晨鸣集团
CHENMING GROUP





2025

Environmental Social, and Governance (ESG) Report

SHANDONG CHENMING PAPER HOLDINGS LIMITED

SHANDONG CHENMING PAPER HOLDINGS LIMITED

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About the Report

Report Explanation

This report is the 2025 ESG Report released to the public by Shandong Chenming Paper Holdings Limited (hereinafter referred to as "SCPH", "Chenming Group", "the Company" or "we"). Adhering to the principles of authenticity andreliability, it discloses to all stakeholders the work carried out and achievements madeby the Company in the fields of environment, society and corporate governance in 2025.

Basis of Preparation

This report complies with the *Code on Environmental, Social and Governance Reporting* of the Stock Exchange of Hong Kong Limited, the *Self-Regulatory Guidelines No.17 on Sustainable Development Reports (Trial) issued* by the Shenzhen Stock Exchange, and refers to the *ESG Special Report Reference Indicator System for central state-ownedenterprises controlled listed companies*, as issued by the State-owned Assets Supervision andAdministration Commission of the State Council.

Scope and Boundaries of the Report

Unless otherwise specified, the data in this report covers the period from January 1 to December 31, 2025 (hereinafter referred to as "2025", "the current year" or "the reporting period"). To enhance the comparability and completeness of the report, certain data and content are appropriately traced back to previous years.

Unless otherwise specified, the report covers the ESG performance of SCPH and our five production bases as follows:

Full Name of the Base	Report Formulation Principles
Shandong Chenming Paper Holdings Limited General Plant in Shouguang	Shouguang Chenming
Zhaniiang Chenming Pulp and Paper Co., Ltd.	Jiangxi Chenming
Zhaniiang Chenming Pulp and Paper Co., Ltd.	Zhanjiang Chenming
ilin Chenming Paper Co., Ltd.	Jilin Chenming
Huanggang Chenming Pulp and Paper Co., Ltd.	Huanggang Chenming

Principles of Report Preparation

This report complies with the four principles of the *Code on Environmental, Social and Governance Reporting* of the Stock Exchange of Hong Kong Limited.

Materiality	We have identified key stakeholders and actively established regular communication channels with them. We distributed ESG materiality questionnaires to all stakeholders to identify and assess core ESG issues, rank their materiality, and respond to stakeholders' concerns in this report.
Quantification	We ensure that all key performance indicators (KPIs) are quantifiable, accompanied by statements explaining their objectives, impacts and calculation methodologies.
Balance	The content of this report is primarily based on internal management documents, statistics, publicly disclosed information, and public media reports, reflecting objective facts and ESG practices.
Consistency	The report maintains consistency in the statistical and disclosure methods of the same indicators across different reporting periods; any changes in statistical and disclosure methods are fully explained in the report's notes.

Data Sources and Reliability Assurance

Unless otherwise specified, all information and data cited in this report are derived from the Company's statistical reports, relevant documents, and ESG information compiled and audited by the Company. The monetary amounts in this report are denominated in RMB unless otherwise stated.

The Board of Directors of the Company warrants that there is no false or misleading information in this report, and assumes full responsibility for the authenticity, accuracy and completeness of its content.

Report Release and Access

This report is published annually. The Chinese and English electronic versions can be viewed and downloaded from the official websites of the Shenzhen Stock Exchange (https://www.szse.com.cn) and the Hong Kong Exchanges and Clearing Limited (https://www.hkexnews.hk).

For further inquiries or any questions and suggestions on this report and the Company's ESG work, please contact us via email at chenmmingpaper@163.com.

Introduction to SCPH

Company Introduction

Founded in 1958 and headquartered in Shouguang, Shandong Province, Shandong Chenming Paper Holdings Limited (Stock Code: A-shares 000488, B-shares 200488, H-shares HK1812) is the only listed company in China with A, B and H shares. It is a modern large-scale comprehensive enterprise group integrating pulp and paper production. Adhering to the integrated pulp and paper development strategy, the Company has an annual pulp and paper production capacity of 10 million tons, and has maintained leading economic benefits in the national paper industry for more than 20 consecutive years. As the first enterprise in China to achieve a balance between pulp and paper production capacity, SCPH has established multiple production bases in Shandong, Guangdong, Hubei, Jiangxi, Jilin and other provinces, with a rational industrial layout and a development network covering the north and south of China and radiating the whole country.

The core business of SCPH includes the production and sale of machine-made paper and paperboard, papermaking raw materials, papermaking machinery, electric power and thermal power. Among them, machine-made paper products cover 7 series and more than 200 varieties, including cultural paper, copperplate paper, white cardboard, copy paper, industrial paper, special paper and life paper.

Corporate Culture

The Shandong merchant culture, characterized by "integrity, fairness and profiting in a righteous way", has had a profound and lasting impact on the business operations and management of SCPH. Deeply influenced by this culture, SCPH has developed a corporate culture centered on the core values of "integrity, Win-Win and Sharing", along with a tenet of "Diligence and Enterprising", This cultural framework serves as both the spiritual bond and driving force behind the Company' s sustained and healthy development.

Tenet	Diligence and Enterprising
Core Values	Integrity, Win-Win and Sharing
Management Guidelines	Continuous Learning, Strict Adherence to Standards,Resolute Execution, Striving for Practical Results
Style of Work	Embracing Diligent Management, Witnessing Actions Each Day
Talent Concept	Cultivating Talents, Retaining Talents, and Making Good Use of Talents
Marketing Philosophy	Integrity, Mutual Benefit and Better Future for All
Corporate Mission	Creating Value, Contributing to Society
Corporate Vision	Building a Superior and Stronger Enterprise and Crafting a Century-Long SCPH

2025 Honors and Qualifications

- Outstanding Contribution Enterprise of Weifang City in 2024 — People's Government of Weifang City
- China's Top 500 Enterprises in 2025 — China Enterprise Confederation & China Enterprise Directors Association
- Excellent Enterprise in Key Manufacturing Industry Chains of Nanchang City in 2024 — People's Government of Nanchang City
- Top 10 Enterprises in Shandong Paper Industry in 2024 — Shandong Paper Industry Association

Strategic Planning

Standing at a new starting point, under the leadership of the new Party Committee leadership team and the Board of Directors, the Company have formulated the "1-2-5" strategic development plan

1. To build a first-class operation team and achieve first-class operating performance.
2. To take full-process cost reduction and efficiency improvement, and all-round new product development as the two main lines.
5.
   - Strengthen the construction of the leadership team and cadre team, and seek benefits from the quality of managers;
   - Strengthen the construction of production supporting capacity, and seek benefits from improving and expanding the industrial ecological chain;
   - Strengthen the construction of intelligence and informatization, and seek benefits from reconstructing the production and management system;
   - Strengthen the construction of reform and innovation capacity, and seek benefits from improving and optimizing systems and mechanisms;
   - Strengthen the construction of brand and credibility, and seek benefits from the capital market.

01

Integrity as the Foundation

Consolidating the Development Base

SCPH practices the concept of standardized governance, integrates the requirements of sustainable development, compliant operation and risk control into the whole process of development strategy and corporate governance, and continuously improves the governance system with clear rights and responsibilities and efficient operation. By strengthening the supervision of the Board of Directors and improving the internal control, audit and integrity compliance mechanisms, the Company plays a leading and exemplary role in enhancing operational transparency and governance efficiency.



Comprehensive Responsibility Governance

ESG Management

SCPH has established a governance structure with the Board of Directors as the supreme decision-making body, the Strategy and Sustainable Development Committee as the supervision and management body, and the ESG and Sustainable Development Strategy Working Group as the specific implementation body, forming a "decision-making-supervision-implementation" linkage mechanism to comprehensively promote and implement the daily management and key work of the enterprise in the fields of environment, social and governance. At the same time, the Company incorporates ESG-related performance into the senior management compensation assessment system to strengthen responsibility implementation and result orientation.



Strategic Level	Decision-making Level	Implementation Level
Board of Directors	**Strategy and Sustainable Development Committee**	**ESG and Sustainable Development Strategy Working Group**
• As the supreme decision-making body of the Company, formulate and adjust the enterprise's ESG development strategy in a timely manner, and make decisions on major issues; • Evaluate the Company's sustainable development performance every year, and optimize the ESG strategy based on the evaluation results; • Set the next year's governance work objectives, including targets for emissions, resources, energy and water management .	• Put forward suggestions to the Board of Directors on major issues affecting the Company's sustainable development and ESG; • Guide sustainable development and ESG work, study the Company's ESG-related plans, targets, systems and major issues, review ESG-related reports, and provide consulting suggestions to the Board of Directors; • Supervise and inspect the implementation of ESG work, and put forward guiding opinions in a timely manner.	• Led by the General Manager, it coordinates the relevant person in charge of the headquarters and each subsidiary (such as safety, environmental protection, supply chain, etc.); • Specifically implement and promote the implementation of the relevant policies and requirements formulated by the Committee; • Organize cross-departmental communication and cooperation to promote the implementation of key measures (such as renewable energy utilization, energy conservation and emission reduction, etc.).

Stakeholder Communication

SCPH continuously pays attention to the expectations and demands of various stakeholders such as shareholders and investors, customers, employees, and suppliers. Under the guidance of the ESG concept, the Company has established a regular communication mechanism with all stakeholders through diversified channels, and combined with the practical experience accumulated in the industry, responds to the concerns of all parties in a timely and effective manner to promote consensus building and value co-creation.

Main Stakeholders	Expectations and Demands	Company's Response Measures
Shareholders & Investors	• Operational performance • Investment returns • Stable operation • Open and transparent information	• Promote business development • Hold annual performance briefings • Formulate business strategies • Conduct timely information disclosure • Hold shareholders' meetings with a combination of on-site and online voting
Customers	• High-quality and competitive products • Excellent customer services	• Improve R&D and innovation • Product quality management • Improve customer service system • Customer satisfaction surveys.
Employees	• Protection of rights and interests • Remuneration and benefits • Equal and diversified development opportunities • Safe and comfortable working environment • Occupation-related training	• Sign labor contracts in accordance with the law • Optimize the compensation system • Improve the assessment and incentive mechanism • Implement safe production • Strengthen personal vocational training
Suppliers	• Sustainable procurement • Compliance and business ethics • Industrial development promotion	• Establish long-term cooperative relations • Improve the supply chain management system • Carry out professional exchanges
Government and regulatory bodies	• Risk and compliance management • Honest tax payment • Environmental protection • Green products • Job creation • Regional economic development driving	• Improve risk control measures and hidden danger rectification plans • Pay taxes honestly • Increase investment in environmental protection work • Integrate environmental protection concepts into products • Help improve people's livelihood
Partners	• Mutual benefit and win-win • Business ethics and transparency • Innovation and R&D • Occupational health and safety	• Perform contracts in good faith • Attach importance to the construction of business ethics • Increase investment in R&D and cooperation • Improve the occupational health and safety management system
Local Communities	• Community development • Public welfare and charitable activities • Contribute to the community	• Charitable donations • Public services • Education foundation
Public & Media	• Public engagement Business Progress • Environmental and social • responsibility	• Open to publicand media scrutiny • Receive media interviews • Update the company website

Assessment of Material Issues

Combined with domestic and international sustainable development standards, stock exchange requirements, the United Nations Sustainable Development Goals and the focus of ESG ratings, the Company comprehensively considers the national policy orientation and the current situation of industrial development, systematically judges the sustainable development background of the Company, and further identifies and analyzes ESG issues.

ESG Issue Identification and Analysis Process

Understand the background of the Company's activities and business relations 01

We comprehensively understand the organizational environment from the Company's activities, business relations, sustainability background, stakeholders (including the interests of minority groups) and other aspects.

The key factors we focus on include:

- The Company's core values, policies, strategies, objectives and goals;
- Direct financial impacts;
- Interests and expectations of stakeholders (e.g., employees, shareholders, suppliers);
- Major risks and opportunities for the Company, the industry and competitors;
- Relevant laws, regulations, international and voluntary agreements, etc.

Formulate an issue list 02

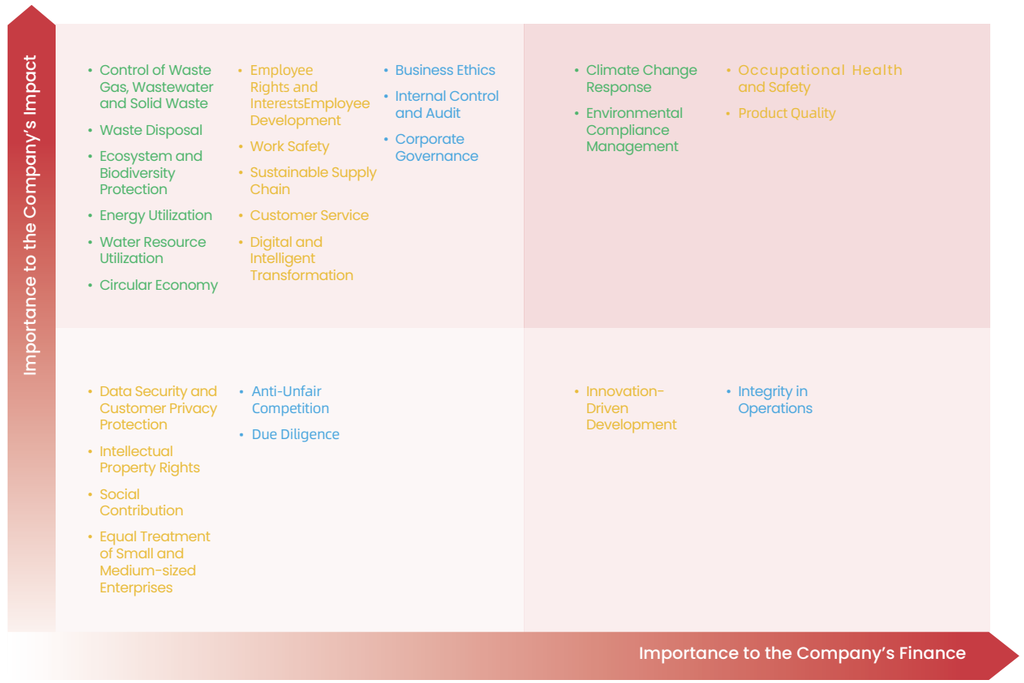
Based on the industrial development and the Company's business characteristics, policy trends, domestic and international ESG disclosure standards and the focus of ESG rating agencies, combined with the communication suggestions of stakeholders and internal and external experts, the Company identifies ESG issues and forms an ESG issue pool covering 27 issues.

Assessment and confirmation of issue materiality 03

Synthesizing the opinions of multiple stakeholders and referring to the opinions of internal and external experts, the Company ranks the materiality of issues from two dimensions of "financial materiality" and "impact materiality" to form a materiality issue matrix. The Company's management and external professionals review and evaluate the issue screening results to confirm the priority of ESG issues.

Disclosure of material issue information 04

The Company formulates corresponding action plans for the screened material issues and gradually implements them, and focuses on disclosing financially material issues in the report in accordance with the "four frameworks" requirements of the Shenzhen Stock Exchange.



Statement by the Board of Directors

The Board of Directors and all directors of the Company strictly abide by the regulatory requirements such as the *Code of Corporate Governance for Listed Companies* issued by the China Securities Regulatory Commission, the *Corporate Governance Code* and the *Code on Environmental, Social and Governance Reporting* of the Hong Kong Exchanges and Clearing Limited. We continuously improve the ESG governance structure and institutional system, clarify the boundaries of responsibilities, strengthen responsibility implementation and supervision and accountability, and ensure that the relevant management requirements are standardized and effectively implemented at all levels.

As the supreme decision-making and supervision body of the Company's ESG work, the Board of Directors incorporates ESG governance into the core decision-making system and integrates the ESG concept into the whole process of development strategy, operation and management and major issue decision-making. The Company systematically identifies and manages the risks and opportunities brought by key issues such as environment and climate, resource efficiency, employees and communities, compliance and business ethics, continuously improves risk prevention and control capabilities and operational resilience, and promotes the coordinated development of green and low-carbon transformation and high-quality development. Through special interviews, questionnaire surveys and multi-level meetings, the Board of Directors systematically evaluates the materiality and priority of ESG issues, focuses on judging their impacts on the enterprise's financial performance, business resilience and environmental and social value, and forms strategic decision-making suggestions accordingly; at the same time, the Company has fully embedded key ESG risks into the overall risk management system to promote the closed-loop management of risk identification, assessment, response and review.

The Board of Directors is committed to continuously promoting ESG practices from a long-term and forward-looking perspective, strengthening goal orientation and performance assessment, dynamically tracking the progress of key indicators, and promoting the iterative optimization of management measures; adhering to the principles of transparency and accountability, the Board will strengthen information disclosure and stakeholder communication, strive to realize the organic unity of enterprise value creation with environmental friendliness, social well-being and governance improvement, and lay a solid foundation for the long-term and stable development of the Company.

Strengthening Party Building Leadership

SCPH adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the fundamental guideline, firmly practices the development concept of "Strong Party building leads to a strong enterprise, and prosperous Party building leads to a prosperous enterprise", fully embeds the Party's leadership into the whole process of corporate governance system and operation and management, and gives full play to the leading role of the Party Committee in "setting the direction, managing the overall situation and ensuring the implementation". The Company improves the organizational guarantee and resource support mechanism, provides strong support for the activities of Party organizations, promotes the continuous transformation of Party building advantages into development advantages, realizes the same direction, co-construction and integration of Party building and production and operation, and builds a new pattern of high-quality development.

Integration of the Party's Leadership into Corporate Governance

The Company clearly stipulates the core political role of Party organizations in the Company in the Articles of Association, and establishes the "four synchronization" principle of "synchronous planning of Party building and reform, synchronous setting of Party organizations and working institutions, synchronous allocation of person in charge of Party organizations and Party affairs staff, and synchronous development of Party building work", laying a solid foundation for the Party's leadership at the institutional level. For major operation and management issues, the Company formulates a special list, clearly stipulating that major issues must be subject to the preliminary research and discussion by the Party Committee before the Board of Directors and the management level make decisions in accordance with procedures, ensuring that the Party's propositions and major decisions are transformed into the enterprise's strategic goals and specific measures.



Injecting "Red Power" into Enterprise Development

The Company makes Party organizations a "red engine" driving development by implementing the "Five Major Projects".

Strategy leading for quality and efficiency improvement 01

The Party Committee closely focuses on the development blueprint of "optimizing and strengthening the enterprise, building a century-old Chenming", and deeply integrates national major strategies with enterprise operation deployment. At key nodes such as resumption of production and production capacity and cost reduction and efficiency improvement, the Secretary of the Party Committee takes the lead in holding special meetings to comprehensively deploy key tasks such as capital guarantee, material supply, safety and environmental protection, promoting the steady resumption of production and production capacity of each production base. By the end of the reporting period, the total production capacity has recovered to about 70%.

Consolidating the safety production defense line 02

The Company carries out in-depth the activity of "I take the lead in safe production, and there are no hidden dangers around Party members", guiding Party members to show their identities and take the lead in the production frontline, driving all employees to investigate hidden dangers and hold the bottom line, and creating a strong atmosphere of "everyone talks about safety, everyone grasps safety".

Promoting green and low-carbon development 03

Practicing Xi Jinping Thought on Ecological Civilization, the Company continuously increases investment in environmental protection, promotes new technologies and processes, optimizes production processes and energy utilization efficiency, and accelerates the construction of a green production mode with low energy consumption and low emissions.

Consolidating talent team construction 04

Adhering to the Party's principle of managing cadres, the Company implements the "Double Cultivation Project", cultivating Party members into backbones and backbones into Party members, and building a team of "knowledge-based, model-based, skilled-based, efficiency-based and innovative" Party member talents to provide a solid talent support for the high-quality development of the enterprise.

Leading scientific and technological innovation research 05

Under the guidance of the Party Committee, the Company has built a national enterprise technology center and a postdoctoral research workstation, obtained more than 490 national patent authorizations in total, and undertaken more than 80 provincial and above technological innovation projects, continuously improving core technical capabilities and innovation driving force.

Consolidating Party Building Guarantee and Position Construction

The Company fully guarantees the development of Party organization activities and promotes the Party building positions to be "vibrant" and "practical". Adhering to the principle of "shared positions and shared resources", the Company builds a Party and mass service center integrating Party member learning, talent training and employee services, forming a main position for Party member education and a "charging station" for employee growth.

Innovate activity carriers and stimulate vanguard role

The Company extensively carries out the "Three Displays, Three Comparisons and Three Evaluations" activity, driving Party members to display their identities, commitments and words and deeds in the frontline; compare skills, work styles and performance; form an atmosphere of learning and competing through comments by Party organizations, mutual evaluation by Party members and evaluation by the masses, making the Party flag fly high in the production frontline.

Promote the "Three Leadership Projects" and gather the joint efforts of mass organizations

Taking the "Three Leadership Projects" of "Party building leading trade union building, League building and women's federation building" as the starting point, the Company organizes a variety of cultural and sports activities and theme practices.

Improve the care mechanism and enhance employees' sense of gain

The Company establishes a long-term mechanism for caring for employees, realizing 100% coverage of employee social insurance, and continuously creating a good atmosphere of "assured living, comfortable working, thoughtful service, warm care and close connection between family and enterprise".



Zhanjiang Chenming's Thematic Party Building Co-construction Activity with the Theme of "Joint Construction for Synergy, Party Building Leading Development"



Zhanjiang Chenming's Special Study and Education Meeting on the Spirit of the Central Eight-Point Regulation

Compliant and Stable Operation

Corporate Governance

SCPH strictly abides by the requirements of laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Listing Rules of the Hong Kong Exchanges and Clearing Limited* and the *Code of Corporate Governance for Listed Companies*, and continuously improves the corporate governance system. During the reporting period, the Company revised more than 30 relevant systems such as the *Articles of Association* and the *Rules of Procedure for the Board of Directors*, and improved the corporate governance structure of "Shareholders' Meeting - Board of Directors - Management Level". The Board of Directors has set up four special committees, namely the Strategy and Sustainable Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee, which provide scientific and professional opinions and references for the decision-making of the Board of Directors and continuously improve the standardization and effectiveness of governance operation.

The Company attaches importance to the diversification construction of the Board of Directors members. In the selection and employment of directors and senior management personnel, the Company clarifies the selection standards and procedures, extensively selects and reviews candidates, and comprehensively considers the skills, knowledge, experience, background, gender and other elements required for performance of duties, promoting the formation of a Board of Directors team with a reasonable structure and complementary advantages.

In 2025, the Company held 3 Shareholders' Meetings and 8 Board of Directors meetings.

Shareholders' Meeting

Composed of all shareholders of the Company, it is the authority organ of the Company:

Determine the business policy and investment plan; review the equity incentive plan and employee stock ownership plan; revise the Articles of Association; make decisions on other major issues stipulated in the Articles of Association in accordance with the law;

Elect, appoint and remove directors and supervisors (non-employee representatives), and decide on their remuneration;

Review and approve major reports and core financial matters: review and approve the Board of Directors' report, the annual financial budget and final accounts plan, the profit distribution plan and the loss make-up plan;

Control major transactions and risk issues: review and approve major guarantee matters, the purchase and sale of major assets reaching the specified proportion within one year, and the change of the use of raised funds.

Board of Directors

Composed of 11 directors, including 4 independent directors and 2 female directors:

Convene the Shareholders' Meeting, report work to the Shareholders' Meeting, and organize the implementation of the resolutions of the Shareholders' Meeting;

Determine the business plan and investment plan, review the annual budget/final accounts, profit distribution and loss make-up plans; make decisions on major issues such as external investment, asset disposal, guarantee, entrusted financial management, connected transactions and external donations within the authorized scope;

Determine the establishment of internal management institutions, formulate basic management systems, and draft the amendment plan of the Articles of Association;

Appoint/dismiss the general manager, secretary of the Board of Directors and senior management personnel, decide on their remuneration and rewards and punishments, and inspect and supervise the performance of duties of the management level.

Management Level

Preside over the production and operation management, organize the implementation of the resolutions of the Board of Directors, and report work to the Board of Directors;

Organize the implementation of the Company's annual business plan and investment plan to ensure the achievement of business objectives;

Draft the establishment plan of internal management institutions, draft basic management systems, formulate specific rules and regulations, and promote the standardization and processization of management;

Propose to the Board of Directors the appointment/dismissal of deputy general managers and the chief financial officer; and be responsible for the appointment/dismissal of other management personnel outside the scope of responsibilities of the Board of Directors.

Investor Relations Management

SCPH strictly follows the laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and the *Guidelines for Investor Relations Management of Listed Companies,* as well as the relevant provisions of the *Articles of Association*, formulates and implements the *Investor Relations Management System*, continuously strengthens market communication and value transmission, and effectively safeguards the legitimate rights and interests of investors.

To smooth the investor communication channels, the Company conducts timely, accurate, complete and fair information disclosure, and builds a diversified communication mechanism including investor hotline, email, the Interactive Easy Platform of the Shenzhen Stock Exchange, shareholders' meetings and performance briefings. During the reporting period, the Company timely updated the announcements in the investor relations column of the official website, organized the performance briefing of the previous year's report, participated in the online collective reception day for investors of listed companies in Shandong jurisdiction, and received individual investors to attend the shareholders' meeting on site.

In 2025, the Company:

Accumulatively disclosed 323 documents on the media designated by the China Securities Regulatory Commission and the website of the Hong Kong Exchanges and Clearing Limited, including 150 on the Shenzhen Stock Exchange, 103 Chinese documents and 70 English documents on the Hong Kong Exchanges and Clearing Limited;

Released 4 periodic reports and 243 interim announcements;

Received 3 investor research visits;

Achieved a 100% answer rate for the investor hotline;

Answered 210 investor questions on the Interactive Easy Platform.

Internal Control and Audit

SCPH continuously consolidates the internal control system, sets up a special functional department to coordinate the construction and operation management of the internal control structure, covering system design, daily inspection, problem rectification and dynamic revision, and strengthens the implementation constraints through performance assessment, supervision and inspection and internal audit, ensuring the effective implementation of the internal control mechanism and improving the compliance and stability of operation and management. Based on the *Basic Norms for Enterprise Internal Control* and the *Supporting Guidelines for Enterprise Internal Control,* the Company continuously iterates and improves the internal control system in combination with external regulatory requirements and business development changes; at the same time, relying on institutional documents such as the *Vertical Audit Management System* and the *Internal Control Management Manual*, the Company further consolidates the process standards and management requirements, promoting the standardized, systematic and regular operation of internal control management.



Internal Control and Audit

SCPH takes internal audit as a key grasp for the Company to improve the governance system and enhance operational resilience, adheres to the risk-oriented and value creation-oriented goals, focuses on key areas such as financial audit, price audit and project audit, and promotes the full coverage of audit supervision, effective rectification of problems and optimization of institutional processes. It not only effectively prevents major risks and strengthens the compliance bottom line, but also continuously taps the potential for cost reduction and efficiency improvement, promoting the synchronous improvement of internal control level and operational quality and efficiency. In 2025, the Company issued a total of 29 audit reports, including 28 annual audit reports and 1 exit audit report.

Financial Audit

Realize full coverage of audit for each subsidiary and tertiary industry entity through the mode of "on-site audit + special inspection + continuous tracking"; identified 98 problems in the whole year, completed the rectification of 64 items, and promoted the activation of idle assets and process optimization.

Price Audit

Implemented more than 60 measures through system optimization and strict process control, achieving cost reduction and efficiency improvement of RMB 18.25 million.

Project Audit

Completed more than 50 project audit projects in the whole year, achieving a cost reduction benefit of RMB 9.95 million, effectively reducing costs and promoting the standardization and normalization of project management.

Risk Tracking and Control

In terms of risk tracking and control, the Company has established a set of systematic measures running through the whole process of pre-event, in-event and post-event and covering all key business areas, aiming to realize the early identification, early warning and early disposal of risks.

Regular business monitoring	Regular special inspection	Whole-cycle project tracking	Irregular surprise inspection	Closed-loop management of audit problems
Conduct a comprehensive and rigorous review of the implementation of procurement contracts and SAP orders to ensure the accuracy of all terms and data, thus guaranteeing the smooth development and implementation of procurement business.	Establish a monthly and quarterly fixed inspection mechanism to inspect the arrival quality and use of bulk materials, chemicals, spare parts, etc.; inspect the implementation of sales policies, inventory status, customer credit and rebate status.	Conduct a full-chain tracking of major capital expenditure projects such as "projects under construction" from pre-event bidding, in-event construction and arrival quality to post-event settlement to ensure that key risk points are under control.	Inspect the expense reimbursement and fund use of subsidiaries to ensure process compliance.	Establish a closed-loop management mechanism of "discovery-measures-rectification" for all problems found in tracking and inspection to ensure that risk issues are completely solved.

Integrity in Operations

Governance

Adhering to the principle of "in accordance with laws and regulations, serious accountability", the Company formulated the *Ten Prohibitions for the Code of Conduct of Management Cadres,* delineated the red line of performance of duties from the aspects of financial management, interest exchanges, compliance bottom line, etc., and built a closed-loop management of "institutional regulation + publicity and guidance + supervision and accountability", laying a solid "defense line" for honest practice with all-round control measures.

In September 2025, the Company set up an inspection team to strengthen supervision and inspection focusing on key areas and weak links, focusing on the investigation and rectification of risks in procurement management, expense review and integrity management, and severely investigating and punishing acts such as seeking personal gains for themselves and their relatives by taking advantage of their positions, illegally accepting property from customers, and "extorting and accepting bribes".

Strategy

SCPH incorporates integrity in operations into corporate governance and business strategy, adheres to law-based compliance and a combination of punishment and prevention, focuses on key positions and key areas, improves institutional constraints and process control, strengthens supervision and inspection and responsibility investigation, promotes the pre-control of integrity risks and closed-loop rectification of problems, continuously creates a clean and upright business environment, and provides a guarantee for high-quality development.

Risk Management

The Group launched hierarchical and classified publicity and training, organized management personnel to sign letters of commitment for honest performance of duties, and promoted the institutional requirements to be deeply rooted in the hearts of the people. At the same time, the Company smooths online and offline supervision channels, builds a supervision network with the participation of all employees, adheres to a "zero tolerance" attitude towards irregular acts, and ensures that the implementation of the system is not distorted or deformed. Relying on the closed-loop management of "institutional regulation + publicity and guidance + supervision and accountability", the Company continuously improves the long-term control mechanism, enhances the modernization level of enterprise governance, and empowers high-quality development with the results of work style construction.

The Company formulated the Complaints and Reporting Management Measures, clearly stipulating that the scope of report acceptance covers all employees and stakeholders such as suppliers, customers and partners, and the report items cover 10 types of irregular acts such as embezzlement and bribery, disclosure of trade secrets, and false declaration of expenses. The Company sets up diversified channels such as a special email, a 24-hour telephone hotline and a mailing address to support real-name and anonymous reports; it rewards real-name reports that are verified and have recovered major losses for the Company, demonstrating a firm attitude of encouraging supervision and severely punishing irregularities.

Reporting Channels

Petition reporting: Discipline Inspection Office, Room 601, Chenming Group, No.2199, Nongsheng East Street, Shouguang City

Special reporting email: cmjjbgs@126.com

Special reporting hotline: 15095267110

Principles for Protecting Informants

Impartial and objective principle: Based on facts and taking systems as the criterion, without bias.

Confidentiality principle: Strictly keep the informants and report information confidential, and shall not disclose to any irrelevant person. In case of disclosure, the person responsible for the disclosure shall be immediately transferred from his/her position and subject to serious accountability.

Informant protection principle: Strictly prohibit any form of retaliation, and effectively protect the legitimate rights and interests and personal safety of informants.

Indicators and Targets

With the goal of "rectifying the work style and enforcing discipline, strengthening supervision", the Company adheres to a "zero tolerance" attitude to promote the construction of a clean government, forms a long-term mechanism of not daring to corrupt, being unable to corrupt and not wanting to corrupt, and continuously creates a clean and upright environment for officers and entrepreneurs.

Business Ethics

SCPH strictly abides by the relevant laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, takes fair competition and business integrity as important principles of compliant operation, establishes and implements relevant management requirements for anti-monopoly, anti-unfair competition and business ethics, clarifies the behavioral boundaries and compliance bottom line, and resolutely resists unfair competition acts such as commercial bribery, false publicity, malicious defamation and price collusion. Through institutional publicity, daily compliance tips and supervision and inspection, the Company guides employees to abide by business ethics, standardize market operation behaviors, and maintain an open, fair and just industry competition order.

In 2025, the Company had no legal lawsuits for unfair competition acts or anti-monopoly practic.



02

Sustainable Forest Resources

Painting an Ecological Blueprint

SCPH actively practices the green development concept, integrates the requirements of ecological and environmental protection into the development strategy and corporate governance process, takes the initiative to participate in the construction of ecological civilization, and plays a leading and exemplary role in pollution prevention and control, resource conservation and ecological protection.



Green and Compliant Operation

Environmental Management

Governance

Against the background of the country's firm promotion of the reform of the ecological civilization system, comprehensive practice of the green and low-carbon development concept, and accelerated implementation of the "double carbon" goals, the Company strictly and comprehensively implements the relevant requirements such as the *Environmental Protection Law of the People's Republic of China* and the *Pollutant Discharge Permit*, and combined with the Company's internal environmental protection management system, urges each subsidiary to continuously improve the environmental protection management system, assessment system and process management specifications, effectively operate the environmental protection management system, and continuously strengthen environmental compliance management and risk prevention and control.

Environmental Systems of Some Subsidiaries

Jilin Chenming	*Environmental Protection Management Regulations Supplementary Provisions on Environmental Protection Management*
Jiangxi Chenming	*Implementation Rules for Environmental Protection Management*
Shouguang Chenming	*Environmental Protection Management Regulations of Shouguang Chenming*

The Company further improves the group environmental protection management system, builds a four-level management structure of "group overall planning, subsidiary main responsibility, department coordination and full employee participation", formulates the core system of Environmental Protection Management System, clarifies the environmental protection responsibilities and work processes at all levels, promotes the standardization, normalization and institutionalization of environmental protection management, and ensures that all environmental protection work continuously complies with national laws and regulations and relevant regulatory requirements. In 2025, the Company's environmental protection investment (odor treatment investment) reached RMB 218.04 million.

The Company has maintained the effective operation of the environmental label certification management system throughout the year, and successfully passed the annual supervision and audit of national environmental label product certification (Type I and Type II) in 2025. At the same time, in strict accordance with the requirements of the ISO 14001 environmental management system standard, the Company organized and carried out one internal audit of the environmental management system in April, and successfully passed the external audit of the environmental management system of some units, further consolidating the foundation for the standardized operation of environmental management.



Environmental Management System Certification Certificate — Printing Paper, Office Paper, Packaging Paper, Industrial Paper, Life Paper



China Environmental Label (Type I) Product Certification Certificate — Offset Printing Paper: General Products



China Environmental Label (Type I) Product Certification Certificate — Offset Printing Paper: Paper for Groups Aged 0-17



China Environmental Label (Type II) Product Certification Certificate — Four Types of Paper Products



China Environmental Label (Type I) Product Certification Certificate — Coated Art Printing Paper (Coated Paper): General Products



China Environmental Label (Type I) Product Certification Certificate — Coated Art Printing Paper (Coated Paper): Paper for Groups Aged 0-17

Strategy

The Company upholds the management concept of "Environmental protection is also enterprise productivity", clearly puts forward the principle of "When production conflicts with environmental protection, environmental protection shall be given priority", and places the requirements of ecological environment in an important position of operation and management. Centering on the strategic goal of "green operation and sustainable development", the Company continuously promotes cleaner production and energy conservation and emission reduction, strengthens the whole-process environmental risk control and compliance management, promotes the coordinated improvement of efficient resource utilization and circular development, and supports the high-quality development of the enterprise with green competitiveness.

Risk Management

① Environmental Protection Awareness and Emergency Response

The Company formulates an environmental protection training plan at the beginning of each year, introducing the national and local environmental protection laws and regulations and the Company's environmental protection system and measures to employees in detail, ensuring that employees maintain sensitivity to environment-related laws, clarify the Company's relevant management systems, and improve practical operation capabilities. In 2025, the Company carried out 19 environmental protection training sessions with the participation of 1,114 person-times.

To effectively respond to sudden environmental events, each subsidiary of the Company formulates and improves special emergency plans in combination with business characteristics, and carries out emergency drills and emergency training on a regular basis. The scope of drills covers typical situations such as chemical leakage, radioactive source radiation, hazardous waste leakage, and abnormal operation of wastewater and waste gas environmental protection facilities, focusing on testing the emergency disposal process under abnormal working conditions, the reporting procedures to environmental protection departments, the coordination and cooperation capabilities of professional rescue teams, as well as key links such as the analysis and judgment of the diffusion range of dangerous substances and toxic and harmful substances, personnel evacuation, the establishment of safety warning zones, and environmental protection, continuously improving the standardization and practical level of emergency management.

Conducted environmental protection training
19 sessions

Participation
1,114 person-times



Case Emergency Plan Drill for Exceeding the Standard of Nitrogen Oxides in the Alkali Furnace Workshop of the Chemical Pulp Factory

In November 2025, the Chemical Pulp Factory organized an emergency plan drill for "the investigation and disposal of blockage of the spray gun hose of the denitration system". During the drill, all employees wore protective equipment and labor insurance gloves in accordance with the requirements, and completed the blockage positioning, treatment and operation review within the specified time. This drill further strengthened employees' environmental protection awareness and emergency response capabilities, tested and improved the plan process, enhanced the coordination and disposal level of workshops and departments, clarified job responsibilities, and improved the overall emergency response efficiency and operational proficiency.



② Environmental Protection and Energy Management Assessment

To further improve the Company's environmental protection and energy management level, enhance the environmental protection and energy management awareness of each subsidiary, each department and all employees, and promote the implementation of the group's environmental protection and energy conservation and carbon reduction goals, the Company formulated the Environmental Protection and Energy Management Assessment System. Every month, the Environmental Protection Department summarizes the environmental and energy assessment results of each subsidiary and submits them to the Planning Department, which are included in the monthly performance assessment to strengthen process supervision and result constraints, and continuously promote the standardization and normalization of environmental management of subsidiaries.

Assessment Content

2 cases of off-line emission exceeding the standard

100% rectification rate of hidden danger investigation

100% compliance rate of wastewater and waste gas monitoring

100% completion rate of odor management indicators

100% completion rate of energy management indicators

Over **99%** effective transmission rate of online data

③ Environmental Monitoring and Hidden Danger Investigation

Each subsidiary formulates and implements the *Self-Monitoring Plan* according to its own emission characteristics, carries out monitoring by means of manual monitoring, automatic monitoring or a combination of manual and automatic monitoring, and strictly implements the requirements for the time limit of data disclosure to ensure the timeliness and transparency of monitoring information. The monitoring scope covers major pollution sources such as wastewater, waste gas (organized/unorganized) and factory boundary noise. The Company formulates an annual monitoring plan for all indicators required by the pollutant discharge permit for self-monitoring, entrusts a third-party testing institution to carry out weekly and monthly testing in accordance with the plan through bidding and issue testing reports; at the same time, it uploads the environmental management account on time and fills in the monitoring data on the self-monitoring platform in a timely manner. The monthly completion rate of self-monitoring during the reporting period was 100%.

The Company carries out hidden danger investigation through on-site inspection, instrument testing, account verification, risk assessment and other methods, establishes a hidden danger investigation list and clarifies the hidden danger levels (major hidden dangers, general hidden dangers). For the problems found in the investigation, the Company implements the rectification mechanism of "one hidden danger, one plan", clarifies the responsible department, rectification measures and completion time limit, and implements the whole-process closed-loop management; after the rectification of major hidden dangers, a special acceptance is organized to ensure the thorough rectification and elimination of hidden dangers.

Indicators and Targets

2025 Target Achievement

01 Strictly control the online emission indicators of wastewater and waste gas from subsidiaries, with all emissions meeting standards;

02 Huanggang Chenming recorded 2 cases of offline emission exceedances. A total investment of RMB 220 million is planned for renovation projects, including odor treatment, pollutant emission performance upgrading, and rainwater-sewage diversion transformation;

03 Solid (hazardous) waste is disposed of in strict accordance with environmental protection requirements;

04 Optimize the technological process of wastewater treatment plants to further reduce wastewater treatment costs;

05 Regarding carbon emissions: After in-depth exploration of carbon reduction measures, the Environmental Protection Department has collaborated effectively with subsidiaries. In 2025, Chenming Group had a carbon quota deficit of 20,000 tons, significantly lower than the previous year.

2026 Target Setting

01 Zero major environmental pollution incidents;

02 100% compliance of wastewater and waste gas pollutant emission indicators;

03 100% rectification rate of identified environmental hazards;

04 Standardized disposal of solid (hazardous) waste in line with environmental protection regulations;

05 Further optimize the technological process of wastewater treatment plants to reduce wastewater operation costs;

06 Regarding carbon emissions: The Group plans to achieve a carbon quota surplus of 20,000 tons in 2026, enabling the enterprise to gain benefits through carbon trading.

Control of Wastewater, Waste Gas and Solid Waste

SCPH strictly abides by the laws and regulations such as the Air Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China and the Solid Waste Pollution Prevention and Control Law of the People's Republic of China. The pollution prevention and control facilities have maintained stable and normal operation throughout the year, with 100% of wastewater and waste gas discharged up to the standard continuously; solid waste, hazardous waste and radioactive sources have strictly implemented the standardized management requirements.

Wastewater

The Company has invested in the construction of a sewage treatment plant, which adopts the "pretreatment-anaerobic-aerobic-advanced treatment" process to efficiently treat production wastewater. The Company clearly requires the sewage treatment plant to randomly and irregularly sample and monitor the wastewater discharge indicators of each workshop every day, increase the sampling frequency when the water quality fluctuates, calculate the daily result based on the maximum value, and feed back to the Environmental Protection Department and each water discharge unit in a timely manner. In case of exceeding the standard (≥10%), the relevant water discharge unit must complete the cause analysis and put forward rectification measures on the same day, submit them after being signed by the person in charge in accordance with the requirements, and the Environmental Protection Department shall summarize and report to the Group's Safety and Environmental Protection Department at the same time, forming a closed-loop management to prevent the risk of exceeding the standard caused by front-end fluctuations.

In 2025, the Company revised the fresh water and wastewater standards of each factory. The wastewater treatment facilities operated stably without any daily average exceeding the standard, with a sewage treatment rate of 100% and a discharge compliance rate of 100%.

Urge each factory to improve the operation efficiency of pretreatment facilities such as inclined screens, sedimentation tanks and centrifuges to reduce wastewater discharge indicators;

Improve the operation efficiency of white water recovery and utilization equipment such as multi-disc filters and white water towers, with the water reuse rate reaching 94%, reducing wastewater discharge and sewage treatment costs;

The Company promotes wastewater emission reduction by improving the operation efficiency of the water system and strengthening daily supervision

Implement "daily monitoring" of water quality discharge in each factory, establish a WeChat group linkage mechanism, and conduct daily supervision and weekly assessment of factories exceeding the internal control standards;

Cooperate with the government's heavy pollution weather control, coordinate with the ecological and environmental bureau to complete the environmental protection filing of vehicles and install positioning devices to meet regulatory requirements.

In 2025, the Company's wastewater discharge indicators:

Total wastewater discharge: **18,845,053** cubic meters

COD discharge: **86,360** tons

Ammonia nitrogen discharge: **2,267** tons

Total nitrogen discharge: **5,914** tons

Total phosphorus discharge: **102** tons

Waste Gas

The Company formulates and strictly implements the *Waste Gas Emission Management System*, standardizes the operation of waste gas treatment facilities, monitoring management and emission control, and prevents the risk of waste gas pollution. The Company continuously tracks and studies advanced treatment processes and technologies, systematically evaluates and optimizes production processes, adjusts production structure and improves energy utilization efficiency through technological transformation, and reduces waste gas emissions from both the source and the process. The Company's waste gas emissions mainly come from the self-owned thermal power plants and chemical pulp factories of subsidiaries, with the main pollutants including sulfur oxides, nitrogen oxides and particulates.

The Company implements strict control over the waste gas emissions of thermal power plants, requiring the continuous and stable operation of desulfurization, denitration and other treatment facilities to ensure that the results of online waste gas monitoring, entrusted monitoring and supervisory monitoring are continuously up to the standard; in case of online data exceeding the standard or monitoring data exceeding the internal control standard due to improper operation and management, the thermal power plant shall be subject to economic assessment on a per-time basis, and the person in charge of the unit shall be held accountable at the same time; once exceeding the national standard control limit, the performance of the person in charge shall be deducted in accordance with the provisions, and for particularly serious circumstances where effective measures are not taken in a timely manner, more severe penalties shall be imposed. During the routine monitoring and sampling of the environmental monitoring station every quarter, the desulfurization and denitration system must be kept in operation and all indicators must be stable and up to the standard, and penalties shall be imposed item by item if the monitoring indicators fail to meet the standard. At the same time, the thermal power plant implements the effective transmission of key indicators such as sulfur dioxide, nitrogen oxides and dust in raw flue gas and clean flue gas in accordance with the pollutant discharge permit self-monitoring plan, and completes the monitoring of indicators such as smoke and dust, pressure, temperature, flow rate/flow, oxygen content and mercury and its compounds on a quarterly basis to ensure the whole process is controlled and stable and compliant.

In 2025, Huanggang Chenming invested RMB 38 million to complete 16 renovation projects (partial):

In line with the national ultra-low emission standards, completed the upgrading and transformation of electric dust removal for alkali recovery boilers and lime kilns to reduce the particulate content in flue gas and ensure that PM2.5 meets the requirements;

Stopped the operation of sewage cooling towers, changed air cooling to closed heat exchanger cooling to control odor generation from the source;

Demolished heavy oil tanks, replaced the auxiliary combustion petroleum raw materials with clean natural gas raw materials to reduce the emission of nitrogen oxides, sulfur oxides and particulates.



Newly Added Scrubber in Pulping Process



Electrostatic Precipitator Renovation

In 2025, the Company's waste gas discharge indicators

Sulfur oxides discharge: **174** tons

Total nitrogen oxides discharge: **925** ton1s

Particulates discharge: **61** tons

Solid Waste

The Company strictly abides by the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, implements classified management of various solid wastes generated in the production and operation process, and fully realizes their comprehensive utilization or harmless disposal. Adhering to the principles of "reduction, resource utilization, harmlessness and standardization", the Company continuously improves the solid waste management system and processes, and constantly raises the level of whole-process management.

Main Solid Waste Types

Pulping/papermaking process residues: waste pulp residue, wood knots

Sludge and sediment: plate-and-frame sludge, black sludge

Alkali recovery/chemical treatment by-products: green sludge, white sludge, gypsum

Solid waste from energy and power systems: coal ash (fly ash), furnace slag

General domestic/production waste

Main Hazardous Waste Types

Oil-containing waste: waste engine oil, oil-water mixture, empty oil drums/oil-contaminated containers

Chemicals and packaging materials: waste chemical packaging materials, dye waste liquid and its containers, hazardous chemical waste liquid

Laboratory/testing waste: laboratory waste liquid, monitoring station waste liquid

Battery-related waste: waste batteries, waste storage batteries, waste lead-acid batteries

Other hazardous waste: waste toner cartridges, paint buckets, solvent buckets, etc.

Key Management Measures for General Solid Waste

Timely transportation and standardized temporary storage	transport to the disposal site in a timely manner, and strictly prohibit long-term accumulation;
"Three Prevention" requirements	implement anti-seepage, anti-loss and anti-spreading measures for temporary storage sites of sludge, fly ash, etc.;
Sludge disposal	all sludge shall be co-fired in accordance with the Company's requirements, and no unauthorized suspension or reduction of co-firing is allowed;
Set up emergency storage points for general solid waste	only activated in special circumstances such as accident emergency or facility failure, with strict implementation of filing and approval, shift management and on-site inspection to prevent mixed storage of recyclables and hazardous waste.

Key Management Measures for Hazardous Waste

Strictly prohibit illegal discharge	Eliminate the direct discharge of oil pollution, dyes, and dangerous chemicals into rainwater/sewage pipelines to avoid entering the environmental water body; violators shall be dealt with as environmental accidents;
Whole-process anti-leakage	Strengthen the management of links such as chemical unloading, storage, transportation, use, and residual in empty barrels, and strictly prohibit any leakage into rainwater/sewage discharge; the cofferdam in the chemical area must be kept intact without damage;
Classified collection, no mixed storage	Waste recycling stations and various units shall manage hazardous waste by classification;
Warehouse-in supervision and loading & warehouse management:	Notify the Energy and Environmental Protection Department in advance before the transfer and warehouse-in of hazardous waste, and arrange on-site supervision and loading; the hazardous waste temporary storage warehouse shall remain closed during non-transfer periods, with clear signs, fixed storage, and timely updated records;
Filing and unified disposal	Hazardous waste must be filed with the Energy and Environmental Protection Department before transfer and disposal, and the competent department shall arrange for compliant disposal in a unified manner; private transfer is prohibited.
Special Control of Laboratory Waste Liquid	Laboratory/analysis room waste liquid shall be strictly collected, stored, and disposed of, and shall not be dumped privately; accounts shall be filled out standardizedly and implemented.

In 2025, the Company's solid waste discharge indicators:

Harmless waste discharge:	Harmless waste discharge density:	Hazardous waste discharge:	Hazardous waste discharge density:
488,111 tons	0.79 tons/RMB 10,000 revenue	295 tons	0.00047 tons/RMB 10,000 revenue



Responding to Climate Change

Governance

The Company has incorporated climate change response into the regular agenda of corporate governance and operation and management, formulated the *Carbon Emission Work Specifications (Trial)*, and established a working mechanism of "Board overall planning - Management leadership - Department coordination - Grassroots implementation" to continuously strengthen the supervision and management of climate-related risks and opportunities. Centering on the "dual carbon" goals and national policy orientation, the Company regularly conducts situation analysis and review of key issues, incorporates key issues such as energy conservation and carbon reduction, resource efficiency, and green supply chain into daily operational decisions and performance appraisal, forming a closed-loop management of process tracking, result evaluation, and improvement. At the same time, the Company improves the information disclosure and internal reporting mechanism, regularly tracks changes in core indicators such as energy consumption and carbon emissions, and promotes the rolling advancement and dynamic optimization of key projects, so as to enhance the resilience and sustainable competitiveness in responding to climate change through sound governance.

Strategy

SCPH has conducted a systematic assessment of potential climate-related risks and their potential financial impacts, set high and low greenhouse gas emission scenarios, analyzed the challenges and opportunities brought by climate factors under different scenarios, and comprehensively evaluated their impacts on the Company's financial performance[1]. The relevant assessment results are forward-looking statements. Due to the uncertainty of the external environment, the actual development in the future may differ from the predictions in this report.

We selected the low-emission scenario (SSP 1-2.6, temperature rise not exceeding 2.0 ℃) and the high-emission scenario (SSP 5-8.5, temperature rise approaching or exceeding 4.4℃) from the Shared Socioeconomic Pathways (SSP) proposed in the *Sixth Assessment Report Synthesis Report: Climate Change 2023* (AR6) of the Intergovernmental Panel on Climate Change (IPCC) to assess physical risks. We assessed transition risks and climate-related opportunities based on two scenarios: the "2050 Net Zero Emission Scenario (NZE, temperature rise not exceeding 1.5 ℃)" and the "Stated Policies Scenario (STEPS, temperature rise exceeding 3℃)", analyzing the potential impacts of climate change risks and opportunities on the Company's operations in the short term (2026), medium term (2030), and long term (2050).

Climate Scenario	SSP 1-2.6	SSP 5-8.5
Scenario Description for Physical Risks	Under this scenario, the world gradually moves towards a more sustainable direction. It aims to limit the global average temperature rise to well below 2 ℃ , consistent with the greenhouse gas emission reduction ambition of the Paris Agreement, and the global temperature will rise by about 1.8 ℃ compared with the pre-industrial level by 2100.	Represents a scenario where greenhouse gas emissions continue to increase in the absence of new climate policy interventions, resulting in a high level of radiative forcing. By the end of the 21st century, the global average temperature may rise by more than 4℃ compared with the pre-industrial revolution level.
Scenario Source	Intergovernmental Panel on Climate Change (IPCC) (AR6)	
Climate Scenario	**NZE**	**STEPS**
Scenario Description for Transition Risks/ Opportunities	The International Energy Agency (IEA) proposes a 2050 net zero emission plan, putting forward suggestions on technology and emission reduction schemes, international cooperation and energy industry transformation, which is expected to limit the global average temperature rise to 1.5℃ .	This is a scenario analysis based on currently implemented policies and announced but not fully implemented policy proposals. There is a 50% probability that the temperature will rise by 2.4 ℃ by 2100.
Scenario Source	International Energy Agency (IEA)	

[1]SCPH's assessment of the potential financial impacts of climate-related risks is a forward-looking statement. Due to many uncertain factors in the external environment, the actual development in the future may differ from the predictions in this report.

Analysis of Key Climate Risk Impacts and Response Measures

Risk/ Opportunity Category	Impact Pathway	Financial Impact	Response Measures	Impact Level Analysis under Different Climate Scenarios					
				Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Physical Risks				SSP1-2.6			SSP5-8.5		
Acute Risks	Heavy rains/floods/ extreme weather leading to damage to factory buildings and production equipment; production suspension for maintenance; obstruction of roads/ ports/logistics, delayed delivery, affecting the stability of supply to downstream customers	Increased costs, asset impairment	Invest in flood control and drainage and protection equipment; improve flood prevention emergency plans and drills; cooperate with multiple logistics/ suppliers and diversify transportation routes to reduce the risk of single-point disruption	Low	Medium	Medium	Medium	High	High
Chronic Risks	Tight water resources at major production bases leading to increased water extraction costs and water use constraints; the stability of process water, cooling and sewage treatment is affected, and water and production restrictions may be imposed in extreme cases	Increased costs, asset impairment	Launch water-saving initiatives; implement water-saving transformation and recycling; develop alternative water sources/ reclaimed water projects to enhance water use resilience	Medium	Medium	Medium	Medium	High	High
Transition Risks and Climate-related Opportunities				NZE			STEPS		
Policy Risks	Tightening "double carbon" and energy consumption/emission constraints, promoting enterprises to accelerate energy conservation, carbon reduction and process upgrading; uncertainties brought by changes in low-carbon technology routes and policy orientation	Increased costs, asset impairment	Track policy and standard dynamics; incorporate energy conservation and consumption reduction into the priority of annual capital expenditure; implement phased transformation; strengthen project evaluation and scenario stress testing	High	High	Medium	Medium	Medium	Medium
Market Risks	The downstream demand for environmentally friendly products, renewable/ recyclable materials, and "low-carbon footprint" information is increasing; Slow response leads to loss of competitive advantage	Increased costs, asset impairment	Launch renewable paper products and green packaging; Provide transparent product carbon footprint information (accounting/ disclosure/labeling); Promote green certification and customer co creation	High	High	Medium	Medium	Medium	Medium
	Digital substitution has led to a decrease in demand for paper magazines, newspapers, and other products, putting long-term pressure on traditional businesses	Increased costs, asset impairment	Developing digital content/ services to complement paper products; Provide value-added services (such as environmentally certified paper, customized services, innovative functional paper/ packaging structures)	Medium	Medium	High	Medium	High	High

Risk/ Opportunity Category	Impact Pathway	Financial Impact	Response Measures	Impact Level Analysis under Different Climate Scenarios					
				Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Physical Risks				SSP1-2.6			SSP5-8.5		
Transition Risks and Climate-related Opportunities				NZE			STEPS		
Reputation risk	Environmental performance and disclosure transparency affect customer/investor/ public trust; If the information is opaque or the "green proposition" of the product is insufficient, it is easy to be questioned	Increased costs, asset impairment	Transparent disclosure of product carbon footprint and emission reduction progress; Strengthen the traceability of product environmental information; Collaborate with clients to establish green standards and verification mechanisms	High	High	Medium	Medium	Medium	Medium
Technology risk	High investment and long recovery cycle in the research and implementation stage of new low-carbon technologies, and uncertainty in the technical roadmap	Increased costs, asset impairment	Collaborate with research institutions and supply chains to share research and development costs; Optimize the technological roadmap; Select efficient and low-cost emission reduction technologies and implement them in stages	Medium	High	High	Low	Medium	Medium
Reputation opportunities	Green products and transparent carbon footprint enhance customer loyalty and brand recognition, and strengthen the ability to enter high-end customers and overseas orders	Green premium and market share increase; Optimization of Financing Costs	Series green packaging/ recycled paper products; Carbon footprint labeling and information disclosure; Collaborate with clients to carry out low-carbon supply chain projects	Medium	High	High	Low	Medium	Medium
Technology Opportunities	Energy conservation and consumption reduction, resource recycling and process optimization bring long-term cost advantages and resilience improvement	Reduced costs; improved anti-volatility capabilities; potential carbon assets/green finance opportunities	Improve energy utilization efficiency and reduce unit consumption; water-saving reuse and alternative water sources; large-scale replication of mature technologies	Medium	High	High	Low	Medium	Medium

Risk Management

The Company regards climate change response as a long-term work to implement the "double carbon" goals and enhance operational resilience, establishing a regular management and supervision mechanism focusing on key tasks such as carbon emission compliance, quota management and energy structure optimization. The Company continuously improves the carbon emission measurement and accounting system, strengthens the standardized management and traceability of key data, and actively cooperates with third-party verification institutions to ensure that carbon emission accounting and compliance work meets regulatory and verification requirements. At the same time, the Company reduces compliance costs through technological transformation and refined management, promotes the replacement of renewable energy and the utilization of clean energy, and achieves the synergy of carbon reduction results and cost optimization through management improvement.

In terms of carbon emission and quota compliance management, Shouguang Chenming continuously improves the measurement and accounting management of circulating water heating, and actively coordinates with third-party carbon emission verification institutions to obtain carbon emission quotas related to circulating water, further improving the standardization of quota acquisition and management. At the same time, the Company strictly implements the raw coal sampling and testing process in accordance with verification requirements to ensure the accuracy of elemental carbon testing results, consolidating the quality of carbon emission data and verification pass rate; and effectively reduces compliance costs through technological transformation measures such as changing the steam outlet measurement of self-owned power plants and reducing steam pipeline losses.

Year	Quota Shortage (tons)	Compliance Cost (RMB 10,000)
2024	598,577	5,860
2025	100,870	626

Indicators and Targets

Indicator Category	Unit	2025 Performance
Scope 1 Greenhouse Gas Emissions	Ton CO_2 equivalent	1,615,313.39
Scope 1 Greenhouse Gas Emission Density	Ton CO_2 equivalent/RMB 10,000 revenue	2.60
Scope 2 Greenhouse Gas Emissions	Ton CO_2 equivalent	178,895.68
Scope 2 Greenhouse Gas Emission Density	Ton CO_2 equivalent/RMB 10,000 revenue	0.29



Practicing Cleaner Production

EnergyConservationandConsumptionReduction

Energy Conservation

The Company has established a special energy conservation management institution, controlling and reducing energy consumption through energy management measures such as regular energy consumption analysis, equipment replacement, equipment energy consumption control, photovoltaic power generation construction and daily energy conservation.

The Company continuously promotes the replacement of clean energy and the optimization of energy structure: In 2025, it used 8.14 million kilowatt-hours (kWh) of photovoltaic power generation, reducing carbon emissions by 4,368 tons; at the same time, biomass power generation reached 180 million kWh, realizing steam production of 208,000 tons and saving 110,000 tons of raw coal. Through the large-scale application of green electricity and biomass energy, the Company has effectively reduced fossil energy consumption and related emissions, continuously improving the level of low-carbon operation and energy use resilience.

Indicator	Unit	2025 Performance
Total Direct Energy Consumption	Megawatt-hour	4,232,206.58
Direct Energy Consumption Density	Megawatt-hour/RMB 10,000 revenue	6.82
Total Indirect Energy Consumption	Megawatt-hour	333,387.40
Indirect Energy Consumption Density	Megawatt-hour/RMB 10,000 revenue	0.54
Total Renewable Energy Consumption	Megawatt-hour	809,766.52
Proportion of Renewable Energy Use	%	17.74

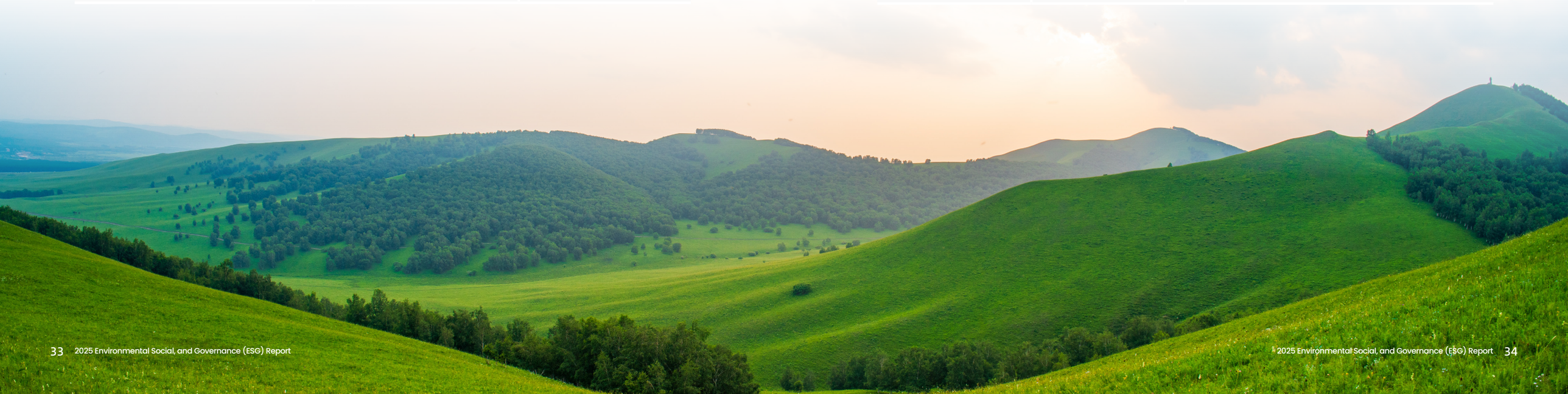
Reducing Water Resource Consumption

The Company strictly complies with the requirements of relevant laws and regulations such as the Water Pollution Prevention and Control Law of the People's Republic of China. Each subsidiary formulates and implements systems such as the Fresh Water and Wastewater Management Regulations and the Regulations on Strengthening Wastewater Control in combination with production practices, systematically standardizing the whole-process management of sewage treatment and wastewater discharge. The Company links the wastewater discharge compliance rate with the performance assessment of unit responsible persons, strengthening responsibility implementation and incentive constraints, and promoting employees to actively participate in wastewater treatment work; at the same time, it regularly revises and improves relevant systems to ensure that management requirements are continuously effective, standardized in implementation and traceable.

The Company's water use mainly comes from municipal water supply, and the sources of fresh water for production include surface water and groundwater. Among them, surface water sources include the Mihe River, Yeyuan Reservoir, Shuangwangcheng Reservoir, Huangshui East Diversion Project, South-to-North Water Diversion Project, Qingnian Canal, as well as the Ganjiang River, Yangtze River, Songhua River and other water systems. The Company legally applies for water intake permits and strictly takes water in accordance with the permit requirements. Water intake management is standardized and orderly, and water supply guarantee is generally stable, with no water use difficulties at present.

In terms of water supply guarantee and water-saving management, the Company coordinates production water demand, dynamically grasps the supply situation of various water sources, actively connects and optimizes water supply plans, ensuring stable, sufficient and cost-controllable water supply to ensure the smooth operation of production and operation. With the goal of building a water-saving enterprise, the Company continuously improves the level of water-saving management, focusing on reducing the water intake per unit product, promoting the optimization of water resource allocation and the improvement of comprehensive utilization efficiency; and through regular water-saving publicity and education, enhances the water-saving awareness of all employees, establishes a long-term water-saving management mechanism, and contributes to the construction of a water-saving society.

Indicator	Subsidiary Name	2025 Target	2025 Water Use
Water Consumption (10,000 tons)	Shouguang Chenming	4,400	2,185
	Zhanjiang Chenming	3,100	34
	Jiangxi Chenming	8,616	2,464
	Huanggang Chenming	1,145	1,050
	Jilin Chenming	600	128



Circular Economy

SCPH adheres to the concept of circular economy to lead green transformation, building four major circular economy ecological chains of "resources - products - renewable resources", promoting the recycling of waste gas, waste residue and wastewater within the production system, and realizing the synergy of emission reduction and efficiency improvement. Centering on the whole-life cycle management, the Company extends the improvement of resource efficiency to the supply chain and delivery links. Through measures such as green packaging upgrading, it integrates the requirements of "reduction, recyclability and recoverability" into product design, process standards and process control, forming a closed-loop system of "market feedback - technical response - production optimization", realizing full traceability of products, avoiding process hidden dangers through pre-production scheduling and process control, achieving green delivery through resource saving throughout the life cycle, continuously reducing resource consumption and environmental load, and creating higher circular value while improving customer experience. In 2025, the Company used a total of 1,228 tons of product packaging materials.

"Forest - Paper - Recycled Fiber" Circular Chain	Based on afforestation and focusing on independent wood pulp production, the Company has created an innovative industrial model of "supporting paper with forests, promoting forests with paper, and integrating forestry and paper".
"Coal - Power - Building Materials" Circular Chain	The Company converts gray powdery coal ash and cinder into building materials such as cement and gypsum boards, supplying them to cement factories and new building materials factories to fully realize the reuse and recycling of waste.
"Papermaking Waste - Fertilizer - Power Generation" Circular Chain	By adopting advanced technologies to treat papermaking sludge, biogas, industrial garbage and other wastes generated in the production process, the Company converts them into crop fertilizers or uses them for biogas power generation, realizing the efficient reuse of wastes.
"Sewage - Water - Fresh Water" Circular Chain	The Company has built a reclaimed water reuse system, treating the water discharged from the factory sewage treatment station through the "pretreatment + membrane treatment" process, realizing the saving and reuse of water resources.

Case SCPH's Circular Economy Practice through Green Packaging Upgrading

In 2025, in response to customer feedback on packaging damage and paper core deformation, the Company carried out benchmarking and research, completed 14 upgrades of process standards, and optimized the adaptation of packaging materials and process details. Closely following the concept of circular economy, the Company integrated quality improvement and resource efficiency into program design: improving packaging durability and transportation stability through process innovation to reduce resource waste; cooperating with suppliers to develop new environmentally friendly packaging materials, promoting the lightweight and recyclable iteration of packaging, and reducing environmental load.



Reclaimed Water Reuse Project



Anaerobic Tower

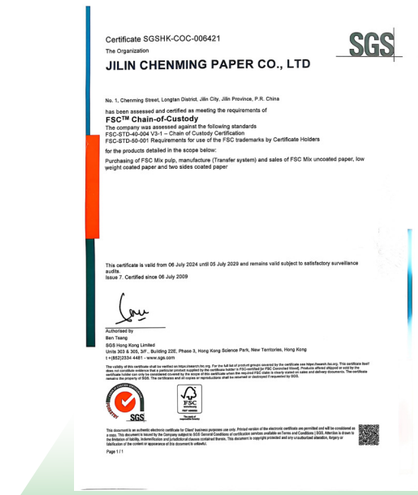
Ecological Protection

To address the problems of forest degradation and resource scarcity, SCPH is committed to building sustainable forests, protecting the ecological environment and promoting the sustainable management of forests, thereby ensuring the long-term development of the enterprise.

Since 2005, the Company has established forestry subsidiaries, investing in more than 700,000 mu of raw material forest bases distributed in Guangdong, Hubei, Jiangxi and other places. These bases cover multiple functions such as seedling cultivation, garden production and wood development. All papermaking bases of SCPH have obtained FSC-COC international forest system certification. The Company continuously improves the forest management mechanism, standardizes the process of sustainable forest management, promotes scientific afforestation policies, and takes a number of measures to increase forest coverage and productivity to ensure the long-term supply of wood. Through this series of measures, it not only maintains the ecological functions of forests, but also promotes the sustainable development of forests. At the same time, the Company promotes the ecologicalization and industrialization of local forestry, making positive contributions to the common prosperity of local residents.


Certificate SGSHK-COC-311475, SGSHK-CW-311475
The Organization
Shandong Chenming Paper Products Sales Co., LTD
Jianxin West Street and Wenqu Road intersection, Shouguang City, Weifang City, Shandong Province, P.R. China
has been assessed and certified as meeting the requirements of
FSC™ Chain-of-Custody
The company was assessed against the following standards
FSC-STD-40-004 V3-1 – Chain of Custody Certification
FSC-STD-50-001 Requirements for use of the FSC trademarks by Certificate Holders
for the products detailed in the scope below:
Purchasing and sales (transfer system) of FSC 100% FSC Mix and FSC Controlled Wood printing paper, tissue paper, coated paperboard, uncoated paperboard, household paper products, and FSC 100%, FSC Mix wrapping and packaging paper, uncoated paperboard, food wrapping paper, carton pack for beverages.
This certificate is valid from 07 January 2025 until 06 January 2030 and remains valid subject to satisfactory surveillance audits.
Issue 1. Certified since 07 January 2025
Authorised by
Ben Tsang
SGS Hong Kong Limited
Units 303 & 305, 3/F., Building 22E, Phase 3, Hong Kong Science Park, New Territories, Hong Kong
t +(852)2334 4481 - www.sgs.com
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Shandong Chenming FSC-COC International Forest Certification


Certificate SGSHK-COC-006421
The Organization
JILIN CHENMING PAPER CO., LTD
No. 1, Chenming Street, Longtan District, Jilin City, Jilin Province, P.R. China
has been assessed and certified as meeting the requirements of
FSC™ Chain-of-Custody
The company was assessed against the following standards
FSC-STD-40-004 V3-1 – Chain of Custody Certification
FSC-STD-50-001 Requirements for use of the FSC trademarks by Certificate Holders
for the products detailed in the scope below:
Purchasing of FSC Mix pulp, manufacture (Transfer system) and sales of FSC Mix uncoated paper, low weight coated paper and two sides coated paper
This certificate is valid from 06 July 2024 until 05 July 2029 and remains valid subject to satisfactory surveillance audits.
Issue 7. Certified since 06 July 2009
Authorised by
Ben Tsang
SGS Hong Kong Limited
Units 303 & 305, 3/F., Building 22E, Phase 3, Hong Kong Science Park, New Territories, Hong Kong
t +(852)2334 4481 - www.sgs.com
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Jilin Chenming FSC-COC International Forest Certification

Indicator	Unit	2025 Data
Forest Land Area (Forest Tenure Certificate Area)	10,000 mu	60.99
Cumulative Investment in Forest Land Management	RMB 10,000	141,263
Proportion of Sustainably Certified Forest Land Area	%	96
Carbon Emissions Absorbed by Reserve Forests	Ton CO_2 equivalent	1,000,000

03

Tough Pulp into Paper

Guarding the Original Aspiration for Quality

As a benchmark enterprise in the pulp and paper industry, SCHP has always taken high-quality development as the core. Through strict control of full-process standards, focusing on customer needs, tackling core technologies, and deepening software and hardware upgrades, the Company has deeply integrated quality adherence, service upgrading, technological innovation and intelligent manufacturing to build a comprehensive core competitive advantage.





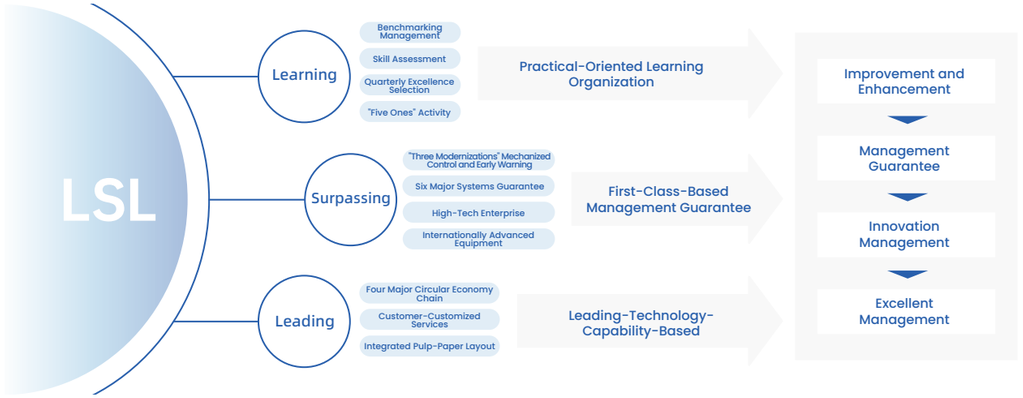
Pursuing Excellent Quality

Governance

The Company has obtained and maintained the validity of the GB/T 19001-2024/ISO 9001:2015 Quality Management System Certification. Meanwhile, it has formulated systems such as the *Quality Management System* and the *Finished Paper Qualification Rate Control Management Specifications*, and established a Quality Management Leading Group led by the Technical Director to clarify the responsibilities and authorities of quality management. The Company continuously improves the quality management governance system and forms the "CM-LSL" quality management model with Chenming characteristics, strengthening the full-process quality control based on institutionalized and standardized management.

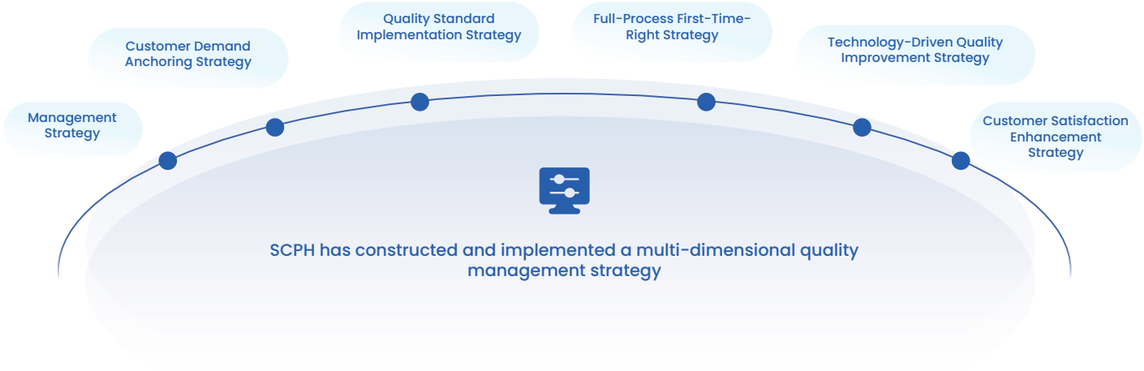


ISO 9001 Quality Management System Certification



Strategy

Adhering to the core orientation of high-quality development, the Company closely responds to the intensifying industry competition and changing market demands, focusing on three key areas: full-process product quality control, implementation of quality management systems, and quality improvement of new products, and continuously promotes the improvement of quality management capabilities.



Quality Management Policy

Understanding Customer Needs	Implementing Quality Standards	Doing It Right the First Time	Ensuring Customer Satisfaction
In accordance with ISO 9001 standards, collect and process information of customers and relevant parties, manage customers by classification, and accurately grasp customer requirements through information feedback cards and visit systems.	Conduct full-staff quality training, strengthen process control, improve systems, rewards and punishments, and ensure the effective operation of the quality management system.	Strictly control the entire process from raw material inbound to product outbound, uphold the concept of "the next process is the customer", and strictly guard the quality pass.	Adopt new technologies, processes, equipment and materials to continuously improve product quality and meet customer needs with high-quality products and services.

Risk Management

The Company continuously improves the product quality risk management system, and strengthens the identification, assessment and control of full-process product quality risks through institutionalized, process-oriented and technical means. The Company formulates and implements the *Quality Process Management System* and the *Post-Processing Management Scope*, clarifying the quality control requirements and responsibility boundaries of each production link to ensure that quality management measures are effectively implemented at each business unit and operation level.

The Company strives to improve the capabilities of problem identification, rectification and effect verification, promoting the transformation of quality management from "post-event correction" to "full-process prevention". With the construction of a closed-loop quality management system as the core, relying on the dual drive of technological empowerment and personnel empowerment, the Company systematically solves key pain points and weak links in quality control and promotes the stable improvement of product quality.



SCPH's Quality Control Enhancement Measures

Managemen

Ensure raw material quality:
Formulate incoming inspection standards and procedures, select inspection methods as needed, and adopt concession acceptance or return and exchange for unqualified raw materials;

Standardize product materials:
Formulate incoming quality inspection control standards, standardize inspection procedures, and select inspection methods according to material characteristics and process inspection requirements to ensure raw material quality;

Key point control:
Set key quality control points on the production line, conduct regular sampling inspections of each process according to standards and record, and promptly mark and isolate unqualified products;

Timely product inspection:
Proactively connect with higher-level paper supervision departments, conduct good communication and coordination, and promptly organize product inspection. In 2025, 74 products were inspected and test reports were issued, with a sampling qualification rate of 100%;

Strengthen quality supervision:
Realize real-time monitoring of daily quality indicators, timely early warning of abnormal data, and establish a sound quality supervision mechanism.

Technology

Introduce new technologies and methods, conduct regular maintenance and upkeep of production equipment, and assign professional personnel to be responsible for equipment maintenance and calibration.

Personnel

Conduct professional training for inspectors and assess employees' operational skills monthly;



Professional Training for Inspection Personnel

Establish a quality problem assessment system, promote quality concepts, organize product knowledge competitions, set up quality awards, and improve full-staff quality awareness.



Chenming Group South China Product Knowledge Training and Competition

Indicators and Targets

2025 Metrics	2026 Targets
Market loss claim rate: 0.36‰	Qualification rate target: ≥97.00% Annual market claim rate: below 0.6‰

Providing High-Quality Services

Pre-sales Communication

Guided by customer needs and market changes, the Company clarifies the product market positioning, constructs a systematic customer demand identification and response mechanism, strengthens communication and exchange through various forms, establishes customer files, and manages the cooperation information, demand characteristics and feedback records of different types of customers (such as distributors and end enterprise customers) by classification. This provides a basis for precise services, meets the diversified needs of potential and existing customers, and continuously improves the market service capability and customer value creation level. In 2025, the Company received 83 batches of customer visits, including 74 batches at Shouguang Chenming, 6 batches at Jiangxi Chenming and 3 batches at Jilin Chenming. Through on-site communication and interaction, customers' understanding of the Company's products, management and sustainable development practices was further enhanced.

In-sales Services

The Company attaches great importance to customer feedback and rights protection, strictly implements the *Customer Complaint Handling System*, and establishes a rapid customer complaint response mechanism. It accepts quality problems feedback by customers within the specified time limit, promptly goes to the scene or conducts remote guidance to investigate the causes of problems, issues the *Quality Problem Analysis Report*, and negotiates solutions with customers. It also tracks the implementation of solutions to ensure the closed-loop resolution of customer problems, records and files them to form a post-sales case database. During the reporting period, the Company's customer complaint handling rate reached 100%, effectively safeguarding the legitimate rights and interests of customers and continuously improving customer trust and satisfaction.

Customer Complaint Handling Measures

Clarify Complaint Handling Responsibilities

- General quality problems shall be fed back to the production department for analysis and handling within three days
- For major quality problems, they shall be reported to the general manager, production director, marketing director, group president and chairman of the production subsidiary within 24 hours
- The technical department conducts in-depth analysis of the quality information feedback by customers every month, and requires the production department to formulate and implement improvement measures to continuously improve product quality and customer satisfaction.

Strictly Standardize Handling Time

- For minor and obvious appearance quality problems, the Company promises to solve them on the spot
- For problems where responsibility is difficult to define, samples will be sent to the subsidiary for inspection, and the problem will be solved within five working days
- For major problems or situations where the customer has not finished using the product and the loss cannot be determined, the handling time will not exceed one month.

Establish a post complaint tracking and follow-up mechanism

- Combined with a specialized Business Process Management (BPM) automated office system, to systematically accumulate and analyze customer complaint information

After-sales Satisfaction

In accordance with the *Customer Satisfaction Survey Procedure*, the Company organizes customer satisfaction surveys and return visits every year (by means of telephone, visits, online surveys, etc.), systematically collecting customers' opinions and suggestions on product quality, delivery services and communication experience. The Market Service Section summarizes and analyzes the survey results, regularly forms written improvement suggestions, submits them to relevant functional departments and senior leaders, and organizes the implementation of continuous improvement in accordance with the *Corrective and Preventive Measures Control Procedure* after demonstration. In 2025, the Company distributed 310 customer satisfaction questionnaires and effectively recovered 280, providing an important decision-making basis for the continuous improvement of customer experience, with a customer satisfaction rate of 85.78%.

Responsible Marketing

Adhering to the core values of "Integrity-based, Win-win and Sharing", the Company strictly abides by the *Advertising Law of the People's Republic of China* and other relevant laws and regulations, integrates the concept of responsible marketing into the whole process of market development, customer service and brand building, and continuously promotes compliant, transparent and sustainable marketing practices. The Company insists on conducting business activities in accordance with the law, improves the sales management system, irregularly holds marketing seminars to improve professional marketing capabilities, strengthens a sense of responsibility and information transparency, and promotes coordinated win-win results with customers and other stakeholders.

SCHP Responsible Marketing Measures

Customers and Channels

- Customer Classification and Partnership: Implement the "regional and product-specific" responsibility system, conduct hierarchical operation of distributors and direct-selling customers, and protect the interests of core partners
- Transparent Pricing and Price Stability: Avoid frequent fluctuations to maintain market order and customer profit margins
- 24/7 Service and Rapid Response: Open a 24-hour service hotline and optimize the closed-loop customer complaint handling process
- Dual Control of Credit and Risk: Increase advance payment operations and strictly control business risks

Products and

- High-End Product Matrix: Produce high-value-added/ high-tech products such as "Xuesha" Coated Paper and "Biyuntian" series cultural paper
- Demand-Driven Product Structure Optimization: Limit the production of low-efficiency and high-energy-consuming products, and give priority to promoting products with low environmental load
- ESG Integration into Marketing: Proactively convey the concept of green production in sales communication and integrate ESG value into product propositions

Internal Control an

- Process-Based Mechanical Control: Improve the sales system, set up process control points for all businesses, and plug compliance loopholes
- Team Professionalism and Assessment: Innovate the performance appraisal system, strengthen professional training for sales personnel, improve their responsible marketing literacy and compliance awareness, and ensure the standardization of marketing behaviors at the implementation end
- Senior Management-Led Visits: Senior leaders personally visit customers and partners to directly face their needs

Case Chenming Group Held a Special Marketing Conference

In October 2025, the Company held a special marketing conference to conduct an in-depth analysis of industry trends and competitive patterns, and deploy key work for the next step focusing on market conditions, channel optimization and team building. The conference emphasized that it is necessary to take customer needs as the orientation, strengthen the linkage between production and sales and market development, gather the strength of all employees to sprint the annual business goals, and lay a solid foundation for the stable development of the Group.



Adhering to Technological Innovation

R&D and Innovation

Governance

The Company has formulated a number of technological innovation management systems such as the *New Product Development Management System* and the *New Technology Application Management System*, establishing an innovative R&D organizational system with clear division of labor and a rigorous and improved innovative R&D process to achieve close connection and organic coordination between various links. The Company continuously increases investment in innovative R&D to provide strong support for the timely and effective launch of products that meet customer needs and market trends.



Strategy

The Company has established a technical center to continuously promote technological and product upgrading around new processes, new products and new technologies. Through independent R&D, the Company breaks through key technologies and develops high-value-added products; responding to national environmental protection policies, it drives zero-plastic product innovation through technological innovation to enhance the Company's core competitiveness.

Risk Management

R&D Platform Construction

The Company has established an R&D team led by the Group Technical Center, divided into multiple functional departments and product lines to improve efficiency and quality. Relying on multi-level scientific research platforms, the Company has built a sound technical innovation support system. It has a national-level R&D platform - the Postdoctoral Research Workstation, as well as provincial-level scientific research platforms such as the Shandong Pulp and Paper Engineering Laboratory, the Collaborative Innovation Center for Clean Production and Refining of Light Industry Bio-based Products, and the Shandong Green Papermaking Technology Standard Innovation Center, providing a solid foundation for the R&D of green papermaking technologies, bio-based materials and clean production processes.

Industry-University-Research Cooperation

Relying on scientific research platforms, the Company actively promotes in-depth cooperation with universities and scientific research institutions, continuously expanding technical sources and innovation networks through various forms such as joint R&D, talent training and project collaboration. The Company has established stable cooperative relations with universities and scientific research institutions such as Qilu University of Technology, Qingdao University of Science and Technology and Tianjin University of Science and Technology, introducing cutting-edge technologies and research results to enhance independent innovation capabilities.

Industry Exchange

As a member unit of the National Technical Committee for Standardization of Printing and Writing Paper and Paperboard in the Papermaking Industry, the Company has always adhered to the industrial concept of "symbiosis, co-prosperity and coordinated development", organized the construction of a papermaking industry chain standard system covering various standards such as coated paper, offset printing paper, electrostatic paper, green product evaluation and determination of paper ink absorption. It actively receives visits and investigations from various stakeholders, deeply participates in industry forums and conference exchanges and cooperation, and engages in the construction of the industry ecosystem with a forward-looking vision and an open attitude to empower industrial transformation and upgrading.



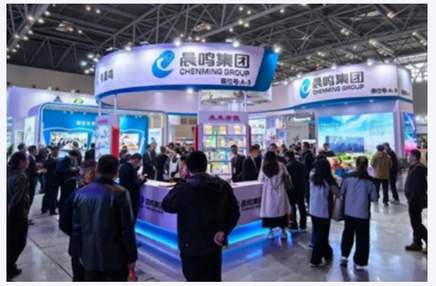
2025 Asia International Label Printing Exhibition and China Packaging Federation 2025 Label (Shanghai) Forum



Weifang "Artificial Intelligence+" Innovation Conference

Case SCHP Participated in the 2025 China International Papermaking and Equipment Expo

In November 2025, the Company participated in the 2025 China International Papermaking and Equipment Expo, comprehensively presenting its full range of products such as cultural paper, copy paper, white cardboard, coated paper and household paper through a combination of graphic displays and physical exhibitions, vividly demonstrating the excellent quality and diversified application scenarios of the Company's products. Through this activity, customers deepened their recognition of the Company's future plans and further strengthened their confidence in deepening cooperation and achieving win-win results with the Company.





Indicators and Targets

2025 Targets	2025 Progress
• Improve the level of technological R&D, conduct research and demonstration on new raw materials and technologies • Strengthen scientific research platforms and patent maintenance to ensure the effective operation of scientific research institutions • Strengthen talent training, courageously overcome difficulties in work and actively solve problems.	• By the end of the reporting period, the Company • Obtained 495 national patent authorizations, including 45 invention patents, 385 utility model patents and 65 design patents • Undertaken 76 provincial and above-level technological innovation projects.

Intellectual Property Protection

The Company has set up an technology center responsible for promoting the implementation of the intellectual property strategy, integrating the creation, application, management and protection of intellectual property into the enterprise's innovation and operation processes. By strengthening the functions of management personnel and departments, establishing an intellectual property management team, implementing institutional and management innovation, the Company continuously improves the construction of the intellectual property system, popularizes protection awareness and improves the overall level of the Company's intellectual property management. The Company continuously strengthens the work of intellectual property protection, applying for 15 patents and obtaining 24 patent authorizations in 2025.

Case The Company Obtained the Patent for "New Bearing Chamber of Reaction Chamber Feeding Screw"

In February 2025, the Company obtained the patent for "New Bearing Chamber of Reaction Chamber Feeding Screw" (CN 222436844 U). This patent specifically solves the problems such as excessive bolt force, loose bearings and shaft head wear caused by abnormal screw material accumulation in traditional technologies, avoiding high maintenance costs. The approval of this patent demonstrates Chenming Paper's strength and determination in deepening technological innovation and continuously optimizing production processes, providing technical support for the upgrading of the enterprise's intelligent manufacturing.

Intelligent Manufacturing

Guided by the national manufacturing digital transformation policy, the Company actively promotes the construction of intelligent manufacturing. Starting from the R&D and optimization of software systems and the upgrading and innovation of hardware equipment, the Company has realized the full-process optimization from raw material procurement to production, quality inspection, packaging and logistics through the introduction of digital management systems, advanced equipment and automated production lines, continuously consolidating the basic capabilities of intelligent manufacturing.

Digital Transformation Practices of SCPH

Collaborative Office End

BPM (Business Process Management) System: Currently, 1,104 processes are in use, with multiple processes added and optimized in 2025. It is connected with the fund management system to realize fund mechanical control, and system failures are optimized to improve business processing efficiency;

Vehicle Positioning System: Real-time monitoring of the trajectory and frequency of sludge transportation vehicles to realize transparent and standardized management of the transportation link;

Group Video Conferencing System: Completed the debugging and transformation of meeting rooms in multiple locations, ensuring more than 30 video conferences throughout the year and improving cross-regional communication efficiency;

SAP ERP (Enterprise Resource Planning) System: Fully covers multiple links such as finance, procurement, sales, logistics and cost control, realizing the optimization of business processes and the separation of production and sales.

Production and Operation End

MES (Manufacturing Execution System): Upgraded and promoted the MES system, integrating base paper production, post-processing and finished product inbound and outbound management, realizing centralized production control and real-time information transmission, improving energy utilization efficiency and energy conservation and emission reduction levels, and officially launched in March 2025;

AI Intelligent Diagnosis System: Combined with the energy consumption monitoring platform, it real-time monitors each link of production, accurately controls energy consumption, with a quality inspection accuracy rate of 99%;

Unattended Weighbridge System: Integrates WeChat mini-program check-in, automatic license plate recognition, vehicle radar guidance, sampling QR code printing and automatic weighing ticket printing, reducing the vehicle weighing time from more than ten minutes per vehicle to three minutes;

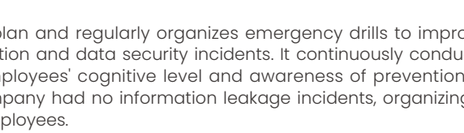
Bidding and Auction System: Transformed the bidding and auction system to realize functions such as bid release, supplier entry and information docking, improving procurement cost performance and reducing costs through online bidding. By the end of the reporting period, 2,380 projects have been bid through the system;

Raw Material Business Management System: A multi-terminal (computer terminal (webpage), supplier mobile APP terminal and driver mobile APP terminal) system that integrates the full-process functions of wood chip procurement, realizing transparent and standardized acquisition, weighing, testing and settlement. The system has been in operation for more than 6 months in 2025, with nearly 5,000 users and more than 1,000 transportation vehicles in the system;

Mobile Version

Web Version

Advanced Papermaking Production Lines: Introduced world-class papermaking equipment, with industry-leading papermaking production lines.



Intelligent Production Workshop of Shouguang Chenming No. 3 Factory

Automated Production Line of Zhanjiang Chenming

nformation and PrivacySecurity

The Company formulates and implements the *Information Security Management Regulations* and the *Data Backup Management System*, clarifying management requirements such as data classification and grading, access control, backup and recovery, providing institutional guarantee for the security of information assets.

The Company has established a file encryption management system, implementing encrypted storage and transmission of important information, and setting strict account permission control to ensure that files are only shared and accessed within the encryption system, preventing data leakage and ensuring "minimum authorization and hierarchical management" of data access. The Company conducts regular data backup work to improve data security and business continuity guarantee capabilities. For the decryption operation of confidential files, the Company implements a strict approval process, which can only be executed by file specialists after the applicant submits an application and it is reviewed by the person in charge of the relevant department and the functional management department, ensuring the full traceability and controllability of information use.

The Company has established a data leakage emergency plan and regularly organizes emergency drills to improve the response and disposal capabilities for important information and data security incidents. It continuously conducts information security training and publicity to strengthen employees' cognitive level and awareness of prevention of information security and privacy protection. In 2025, the Company had no information leakage incidents, organizing 6 information security-related training sessions covering 260 employees.

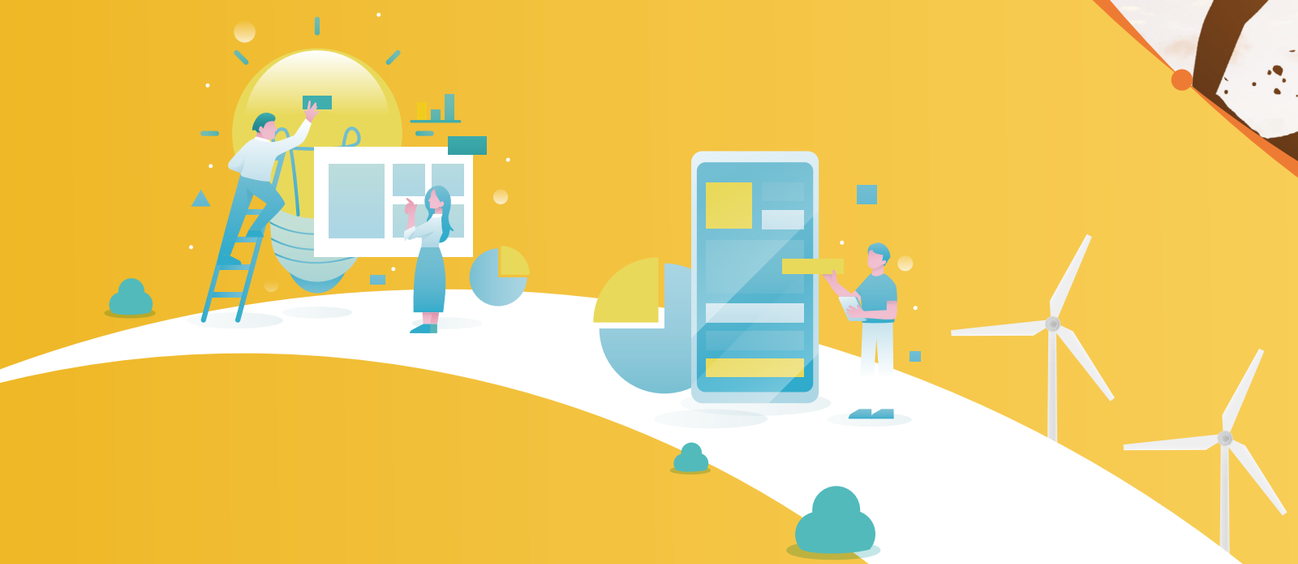
04

Synergy of Forestry and Paper

Gather Development Momentum

Guided by the talent philosophy of "Cultivate Talents, Retain Talents, Make Good Use of Talents" and with "Integrity-based, Win-win and Sharing" as the core, SCPH anchors the foundation of integrated forest-pulp-paper development and gathers forces from all parties to build a sustainable development ecosystem. Internally, it adheres to the people-oriented original aspiration, protects employees' rights and interests, builds a solid safety production line of defense, and constructs a safety management system shared by all employees; externally, it joins hands with suppliers to build a green supply chain, devotes itself to community co-construction and sharing, connects employees, partners and society through diversified responsible practices, gathers development momentum, and realizes the symbiosis, co-prosperity and coordinated development of the enterprise and stakeholders.





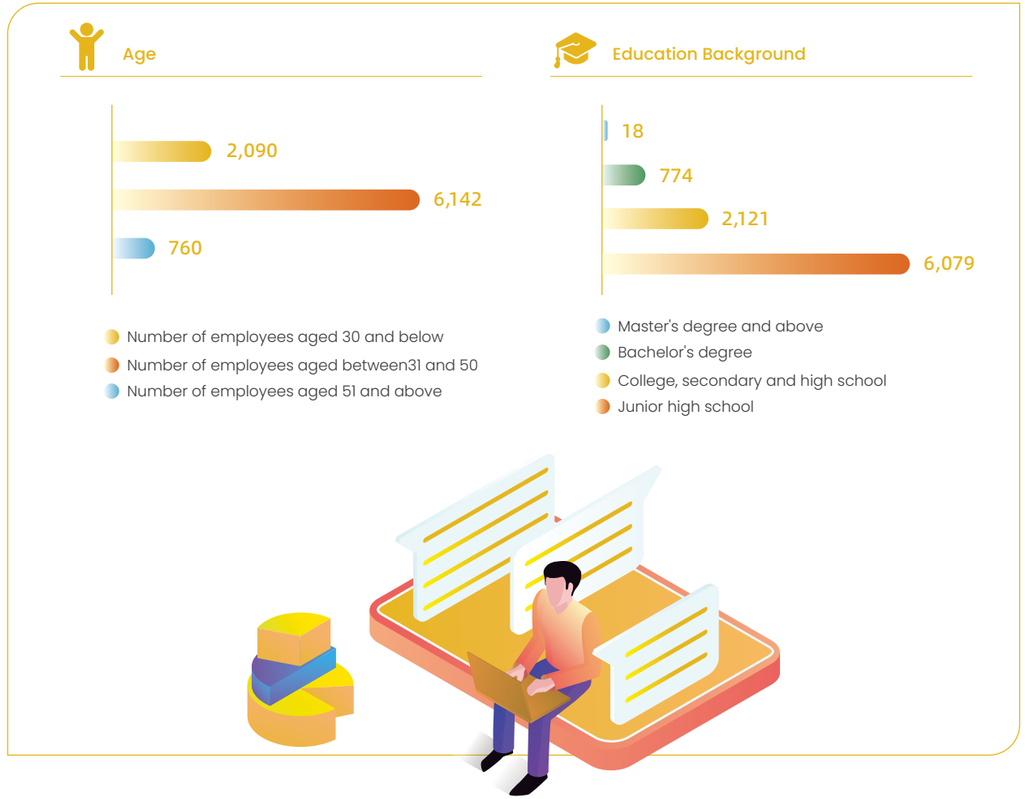
Cultivating a Favorable Environment for Talents

Intelligent Manufacturing

The Company strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws and regulations, attracting employees from different backgrounds through multiple channels such as campus recruitment, social recruitment and talent introduction. It formulates systems such as the Labor Contract Management Measures and the Recruitment Standards and Onboarding Management Measures to standardize labor employment management and legally protect the legitimate rights and interests of employees.

The Company always adheres to the employment principles of equality, diversity and inclusiveness, eliminating any form of discrimination in recruitment, promotion, training and salary management, fully respecting job seekers of different nationalities, genders, religious beliefs and cultural backgrounds, resolutely opposing any form of employment discrimination, and strictly prohibiting workplace harassment, forced labor and child labor, so that every employee can achieve career development in a healthy, safe and respected environment.

The Company continuously monitors and analyzes the employee composition by gender, age, education background and other dimensions, and gradually improves the diversified talent introduction and training mechanism in combination with business development needs to enhance organizational vitality and sustainable development capabilities. In 2025, the proportion of female employees in the Company was 24.18%, and the employee composition by age and education background is as follows:



Remuneration and Benefits

The Company has formulated systems such as the *Remuneration Management System*, the *Implementation Measures for Seniority Allowance and Professional Title Allowance* and the *Measures for the Assistance and Support of Employees in Difficulty*, establishing a market-oriented, differentiated and professional remuneration and benefits management system corresponding to job levels. By considering Key Performance Indicators (KPI) and competency and attitude indicators, it reasonably sets performance rewards and improvement measures to ensure that employees enjoy reasonable and legal remuneration and benefits at work, effectively enhancing employees' sense of gain and satisfaction, and attracting and retaining talents who meet the Company's development needs.

Post Salary

- Basic labor remuneration is linked to the performance of job responsibilities, work standards, skill level and performance accumulation, considering attendance at the same time.

Performance Salary

- Performance salary is paid according to the employee's performance completion, and is also associated with the subsidiary's assessment and departmental performance appraisal results.

Allowances and Subsidies

- Including year-end salary, position allowance, middle and night shift allowance, overtime pay, special allowances, etc.;
- Festival benefits such as Spring Festival and Mid-Autumn Festival.

Insurance Benefits

- Pay five social insurance and one housing fund for employees in accordance with the specified proportion.

Other Benefits

- Humanized leave such as annual leave, marriage leave, sick leave, parental leave and care leave;
- Free working meals and accommodation;
- Various festival and leisure activities;
- Equipped with staff basketball courts, badminton courts, table tennis rooms and other leisure facilities.

Female Employee Benefits

- Increase the number of maternity leave days for female shift workers;
- Provide 1 hour of breastfeeding time for female administrative employees, which can be arranged flexibly;
- Issue Women's Day festival benefits for female employees.

Closely following the development overall situation and focusing on serving employees, the Company continuously improves the employee care and support mechanism. On the one hand, focusing on the actual needs of employees, it has established an employee mutual aid foundation, carried out solid visits and condolences, focusing on caring for retired employees, hospitalized employees and employees in difficulty, timely sending organizational care and warmth, and effectively enhancing employees' sense of corporate identity and belonging; at the same time, it continuously improves employees' working and living conditions such as dining and accommodation, and effectively safeguards employees' basic rights and interests. On the other hand, it enriches employees' cultural life, regularly organizes mass cultural and sports activities such as basketball games, creating a healthy and upward corporate cultural atmosphere; and pays high attention to the rights and interests of female employees, implementing exclusive protection measures to comprehensively improve employees' sense of happiness and gain. In 2025, the Company condoled and assisted 71 employees, investing RMB 108,000.



Distribution of Mid-Autumn Festival Benefits



Visit Campaign for Caring for Employees in Need



The 4th Chenming Cup Staff Basketball Game



Zhanjiang Chenming March 8th Women's Day Garden Party: "Gather Strength, March Toward a Better Future"

Democratic Management

The Company continuously improves the workers' congress system, formulates the Measures for the Management of Rationalization Suggestions, encouraging employees to put forward rationalization suggestions on technological innovation, operation and management, process optimization, hidden danger management and other aspects, and fully stimulating employees' enthusiasm for participating in enterprise governance and continuous improvement. The Company has set up an independent mediation room, established a multi-level democratic communication mechanism, held regular democratic forums every month to carry out ideological communication and interaction through one-on-one exchanges; and set up multi-channel communication carriers such as opinion feedback mailboxes, hotlines and WeChat platforms to extensively collect employees' opinions and suggestions, establishing a closed-loop processing mechanism to ensure that various demands are coordinated in a timely manner, effectively tracked and implemented.



2025 Management Trainees Hold Exchange and Discussion Seminar



The 11th First Session of the Staff Congress

Talent Development

Capacity Improvement

The Company regards talent development as an important support for the "talent-strengthening enterprise" strategy, establishing systems such as the *Interim Measures for the Rotation Management of Key Positions* and the *Mentor-Apprentice Management Measures*, building an integrated talent training model of "rotation + mentoring + skill competition", supporting employees' academic improvement and promoting the continuous optimization of the talent structure. On the premise of performing their job responsibilities, the Company supports employees to achieve effective matching between personal development and organizational needs through internal mobility. According to the personalized needs of employees' development, combined with the mentor-apprentice model, it regularly carries out professional skill training, industry lectures, employee interest competitions and other activities to guide employees to continuously improve their professional capabilities and vocational skills.

In 2025, the Company achieved

100% employee training coverage, with an average training duration of **92** hours per employee

1 employee was awarded the title of "Weifang Chief Technician"

1 employee won the second prize in the 7th Shandong "Papermaking Industry Vocational Skills· Competition"

1 employee was honored as "Shandong Light Industry Technical Expert"

3 employees received the title of Excellent New Employee.

SCPH Training System Dimensions

- Operational and Management Capability Training
  - Leadership and management capability training
  - Qualification training for managers
- Professional Capability Training
  - Technical personnel seminars
  - Skill level improvement
  - Digital capability training
- New Employee Pre-job Training
  - Company overview and corporate culture
  - Enterprise personnel and management systems
  - Factory-level safety education



New Employees' On-site Production Learning



The 7th Shandong "Papermaking

Case Chenming Group Completed the First Phase of Pre-job Training for 2025 Campus Recruited New Employees

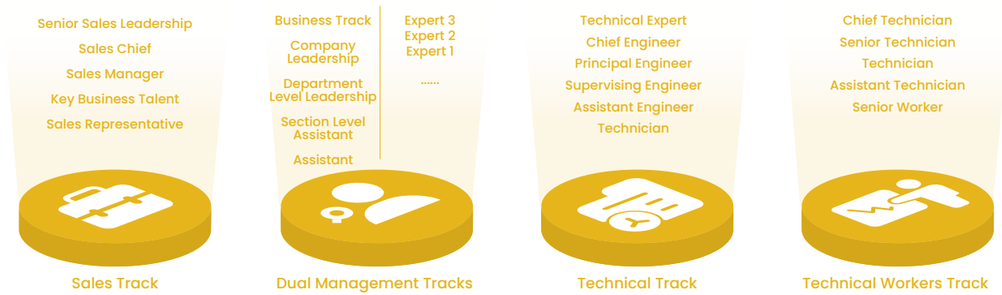
On July 24, 2025, the first phase of pre-job training for 2025 campus recruited new employees of Chenming Group successfully concluded at the headquarters, with nearly 30 "Chenming New Talents" completing the role transition from campus students to workplace professionals. The training kicked off with an induction ceremony, where group leaders put forward four core requirements including character forging and innovation breakthroughs; the human resources department interpreted the multi-channel career paths and training system; representatives of new and old employees shared and communicated, and customized commemorative gifts were awarded on site. The training set up multi-dimensional empowerment modules such as health protection (pre-employment physical examination), knowledge learning, cultural traceability and factory exploration, and gathered team strength through outdoor development. This training is the practical implementation of Chenming's "talent-strengthening enterprise" strategy, injecting new vitality into the enterprise's transformation and development.





Career Development

The Company continuously improves the market-oriented and standardized promotion and appointment mechanism, formulates the Measures for the *Management of Employees' Career Development Channels*, implements dynamic management of the cadre team, and ensures "ability-based promotion and demotion, open entry and exit". Based on the post system, the Company constructs qualification and career development channels, clarifying employees' growth paths. Every January, it opens applications for career level promotion, and the review team assesses applicants' professional theoretical level, work ability, work performance and achievements, talent training and comprehensive performance through interviews and other forms.



Core Initiatives of Talent Development

Full-cycle Training System	Establish a training system covering the entire career of employees, including special plans for different stages such as new employees, business backbones and management personnel.
Multi-track Development Channels	Set up dual promotion channels for management and professional sequences, enabling technical experts and management talents to obtain clear development paths and recognition.
Special Training for Green Skills	In response to the green and low-carbon transformation needs of the papermaking industry, focus on cultivating and introducing professional talents in fields such as environmental engineering, energy chemistry and resource recycling.

Safeguarding Safety and Health

Governance

SCPH strictly complies with laws and regulations such as the *Occupational Disease Prevention and Control Law of the People's Republic of China* and the *Work Safety Law of the People's Republic of China*, formulates systems including the *Emergency Management System*, the *Hidden Danger Control System* and the *On-site Safety Management System*, has obtained and ensures the continuous effective operation of the ISO 45001 Occupational Health and Safety Management System Certification, and constructs a safety management system covering all scenarios of daily production and operation and resumption of work and production. The Company establishes a Work Safety Committee and a leading group headed by the person in charge of the company, incorporates work safety and special management of resumption of work and production into the enterprise's core strategy, performance appraisal indicators and major decision-making matters for overall promotion, reviews major work safety management matters every quarter, implements the full-staff work safety responsibility system, and continuously strengthens the implementation of work safety responsibilities.



ISO 45001 Occupational Health and Safety Management System Certification

SCPH Industry Safety Production Management System

Leading Group
- Headed by the person in charge of the company, with the general manager and safety director as deputy group leaders.

Work Safety Committee
- Composed of the person in charge of the company, main responsible persons of various departments and full-time safety officers, acting as the leading body for work safety, fully responsible for work safety work.

Safety Department
- Supervise the implementation of work safety management systems, organize employees to conduct safety education and training, and carry out regular safety inspections.

Strategy

The Company adheres to the policy of "Safety First, Prevention First, Comprehensive Governance". Facing the dual challenges of green transformation of the papermaking industry, "increased production without increased profits" and phased resumption of work and production, it focuses on core production links such as pulping, papermaking and finished products, and targets "zero major accidents, strong process control and optimal health protection", implementing special measures such as high-pressure equipment control, chemical protection, equipment safety protection and standardized operations. At the same time, it strengthens the full-cycle safety control of resumption of work and production, and constructs a dual safety strategic pattern of "daily prevention + special control" through full-process management including "three inspections and one training" before resumption of work, dynamic monitoring during resumption of work and long-term consolidation after resumption of work, promoting the coordinated development of work safety and low-carbon transformation, and helping to build a more resilient industry safety ecosystem.

Risk Management

Safety Risk Prevention and Emergency Response

The Company has established a "dual prevention mechanism" governance system for work safety risk control and hidden danger investigation, focusing on core production links such as pulping, papermaking and finished products, and implementing full-process risk control.

Whole-process Safety Monitoring of Production Links

01 Pulping Link	Strengthen the regular calibration of high-pressure equipment and chemical protection, and equip emergency eyewashers, spray devices and slag removal equipment.
02 Papermaking Link	Install safety devices such as guardrails and emergency stop buttons and realize interlock control, and clarify operating specifications and inspection channels.
03 Finished Product Cutting Link	Equip photoelectric hand protection devices and strictly implement pre-job training requirements.
04 Special Control for Resumption of Work and Production	• Conduct "three inspections and one training" before resumption of work, complete comprehensive inspections of equipment, environment and hidden dangers, train a total of 11,255 employees with a training qualification rate of 100%; carry out dynamic monitoring and personnel care during resumption of work; review and summarize after resumption of work and incorporate effective measures into daily management.

The Company has established a "full-staff participation, hierarchical control" hidden danger investigation mechanism. Based on the control measures and basic safety management requirements of various risk points, it compiles a list of investigation items, formulates a safety hidden danger investigation plan, combining daily inspections with regular special inspections, forming a normalized model of daily self-inspection by teams and groups, monthly special inspections by workshops and quarterly comprehensive inspections by enterprises. During the resumption of work and production, an additional "daily inspections + weekly special inspections" are added. It implements a closed-loop management of "investigation - registration - rectification - review - cancellation". In 2025, the Company has identified and rectified a total of 6,934 safety hazards, including 1,569 hazards related to the resumption of work and production, with a rectification completion rate of 100%.

Risk Assessment	Hazard Identification	Risk Control Measures	Hierarchical Risk Control
Conduct risk point investigation throughout the production and operation process, and classify the identified risk points according to the hazard (LEC) assessment method.	Identify hazards according to human, material, management and environmental factors for all operational activities and equipment and facilities.	Formulate risk control measures from five aspects: engineering technology, management, training and education, personal protection and emergency disposal, and formulate special control plans for major risks.	The control levels are four levels: company-level, department-level, workshop-level and team/position-level, with key control over major risks.

The Company continuously improves the emergency management system, revises emergency disposal plans for emergencies such as fires, chemical leaks and equipment failures, adds the *Special Emergency Disposal Plan for Emergencies during Resumption of Work and Production*, and clarifies the response process and division of responsibilities. It sets up emergency material storage points in each production workshop, equips with fire extinguishers, protective clothing, first-aid kits and other materials and checks their effectiveness monthly, and organizes emergency drills monthly to improve employees' emergency disposal capabilities. During the reporting period, the Company carried out 485 safety emergency drills, with 5,553 participants, effectively improving the ability to respond to emergencies.



Jilin Chenming Workshop Mechanical Injury Emergency Drill



Shouguang Chenming No.2 Plant Vehicle Injury Emergency Drill



Zhanjiang Chenming Main Unit Circulating Hydrogenated Liquid Pump Fire Emergency Disposal Drill



Huanggang Chenming 2025 Work Safety Month Series Activities

Occupational Health

The Company attaches great importance to the protection of employees' occupational health and constructs a full-cycle health protection system. It equips employees in different positions with exclusive personal protective equipment, establishes a standardized system for collection, maintenance and replacement to ensure adequate protection. It organizes full-staff occupational health physical examinations with a coverage rate of 100%, timely grasps employees' health status and provides targeted protection. During the resumption of work and production, it sets up health monitoring points to monitor employees' physical conditions daily, and at the same time pays attention to the psychological state of returning employees, providing psychological counseling services to avoid safety accidents caused by fatigue and anxiety, and comprehensively safeguarding employees' physical and mental health. During the reporting period, there were no new cases of occupational diseases in the Company.

Safety Culture Construction

The Company continuously strengthens the construction of safety culture, improving employees' self-protection awareness and safe operation capabilities through warning education, system promotion and skill training. New employees carry out comprehensive "three-level safety education", systematically covering post risk points, operating specifications and emergency disposal skills; on-the-job employees conduct regular skill reviews, with a 100% coverage rate of special training for high-risk positions. During the resumption of work and production, the Company simultaneously organizes special safety training to ensure that employees' safety awareness and operational capabilities are fully up to standard. In 2025, the Company organized 32 occupational health and safety training sessions, with 6,500 front-line production employees and department employees participating, achieving a coverage rate of 100%.

Indicators and Targets

The Company continuously strengthens safety performance management. Centering on the annual overall occupational health and safety goals, combined with production plans, seasonal characteristics and changes in key risks, it scientifically decomposes the annual goals into each quarter and further refines them to each business unit and position level, clarifying quarterly key tasks, control indicators and responsible subjects. Quarterly goals focus on accident prevention, hidden danger investigation and treatment, employee training, occupational health management and emergency capability building, ensuring that safety management advances in sync with the rhythm of production and operation.

2025 Achieved Targets	2026 Targets
• Zero cases of work-related fatalities, serious injuries, fire and explosion accidents, and occupational disease incidents • 100% rectification rate of potential safety hazards and 100% training rate for new employees • 100% coverage of potential hazard inspections before resumption of work and 100% qualification rate of personnel training after resumption of work • 100% certification rate for special operation personnel on the job and 100% coverage of occupational health physical examinations for all employees	• No serious injuries, deaths or above accidents • The work-related injury rate of employees is less than 3‰ • Zero fire and explosion accidents • Zero occupational disease incidents • 100% certification rate for special operation and special equipment operators on the job • 100% qualification rate of safety training for main persons-in-charge and safety management personnel

Indicator	Unit	2025
Annual Physical Examination Coverage Rate for Staff in Occupational Hazard Sites	%	100
Work Safety Investment	Ten Thousand Yuan	647.88
Number of Work-related Injuries	Person	38
Number of Working Days Lost Due to Work-related Injuries	Day	3,952
Injury Rate per Million Working Hours	%	2.4



Building a Responsible Supply Chain

Sustainable Supply Chain

The Company adheres to the supplier management principles of "fairness, impartiality, openness and transparency", integrates the concept of sustainable development into the entire process of procurement and supply chain management, and continuously builds a stable, reliable and healthy supplier system. To ensure supply quality, reduce production costs and prevent procurement risks, the Company formulates and implements management systems such as the *Supplier Management Measures* and the *Procurement Tendering Management System*, standardizing the processes of supplier access, procurement tendering and performance management.

The Company has established a sound supplier access mechanism, implementing strict qualification review and hierarchical approval for new suppliers to ensure that they meet the Company's requirements in terms of quality management, performance capabilities and compliant operation. In the procurement implementation process, the Company conducts business in strict accordance with relevant procurement standards and process control requirements, continuously improving the operational efficiency of the supply chain and the stability of product quality.

The Company treats small and medium-sized enterprises (SMEs) fairly and equitably. We eliminate unreasonable thresholds and restrictions during the procurement process and does not impose differential treatment or discrimination against SMEs based on certain specific conditions.During the reporting period, some of the Company's production bases were shut down for maintenance, resulting in the delayed payment of certain funds. Among these, the amount overdue to SMEs amounted to RMB 1.067 billion. With the strong support of Party committees, governments at all levels, and financial institutions, the Company has fully promoted the orderly resumption of work and production at various production bases. Its hematopoietic function has been gradually restored, and operational efficiency has been steadily improved. Once production and operations stabilize, the Company will sequentially resolve the outstanding payment matters.

Supply Chain Management Process

Sourcing

Seek high-quality suppliers through various channels and carry out important cooperation with world-class papermaking equipment manufacturing companies, well-known pulp and wood chip production companies, etc.

Access

The Company has established a three-level joint review mechanism of "application initiated by first-level supply chain employees based on intelligence analysis, research and review by main business supervisors, and approval by the person in charge of the company", strengthening the assessment of suppliers from the source. Assessment indicators include FSC certification to ensure that suppliers meet relevant requirements for sustainable development.

Maintenance

The Company formulates differentiated management measures according to supplier types, and establishes strategic alliances with core suppliers through framework agreements, consignment and other forms. For Grade C suppliers, the Company puts forward improvement suggestions and gives them opportunities for improvement. If suppliers can make timely improvements and meet procurement requirements, they will have the opportunity to be upgraded to important suppliers.

Assessment

The Company comprehensively assesses suppliers from four dimensions: quality, price, capital support and delivery time, and classifies suppliers into Grade A (core, strategic suppliers), Grade B (important suppliers) and Grade C (to be eliminated suppliers) based on scores, selecting and maintaining high-quality long-term cooperative partnerships.

Supply Chain Risk Management

The Company continuously strengthens the supply chain risk identification, assessment and control mechanism, conducting regular comprehensive assessments of suppliers around key dimensions such as supply quality, procurement price, delivery capability, payment terms and after-sales service, dynamically grasping suppliers' performance and risk status.

The Company attaches great importance to the stability of the supply chain, implementing a hierarchical management system of "in-stock, in-port and in-transit" for raw materials, reasonably setting storage and transportation volumes to minimize capital occupation and ensure the smooth progress of production and operation. It has established long-term strategic cooperative relations with most suppliers, and suppliers adjust the supply volume and supply methods according to Chenming Paper's production plan to ensure the stable supply of raw materials. During special time nodes such as holidays, flood seasons, rainy seasons and natural disasters, the Company reminds suppliers in advance and requires them to formulate early warning and emergency mechanisms for raw material transportation guarantee.

For suppliers that do not meet management requirements or have major risks, the Company formulates and implements a standardized supplier elimination approval process, promptly implementing hierarchical control and exit management to prevent supply disruptions and quality risks. For the procurement of key raw materials, the Company strictly implements the Commodity Pulp Procurement Standards and Process Control Management System, ensuring the safety, compliance and stability of raw material supply through full-process quality control and risk monitoring.

Indicator	Unit	2025
Number of Suppliers	Numbers	683
Proportion of Domestic Suppliers	%	91.3
Proportion of Overseas Suppliers	%	8.7
Total Procurement of Woody Fibers	10,000 tons	30.08
Number of Supplier Audits	Time	12
Number of Training Sessions on Supply Chain Management	Time	24

Co-building a Better Community

The Company always keeps in mind our corporate social responsibility, actively combines its own development with social value creation, continuously participates in and supports social welfare undertakings, and strives to repay and serve the society. Focusing on key areas such as education support and poverty alleviation, the Company has carried out many public welfare activities such as donations for education and special assistance, helping rural revitalization, effectively caring for the needs of vulnerable groups, practicing corporate responsibility with practical actions, and contributing to social harmony and development.

Case The Company Organized a Voluntary Blood Donation Public Welfare Activity

In May 2025, the Company organized a voluntary blood donation public welfare activity, with 20 employees actively participating. At the event site, employees completed registration, physical examination, blood collection and other processes in an orderly manner under the guidance of staff. This activity is not only a vivid manifestation of Chenming's practice of social responsibility, but also highlights the good spirit of employees' selfless dedication, injecting warm power into social public welfare undertakings.







Appendix

Table of Key Performance Indicators

Environmental Key Performance Indicators

Indicator	Unit	2025
Environmental Management		
Environmental Protection Investment (Investment in odor control)	RMB 10,000	21,804
Number of Environmental Protection Training Sessions	Times	19
Total Number of Participants in Environmental Protection Training	Person-times	1,114
Number of unexpected environmental incidents	Cases	2
Amounts of environmental penalties due to excess or non-compliant emissions of pollutants	RMB 10,000	46
Water Resource Management		
Water abstraction from municipal water supply	Cubic meters	105,915
Water intake from other water sources		
Shouguang Chenming-From Mi River	Cubic meters	11,802,441
Shouguang Chenming-From Yeyuan Reservoir	Cubic meters	3,682,248
houguang Chenming-From Shuangwangcheng	Cubic meters	2,539,100
Shouguang Chenming- Huangshui East Diversion Project	Cubic meters	2,650,100
Shouguang Chenming-Groundwater	Cubic meters	1,175,383
Zhanjing Chenming-From Qingnian Canal	Cubic meters	344,816
Jiangxi Chenming-From Ganjiang River	Cubic meters	24,642,262
Huanggang Chenming-From Yangtze River	Cubic meters	10,504,327
Jilin Chenming-From Songhua River	Cubic meters	1,283,497
Total amount of water consumed	Cubic meters	58,624,174
Water consumption intensity	Cubic meters/ RMB 10,000revenue	94.46
Recycled/reused water	Cubic meters	2,823,852
Proportion of recycled/reused water to total amount of water consumed	%	4.82

Indicator	Unit	2025
Pollution Prevention Control		
Waste water discharged	Cubic meters	18,845,053
C0D emissions	Ton	86,360
Ammonia and nitrogen emissions	Ton	2,267
Total phosphorus	Ton	102
Total nitrogen	Ton	5,914
NOx emissions	Ton	925
S0x emissions	Ton	174
PM emissions	Ton	61
Non-hazardous waste emissions	Ton	488,111
Non-hazardous waste emissions intensity	Tons/ RMB 10,000 revenue	0.79
Hazardous waste emissions	Ton	295
Hazardous waste emissions intensity	Tons/ RMB 10,000 revenue	0.00047
Resouree Utilization		
Total product packaging materials	Ton	1,228
Intensity of total product packaging materials	Tons/ RMB 10,000 revenue	0.00198
Energy Consumption		
Purchase of Energy(Indirect)		
Purchased electricity consumption	Mwh	333,387.40
Non-Renewable Fuels(Direct)		
Natural gas consumption	Mwh	201,767.47
Diesel consumption	Mwh	14,935.60
Gasoline consumption	Mwh	386.36
Self-Made Energy(Direct)		
Self-made heat	Mwh	637,187.25
Steam generated	Mwh	1,727,218.06
Self- generated power	Mwh	840,945.32
Renewable Energy(Direct)		
Total consumption of renewable energy	Mwh	809,766.52
Percentage of renewable energy use	%	17.74
Total consumption of direct energy	Mwh	4,232,206.58

Indicator	Unit	2025
Intensity of direct energy consumption	Mwh/ RMB 10,000 revenue	6.82
Total consumption of indirect energy	Mwh	333,387.40
Intensity of indirect energy consumption	Mwh/ RMB 10,000 revenue	0.54
Greenhouse Gas Emissions		
Scope 1 greenhouse gas emissions	Tons of CO_2 equivalent	1,615,313.39
Scope 1 greenhouse gas emissions intensity	Tons of CO_2 equivalent/ RMB 10,000 revenue	2.60
Scope 2 greenhouse gas emissions	Tons of CO_2 equivalent	178,895.68
Scope 2 greenhouse gas emissions intensity	Tons of CO_2 equivalent/ RMB 10,000 revenue	0.29
Sustainable Forests		
Woodland area (on Certificate of Forest and Woodland Tenure Right)	10,000 mu (666.67 hectares)	60.99
Amount invested in woodland management	RMB 10,000	141,263
Percentage of woodland area certified as sustainable	%	96
Carbon emissions absorbed by reserve forests	Tons of CO_2equivalent	1,000,000

Social Key Performance Indicators

Indicator	Unit	2025
R&D and Innovation		
Number of R&D staff	Person	885
Percentage of R&D staff	%	9.8
Amount of R&D investment	RMB 10,000	9,326.1
Percentage of R&D investment to operating revenue	%	1.5
Sum of the Authorized Patent	Items	496
Number of invention patents	Items	45
Number of utility patents	Items	386
Number of design patents	Items	65
Number of completed and ongoing research projects	Items	13

Indicator	Unit	2025
Quality Management		
Number of product recalls	Cases	0
Percentage of recalled products	%	0
Yield	%	98.2
Customer service		
Number of products recalled for affecting the safety and health of the human body	Cases	0
Number of customer satisfaction questionnaires sent out	Copies	310
Number of valid customer satisfaction questionnaires received	Copies	280
Customer satisfaction rate	%	85.78
Number of customer complaints	Times	416
Rate of customer complaints solved	%	100
Privacy protection and Data Security		
Number of defenses against external attacks	Times	2
Number of data security training sessions	Times	6
Number of participants in data security training	Person-times	260
Number of data leaks	Times	0
Supply Chain Management		
Number of suppliers	Numbers	683
Percentage of domestic suppliers	%	91.3
Percentage of foreign suppliers	%	8.7
Total wood fibre purchased	10,000 tons	30.08
Number of supplier screening	Times	12
Number of supply chain management training	Times	24
Employee Management		
Number of employees	Person	8,992
By gender		
Number of male employees	Person	6,818
Number of female employees	Person	2,174
Percentage of female employees	Percentage	24.18

Indicator	Unit	2025
By employment-type		
Number of contract employees	Person	8,992
Number of part-time employees	Person	0
Number of dispatched employees	Person	0
By age		
Number of employees aged 30 and below	Person	2,090
Number of employees aged between 31 and 50	Person	6,142
Number of employees aged 51 and above	Person	760
By educational background		
Master's Degree and above	Person	18
Bachelor's degree	Person	774
Colleges, Secondary and high schools	Person	2,121
Junior high school	Person	6,079
By region		
Number of employees working in mainland China	Person	8,982
Number of employees working in Hong Kong, Macau, Taiwan and overseas	Person	10
By rank		
Senior Managers	Person	177
Middle Managers	Person	724
Supervisors	Person	926
General Employees	Person	7,165
Employee turnover rate		
By gender		
Turnover rate of male employees	%	0.65
Turnover rate of female employees	%	0.11
By age		
Turnover rate of employees aged 30 and below	%	0.35
Turnover rate of employees aged between 31 and 50	%	0.37
Turnover rate of employees aged 51 and above	%	0.02
By region		
Turnover rate of employees working in mainland China	%	0.75
Turnover rate of employees working in Hong Kong, Macau, Taiwan and overseas	%	0.3

Indicator	Unit	2025
Employee Training and Development		
Percentage of employees who have received training	%	100
Average training hours completed per employee	Percentage	92
By gender		
Percentage of male employees who have received training	%	100
Percentage of female employees who have received training	%	100
Average training hours completed per male employee	Hours	92
Average training hours completed per female employee	Hours	92
By rank		
Percentage of senior management who have received training	%	100
Percentage of middle management who have received training	%	100
Percentage of supervisors who have received training	%	100
Percentage of workers who have received training	%	100
Average training hours completed per senior management	Hours	92
Average training hours completed per middle management	Hours	92
Average training hours completed per supervisor	Hours	92
Average training hours completed per worker	Hours	92
Occupational Health and Safety		
Coverage of annual medical check-ups for staff working in occupationally hazardous places	%	100
Investment in safety production	RMB 10,000	647.88
Work-related deaths	Person	0
Work-related death rate	‰	0
Number of employees injured at work	Person	38
Number of working days lost due	天	3,952
to work-related injuries	Days	3,952
Rate of lost working hours	%	2.4
(in 1,000,000 working hours)	%	1,992
Injury rate (in 1,000,000 working hours)	%	2.4
Number of new cases of occupational diseases	Person	0
Investment in occupational injury insurance	RMB 10,000	678
Number of occupational health and safety training	Times	32
Number of participants in occupational health and safety training	Person-times	6,500
Coverage of occupational health and safety training for front-line production workers and department workers	%	100
Number of safety emergency drills	Times	485
Number of participants in safety emergency drills	Person-times	5,553

Governance Key Performance Indicators

Indicator	Unit	2025
Corporate Governance		
General Meeting of Shareholders	Times	3
召 Board of Directors meeting	Times	8
Board of Supervisors meeting	Times	3
Strategy and Sustainability Committee meeting	Times	2
Audit Committee meeting	Times	5
Remuneration and Assessment Committee meeting	Times	2
Nomination Committee meeting	Times	2
Number of directors	Person	11
Number of independent directors	Person	4
Percentage of independent directors	%	36.36%
Number of female directors	Person	2
Percentage of female directors	%	18.18%
Investor Relations		
Release of periodic reports to the pubic	Copies	4
Release of interim announcements	Copies	243
Reception of investor inquiries	Times	3
Response rate of investor hotline	%	100
Response to investor questions on Hudongyi	Number	210
Compliance 0peration/Business Ethics		
Number of compliance-related complaints received	Cases	27
Number of compliance-related complaints solved	Cases	27
Number of employees punished for business ethics or integrity issues	Person	9
Number of corruption incidents or cases involving prosecution or referral to justice	Cases	2

Index of Indicator

Part C: "Comply or Explain" Provisions

Dimension		Corresponding Report Chapter
A. Environment		
Aspect A1: Emissions	General Disclosure	Green and Compliant Operation
	KPI A1.1	Key Performance Indicators Table
	KPI A1.2	Green and Compliant Operation, Key Performance Indicators Table
	KPI A1.3	Green and Compliant Operation, Key Performance Indicators Table
	KPI A1.4	Green and Compliant Operation, Key Performance Indicators Table
	KPI A1.5	Green and Compliant Operation
	KPI A1.6	Green and Compliant Operation
Aspect A2: Resource Usage	General Disclosure	Practicing Cleaner Production
	KPI A2.1	Key Performance Indicators Table
	KPI A2.2	Practicing Cleaner Production, Key Performance Indicators Table
	KPI A2.3	Practicing Cleaner Production
	KPI A2.4	Practicing Cleaner Production
	KPI A2.5	Practicing Cleaner Production
Aspect A3: Environment and Natural Resources	General Disclosure	Green and Compliant Operation
	KPI A3.1	Practicing Cleaner Production
B: Social		
Aspect B1: Employment	General Disclosure	Cultivating a Favorable Environment for Talents
	KPI B1.1	Cultivating a Favorable Environment for Talents, Key Performance Indicators Table
	KPI B1.2	Cultivating a Favorable Environment for Talents, Key Performance Indicators Table

Dimension		Corresponding Report Chapter
Aspect B2: Health and Safety	General Disclosure	Safeguarding Safety and Health
	KPI B2.1	Key Performance Indicators Table
	KPI B2.2	Key Performance Indicators Table
	KPI B2.3	Safeguarding Safety and Health
Aspect B3: Development and Training	General Disclosure	Cultivating a Favorable Environment for Talents
	KPI B3.1	Key Performance Indicators Table
	KPI B3.2	Key Performance Indicators Table
Aspect B4: Labor Standards	General Disclosure	Cultivating a Favorable Environment for Talents
	KPI B4.1	
	KPI B4.2	
Aspect B5: Supply Chain Management	General Disclosure	Building a Responsible Supply Chain
	KPI B5.1	
	KPI B5.2	
	KPI B5.3	
	KPI B5.4	
Aspect B6: Product Responsibility	General Disclosure	Pursuing Excellent Quality
	KPI B6.1	Key Performance Indicators Table
	KPI B6.2	Providing High-quality Services
	KPI B6.3	Adhering to Technological Innovation
	KPI B6.4	Pursuing Excellent Quality
	KPI B6.5	Adhering to Technological Innovation
Aspect B7: Anti-corruption	General Disclosure	Compliant and Stable Operation
	KPI B7.1	
	KPI B7.2	
	KPI B7.3	
Aspect B8: Community Investment	General Disclosure	Building a Better Community
	KPI B8.1	
	KPI B8.2	

Part D: Index of "Climate-related Disclosures"

Climate-related Disclosure		Corresponding Chapter
Governance		Addressing Climate Change - Governance
Strategy	Climate-related Risks and Opportunities	Addressing Climate Change - Strategy
	Business Model and Value Chain	Addressing Climate Change - Strategy
	Strategy and Decision-making	Addressing Climate Change - Strategy
	Financial Condition, Financial Performance and Cash Flow	Addressing Climate Change - Strategy
	Climate Resilience	Addressing Climate Change - Strategy
Risk Management		Addressing Climate Change - Risk Management
Indicators and targets	Greenhouse Gas Emissions	Addressing Climate Change - Metrics and Targets
	Climate-related Transition Risks	Addressing Climate Change - Risk Management
	Climate-related Physical Risks	Addressing Climate Change - Risk Management
	Climate-related Opportunities	Addressing Climate Change - Risk Management
	Capital Allocation	Pursuing Excellent Quality
	Internal Carbon Pricing	Internal Carbon Pricing Not Applied
	Remuneration	Addressing Climate Change - Metrics and Targets
	Discussion on Processes for Assessing and Managing Environmental Risks Related to Project Design, Site Selection and Construction	Practicing Cleaner Production
	Climate-related Targets	Addressing Climate Change - Metrics and Targets

Index of Indicators in *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 - Sustainable Development Reports (Trial)*

Dimension	Serial Number	Topic	Corresponding Report Chapter
Environment	1	Addressing Climate Change	Addressing Climate Change
	2	Pollutant Emissions	Green and Compliant Operation
	3	Waste Treatment	Green and Compliant Operation
	4	Ecosystem and Biodiversity Protection	Practicing Cleaner Production
	5	Environmental Compliance Management	Green and Compliant Operation
	6	Energy Utilization	Practicing Cleaner Production
	7	Water Resource Utilization	Practicing Cleaner Production
	8	Circular Economy	Practicing Cleaner Production
Social	9	Rural Revitalization	Building a Better Community
	10	Social Contributions	Building a Better Community
	11	Innovation-driven Development	Adhering to Technological Innovation
	12	Science and Technology Ethics	No Content Related to Science and Technology Ethics in the Company's Technological Innovation Process
	13	Supply Chain Security	Building a Responsible Supply Chain
	14	Equal Treatment of Small and Medium-sized Enterprises	Building a Responsible Supply Chain
	15	Product and Service Safety and Quality	Pursuing Excellent Quality Providing High-quality Services
	16	Data Security and Customer Privacy Protection	Adhering to Technological Innovation
	17	Employees	Cultivating a Favorable Environment for Talents
Governance Related to Sustainable Development	18	Due Diligence	Comprehensive Responsibility Governance
	19	Stakeholder Communication	Comprehensive Responsibility Governance
	20	Anti-commercial Bribery and Anti-corruption	Compliant and Stable Operation
	21	Anti-unfair Competition	Compliant and Stable Operation

Survey Questionnaire

Dear Readers,

Thank you for reading the *2025 Environmental, Social and Governance (ESG) Report of Shandong Chenming Paper Holdings Limited*. We highly value your evaluation and valuable suggestions, which are important for us to continuously improve the report. Please fill in the following questionnaire and send it to chenmmingpaper@163.com.

Questionnaire on Feedback for the 2025 Environmental, Social and Governance (ESG) Report of Shandong Chenming Paper Holdings Limited

Name _____

Position _____

Phone _____

Email _____

01 What is your overall evaluation of this report?

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

02 How would you rate the accuracy, completeness, timeliness and clarity of the information disclosed in this report?

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

03 Is the content arrangement and style design of this report easy to read?

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

04 Which topics are you concerned about?

_____

_____

05 What information do you think is not reflected in the report that you need to know?

_____

_____

06 Do you have any other comments on SCPH's work in environmental, social and governance aspects?

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