporting the high-quality development of traditional industries.

As a high-tech enterprise deeply engaged in the field of high-performance paper-based functional materials, Xianhe Group has always regarded innovation as the core driving force for development since its establishment. Adhering to the innovative concept of "independent design and cooperative development", Xianhe Group has built an innovative ecosystem and is committed to providing customers and the market with more high-quality green products.

Building an innovative ecosystem

- Research and Development Management System**

The company attaches great importance to the construction of its own R&D capabilities and has established a relatively complete system of scientific and technological innovation. It has formulated innovative management and incentive systems such as the "R&D Organization Management Measures", "New Product R&D Management System", "Research Fund Investment Management System", "Talent Introduction Management Measures", etc., to attract and retain top talents in the industry, allocate and monitor research funds reasonably, ensure the effective utilization of resources, and ensure that R&D activities are carried out smoothly in an orderly, efficient, and motivating environment, laying a solid foundation for continuous innovation and progress. At the same time, the company has established a research and development organizational structure with the overall management of the R&D manager, led by the R&D institute and technology center, and coordinated by multiple departments.

R&D Supervisor

- Organize the preparation and supervision of the company's annual design and development plan, coordinate and handle any issues that arise during the execution of the plan
- Organize the review and approval of R&D projects

Research and Development Institute

- Develop design and implementation plans for R&D projects
- Assign tasks to project personnel and participate in project reviews
- Establish a research and development team responsible for the specific research and development of new products and projects, as well as the preparation of patent and standard applications

Technology Center

- Responsible for quality inspection and tracking records of R&D, design, and trial production processes, and providing feedback on quality information
- Responsible for archiving design and development technical documents
- Establish a QC team to assist in the development, trial production, and testing of new products and projects

Production Technology Department

- Collect and organize information on market demand design, and propose design and development project suggestions

Administrative Personnel Department

- Responsible for filing the configuration of design and development personnel



R&D process

Xianhe Group attaches great importance to the standardization and refinement of the research and development process. In the rapidly developing market environment, the company continues to optimize its innovation process, adjust and supplement the detailed steps of the four major product innovation processes, strengthen cross departmental collaboration, allocate resources reasonably, ensure scientific, standardized, and efficient research and development work, and maximize the value of innovative achievements.

Investigation, research, analysis, and decision-making



A comprehensive technical and economic feasibility analysis is conducted around four core dimensions: market demand, market share, technological development status and trends, and resource efficiency, to grasp the current status and future direction of industry technology development and provide accurate decision support for product development.

Strictly follow the "three-stage design" process, and complete the technical design specification, technical design scheme, and working drawing design of the new product in sequence.



Product Design Management

Management of trial production and appraisal of new products



Before the new product is officially put into mass production, sample trial production and small-scale trial production will be carried out. Based on the project characteristics, the trial produced product will be evaluated and identified from both economic and technical dimensions to determine whether it meets the conditions for entering the next stage of trial production or entering formal production.

Based on the appraisal level, following the relevant regulations of the State Council and the National Science and Technology Commission on scientific and technological achievements and technological progress awards, as well as the company's management system, conduct professional evaluations of the achievements and implement corresponding approval procedures.



New Product Achievement Review

R&D investment The company regards continuous R&D investment as the key to maintaining competitive advantage, with R&D funds mainly invested in key areas such as product development, equipment upgrades, and talent introduction.

Product

The company continues to increase investment in product research and development, seize market opportunities, actively layout new markets and expand strategic customers, develop multiple terminal oriented products, and continuously enrich the product matrix.

Equipment

By combining independent research and development with cooperative introduction, the paper making process and equipment are iteratively upgraded to enhance production automation, thereby improving production efficiency and product quality.

Talent

Introduce professional technical talents and experts in specialized fields, cultivate a high-quality talent team, enhance the team's professional capabilities and innovation potential.

Key Performance

R&D personnel accounted for **4.67%** of the total workforce

R&D investment reached RMB **134.2332** million

representing a year-on-year increase of **18.90%**

Innovative atmosphere



Innovation incentives

Encourage employees to actively participate in innovation activities, set up rewards for scientific research and technological innovation, and intellectual property incentives; Linking research and development achievements with personal promotion and professional title evaluation; Collect reasonable suggestions and improvement proposals from employees, reward those adopted suggestions, and stimulate employees' innovation motivation.

Industry university research platform

Build industry university research platforms such as Xianhe Research Institute and Paper based Materials Industry College to accelerate the transformation of scientific and technological achievements.

Harvesting innovative achievements

Xianhe Group has always been committed to research and development innovation, continuously increasing R&D investment, promoting the research and application of high-performance paper-based new materials, and assisting the high-quality development of the industry. During the reporting period, the Company and its subsidiaries obtained a total of 13 new patents, including 10 utility model patents and 3 invention patents. As of the end of the reporting period, the Company and its subsidiaries had accumulated 113 utility model patents and 51 invention patents.

Key Performance

10 new utility model patents have been added

Add **3** new invention patents



In 2024, four new products developed and produced by the company, including low weight thin Bible paper, high-strength vacuum aluminum plated base paper, glossy aluminum foil lining, and food grade stainless steel plate lining paper, have passed provincial new product identification.

Key Performance

The project "Key Technologies and Applications for Lightweight Green Manufacturing of Paper based New Materials" in which the company participated won the second prize of Zhejiang Provincial Science and Technology Progress Award.

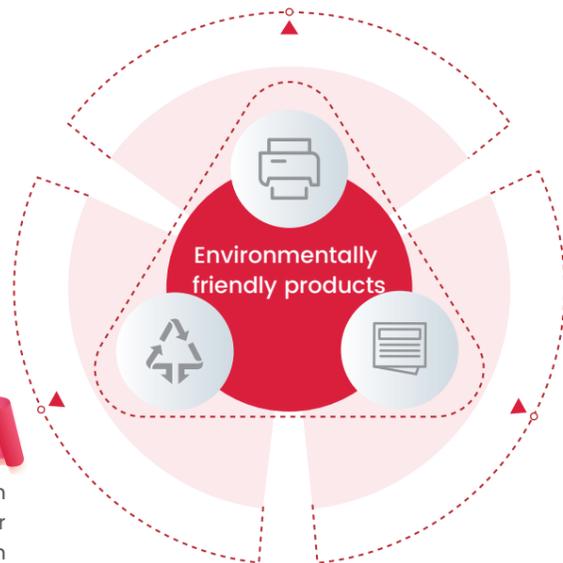


Green Design Products

The company not only develops high-performance paper-based new materials to meet market demand and promote industry technological progress, but also conforms to the global trend of low-carbon economy development. By using advanced production processes and environmentally friendly materials, it develops green and environmentally friendly products, strives to reduce the impact of products on the environment, and provides low-carbon product solutions for downstream customers, comprehensively assisting in the green upgrading of the industrial chain.

Carbon free copy paper, carbon free printing paper, carbon free electrolytic capacitor paper

Reduce the use of carbon based materials and consumables, lower pollution emissions and energy consumption, while facilitating recycling and reuse



Low weight Gracin paper, digital paper

Reduce resource utilization and lower the usage of other raw materials in downstream processing stages

New digital paper

Avoid environmental pollution caused by printing and dyeing processes

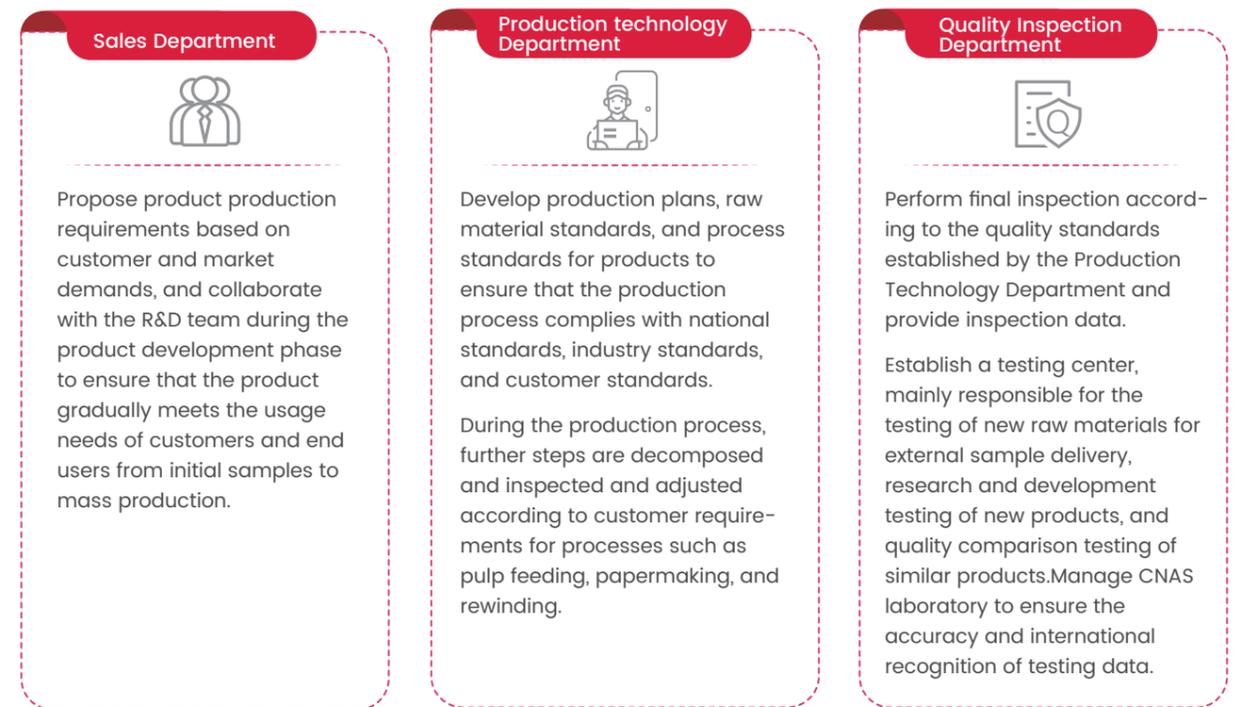
STRICTLY ADHERE TO QUALITY STANDARDS

High quality products are the key to winning customer trust. Since its establishment, Xianhe Co., Ltd. has taken creating safe and reliable products as an important task. The company adheres to the business philosophy of "customer demand is our standard", implements strict quality monitoring in all production processes, and always provides high-quality and reliable products and services.

Quality Control

Xianhe Group is committed to ensuring excellent and stable product quality by establishing cross departmental collaboration mechanisms and strict quality control processes to ensure that every aspect of the product, from research and development to delivery, meets high standard requirements.

Quality Management Organizational Structure



The company has established quality management systems and procedures such as the "Xianhe Co., Ltd. Quality and Environmental Safety Manual," "Quality and Safety Control Procedure," and "Product Recall Control Procedure." Comprehensive quality control is carried out throughout the entire process of raw material control, design and development, product production, finished product inspection, packaging and transportation to ensure the superiority and reliability of product performance and meet customer expectations. In addition, the company has added a "Non conforming Product Isolation System for Finished Product Warehouses", which isolates and transfers a batch of products that have been stored but have been judged as non-conforming for various reasons, further reducing customer complaints and returns.

● Quality Management Process

Product qualification rate **99.18%**



01 Raw material control

Develop the "Procurement Plan Table", "Regulations on the Management of Purchase and Use of Raw and Auxiliary Materials", "Raw Material Quality Standards", "Management Specification for Sampling, Testing, and Retention of Raw and Auxiliary Materials in the Quality Inspection Department", "Management Process and Regulations for Raw Materials and Finished Products in and out of the Warehouse", and "Regulations on the Management of Auxiliary Material Placement" to strictly control the procurement, testing, in and out of the warehouse, and use of raw and auxiliary materials. At the same time, in accordance with national and industry standards, and based on specific requirements of the company and customers, develop quality standards for raw and auxiliary materials and conduct inspections to prevent unqualified raw materials from entering the production process. In 2024, the company will implement the following measures to further strengthen raw material control;

Improvement of raw material control points: The company has raised the quality control requirements for certain key raw materials, narrowed the error range, and avoided the impact of raw material fluctuations on product quality;

New material testing: For newly developed paper types, add a "new material testing" step to ensure that the new raw materials meet the expected standards;

Refined procurement: During the small-scale trial production stage, precise control is exercised over the amount of raw material procurement to avoid excessive purchases and reduce waste of unsuitable materials.



02 Design and development

In terms of product development, we follow the principle of "three-stage design" and carry out sample trial production, small-scale trial production, and mass production in sequence. In 2024, the company will revise its research and development process to further enhance its level of refined management.

In terms of process design, the production technology department is responsible for setting process conditions, comprehensive management of process production technology, and review and supervision of process records to ensure efficient execution of the process flow.



03 Standardized production

Develop the "Guidelines for Process Operation of Various Varieties" and the "Production Management Regulations on Changing Varieties of Paper Machines" to effectively control the entire production process. The production process is strictly set and executed in accordance with the detailed parameters specified in the "Process Notice", clarifying the requirements for process flow charts, operation requirements, technical standards, process indicators, etc;

Implement a dual inspection mode of self inspection by production employees and inspection by inspectors;

Build a '5G smart workshop', relying on 3D models and dynamic data visualization systems to ensure product quality.



04 Quality inspection

According to the "Operating Procedures for Physical Index Detection and Tracking", "Operating Procedures for Appearance Paper Disease Inspection", "Inspection Operation Guidelines", "Control Procedures for Factory Inspection", "Management Regulations on Quality and Quantity Inspection in the rewinding process", and "Quality and Safety Production Control Procedures", multidimensional inspections of production processes such as pulp making, papermaking, and rewinding, as well as quality and appearance of products are carried out;

Unqualified products should be labeled according to the degree of defect, and classified and isolated to prevent mixing;

After the review of non-conforming products, rework, repurposing, pulping, and other operations shall be carried out.



05 Inventory management

According to the "Product Identification and Traceability Control Procedure", identify the produced products, store the raw paper safely and orderly in accordance with the "Management Regulations for Raw Paper Stacking", and process and reuse the production waste paper in accordance with the "Management Regulations for Waste Paper Use" to minimize resource waste.



06 Packaging and transportation

The packaging and storage of finished products shall be strictly carried out in accordance with the requirements of the "Process Notice" and "Product Protection Control Procedure" to avoid product contamination or damage;

Before long-distance transportation or the use of new packaging materials, transport stability and reliability tests should be conducted as needed;

Before leaving the factory, perform spot checks such as empty vehicle inspection and post installation inspection, and install protective devices for some paper roll products, especially those with easily damaged edges and corners.

● Diversified quality control measures



Application of Intelligent Systems

Industrial Internet of Things (IIoT) and sensor technology: Temperature, pressure, and liquid level sensors are installed in the pulp making process, and humidity sensors are installed in the paper forming and drying process. The automation and precise adjustment of relevant parameters are achieved through the control system to ensure the stability and consistency of paper quality.

Process Control System (PCS) and Manufacturing Execution System (MES): PCS precisely controls key parameters such as material flow rate, speed, and concentration in the papermaking process to ensure the uniformity of pulp composition. MES is responsible for the scheduling and management of the entire production process, adjusting production plans in a timely manner according to order requirements, and monitoring quality data in real-time during production. It can achieve root cause tracing of quality problems and continuous improvement.

Automatic weighing system: Through high-precision weighing and automated operations, it effectively reduces human errors, avoids cost losses caused by inaccurate weighing, and provides accurate data for inventory management, optimizes inventory levels, and reduces the risk of backlog and stockouts.

OA system: automates workflow, improves business processing speed, and reduces communication costs and enhances team collaboration efficiency through fast information sharing functions.



Equipment calibration

All equipment and instruments are calibrated annually by third-party organizations to ensure compliance with international standards and industry requirements; The company conducts quarterly inspections and calibrations to ensure the normal operation of equipment.



On-site inspection

The inspection committee is composed of the heads of the Production Technology Department, Quality Inspection Department, and Power Information Department, as well as the factory directors of each branch. They conduct monthly inspections of the production site and related records to ensure the strict implementation of various standards and standardized management of records during the production process. They promptly identify potential quality problems and take corrective measures.



Internal training

The company implements a multi-level and comprehensive internal training plan, and verifies the effectiveness of the training through on-site inspections, practical exercises, or exam papers after the training to ensure that employees can apply theoretical knowledge to practical work.

Onboarding training: Arrange professional training for new employees to help them quickly master core skills.

Regular Training: Each section of the Production Technology Department and the Quality Inspection Department organize regular training every month, covering topics such as raw material usage, process flow, equipment performance and safety operation standards, testing methods, product characteristics, quality management system, etc., to strengthen the quality control awareness of production technicians. Factory department level training is conducted weekly, including product quality, customer complaint handling, customer research and development needs, etc., to ensure that management can continuously focus on quality improvement.

Irregular training: Based on customer complaints or feedback on quality issues, organize relevant employees for specialized training to address and prevent quality problems.



Internal competition

Regularly hold internal competitions such as craft competitions and safety competitions to motivate employees to improve their work level, promote technical exchanges and experience sharing.

Key Performance

Conduct quality training **25** times

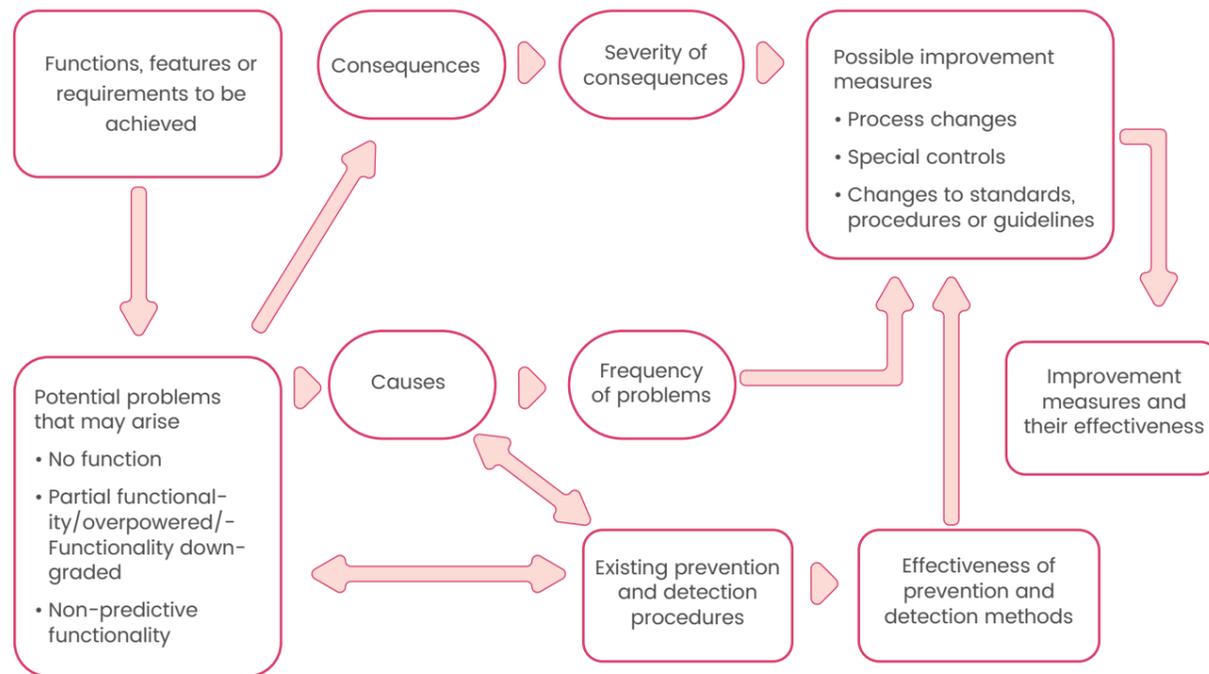
The average training time per person for quality training is **31.5** hours



Quality Risk Identification and Response

The company has introduced PFMEA (Potential Failure Mode and Effects Analysis) management mode for electrolytic paper products, identifying and analyzing possible failure modes, causes or mechanisms in various stages of the production process, identifying potential problems and taking measures for optimization, and continuously improving product quality.

PFMEA analysis process

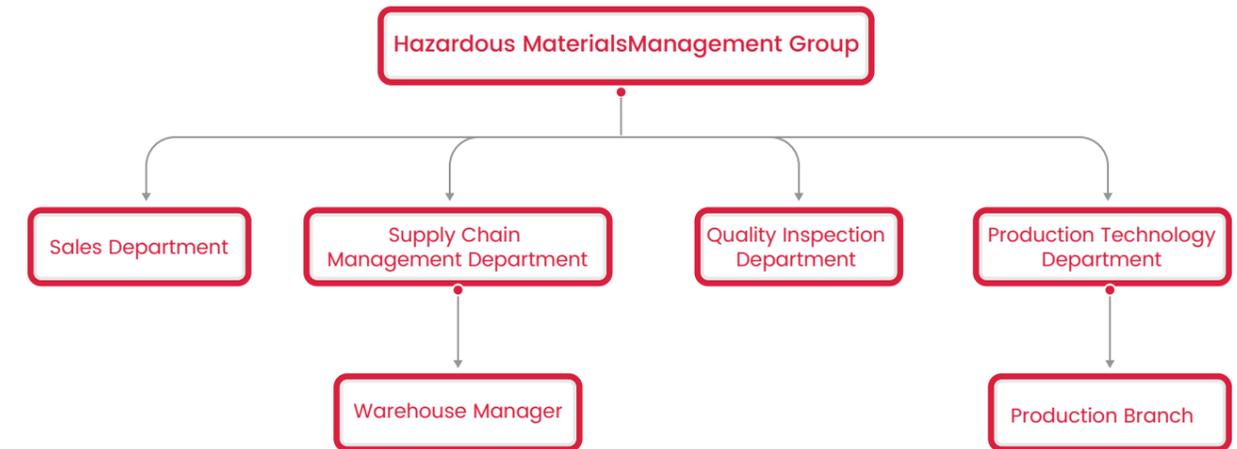


Control of Hazardous Substances

Xianhe Group strictly controls the hazardous substances that may be generated in business processes such as procurement, design and research and development, production and manufacturing, packaging, and storage. It reviews materials and finished products in accordance with the RoHS directive and customer requirements, and continuously monitors the risk of hazardous substance leakage. It relies on qualified institutions to carry out inspection work to ensure the health and safety of employees and customers.

Management Structure

The company has established a hazardous substance management team, with the deputy general manager of production as the team leader, responsible for leading the management of hazardous substances and ensuring the effective implementation of relevant measures.

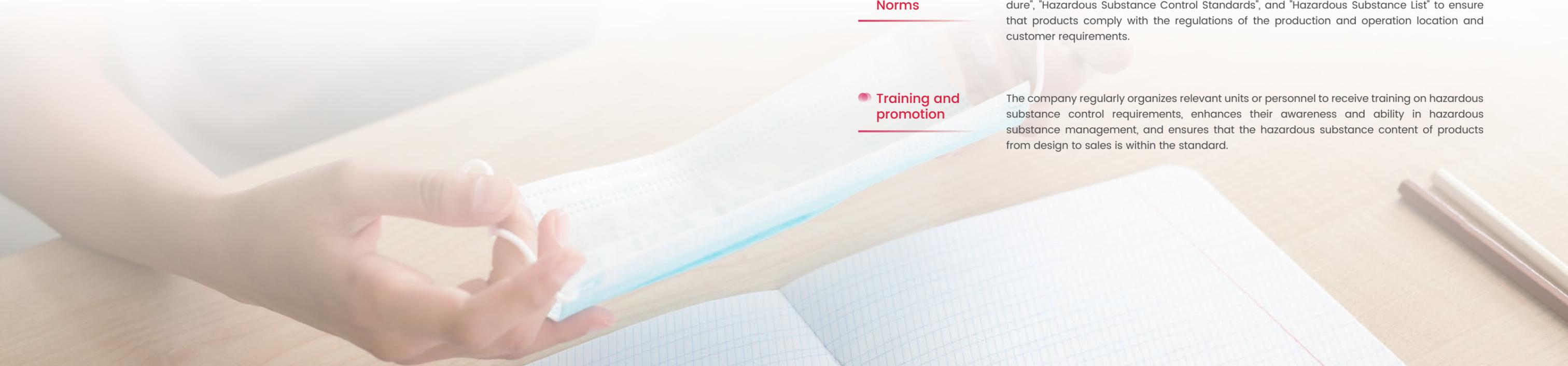


Institutional Norms

The company has formulated documents such as the "Hazardous Substance Control Procedure", "Hazardous Substance Control Standards", and "Hazardous Substance List" to ensure that products comply with the regulations of the production and operation location and customer requirements.

Training and promotion

The company regularly organizes relevant units or personnel to receive training on hazardous substance control requirements, enhances their awareness and ability in hazardous substance management, and ensures that the hazardous substance content of products from design to sales is within the standard.



PROVIDE HIGH-QUALITY SERVICES

The company adheres to the direct sales business model of "production+service" and is committed to providing overall solutions in the field of high-performance paper-based functional materials. At the same time, it attaches great importance to customer experience, safeguards customer rights, and continuously seeks opportunities for product and service improvement.

Customer Management System

The company has established customer service systems such as the "Customer Visit Management Measures," "After sales Service Management Measures," "Complaint Compensation Handling Management Measures," and "Product Recall Control Procedures," forming a clear organizational structure with responsibilities for the sales department to gather customer feedback and the production technology department to provide technical support.

Customer Service

The company is committed to providing customers with comprehensive "one-stop" services, covering multiple fields such as research and development, production, and technical support, continuously optimizing customer experience.



Custom development

Deeply understand and accurately capture customer needs, provide customers with highly technical and targeted product solutions, deepen customer loyalty, and enhance brand stickiness.



Flexible production

Equipped with 59 cutting-edge modern paper production lines, the paper machine equipment is diverse in size and variety. Each production line can adapt to stable production of at least 3 to 4 types of paper-based functional materials, and can achieve stable switching between different products.

We have established a comprehensive production, logistics, and warehousing system, and achieved efficient integration of information flow and full process connectivity, fully ensuring the efficiency and superiority of the production and manufacturing process.

With the above advantages, the company can quickly respond to market dynamics and changes in customer needs, and flexibly respond to diverse, small-scale batch, and fast delivery order demands.



Product traceability

Adopting one item one code to ensure the traceability of the entire process from product warehousing to outbound, achieving transparency in the production process and precise monitoring of the product lifecycle, and enhancing customer trust.



Customer Visit

Key Performance

Distribute **70** customer satisfaction survey forms

50 customer satisfaction survey forms were effectively collected

The average customer satisfaction score is **91.64** points



Rapid delivery

Relying on our own logistics team and combining transportation methods such as sea, rail, and truck, we ensure fast and efficient product delivery.



Companion service

Committed to providing comprehensive and continuous service support covering order follow-up to after-sales service, regularly conducting offline visits, conference calls, technical exchanges and other communication activities for customers, and providing on-site technical training and guidance services when necessary.

Deeply understand customer needs and propose personalized solutions based on their preferences, establish and maintain long-term cooperative relationships, regularly engage with customers to understand and anticipate their changing needs, and enhance customer satisfaction and loyalty.



Satisfaction survey

Regularly conduct in-depth evaluations of customer satisfaction, covering dimensions such as physical quality, delivery, after-sales service, flexibility, transportation, etc., to accurately grasp customers' recognition of products and services, and carry out targeted optimization and improvement.

After Sales Support

The company has opened up customer service telephone, fax, website, written survey forms and other feedback channels, requiring communication matters to be responded to within 24 hours. For major and sudden quality issues, they must be analyzed and resolved immediately, and technical personnel should be arranged on-site if necessary to ensure that customer feedback can be paid attention to and responded to in a timely manner.

At the same time, the company regularly organizes relevant departments to review customer complaints and continuously improve production methods and service strategies. During the reporting period, the company received mainly minor customer feedback on appearance defects, and there have been no product recalls due to quality or safety issues in the past three years.

Key Performance

Customer complaint handling rate of **100%**

Complete customer complaint handling and rectification within **2** working days

Customer Privacy Protection

Information gathering

Provide diversified online and offline communication channels, generate a "Quality Feedback Form" for customer complaints or feedback issues, and distribute it to the technical department; Conduct regular customer satisfaction surveys every month to timely understand the needs of different customers and different periods.

Cause analysis

The quality inspection department and various paper mills analyze and handle the feedback content, summarize and generalize the reasons.

Rectification and correction

Complete the handling and rectification work within two working days, develop future improvement and prevention plans, generate 'Corrective and Preventive Action Handling', and proactively control and avoid similar problems that may arise in subsequent production.

Follow up visits

Continuously track, confirm the effectiveness of rectification with customers, and promptly file and archive records; Develop a month on month analysis report based on the issues identified in the survey to monitor the effectiveness of improvements.

Product Recall Control Procedure

Problem identification and notification

Regularly evaluate product quality or safety risks, and immediately organize relevant departments to conduct hazard investigations and assessments upon discovering hidden dangers.

Recall Decision and Initiation

Determine the scope of affected products, develop a graded recall plan based on the severity of the problem, and promptly issue recall notices or announcements to distributors or customers.

Product disposal and rectification

Identify and isolate the recycled products, inspect to identify the root cause of the problem and take corrective measures, and ultimately return, repair, or destroy them based on the nature of the quality issue.

Follow-up

After the recall is completed, provide customers with solutions such as product replacement and compensation to ensure maximum protection of their interests.

Customer Privacy Protection

Xianhe Group attaches great importance to customer privacy protection, and the information system is maintained and managed by a dedicated technical department. The company has formulated the "Information Management System" and implemented various technical support measures to provide safe and reliable services to its partners. During the reporting period, the company did not experience any incidents of customer privacy breaches.

Customer privacy protection measures

Customer information is uploaded to the ERP system, and sensitive data is encrypted. All data access, modification, deletion, and other operations are clearly recorded in the system to achieve centralized, standardized, and transparent management of data.

Applying identity authentication and access control system, each business department sets hierarchical access permissions according to their respective responsibilities. Sales personnel can only access content related to their own business scope, and all system operations are limited to the company's internal network environment, further ensuring the security of customer information.

Responsible Marketing

The company attaches great importance to the cultivation of compliance awareness and professional competence of the marketing team, promotes responsible marketing concepts, promotes long-term brand development, and contributes to building a positive and healthy business environment.

The company has formulated marketing system documents to standardize the review process of information release and market promotion activities, ensuring that the information conveyed is true, accurate, and complete, and eliminating any misleading or false content.

At the same time, the company carries out diversified training activities. Arrange systematic onboarding training for new sales personnel, including legal regulations, business overview, product knowledge, market expansion skills, and other related content. According to market and regulatory changes, regularly organize themed training on marketing regulations, contract regulations, sales skills, case analysis, etc., to continuously improve the professional competence of the marketing team.

Key Performance

Number of marketing training sessions conducted: **8**

Marketing training covers **100%** of relevant employees



Marketing Training

CHAIN DRIVE GREEN FUTURE

Xianhe Group always adheres to the concept of growing together with suppliers and is committed to improving the overall operational efficiency and sustainability of the supply chain through close cooperation. The company has formulated and implemented systems such as the Supplier Management System, Supplier Evaluation and Assessment Procedure, Procurement Control Procedure, and Sustainable Procurement Policy to ensure that the admission review and daily maintenance of suppliers meet the company's sustainable development needs. The company actively advocates suppliers to practice the concept of sustainable development, referring to international conventions and relevant laws and regulations in China, and formulating and promoting the signing of the "Supplier Code of Conduct". It is committed to building an efficient, stable, and sustainable supply chain network while achieving common progress and sustainable development among all parties in the supply chain.

Supplier Management Process

The company has implemented strict admission review and continuous daily management mechanism for suppliers, comprehensively evaluating suppliers from dimensions such as quality level, delivery capability, price level, technical ability, support services, and existing cooperation status. At the same time, it regularly conducts environmental and social responsibility audits on suppliers to optimize supply chain efficiency and enhance supply chain resilience.

Supplier Management Process



In 2024

Number of wood pulp suppliers in Chinese Mainland 4	Number of wood pulp suppliers outside Chinese Mainland 21
The proportion of wood fiber raw materials purchased from third-party certified forests (such as FSC, PEFC, etc.) to the total procurement volume 100%	Number of suppliers whose cooperation has been suspended due to non-compliance 0
The number of training sessions on procurement within the company during the reporting period 10	The number of times the company provided training to suppliers during the reporting period 6
The cumulative duration of training provided by the company to suppliers during the reporting period 12 Hours	Number of suppliers participating in training during the reporting period 6
Number of suppliers with quality management system certification 22	Number of suppliers with environmental management system certification 18
Number of suppliers with occupational health and safety management system certification 18	Number of suppliers with other sustainable related certifications 18



Outreach to suppliers

Supply Chain Risk Management

The company has conducted a systematic review of supply chain risks, thoroughly identified and analyzed various risk factors that may affect supply chain stability, and taken multiple targeted measures to ensure the safe and efficient operation of the supply chain.

Risk type	Risk description	Affected business processes	Countermeasures
Overseas policy risks	The company's wood pulp suppliers mainly operate overseas, and changes in overseas environmental protection policies will have an impact on the company's raw material supply.	Raw material procurement	Promote the integrated strategy of "forest pulp paper use" and build raw material bases in Hubei and Guangxi. Sign long-term agreements with suppliers, establish stable cooperative relationships, and agree on purchase quantities and prices.
Economic cycle risk	The downturn in the international real estate market has led to a decrease in demand for wooden boards, indirectly affecting the supply of the company's raw material veneer.		Actively expand alternative suppliers and avoid dependence on a single supplier.
Natural disaster risk	Environmental events such as earthquakes and fires damage planted forests.		Maintain communication with suppliers, paper associations, and traders to proactively understand the changing trends of policies both domestically and internationally.
Logistics transportation risk	Collisions during transportation can cause product deformation.	Finished product delivery	Establish long-term co-operation with logistics companies to ensure that the transport conditions meet the company's requirements.

Sustainable Procurement

In order to implement the concept of responsible procurement and ensure sustainable management of forest resources, Xianhe Group has comprehensively considered international initiatives, domestic regulations, and its own development needs, formulated and issued the "Sustainable Procurement Policy", which regulates supplier behavior from six dimensions, achieves its own commitment to sustainable development, and drives the coordinated development of the upstream and downstream of the industrial chain. The company encourages all stakeholders to participate in the supervision of procurement behavior. Once any behavior that violates the requirements of this policy is discovered, it can be reported to us through open and transparent reporting methods.

Sustainable Procurement Strategy



Green Logistics

The company actively engages in practices such as adopting green packaging and optimizing transportation modes, adhering to the principles of lightweight and recycling, and is committed to reducing environmental burdens and promoting the green transformation of the supply chain.

Green packaging materials

Reduce excessive packaging

The company focuses on reducing the use of packaging materials, avoiding unnecessary excessive packaging while ensuring product safety, thereby reducing resource waste and environmental pollution.

Use environmentally friendly packaging material

In the selection of packaging materials, priority should be given to using renewable and biodegradable materials such as wooden boards and kraft paper instead of plastic packaging materials to reduce the burden on the environment.

Reuse of packaging materials

Reduce the use of disposable packaging materials, encourage multiple reuse of packaging materials, and improve the recycling rate of resources.

Green transportation vehicles

For close range suppliers, the company uses energy-saving and environmentally friendly transportation vehicles for goods transportation, effectively reducing exhaust emissions and noise pollution during transportation.

Optimize transportation routes

Reasonably plan routes, optimize logistics networks, improve transportation efficiency, and achieve precise delivery;

Partial transportation sections prefer water transportation, using inland barges instead of cars to reduce transportation costs and unit energy consumption.

Equal treatment of small and medium-sized enterprises

The company does not impose restrictions on the size of suppliers during the procurement process, ensuring equal participation of small and medium-sized enterprises in procurement competition. At the end of the reporting period, the balance of accounts payable (including notes payable) of the company did not exceed 30 billion yuan and accounted for less than 50% of the total assets. The company and its holding subsidiaries did not disclose overdue payments to small and medium-sized enterprises through the national enterprise credit information disclosure system.



SUPPORTING INDUSTRY DEVELOPMENT

Industry Co construction

As a professional enterprise engaged in the research and production of paper-based new materials, Xianhe Co., Ltd. has a wide range of product types and coverage, and holds a leading position in both overall scale and multiple product segments. Over the years, the company has leveraged its technological advantages, actively assumed industry responsibilities, and worked together with industry peers, industry associations, research institutions, and other partners to promote high-quality development of the industry.

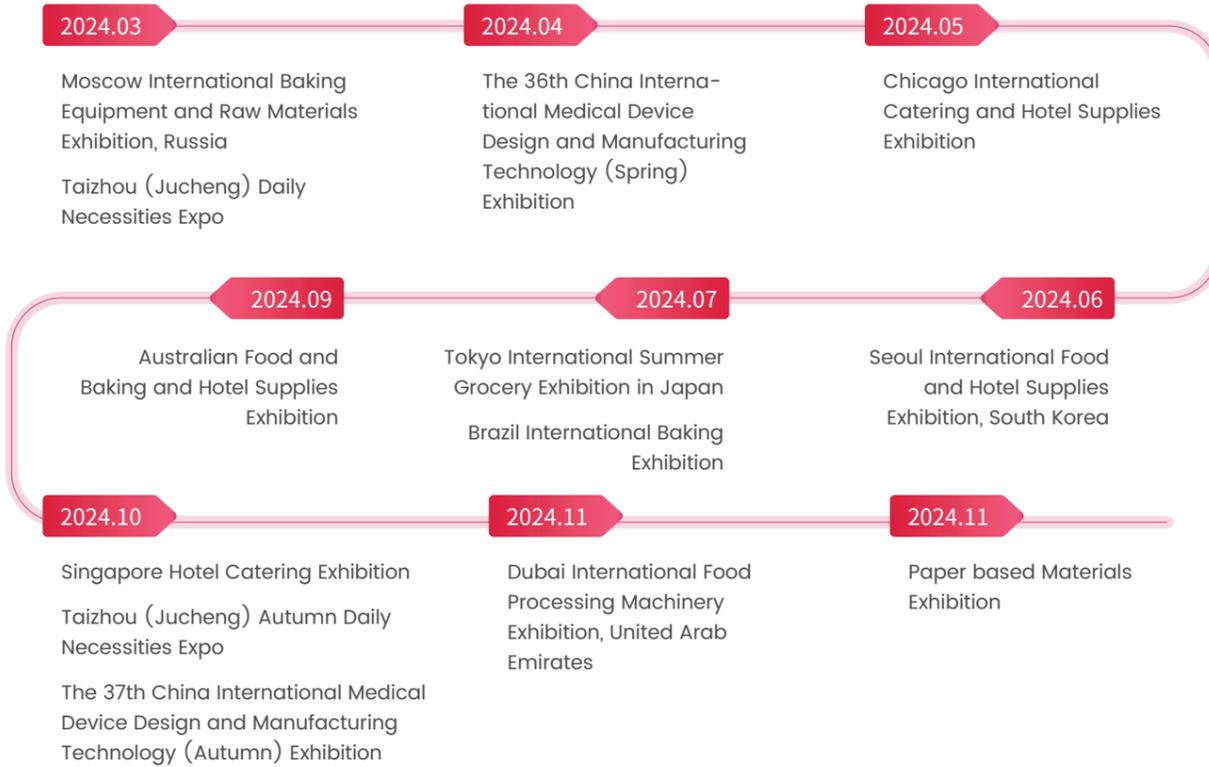
Standard Setting

The national standards for dictionary paper led by the company, as well as the national standards for carbonless copy paper, pulp dichloromethane extract determination, cold-rolled metal plate liner paper, super calendered paper, electrolytic capacitor paper, and artificial board decorative paper that the company participated in the development of, have all been released and implemented. In 2024, the national standards for titanium dioxide content testing of paper and paperboard, pharmaceutical packaging paper and paperboard, which the company participated in the development of, will be officially implemented. The company participated in the development of industry standards for vacuum aluminum plated base paper and heat sublimation transfer paper, and participated in the revision of the industry standard for water pine base paper, which was officially implemented in 2024.

In addition, six Zhejiang manufacturing standards led by the company, including sublimation transfer paper, single-sided light cigarette adhesive paper, baking paper, dictionary paper, negative ion wallpaper, and cigarette adhesive paper, have completed the review and certification work and have been officially released.

Exhibition participation

The company follows the concept of "going global" and "bringing in", and has been invited to participate in multiple domestic and international industry exhibitions and seminars, actively showcasing the company's innovative technologies and product highlights, strengthening exchanges and cooperation with domestic and foreign peers, and promoting industry development.

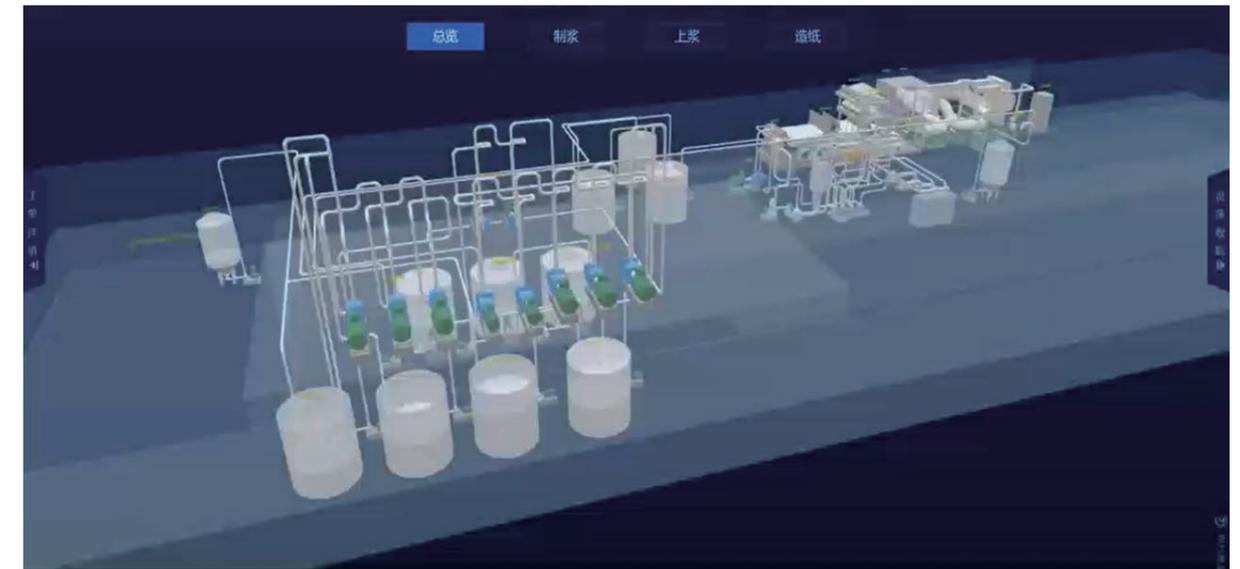


Participation in exhibitions

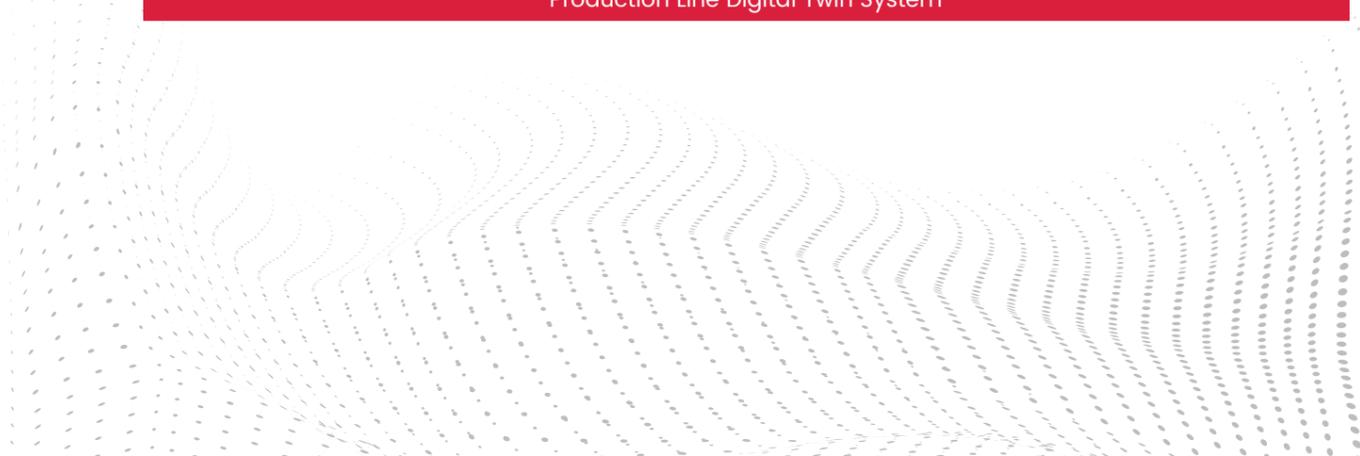
Digital Transformation

The company is a pilot unit for implementing the national integration of industrialization and informatization management system standards. In recent years, it has adhered to the deep integration of industrialization and informatization, continuously promoted digital transformation work, and is committed to becoming a leading enterprise in the high-performance paper-based functional materials industry that is "domestically first-class and internationally advanced". In 2024, the company will continue to promote the "Digital Xianhe" Industry 4.0 management innovation strategy and enhance its own intelligent manufacturing level.

At present, the company has fully implemented the information management of ERP big data application and the group OA network collaborative office system. A series of links such as human resource management, procurement management, process management, financial management, and administrative business approval have all achieved paperless electronic system management mode, which can provide data foundation for information-based intelligent manufacturing. The construction of the company's smart workshop is becoming more and more perfect. 3D models and dynamic data visualization systems have been introduced in pilot workshops, which can monitor production data and energy consumption in real time, and achieve effective tracking of order progress and workshop equipment operation status. In addition, the company relies on production data to establish a digital twin system and a dust cap AI visual monitoring system, simulate and continuously optimize the entire production process, and standardize production operations. In the future, the company will continue to improve the construction of smart workshops by introducing intelligent equipment and systems, and contribute to the "Made in China 2025" initiative.



Production Line Digital Twin System



04 PARTNER

PEOPLE-ORIENTED AND SHARED PROSPERITY

Xianhe upholds the value concept of "family culture". The company fully respects the rights and interests of employees internally, and creates a material and spiritual home for employees through a sound employee welfare system and equal career development opportunities, improving employees' sense of gain and satisfaction, allowing each employee to feel the warmth of "home" in the company, and helping employees grow together with the company. The company spreads this care to a wider social group through public welfare, charity, and rural revitalization, and does its best to make more people in need feel cared for and warm.

73 Employee Rights and Benefits

82 Employee Growth and Development

87 Employee Health and Safety

91 Philanthropy and Social Contribution

EMPLOYEE RIGHTS AND BENEFITS

Xianhe pays attention to the rights and welfare of its employees, continuously improves the employee rights and welfare system in accordance with relevant laws and regulations, and implements the system requirements through practical actions. Xianhe implements a diversified talent policy, providing competitive salaries and comprehensive benefits, and creating a fair and caring working environment.

Key Performance

The company has been awarded the title of **"Quzhou City Labor Harmony Relationship Enterprise"**

Rights and Interests Protection

The company strictly complies with relevant laws and regulations on labor rights such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. It has formulated the Labor Management Measures, resolutely prohibiting the employment of child labor and forced labor, safeguarding the freedom of association of employees, and prohibiting discriminatory behavior based on race, social class, nationality, religion, disability, gender, gender orientation, and other factors, creating an equal and diverse company atmosphere.

Key Performance

Total number of employees **6,674** People



■ Proportion of male employees **78.20%**
 ■ Proportion of female employees **21.80%**



■ Under 25 years old **1,127** People
 ■ 25 to 55 years old **5,326** People
 ■ Over 55 years old **221** People



■ Master degree or above **5** People
 ■ Undergraduate **372** People
 ■ Vocational education **1,461** People
 ■ Vocational and high school **2,857** People
 ■ Junior high school and below **1,979** People

Production personnel **5,906** People Salesperson **101** People Technician **312** People

Financial staff **26** People Administrative personnel **115** People
 Procurement personnel **48** People Other **166** People

Democratic Management

The company adheres to the management philosophy of open communication and has formulated the "Management Measures for Rationalization Suggestions (Improvement Proposals)". Through various channels such as employee representative meetings, regular meetings, and report meetings, the company uses OA systems and email to listen to the suggestions of grass-roots employees and make timely improvements. In addition, the company conducts surveys to understand employee demands and strives to improve employee satisfaction.

Reasonable suggestion

The company has formulated the "Management Measures for Rationalization Suggestions (Improvement Proposals)" to encourage all employees to propose improvement plans in areas such as production and operation, safety and environmental protection. Employees can receive a basic reward of 30 yuan for each valid suggestion submitted; The proposal that has been adopted and implemented will receive an additional reward of 200 yuan per item and will be included in the annual evaluation qualification. Three award levels will be established for the year-end review: 1 first prize, 3 second prizes, and 6 third prizes.

Workers' Congress, Regular Meeting, Report Meeting

Collect employee suggestions for the company through regular and irregular meetings.

Employee satisfaction survey

The company conducts a questionnaire survey to comprehensively understand employees' satisfaction with the work itself, work environment, team atmosphere, and internal management. At the same time, it focuses on collecting the most urgent problems that employees believe the company needs to solve in order to adjust management strategies in a timely manner and improve overall operational efficiency.

Key Performance

Organize workers' congress or other democratic communication meetings **2** Times

Employee membership rate: **100%**

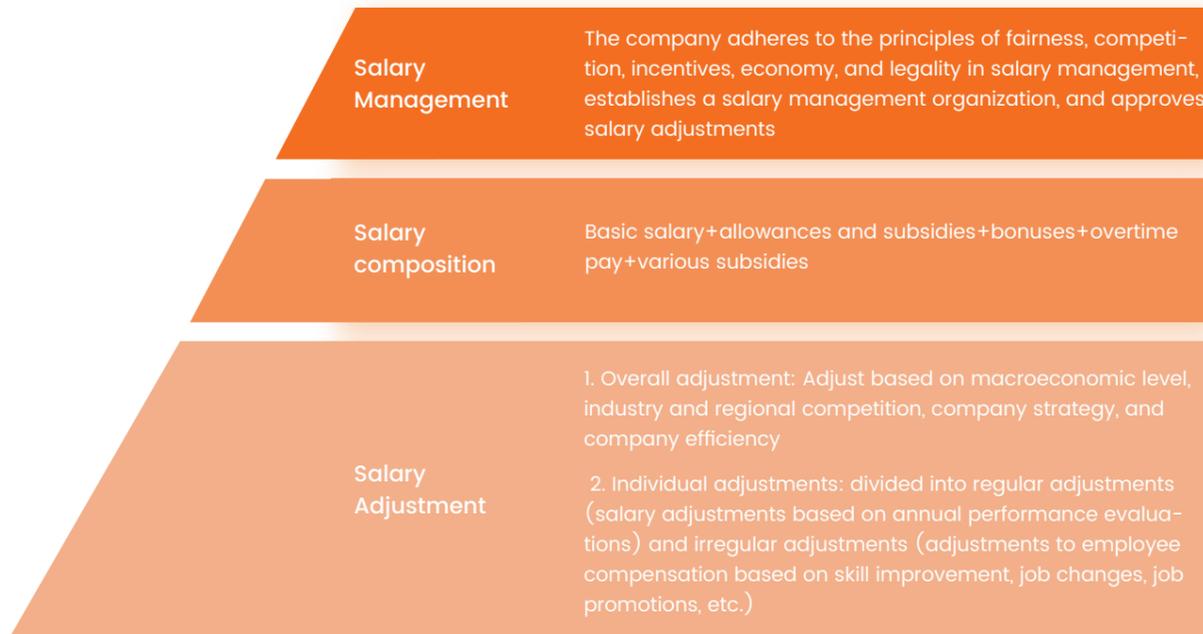
Coverage rate of collective contracts: **100%**

Employee Satisfaction **98** Points

Number of employee complaints or reports **0** Times

Salary Management

The company has formulated employee rights protection related systems such as the Employee Handbook, Salary Management System, Talent Incentive System, etc. based on laws and regulations and actual situations, covering salary management, job level classification, employee benefits, labor relations, labor protection, etc. The company adheres to the principle of "making the best use of talents and sharing benefits", attaches great importance to the protection of employee rights and interests, and has a salary adjustment plan and employee incentive measures reviewed by the compensation management organization led by the chairman, providing a sound institutional basis and governance structure for the protection of employee rights and interests.



At the same time, the company sets aside 0.5% of the total sales revenue from its annual profits as a talent incentive bonus for that year, rewarding employees who have made significant contributions to the company's business development, achieving a win-win situation between talent and the company.

Key Performance

Annual Talent Incentive Bonus Level	Annual Talent Incentive Bonus Quota
Grand prize	4 People
The first prize	10 People
Second prize	20 People

Employee Benefits

Xianhe not only protects the rights and interests of employees, but also provides a diversified welfare system for them, creating a relaxed and pleasant working environment from material rewards and spiritual entertainment, and laying a solid foundation for the atmosphere of "family culture".

Employee activity participation rate **100%**

Material welfare

- Performance allowance**: Including job allowances, technical allowances, and educational allowances, etc
- Five insurances and one fund**: Including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund, etc
- Various subsidies**: Including wedding gifts, childbirth gifts, condolence gifts, birthday gifts, apartment allocation, employee medical examinations, meal allowances, night shift allowances, phone bills, travel expenses or special position allowances, etc

Spiritual welfare

- Team building activities**: Including employee travel, speech competitions, skills competitions, etc
- Employee training**: Provide internal and external training for employees to meet their personal career development needs

Recreational and Sports Activities

Xianhe conducts cultural and sports activities with different themes every month, providing employees with a "gas station" to enhance emotional communication and enrich knowledge reserves in their spare time, fully promoting Xianhe's core values of "people-oriented, family oriented, harmony oriented, and morality oriented".



Therapeutic and Recuperative Activities for Advanced Workers



Presenting the First Prize at the Speech Contest



"Shifting Perspectives to Discover Beauty" Themed Training Program



Employee recognition



Calligraphy Activity



College Student Symposium



Go Competition



Tug-of-War Competition



March Women Employees' Care Month



Marathon Race



Basketball Game



2024 Safety Knowledge Grand Finals Award Ceremony

Women's welfare

The construction of Xianhe's "family culture" cannot be separated from the support of women's power. According to the "Xianhe Stock Labor Management Measures", the company will fully consider the legitimate rights and interests of pregnant women and provide a safe and comfortable working environment for them. In addition, the company responds to the demands of female employees by establishing a female worker committee, providing special holidays, organizing physical examinations and activities, and caring for the health of female employees.

Establish a women's working committee responsible for safeguarding women's rights and organizing entertainment activities for female employees

Provide special areas such as maternity and baby rooms, warm mommy cabins, etc. for female employees

Provide training on mental health and first aid knowledge for female employees

Provide special leave such as marriage leave and maternity leave for female employees

Carry out women's health check ups and health knowledge lectures with the theme of "caring for women and nurturing health" on Women's Day



Women's Day "Caring for Women, Nurturing Health" Science Popularization Lecture

Caring for employees' families

Xianhe's "family culture" not only refers to the "everyone" composed of Xianhe Group and its employees, but also includes each employee's "little home". The company has built supporting talent apartments in each base, providing married employees with two bedroom and one living room suites for immediate occupancy; At the same time, there are hardware facilities such as the "Xianhe Kindergarten" that meet the provincial second level standards, health cabins, mother and baby rooms, billiard rooms, and fitness centers. The company also has staff family positions to solve the housing and child education problems of employees, take good care of their families, and promote their personal development.

Key Performance

The company has been awarded the title of "Child Friendly Enterprise"



Basketball Court
Billiards Room
Table Tennis Room
Xianhe Kindergarten

Exciting activities never stop, warm care accompanies growth

Case

In order to enrich the spare time life of employees and their children, the company has activities every month with no repetition of the theme. The company has successively carried out "New Year's Day Literature and Art Festival", "Yuanxiao (Filled round balls made of glutinous rice-flour for Lantern Festival) Festival riddle guessing activities", "parent-child fitness run", "parent-child garden activities", and "International Children's Day activities". During the summer vacation, the company has carried out a caring custody class for employees and children, with a total of 100 students participating. Through a series of activities, the cultural life of employees has been enriched, their sentiments have been cultivated, their worries have been resolved, the workforce has been stabilized, and employees have a sense of belonging, home, and achievement, creating a vibrant and upward corporate culture atmosphere.



Parent-Child Fitness Run



Parent-Child Garden Tour



Children's Day Fun Quiz Activity



Children's Day Fun Quiz Activity

Assistance for Difficult Employees

In addition, the company promptly understands and grasps the situation of disadvantaged employees, helps them apply for government subsidies, and carries out "warmth sending" activities for disadvantaged employees. Union staff insist on visiting frontline workers in the workshop, visiting sick and hospitalized employees, and offering condolences and sympathy to employees and their families who have passed away.

Key Performance

Number of employees in need of assistance: **146** People

Total investment in assisting disadvantaged employees: **46,000** yuan



EMPLOYEE GROWTH AND DEVELOPMENT

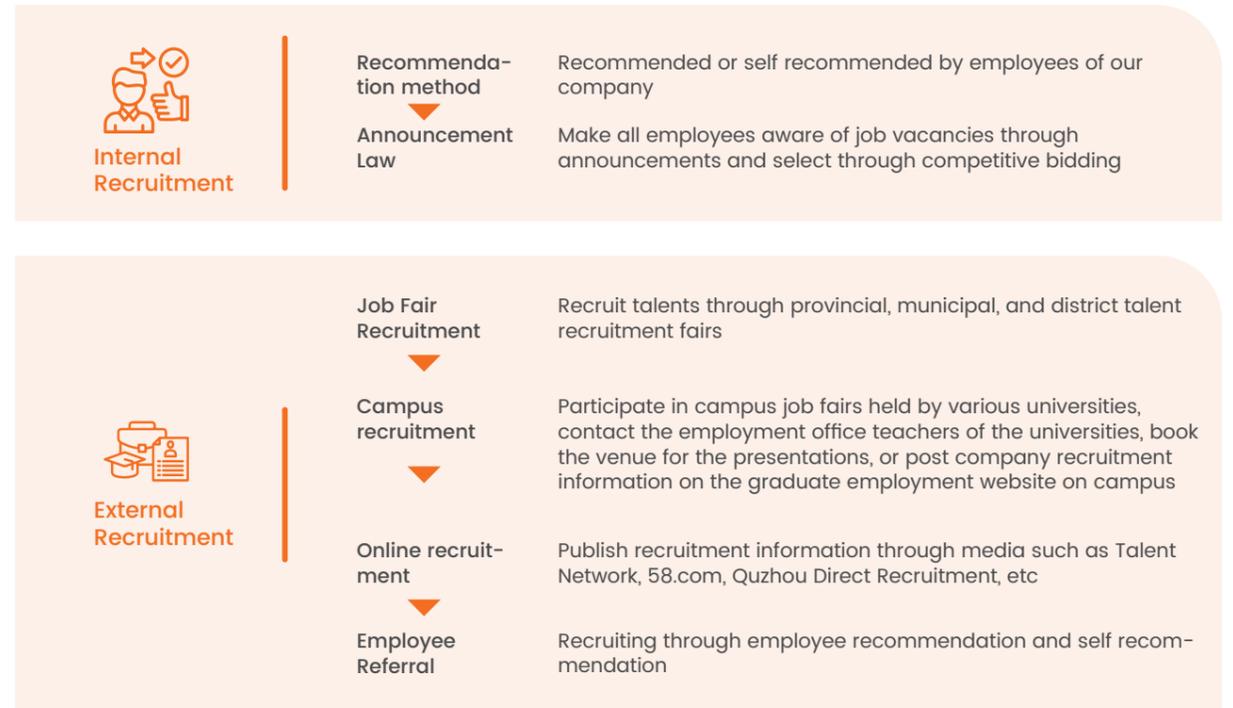
The company always adheres to the concept of attracting good talents, cultivating strong talents, utilizing talents, and retaining talents. On the basis of protecting the rights and benefits of employees, it provides career development channels for employees, helps employees improve themselves, and achieves the dual development of the company and individuals.

Talent Recruitment

The company has established a comprehensive talent recruitment process and formulated the "Talent Introduction Management System" and "Recruitment and Employment Management System". The company's talent recruitment methods include internal recruitment and external recruitment. Job requirements are first met through internal recruitment. If internal recruitment cannot meet talent needs, the company will introduce talents through various external recruitment methods such as campus recruitment, social recruitment, and internal promotion. At the same time, the company actively cooperates with universities to provide financial assistance, professional knowledge teaching, and internship opportunities for students through the construction of "Xianhe Targeted Class", cultivating and attracting outstanding talents to join Xianhe.

In response to the demand for senior talents, the company adheres to the principle of openness and fairness, and follows a "flexible introduction mechanism" to flexibly carry out talent introduction work through intellectual introduction, part-time work, temporary employment, technical cooperation projects, or undertaking research projects.

Recruitment Methods



School enterprise cooperation

In order to further improve the efficiency of campus recruitment and continuously inject fresh blood and vitality into the company, Xianhe has actively established deep cooperative relationships with multiple universities and technical institutes. Through forms such as visits to enterprises by teachers and students, as well as university lectures by enterprises, we aim to strengthen two-way communication between schools and enterprises, enhance the collision and combination of theoretical knowledge and practical knowledge, establish a responsible corporate image among teachers and students, and lay a solid foundation for campus recruitment.

In addition, the company has established a "Xianhe Class" in cooperation with Quzhou Technician College, providing practical opportunities for teachers and students to delve into the front line, and offering priority job opportunities for students to be employed, so that students in the "Xianhe Class" can apply what they have learned.



University Leaders Visit Xianhe for Research and Exchange



Xianhe Leaders Delivered a Lecture at the Technician Colledge

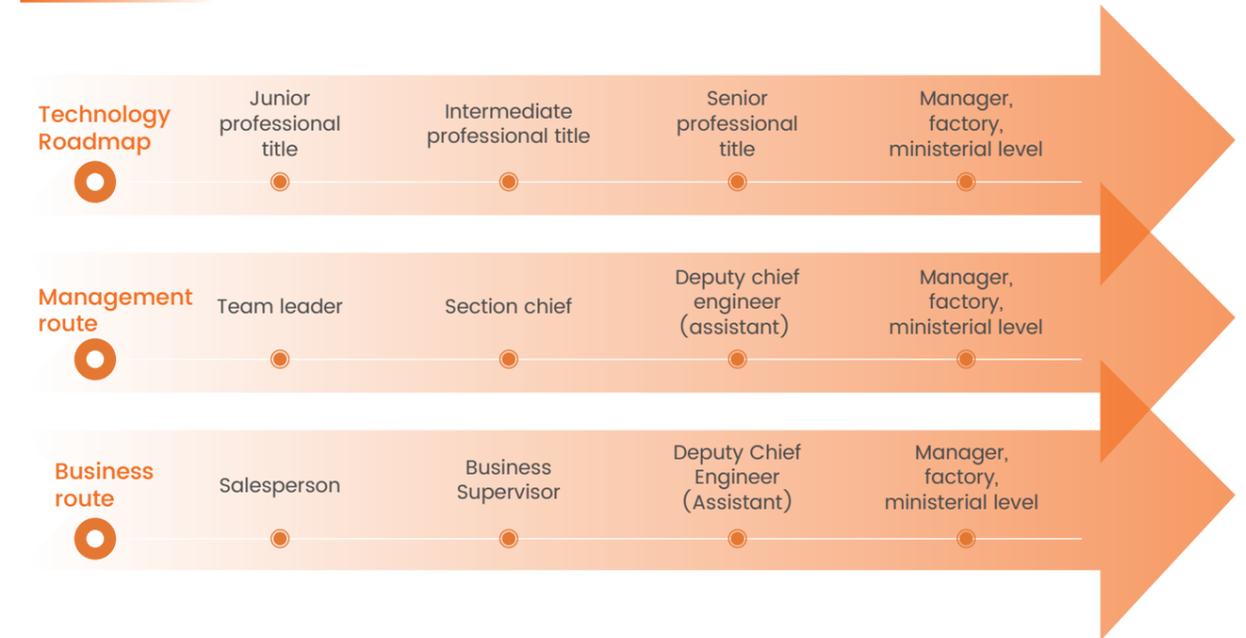


Faculty and Student Delegation from the College of Engineering and Technology Visited Xianhe for Study Tour

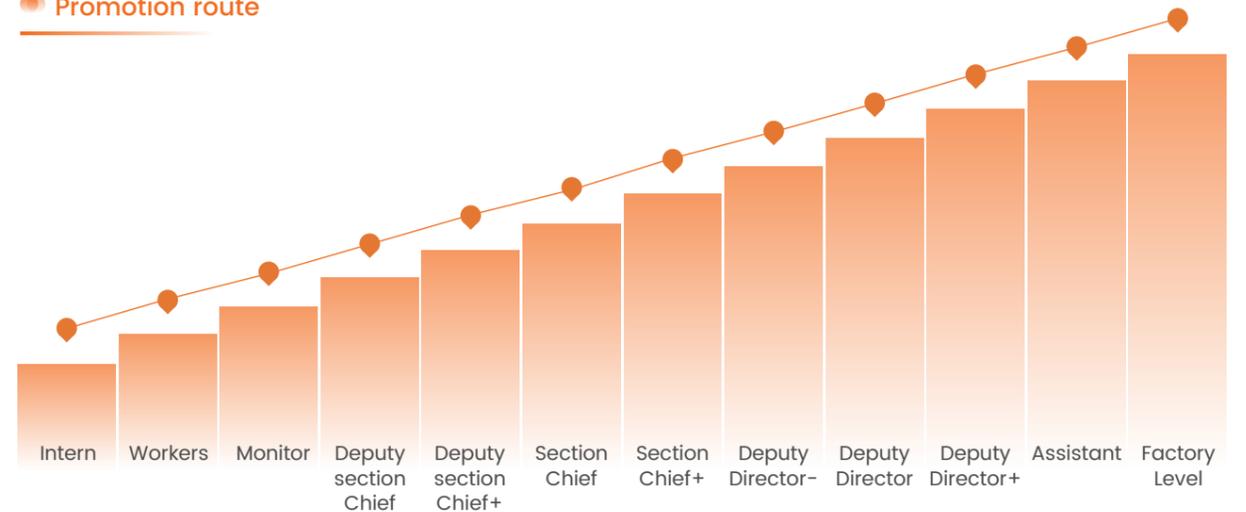
Career Development

The company has formulated the "Employee Promotion and Promotion Management Measures" based on the principles of fairness, impartiality, and openness, providing clear assessment criteria for the promotion and promotion of employees at different job levels. The promotion and promotion of all job levels are evaluated solely through more fair and transparent examinations. The company provides clear personal development directions for employees and encourages them to strive for self-improvement through work and training, achieving mutual progress between employees and the company.

Cursus honorum



Promotion route



Employee Training

The company adheres to the employment philosophy of "recruiting capable people, making full use of their talents, and making full use of their abilities". Through internal and external training, it provides pre job training, on-the-job training, and job transfer training for new and existing employees, as well as leadership training for management. The company conducts assessments, checks, and competitions on the training content to ensure the quality of the training. At the same time, the company has established training records to manage the internal and external training situation of each employee. The employee's participation in training and exam results will be used as a reference for probation, salary adjustment, and promotion, and will be linked to the year-end bonus to motivate employees' performance in training through performance evaluation.

Personnel training system

Recruit capable individuals

- The company recruits outstanding talents through two methods: internal recruitment and external recruitment.
- Newly hired employees are required to participate in pre job training, undergo assessment after training, and be eliminated at the bottom.

Give full scope to the talents

- Organize a skills competition for employees, select technical experts and role models, and promote employees to continuously improve themselves in a healthy competition.
- According to job requirements, the company organizes professional skills and theoretical knowledge training to help employees improve their employment skills.
- Adopting a "one-on-one" mentorship format, through the three aspects of "mentoring, teaching, and assisting", to help improve skills and professional ethics.
- The company will actively cultivate and recommend employees with professional technical abilities and independent innovation capabilities to apply for professional and technical talent titles.
- Regularly arrange for middle and senior level cadres to visit and learn from various regions, in order to master relevant advanced management concepts and experiences. In 2024, 96 external meetings will be arranged for the company's middle and senior leaders to attend.

Make full use of talents

- For the cultivation of college students, the method of first rotating positions and then determining positions is adopted. Based on personal development intentions, job matching degree, and job vacancies, rotating personnel are classified and graded to achieve full utilization of their talents.
- Carry out independent evaluation in an orderly manner, based on the actual production of the enterprise, independently evaluate the occupation (job type) and level range, focusing on assessing the professional ability, work performance, professional ethics, and craftsmanship spirit of talents, excavating the skills and strengths of employees, and placing suitable people in appropriate positions.

Key Performance

Employee training coverage rate **100%**

Internal training frequency **6,306** times

Employee training expenditure **797.5** thousand yuan

Number of external training sessions **382**

Number of leadership training sessions **26**

Promoting Learning and Empowering Skills through Competitions - The Company Holds the 2024 Employee Skills Competition

Case

In order to enhance employees' enthusiasm for learning technology, exploring business, and practicing hard skills, promote their learning of theoretical and professional knowledge, enhance their practical skills, create a team atmosphere of love and dedication, and cultivate a high-quality skilled talent team, the company held the 2024 Employee Skills Competition. There are a total of 9 job types in the skills competition, divided into individual and team competitions. For this competition, each skill category awarded one first prize, two second prizes, and three third prizes. All participants received a commemorative gift.



2024 Annual Employee Skills Competition



EMPLOYEE HEALTH AND SAFETY

The company strictly adheres to the requirements of national laws and regulations, adheres to the policy of "safety first, prevention oriented, and comprehensive management", establishes a sound occupational health and safety management system, and has passed the ISO 45001 occupational health and safety management system certification. To ensure the smooth operation of the occupational health and safety management system, the company has formulated a safety production management system and established a safety production committee led by the general manager to standardize the operational details of the occupational health and safety management system. In addition, the company cultivates employees' safety awareness and behavior habits through safety inspections, safety propaganda, safety drills, and safety themed meetings, forming a cultural atmosphere of "everyone talks about safety".

Organizational Structure of Safety Production Committee



Key Performance

The company has obtained the certification of occupational health and safety management system (management system complies with GB/T 45001-2020/ISO 45001:2018 standards)



Construction of safety system

The company has developed safety production management systems such as the "Occupational Health and Safety Hazard Identification and Risk Assessment Procedure", "Occupational Health and Safety Operation Control Procedure", and "Labor Protection and Protective Equipment Control Procedure" based on legal norms, business situations, and employee health demands. These systems cover all aspects related to safety production, including risk control, operation control, labor protection and protective equipment control, hazardous chemical control, emergency preparedness and response control, ensuring that safety production is regulated and detailed in daily work.

Security risk control

The company has established a safety risk prevention mechanism that covers safety risk identification, safety production inspection, safety production operation standards, employee health examinations, etc., to ensure effective prevention and control of safety production risks.

Identification of occupational health and safety hazards and risk assessment

- ⊙ Determine occupational health hazards through HSE inspections, occupational pathology investigations, and pre assessment of occupational hazards;
- ⊙ Using the MES qualitative evaluation method, a risk assessment of various occupational health hazards is conducted by comprehensively considering the status of control measures, the frequency of exposure to hazardous environments, and the possible consequences of accidents;
- ⊙ Develop targeted control measures for extremely dangerous risk factors and assign specific responsibilities to relevant departments for implementation.

Designate the 16th of each month as "Safety Inspection Day" and organize on-site safety inspections;

Adhere to the "Five Simultaneous Principles" of safety production;

Regularly organize health check ups for all employees and invite doctors to conduct free blood pressure and other health checks in the accommodation area;

Develop the '2024 Occupational Disease Prevention and Control Work Plan and Implementation Plan'

- ⊙ The company has set occupational health and safety management goals: there are no new or suspected occupational diseases this year, and the concentration of dust and toxic substances in the workplace meets national standards;
- ⊙ The company has approved the necessary financial budget for employee occupational disease examinations, occupational health promotion and training, and the configuration and replacement of occupational disease prevention equipment and devices.

Regularly hold safety production analysis meetings to study and reflect on safety work;

Post occupational hazard warning signs related to welding fumes, noise, dust, and high temperature hazards;

Hire a third-party testing agency to audit the current status of occupational disease hazard prevention and control in the company, and evaluate the effectiveness of occupational disease prevention and control from multiple perspectives such as occupational disease hazard factor detection, occupational disease prevention facilities, emergency rescue facilities, and occupational health training.



Safety Inspection

Safety Rectification Meeting

Safety Rectification Meeting

safety education

The company attaches great importance to improving employees' awareness of safety production, actively carries out safety education and drills, and requires new employees to undergo factory safety education, general safety education, and on-site job education; The company holds monthly safety meetings and the factory conducts employee safety education; Work sections and teams conduct safety education once a week through class meetings to further strengthen employees' awareness of safety production. The company organizes annual safety and fire drills, limited space operation drills, safety knowledge competitions, and other activities for employees to deeply instill the concept of safety production.



Wounded personnel rescue drill



Fire emergency drill

Key Performance

Number of newly added employees with occupational diseases **0** People

Number of safety emergency drills conducted **13**

Total number of participants in safety emergency drills **2,035** People

Lost working days due to work-related injuries **465** Day

The total number of recorded accidents **15** Order

Number of deaths due to work-related injuries **0** People

Death rate due to work-related injuries **0%**

Investment in safety training/education **541,900** yuan

Investment in occupational health and safety **552,901** yuan

Number of full-time security personnel **46** People

Employee physical examination coverage rate **100%**

Number of employee safety production training sessions **58**

Coverage rate of safety production training **100%**

Work injury insurance investment **3,830.8** thousands yuan



PUBLIC WELFARE, CHARITY AND SOCIAL CONTRIBUTION

In the process of enterprise development, Xianhe always pays attention to community construction, adheres to the value concept of "creating wealth and serving society", actively responds to the national rural revitalization strategy, engages in public welfare undertakings, and assists in the construction of harmonious countryside and society.

Public Welfare Donations

Xianhe Group always maintains a high sense of social responsibility, is brave in taking on responsibilities, enthusiastic about public welfare, and shares Xianhe's development achievements with society. In 2024, Xianhe donated 1.9616 million yuan to various sectors of society for public welfare purposes such as helping students, caring for the elderly, comforting teachers, and supporting public activities, contributing to the construction of a harmonious society and contributing Xianhe's warmth.

		
Henan Xianhe		
Donate to elderly people over 60 years old in Dongwangying Village, Tuandong Town	Teacher's Day condolence fund	
404,600.00 yuan	18,000.00 yuan	
Supporting impoverished college students	College student subsidy	
173,000.00 yuan	6,000.00 yuan	
		
Xianhe Co., Ltd		
Donation to Quzhou Charity Federation	Wang Bendao Scholarship	99 Public Welfare Donations
1,000,000.00 yuan	80,000.00 yuan	80,000.00 yuan
		
Hubei Xianhe		
Sponsorship fee for Dongsheng Sports Games		
200,000.00 yuan		



Rural Revitalization

- Guangxi Xianhe** The company invested 11.8 billion yuan in the construction of high-performance paper-based new materials project in Sanjiangkou New Area, Laibin City, Guangxi Province. The company has filled the gap in the specialty paper industry in Guangxi, greatly enhancing the economic value of local eucalyptus resources, expanding channels for local residents to increase income, and promoting the formation of an economic development model centered on the paper industry chain. At the same time, the company provides well paying job positions for local residents and carries out road construction, allowing local residents to move from "going out" to "staying behind".
- Henan Xianhe** The wholly-owned subsidiary of the company, Henan Xianhe, combines the technological characteristics of various production processes and arranges some production lines that rely on manual labor and have low technical barriers in rural areas, providing local residents with flexible working hours and good working conditions. To ensure product quality, the company provides skill training for residents, increases their employment skills, and meets the local employment needs of rural residents. Henan Xianhe has established 43 rural production workshops, providing employment opportunities for 470 local villagers and paying a labor fee of 14.4228 million yuan.

Key Performance

Total investment amount for rural revitalization

14,422.80 thousand yuan

Number of beneficiary groups for rural revitalization

470 People





05

GOVERNANCE

PRACTICAL AND DILIGENT ACTIONS, BUILDING A SOLID FOUNDATION

Xianhe is committed to building a standardized operation, scientific management, clean and transparent governance system, and creating a benign business environment. By establishing a sound governance structure, establishing a compliant business management system, and implementing a clean corporate culture, we can build a solid foundation for governance and ensure the long-term healthy development of the enterprise.

95 Corporate governance

97 Compliant operation

103 Business ethics

108 Risk management

109 Party building leads

CORPORATE GOVERNANCE

The company insists on building a scientific and standardized governance system and strengthening its corporate governance capabilities. The company continues to improve its corporate governance structure, optimize and perfect its governance system, attach importance to the protection of investors' rights and interests, and effectively enhance the company's standardized operation level.

Governance Architecture

The company strictly complies with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Listing Rules of the Shanghai Stock Exchange, and relevant normative documents of the China Securities Regulatory Commission and the Shanghai Stock Exchange. It has formulated and timely revised various rules and regulations of the company, improved the operation mode of "three meetings and one layer", continuously improved the corporate governance structure, standardized the operation of the company, and enhanced the level of corporate governance.

The governance structure of "three meetings and one layer"



The General Meeting Of Shareholders

The shareholders' meeting is the power structure of the company. The company strictly convenes the shareholders' meeting in accordance with relevant regulations such as the Articles of Association, Rules for Shareholders' Meetings of Listed Companies, and Rules of Procedure for Shareholders' Meetings to carry out notification, deliberation, voting, and information disclosure work.



Board Of Supervisors

The supervisory board is the supervisory body of the company. The company convenes the supervisory board in accordance with relevant regulations such as the Articles of Association and the Rules of Procedure of the Supervisory Board. All supervisors strictly fulfill their supervisory duties, ensure the daily operation of the board of directors, safeguard the compliance of the behavior of directors and senior management personnel and the company's financial matters, and strive to safeguard the legitimate rights and interests of the company and shareholders.



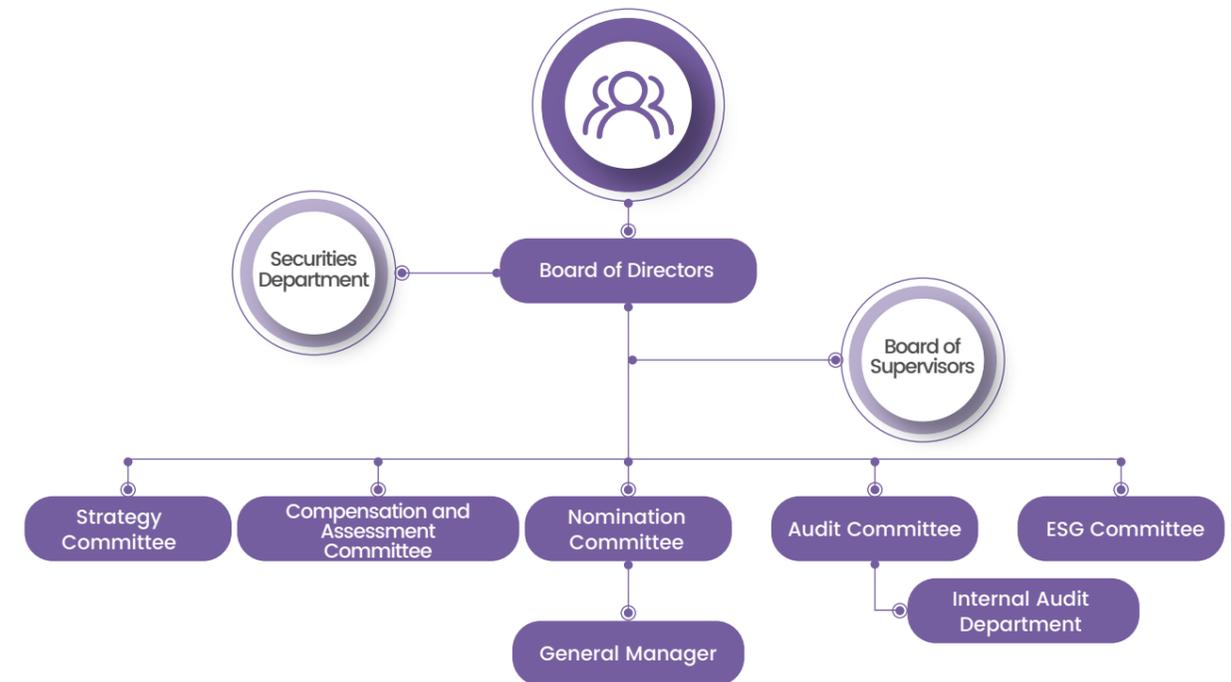
Board Of Directors

The board of directors is the decision-making body of the company. The company strictly abides by the provisions and requirements of the Articles of Association and the Rules of Procedure of the Board of Directors to convene the board of directors. Each director conscientiously fulfills the responsibilities entrusted by the shareholders' meeting, fully plays the guiding and supervisory role of the board of directors in major decision-making and business management, and diligently safeguards the legitimate rights and interests of shareholders and various stakeholders. The board of directors has five specialized committees, namely the Strategy Committee, Audit Committee, Nomination Committee, Remuneration and Assessment Committee, and ESG Committee, all of which operate in accordance with the working rules of each committee.



Senior Management

The senior management is the executive body of the company, appointed by the board of directors and responsible to the board of directors. According to the relevant systems of corporate governance and the powers granted by the board of directors, it executes board resolutions and organizes business activities such as production and operation of the company.



Key Performance

Number of Shareholders' Meetings Convened 3	Number of Board of Directors Meetings Convened 8	Number of Board of Supervisors Meetings Convened 4
Number of Strategy Committee Meetings Convened 1	Number of Nomination Committee Meetings Convened 1	Number of Compensation and Assessment Committee Meetings Convened 1
Number of Audit Committee Meetings Convened 4	Number of ESG Committee meetings 1	
Number of company directors 7	Among them: Number of female directors 1	Number of independent directors 3

Investor Relations Management

The company attaches great importance to the protection of investors' rights and interests, strictly follows the regulations of regulatory authorities and the requirements of the company's articles of association, and has formulated the "Investor Relations Management Measures of Xianhe Co., Ltd. The company holds performance briefing meetings, releases regular and interim reports, organizes and receives institutional investors for research, and uses multiple channels such as the "Shanghai Stock Exchange e-Interactive" network platform, hotline, and email to truthfully and fully convey the company's operational information to investors, effectively protecting the legitimate rights and interests of all shareholders.

During the reporting period, the company participated in the online collective reception day for investors of listed companies in Zhejiang Province in 2024, held performance briefing meetings for the year 2023 and the first quarter of 2024, held performance briefing meetings for the half year of 2024, and held performance briefing meetings for the third quarter of 2024, and conducted timely and effective information communication with investors.

Key Performance

Number of Performance Briefings Held 3	Interactive platform Q&A response rate 100%	Number of Investor Inquiries Responded to on Interactive Platforms 40
Number of Announcements for Institutional Investor Research Reception 4	Total number of announcements disclosed through designated information disclosure channels 157	



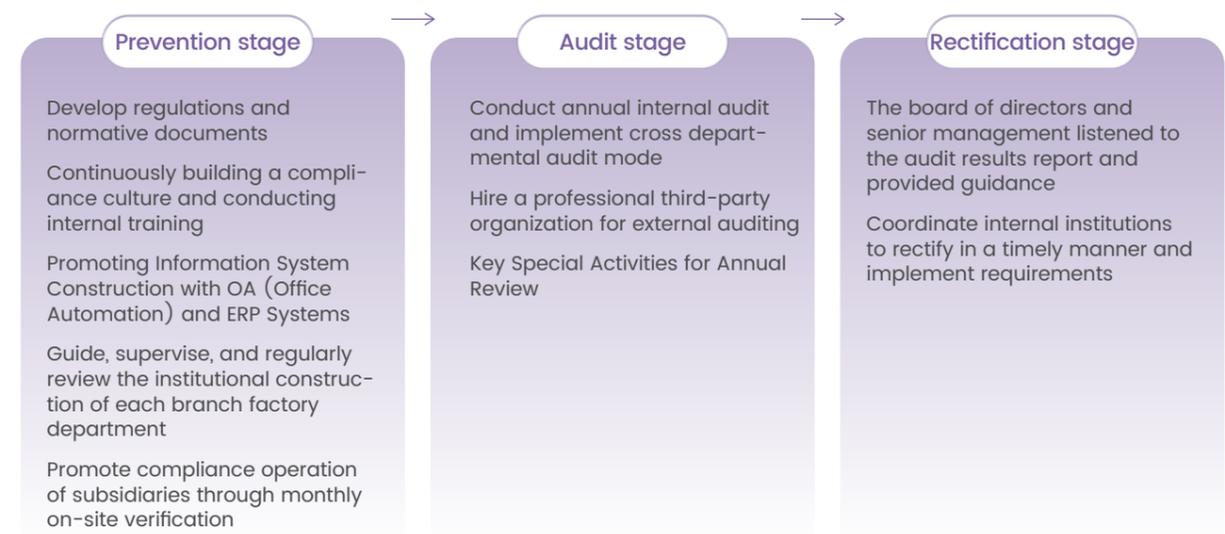
COMPLIANCE OPERATION

The company takes integrity and law-abiding as the basic principles of daily operation, adheres to compliant operation, continuously supervises the compliance of enterprise management work, takes compliant operation as the criterion, and consolidates the foundation of the company's business.

Compliance Management

The company strictly follows the requirements of the "Internal Audit Management System", "Internal Accounting Control Regulations" and other systems and norms, continuously improves compliance and internal control management mechanisms, and ensures the effectiveness of the internal control management system.

Compliance and Internal Control Management Process



Key Performance

Number of Compliance Activities Conducted 350	Number of Employees Participating in Compliance Training 3,552 Person-time	Number of internal special audit projects conducted 12
Number of internal control training sessions conducted 2	Number of projects subject to third-party audit 22	

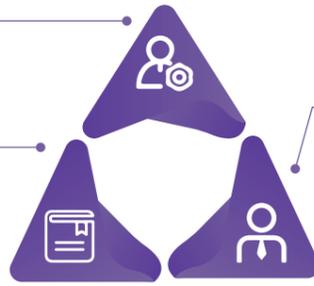
Intellectual Property Management

Xianhe adheres to the management policy of "innovative development, protection of intellectual property rights, and improvement of core competitiveness of enterprises", adheres to the basic principles of "complying with relevant national intellectual property laws and regulations, respecting the intellectual property rights of others, safeguarding the authorship rights of inventors, and reasonably maintaining its own intellectual property rights", and constructs a sound intellectual property system and management framework to reduce intellectual property risks. To enhance employees' awareness of intellectual property protection and improve the operational efficiency of the intellectual property management framework, the company actively participates in external training related to intellectual property, promotes the value realization of the company's innovative achievements, and promotes the healthy development of the entire industry.

Management Structure

General manager

The chief person in charge of intellectual property management is responsible for formulating intellectual property policies, objectives, and related policies; Simultaneously responsible for managing and reviewing the effectiveness of the intellectual property management system.



Intellectual Property Department

Responsible for the main duties of intellectual property management, organizing the formulation of the company's intellectual property goals and implementation work plans, and regularly inspecting, assessing, and evaluating the implementation of intellectual property goals by various functional departments.

Other functional departments

The executing agency of intellectual property work collaborates to complete tasks related to the acquisition, maintenance, utilization, and protection of intellectual property.

Institutional System

The company strictly abides by relevant laws and regulations such as the Intellectual Property Protection Law of the People's Republic of China, and has formulated intellectual property protection systems such as the General Principles of Intellectual Property Management, Patent Management System, Trademark Management System, Software Copyright Management System, and Intellectual Property Reward and Punishment System to ensure the effective protection of its own innovative achievements. At the same time, it strictly abides by relevant laws and regulations, respects and safeguards the intellectual property rights and interests of others, and achieves compliant operation and efficient management of intellectual property.

Key Performance

100% coverage of employees who sign intellectual property confidentiality agreements or related clauses

Information Disclosure

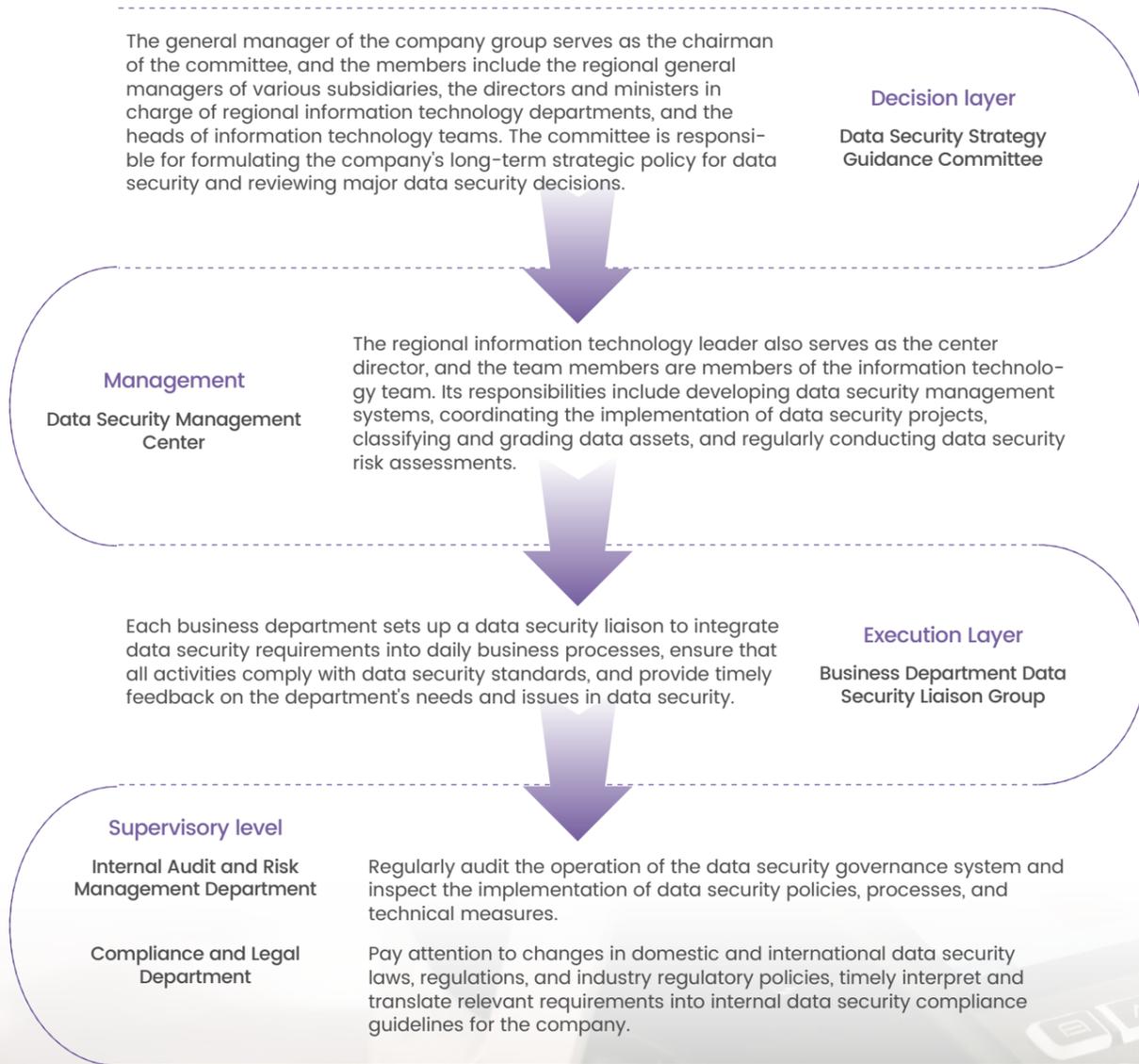
According to the provisions of the Shanghai Stock Exchange Listing Rules, the company has established a specialized department and allocated professional personnel, designated the Shanghai Securities News as the company's public information disclosure media, and effectively fulfilled its information disclosure obligations. The company strictly follows the requirements of the "Information Disclosure Work Rules" and discloses relevant information in a truthful, accurate, complete, and timely manner to ensure that all shareholders have equal access to information.

Information Security

Xianhe Corporation fully recognizes the importance of information management in enterprise operations and always attaches great importance to information security management. The company strictly abides by the Cybersecurity Law of the People's Republic of China and the Data Security Law of the People's Republic of China, and has formulated the Information Management System, which covers data protection, system security, access permission management, and other aspects to ensure the security and confidentiality of various information assets. During the reporting period, the company did not experience any data security incidents.



Information Security Management Architecture



Information security technology guarantee

- 

Data Encryption and Key Management

Adopting a hybrid encryption algorithm to encrypt, store, and transmit all sensitive data, ensuring the security of the data at all stages.

A centralized key management platform has been established to strictly manage the lifecycle of keys, including generation, storage, distribution, updates, and destruction, ensuring key security and reducing the risk of leakage.
- 

Identity authentication and access control system

We have deployed a multi factor authentication platform that combines various authentication methods such as passwords, dynamic verification codes, and biometric authentication for login verification.

Apply role-based access control (RBAC) model to accurately allocate access and operation permissions based on employee positions and responsibilities, and record and monitor user access behavior in detail and real-time.

Internal and external network isolation, internal network users access the external network through NAT, while external network users can only access the internal network through specific channels.
- 

Data Security Monitoring and Warning Platform

A comprehensive data security monitoring network has been constructed by deploying security monitoring probes at key nodes such as company network boundaries, server clusters, and application systems.

Utilizing big data and artificial intelligence technology to conduct real-time analysis of monitoring data, quickly identify security threats such as data leaks, malicious attacks, and abnormal traffic, and send warning information to notify the security operations team for emergency response.
- Information Security Emergency Mechanism**

In order to effectively respond to possible emergencies in the data center, the company has formulated the "Emergency Plan for Information Systems in Data Centers", which clarifies the scope of responsibilities of the emergency response leadership group for sudden information system incidents, and develops emergency response measures for various types of emergencies such as natural disasters, accidents, and man-made destruction. It timely controls and maximizes the elimination of the impact of various information security emergencies to ensure enterprise information security.
- Offensive and Defensive Exercises**

The company actively cooperates with the government's cybersecurity department to conduct network security attack and defense exercises, and based on feedback reports, identifies and improves potential risk points, continuously strengthens the network security protection system, and ensures the long-term stability and security of the company's information system.

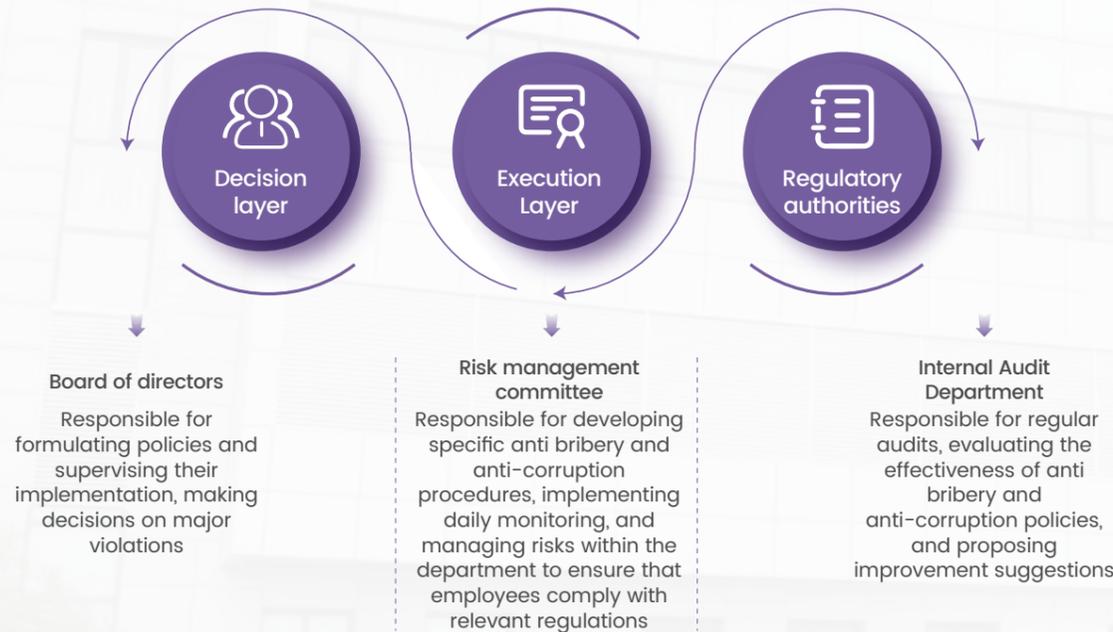


BUSINESS ETHICS

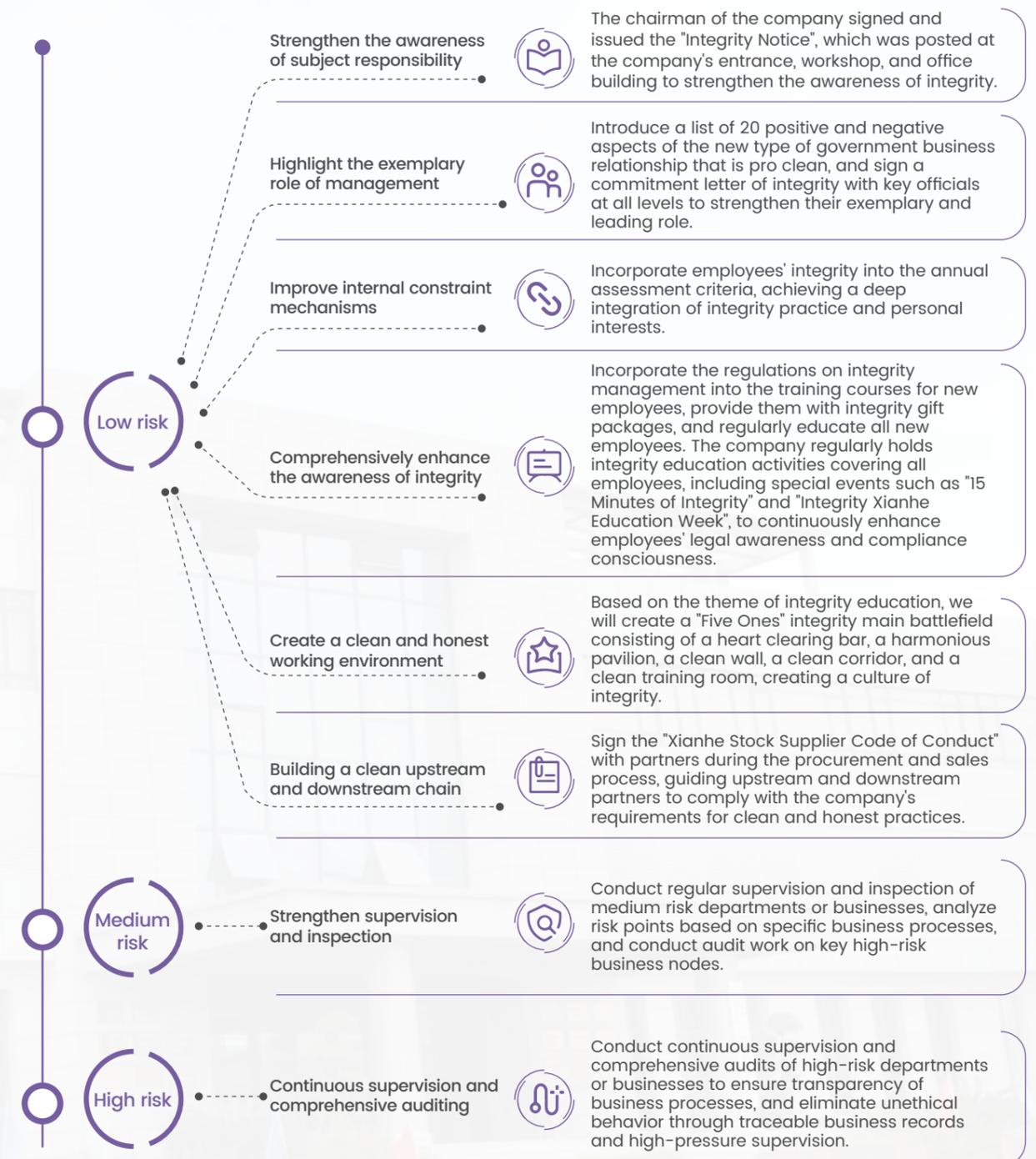
The company always requires all employees to "build a clean and honest Xianhe with the highest professional ethics", and prohibits any form of corruption and unfair competition among company employees and partners through various means such as systems, publicity, training, and commitment letters, promoting the deepening development of corporate integrity culture. At the same time, the company encourages employees and partners to report violations of business ethics such as corruption, unfair competition, etc., and establishes a whistleblower protection mechanism to prevent all forms of retaliation.

Anti corruption and Anti unfair Competition

In order to eliminate corrupt practices and unfair competition that violate business ethics, the company has formulated a series of anti-corruption systems such as the "Code of Business Ethics," "Anti Corruption Management System," "Anti Corruption Prevention and Control System," "Anti Corruption Supervision System," and "Anti Corruption and Gift Management System." The company has also established an anti-corruption and anti unfair competition governance framework to constrain all employees to abide by business ethics in their daily production and operation activities, and to create a good cultural atmosphere through supervision and training. In addition, the company has signed integrity agreements with upstream and downstream partners to promote a culture of integrity in the upstream and downstream industrial chains.



Xianhe adheres to a zero tolerance policy towards violations of business ethics, accepting reports immediately, investigating upon acceptance, and taking disciplinary action or legal responsibility based on the severity of the circumstances. In addition, the company regularly identifies and evaluates the business ethics risks of various departments or businesses, and adopts graded management measures.





Clean and Honest Work - The company continuously holds business ethics training

Case

In order to comprehensively enhance the awareness of integrity among company employees, strengthen the construction of anti-corruption and integrity culture, and promote a clean and upright culture, the company held two consecutive business ethics training sessions in 2024, namely the "Integrity and Enterprise Risk Management" training for middle and senior management personnel and the "Anti Corruption Laws and Regulations and Professional Ethics" training for all employees. Through training activities, the integrity awareness and risk management ability of middle and senior management personnel have been improved, while consolidating the legal and regulatory awareness and professional ethics level of all employees, laying a solid foundation for the company's future sustainable development in terms of ethics and risk management.



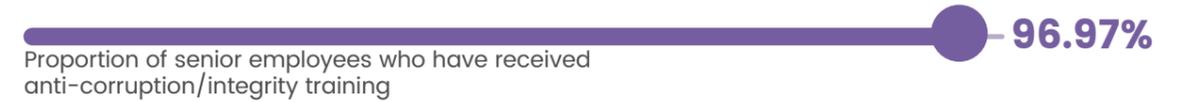
“廉洁从业与企业风险管理”培训



“反腐法律法规与职业道德”培训

Key Performance

Number of anti-corruption and integrity training sessions conducted **45**



Corruption lawsuits against companies or employees
0 Cases

Total number of complaints and reports received
0 Cases

Total number of complaints and reports processed
0 Cases

Proportion of signing integrity agreements with clients **100%**

Proportion of signing integrity agreements with suppliers **100%**



Whistleblower Protection

Xianhe provides an OA reporting system for employees to encourage them to report any violations of business ethics in their daily operations. At the same time, the company encourages upstream and downstream partners to report and expose in a timely manner, and work together with partners to maintain a fair and just business environment.

In order to safeguard the legitimate rights and interests of whistleblowers, the company has formulated the "Xianhe Co., Ltd. Code of Business Ethics", which strictly prohibits any form of retaliation against whistleblowers. If there is a violation, relevant personnel and superiors will be held responsible. For behaviors that seriously endanger the rights and interests of whistleblowers, they will be promptly reported to the judicial authorities and criminal responsibility will be pursued in accordance with the law. At the same time, we require employees to sign an informed consent form to ensure that they fully understand the company's regulations on reporting violations and prohibiting retaliation, in order to further emphasize their commitment to ensuring that all employees can exercise their reporting rights smoothly within the company.

RISK MANAGEMENT

We focus on risk prevention and control management, improve risk management architecture, standardize risk response and opportunity control procedures, effectively protect the interests of shareholders and other stakeholders, and safeguard the sustainable development of the company.

Risk Management System

The company has established a comprehensive risk management framework consisting of a "board of directors, risk management committee, and audit department" to strengthen the risk governance system through coordinated planning and hierarchical control. The board of directors is responsible for strategic risk supervision and decision-making, the risk management committee undertakes specific risk assessment, warning, and response responsibilities, and the audit department serves as a professional support department to ensure the effective implementation and continuous optimization of risk management measures.

To systematically manage various risks, the company has developed the "Risk and Opportunity Control Procedure", which clarifies the full process management requirements for risk identification, assessment, response, and monitoring, and refines specific operational guidelines including risk avoidance, risk reduction, risk transfer, and risk acceptance. In the future, the company will continue to identify and control multidimensional risks such as operations, compliance, finance, and law, and incorporate ESG factors into risk management to enhance organizational resilience and sustainable development capabilities, ensuring that the enterprise effectively seizes development opportunities while operating steadily.

Risk identification and response



Financial risk

The company has formulated the "Financial Risk Control Management System", which is regularly evaluated by a specially established risk management department based on principles such as comprehensiveness, importance, balance, adaptability, and cost-effectiveness. At the same time, the department has established a financial risk management warning system to ensure the stability of the company's financial operations by timely preventing and resolving risks.

The company's dedicated legal personnel are responsible for controlling legal risks, conducting compliance checks, issuing risk assessment reports, providing professional reference for decision-making, and avoiding legal risks;

Organize sales personnel to conduct training on legal risk prevention such as contract law and risk control, and strengthen the legal risk awareness of relevant departments.



Legal risk



ESG related risks

The company establishes a dedicated ESG committee to systematically identify, assess, and manage ESG related risks, ensuring the effective implementation of sustainable development strategies. Relying on a sound ESG governance system, the company formulates clear management policies, optimizes processes, strengthens responsibility implementation, and enhances ESG management level through internal reviews;

The company regularly organizes ESG themed training to enhance the sustainable development awareness of employees and management, and promote the deep integration of corporate culture and ESG concepts;

The company actively communicates with stakeholders, absorbs industry best practices, continuously optimizes governance models, and promotes high-quality development of the enterprise through responsible management, achieving long-term stable growth.

KEY PERFORMANCE TABLE

● Environmental performance

Indicator	Unit	2024
Water Resource Utilization		
Water Withdrawal	ton	21,686,645.58
Comprehensive Water Consumption per Unit Product	m ³ /ton	15.79
Total Water Recycled and Reused	ton	709,225,599.28
Percentage of Water Recycled and Reused	%	98.11
Energy Utilization		
Natural Gas Consumption	m ³	31,635,665.18
Coal Consumption	ton	375,351.84
Steam Consumption	ton	3,889,151.51
Purchased Electricity	kW·h	917,360,168.80
Total Photovoltaic Power Generation	kW·h	65,089,149.00
Electricity Self-Sufficiency Rate	%	29.11
Proportion of Renewable Energy Used	%	5.03
Total Comprehensive Energy Consumption	tce	648,982.66
Comprehensive Energy Intensity	tce/tonne of paper	0.47
Waste Disposal		
General Waste	ton	140,409.43
Hazardous Waste	ton	7.27
Addressing Climate Change		
Scope 1 Greenhouse Gas Emissions	tCO ₂ e	1,014,856.59
Scope 1 Greenhouse Gas Emission Intensity	tCO ₂ e/tonne of paper	0.74
Scope 2 Greenhouse Gas Emissions	tCO ₂ e	770,984.52
Scope 2 Greenhouse Gas Emission Intensity	tCO ₂ e/tonne of paper	0.56
Total Greenhouse Gas Emissions (Scope 1 + Scope 2)	tCO ₂ e	1,785,841.11
Environmental Compliance Management		
Environmental Protection Investment	thousand RMB	1,086,675.60

Indicator	Unit	2024
Environmental and Energy Conservation Meetings Held Throughout the Year	times	4
Number of Emergency Response Plans Filed with Environmental Authorities	units	8
Environmental Training Coverage Rate	%	100
Environmental Emergency Drills Conducted Annually	times	2
Number and Amount of Environmental Penalties for Excessive or Non-Compliant Emissions	thousand RMB	0
Number of Environmental Emergencies	units	0

Note 1: The data on general and hazardous waste covers all companies included in the list of enterprises required by law to disclose environmental information, including Xianhe Co., Ltd., Hegang Environmental Protection, Zhefeng New Energy, Zhefeng Energy, Zhefeng Environmental Protection, Henan Xianhe, and Hubei Xianhe New Materials.

Note 2: In the calculation of greenhouse gas emissions, emission factors for natural gas, coal, and steam are sourced from the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Pulp and Paper Enterprises (Trial). The emission factor for electricity is based on the 2022 Announcement on CO₂ Emission Factors for Electricity by the Ministry of Ecology and Environment and the National Bureau of Statistics (Announcement No. 33 of 2024).

● Social performance

Indicator	Unit	2024
Employee Composition		
Total Number of Employees	persons	6,674
Number of Male Employees	persons	5,219
Number of Female Employees	persons	1,455
By Age Group		
25 Years Old and Below	persons	1,127
25 to 55 Years Old	persons	5,326
55 Years Old and Above	persons	221
By Education Level		
Master's Degree and Above	persons	5
Bachelor's Degree	persons	372
Associate Degree	persons	1,461
Technical Secondary/High School	persons	2,857
Junior High School and Below	persons	1,979

Social performance

Indicator	Unit	2024
By Function		
Production Personnel	persons	5,906
Sales Personnel	persons	101
Technical and R&D Personnel	persons	312
Financial Personnel	persons	26
Administrative Personnel	persons	115
Procurement Personnel	persons	48
Others	persons	166
Employee Training and Development		
Employee Training Coverage Rate	%	100
Number of Internal Training Sessions	times	6,306
Number of External Training Sessions	times	382
Number of Leadership Training Sessions	times	26
Employee Training Expenditure Amount	thousand RMB	797.50
Employee Rights Protection		
Number of Employee Congresses or Other Democratic Communication Meetings Held	times	2
Employee Union Membership Rate	%	100
Collective Agreement Coverage Rate	%	100
Employee Satisfaction Score	points	98
Number of Employee Complaints or Whistleblower Reports	times	0
Employee Welfare and Care		
Number of Employees Receiving Assistance	persons	146
Total Amount of Assistance Provided to Employees in Need	yuan	46,000
Occupational Health and Safety		
Number of New Cases of Occupational Disease	persons	0
Number of Emergency Safety Drills Conducted	times	13
Total Number of Participants in Emergency Safety Drills	persons	2,035
Lost Workdays Due to Work-Related Injuries	days	465

Social performance

Indicator	Unit	2024
Total Number of Recordable Incidents	times	15
Number of Work-Related Fatalities	persons	0
Work-Related Fatality Rate	%	0
Investment in Safety Training and Education	yuan	541,900
Occupational Health and Safety Investment	yuan	552,901
Number of Full-Time Safety Personnel	persons	46
Coverage Rate of Employee Physical Examinations	%	100
Number of Safety Production Training Sessions	times	58
Coverage Rate of Safety Production Training	%	100
Investment in Work Injury Insurance	thousand RMB	3,830.80
Innovation-Driven Development		
Corporate R&D Investment	million RMB	134.2332
Year-on-Year Growth Rate of R&D Investment	%	18.90
Number of R&D Personnel	persons	312
Proportion of R&D Personnel	%	4.67
Number of New Utility Model Patents Granted	items	10
Number of New Invention Patents Granted	items	3
Cumulative Utility Model Patents Granted	items	113
Cumulative Invention Patents Granted	items	51
Product and Service Quality and Safety		
Number of Quality Training Sessions Conducted	times	25
Average Duration of Quality Training per Person	hours	31.50
Product Qualification Rate	%	99.18
Customer Service		
Number of Customer Satisfaction Questionnaires Distributed	copies	70
Number of Valid Customer Satisfaction Questionnaires	copies	50
Average Customer Satisfaction Score	points	91.64

Social performance

Indicator	Unit	2024
Customer Complaint Resolution Rate	%	100
Average Time to Handle and Rectify Customer Complaints	working days	2
Supplier Management		
Number of Wood Pulp Suppliers in Mainland China	suppliers	4
Number of Wood Pulp Suppliers Outside Mainland China	suppliers	21
Proportion of Wood-Based Fiber Materials Sourced from Third-Party Certified Forests (e.g., FSC, PEFC)	%	100
Number of Suppliers Terminated Due to Non-Compliance	suppliers	0
Number of Internal Procurement Training Sessions	times	10
Number of Training Sessions Provided to Suppliers	times	6
Total Duration of Supplier Training Provided	hours	12
Number of Suppliers Participating in Training	suppliers	6
Number of Suppliers Certified with Quality Management Systems	suppliers	22
Number of Suppliers Certified with Environmental Management Systems	suppliers	18
Number of Suppliers Certified with Occupational Health and Safety Management Systems	suppliers	18
Number of Suppliers with Other Sustainability-Related Certifications	suppliers	18
Social Contribution		
Amount of External Donations	thousand RMB	1,961.60
Rural Revitalization		
Investment in Rural Revitalization	thousand RMB	14,422.80
Number of Beneficiaries from Rural Revitalization Initiatives	persons	470

Corporate Governance

Indicator	Unit	2024
Corporate Governance		
Board Meetings Held	times	8
Supervisory Board Meetings Held	times	4
Shareholders' General Meetings Held	times	3

Indicator	Unit	2024
Strategy Committee Meetings	times	1
Nomination Committee Meetings	times	1
Remuneration and Appraisal Committee Meetings	times	1
Audit Committee Meetings	times	4
ESG Committee Meetings	times	1
Number of Directors	persons	7
Number of Independent Directors	persons	3
Number of Female Directors	persons	1
Performance Briefings Held	times	3
Q&A Response Rate on Interactive Platform	%	100
Number of Investor Inquiries Responded on Interactive Platforms	times	40
Total Number of Announcements Disclosed via Designated Information Disclosure Channels	copies	157
Anti-Bribery and Anti-Corruption		
Number of Anti-Corruption and Integrity Training Sessions Conducted	times	45
Proportion of Senior Employees Trained on Anti-Corruption, Anti-Bribery, and Integrity Practices	%	96.97
Proportion of Middle Management Employees Trained on Anti-Corruption, Anti-Bribery, and Integrity Practices	%	96.15
Proportion of Regular Employees Trained on Anti-Corruption, Anti-Bribery, and Integrity Practices	%	96.35
Proportion of Board Members Trained on Anti-Corruption, Anti-Bribery, and Integrity Practices	%	57.14
Number of Law and Compliance-Themed Events Held	times	350
Number of Employees Participating in Law and Compliance Training	person-times	3,552
Number of Internal Special Audit Projects Conducted	times	12
Number of Internal Control Training Sessions Conducted	times	2
Number of Projects Audited by Third Parties	times	22
Number of Corruption Lawsuits Involving the Company or Employees	items	0
Total Number of Corruption Complaints and Whistleblower Reports Received	items	0
Total Number of Corruption Complaints and Whistleblower Reports Handled	items	0
Proportion of Customers with Integrity Agreements Signed	%	100
Proportion of Suppliers with Integrity Agreements Signed	%	100

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Reporting Framework	GRI Standards	Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 14- Sustainable Development Report (Trial)
Regarding this report	GRI 2-2: Entities included in the organization's sustainability reporting	Article 4
	GRI 2-3: Reporting period, frequency and contact point	
Chairman's speech	GRI 2-22: Statement on sustainable development strategy	
About Us	GRI 2-1: Organizational details	
	GRI 2-6: Activities, value chain and other business relationships	
Sustainability Management	GRI 2-12: Role of the highest governance body in overseeing the management of impacts	
	GRI 2-13: Delegation of responsibility for managing impacts	
	GRI 2-14: Role of the highest governance body in sustainability reporting	Article 5
	GRI 2-22: Statement on sustainable development strategy	Article 9
	GRI 2-29: Approach to stakeholder engagement	Article 12
	GRI 3-1: Process to determine material topics	Article 53
	GRI 3-2: List of material topics	
	GRI 3-3: Management of material topics	
Special article: "Integrated construction of forestry, pulp, paper and use": leading green circulation and empowering regional development		
New model of circular economy		Article 34
		Article 37
New Strategy for Supply Chain Security		Article 45
New Engine of Regional Economy		

Reporting Framework	GRI Standards	Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 14- Sustainable Development Report (Trial)
Environment: Green Development, Low Carbon Transformation		
Environmental management		Article 33
Addressing climate change	GRI 302-1: Energy consumption within the organization	Article 21
	GRI 302-2: Energy consumption outside of the organization	Article 22
	GRI 302-3: Energy intensity	Article 23
	GRI 302-4: Reduction of energy consumption	Article 24
	GRI 305-1: Direct (Scope 1) GHG emissions	Article 25
	GRI 305-2: Energy indirect (Scope 2) GHG emissions	Article 26
	GRI 305-3: Other indirect (Scope 3) GHG emissions	Article 27
	GRI 305-4: GHG emissions intensity	Article 28
	GRI 305-5: Reduction of GHG emissions	
	Water Resource Management	GRI 303-1: Interactions with water as a shared resource
GRI 303-2: Management of water discharge-related impacts		Article 35
GRI 303-3: Water withdrawal		Article 36
GRI 303-4: Water discharge		
Pollution Control	GRI 305-6: Emissions of ozone-depleting substances (ODS)	Article 29
	GRI 305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Article 30 Article 31

Reporting Framework	GRI Standards	Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 14- Sustainable Development Report (Trial)
Pollution Control	GRI 306-1: Waste generation and significant waste-related impacts	
	GRI 306-2: Management of significant waste-related impacts	
	GRI 306-3: Waste generated	
	GRI 306-4: Waste diverted from disposal	
	GRI 306-5: Waste directed to disposal	
Circular Economy		Article 37
Biodiversity Conservation	GRI 101-2: Management of impacts on biodiversity	
	GRI 101-4: Determine the impact on biodiversity	Article 32
	GRI 101-5: Sites with impacts on biodiversity	
	GRI 101-7: Changes in biodiversity status	
Product: Quality first, win-win cooperation		
Adhere to innovation driven		Article 42
Strictly adhere to the quality standard	GRI 416-1: Assessment of the health and safety impacts of product and service categories	
	GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	Article 47
Provide high-quality service	GRI 417-1: Requirements for product and service information and labeling	
		Article 48
Chain Drive Green Future	GRI 204-1: Proportion of spending on local suppliers	Article 45
	GRI 308-1: New suppliers that were screened using environmental criteria	

Reporting Framework	GRI Standards	Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 14- Sustainable Development Report (Trial)
Chain Drive Green Future	GRI 308-2: Negative environmental impacts in the supply chain and actions taken	
	GRI 414-1: New suppliers that were screened using social criteria	Article 46
	GRI 414-2: Negative social impacts in the supply chain and actions taken	
Assist in the development of the industry		
Partner: People-Oriented and shared prosperity		
Employee Rights and Benefits	GRI 2-7: Employees	
	GRI 2-8: Workers who are not employees	
	GRI 2-23: Policy commitments	
	GRI 2-30: Collective bargaining agreements	
	GRI 401-1: New employee hires and employee turnover	Article 50
	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	GRI 405-1: Diversity of governance bodies and employees	
	GRI 405-2: Ratio of basic salary and remuneration of women to men	
	GRI 406-1: Incidents of discrimination and corrective actions taken	
	GRI 404-1: Average hours of training per year per employee	
Employee Growth and Development	GRI 404-2: Programs for upgrading employee skills and transition assistance programs	Article 50
	GRI 404-3: Percentage of employees receiving regular performance and career development reviews	
Employee Health and Safety	GRI 403-1: Occupational health and safety management system	
	GRI 403-2: Hazard identification, risk assessment, and incident investigation	Article 50
	GRI 403-5: Worker training on occupational health and safety	

Reporting Framework	GRI Standards	Shanghai Stock Exchange Self Regulatory Guidelines for Listed Companies No. 14- Sustainable Development Report (Trial)
Employee Health and Safety	GRI 403-6: Promotion of worker health	
	GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	GRI 403-8: Workers covered by an occupational health and safety management system	
	GRI 403-9: Work-related injuries	
	GRI 403-10: Work-related ill health	
Philanthropy and Social Contribution	GRI 203-2: Significant indirect economic impacts	Article 39 Article 40
Governance: Practical and diligent actions, building a solid foundation		
Corporate Governance	GRI 2-9: Governance structure and composition	
	GRI 2-11: Chair of the highest governance body	
	GRI 2-14: Role of the highest governance body in sustainability reporting	
	GRI 2-16: Communication of critical concerns	
	GRI 405-1: Diversity of governance bodies and employees	
Compliant Operation		Article 48
Business Ethics	GRI 205-1: Operations assessed for risks related to corruption	
	GRI 205-2: Communication and training about anti-corruption policies and procedures	Article 55
	GRI 205-3: Confirmed incidents of corruption and actions taken	Article 56
	GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
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Key Performance Table		Article 6
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Feedback Form

Thank you for reading the 'Xianhe Group 2024 Sustainable Development Report'. In order to provide you and other stakeholders with more valuable information, enhance our company's sustainable development management level and future ESG communication quality, we sincerely welcome your opinions and suggestions on the report.



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