






Integrating knowledge and action,
creating with craftsmanship


Sustainability Report 2023 of
Xianhe Co., Ltd.




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About the Report

Overview

The "Sustainability Report 2023 of Xianhe Co., Ltd." (hereinafter referred to as the "Report") is the sustainability report released by Xianhe Co., Ltd. for the third consecutive year. The Report is also Xianhe's fifth non-financial information report, aiming to systematically describe the principles, concepts, management approaches, and performance outcomes that Xianhe adheres to in terms of sustainable development.

Data Description

The data, management mechanisms and cases referred to in the Report are derived from the original records or financial reports of the Company's actual operations. The financial data in the Report is stated in Chinese Yuan (RMB). If the financial data in the Report is inconsistent with that of the Company's annual financial report, the annual financial report shall prevail.

Description of Names

Xianhe Co., Ltd.	Xianhe, Xianhe Corporation, The Company, our company, we
Zhejiang Zhefeng New Materials Co., Ltd.	Zhefeng New Materials
Zhejiang Zhefeng New Materials Co., Ltd.	Hefeng New Materials
Zhejiang Tangfeng Special Papers Co., Ltd.	Zhejiang Tangfeng
Henan Xianhe Special Pulp and Paper Co., Ltd.	Henan Xianhe
Zhejiang Zhefeng Energy Development Co., Ltd.	Zhejiang Zhefeng
Zhejiang Xianhe New Energy Co., Ltd.	Xianhe New Energy
Guangxi Xianhe Energy Development Co., Ltd.	Guangxi Xianhe Energy
Hubei Xianhe Thermal Energy Co., Ltd.	Hubei Xianhe Energy
Zhejiang Xianlu New Materials Co., Ltd.	Xianlu New Materials
Zhejiang Korai New Materials Co., Ltd.	Korai New Materials
Kingdecor (Zhejiang) Co., Ltd.	Kingdecor

Report Scope

The scope of the Report is consistent with that of the Company's annual report, covering Xianhe and its subsidiaries within the consolidated range. The Report is an annual report, covering the period from January 1, 2023, to December 31, 2023. Some contents of the Report are beyond the mentioned timeframe and will be explained in the relevant sections.

Basis for Preparation

The Report is compiled based on the "Guidelines No. 1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies - Standard Operation", with guidance from the "Global Reporting Initiative (GRI) Standards" issued by the Global Sustainability Standards Board (GSSB), the Containers & Packaging Sustainability Accounting Standard and Pulp & Paper Products Sustainability Accounting Standard released by the Sustainability Accounting Standards Board (SASB), as well as the IFRS® Sustainability Disclosure Standards published by the International Sustainability Standards Board (ISSB). Additionally, the Report quotes some recommendations from ISO 26000:2010 Guidance on Social Responsibility, a set of guidelines on social responsibility released by the International Organization for Standardization (ISO).

Commitment to Reliability

Xianhe Co., Ltd. (Xianhe) hereby promises that the contents of the Report do not contain any false records, misleading statements, or significant omissions. The Board of Directors of Xianhe assumes individual and joint responsibility for the truthfulness, accuracy, and completeness of its contents.

Access to the Report

The Report is published in both printed and electronic versions. The printed version is available in the Securities Department of the Company. The electronic version is available on the Company's official website (<http://www.xianhepaper.com>) and the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>).

Contact Information

We encourage all stakeholders to provide suggestions or opinions on our sustainable development and social responsibility management. For any related matters, please contact zqb@xianhepaper.com.

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Message from the Chairman

In 2023, a year full of challenges and opportunities, Xianhe continued to move forward steadily amidst global economic fluctuations. Guided by the philosophy of sustainability, we have integrated efficient production and social responsibility to create a better future. In the face of changes, we demonstrate corporate responsibility and adhere to the path of high-quality development, making contributions to the construction of a modern and strong nation.

Adhering to the innovative concept of "self-designed and collaborative development," we continuously promote the development of the special paper industry through innovation. We have seized the development opportunities of "replacing plastic with paper", accelerated the research and development as well as construction of paper-based materials, and maintained our long-term competitiveness. By providing comprehensive research and development, production, and technical services, we have won clients' trust with excellent products and high-quality services. Through precision management, we join hands with partners to build a sustainable supply chain, supporting the "Made in China 2025" initiative.

Adhering to the environmental protection concept of "Green China, Clean Factory," we have promoted the green transformation through systematic management and environmental protection measures. Besides, we have improved our environmental protection and resource management system, optimized pollution control procedures, and continuously improve the performance of corporate environmental governance. We have implemented a strict carbon emission management system, constantly promoted carbon inventory and carbon footprint measurement, and advanced comprehensive quantitative management of carbon emissions. Additionally, we actively develop and utilize new energy and continuously expand the layout of distributed photovoltaic power generation. We have taken the lead in implementing energy storage projects and constructed the largest single user-side energy storage station in the industry, giving full play to the efficacy of energy storage in energy conservation and carbon reduction. Besides, we have vigorously promoted energy management measures and energy efficiency improvement projects, developed carbon sink projects and low-carbon products to address climate change comprehensively, and contributed to realizing the "dual-carbon" goals (China's pledge to peak its carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060).

Following the values of "people-oriented, family-oriented, harmony-oriented, and morality-first", Xianhe promotes the common growth of employees and society with a "Family-oriented Culture" as the core. We have established a comprehensive labor management system and safety management system and organized diverse welfare activities for employees to ensure their legitimate rights and interests as well as their physical and mental health. By implementing a scientific promotion mechanism, and providing personalized guidance and resource support, we aim to create wide-ranging career development opportunities for employees and achieve mutual growth for both the Company and individuals. Meanwhile, we actively assume social responsibility frequently participate in donations, rural revitalization, and other social welfare activities, and devote ourselves to promoting the coordinated development of businesses and communities.

Adhering to the responsibility strategy of "upholding sustainable development and becoming a global industry leader in high-performance paper-based functional materials," we have promoted steady operation through scientific governance. By establishing a sound governance structure, improving the compliance management system, and promoting a corporate culture featured with integrity, we aim to strengthen the foundation of governance and ensure the long-term healthy development of the Company. We have established the ESG Committee to continuously assess sustainable development risks and opportunities and integrate the philosophy of sustainable development into our corporate strategy, contributing to global sustainable development.

We firmly believe that perseverance will eventually lead to success. Looking forward to the future, we will continue to integrate the philosophy of sustainable development into the code of action, give full play to our resources and innovation strength, and explore the future path with all partners. In the new journey, we will constantly challenge ourselves, set new records, and contribute our wisdom and strength to the progress of China and even the world.



Chairman of Xianhe Co., Ltd.
Wang Minliang

About Us



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Company Profile

As a large-scale domestic company engaged in research and production, Xianhe Co., Ltd. (abbreviated as "Xianhe") specializes in high-performance paper-based functional materials. Its main business involves the research, development, production, and sale of high-performance paper-based functional materials and the relevant pulp raw materials and chemical raw materials. The paper-based functional materials produced by Xianhe are mainly divided into six series, with more than 60 varieties. Specifically, it includes a series of food and medical packaging materials, a series of tobacco industry accessories materials, a series of home decoration materials (including products from the joint venture company Kingdecor), a series of business communication and publishing printing materials, the series of electrical and industrial paper materials, and the series of daily consumer products materials. Additionally, Xianhe focuses on the research, development, and production of paper-based functional materials, actively promoting the development of diverse industries such as energy manufacturing, chemical materials, industrial water treatment and solid waste management, clean energy, logistics, and consumer-end products, as well as integration of upstream and downstream sectors in the new materials and new energy fields. Xianhe has 5 production bases in Qujiang City, Zhejiang Province; Changshan City, Zhejiang Province; Neixiang City, Henan Province; Laibin City, Guangxi Province; and Shishou City, Hubei Province.

Company name: Xianhe Co.,Ltd.
Abbreviation of Company name: Xianhe
Stock Code: 603733
Headquarter: Quzhou City, Zhejiang Province, China

Corporate Culture

The Company insists on the tenet of "creating wealth and serving society" with the vision of becoming a "time-honored brand". Adhering to the craftsmanship spirit of "integrating knowledge and action, creating with craftsmanship", and guided by the concept of "Family-oriented Culture", we aim to become a leading global company in the high-performance paper-based functional materials industry through sustainable and high-quality development.

- 

Mission
With the integrated strategy of "Forest, Pulp and Paper", we aim to provide the best turnkey solutions for the global high-performance paper-based functional materials sector and strive to become the leader in the global special paper industry.
- 

Vision
Time-honored brand and sustainable development
- 

Tenet
Creating wealth and serving society
- 

Spirit
Honesty, efficiency, innovation, and excellence
- 

The connotation of "Family-oriented Culture"
We treat employees as family members, allow them to share the achievements of the corporate development, and take care of this "small family" well;
Relying on cadres and employees, we advocate loyalty and dedication, standardization and order, teamwork spirit, and independent innovation, to build a good corporation together;
By fulfilling social responsibility, we strive to be a respected corporation and serve our nation.
- 

Values
People-oriented, with family as the foundation

Chronicle of Events in 2023

January

- With the support of the Municipal Federation of Trade Unions, the trade union of the Company invited calligraphers from Qujiang District and some calligraphers in our city to come to the Company and present spring couplets to the employees and their families;
- Assigned department leaders to visit and offer support to employees facing difficulties.

February

- A conference for the cadres' kickoff of the new year was held to implement the core spirit of the 20th National Congress of the Communist Party of China.

March

- Received title of "Worker Pioneer of Zhejiang Province" awarded by the Zhejiang Provincial Trade Union;
- Organized women-friendly welfare activities on Women's Day, such as health lectures, free blood pressure tests, free consultations on health and contraception, and distribution of family planning supplies.

April

- Won the 1st prize of the "Social Contribution Award" in the category of Quzhou Municipal Government Special Award 2022;
- "The method for preparing high-transfer spray painting and heat-transfer printing base paper" is selected as a pre-awarded project for the 24th China Patent Gold Award;
- Participated in the "Chinese Dream - Beauty of Labor" Literary and Artistic Performance held in Quzhou City to celebrate the "May Day" and received the Silver Award;
- The "Annual Production of 300,000 Tons High-end Paper-based Material Project," one of the fundraising projects for the Company's convertible bonds, was completed.

May

- Attended the 34th China International Medical Device Design and Manufacturing Technology Exhibition;
- Held the Annual Employee Commendation Ceremony.

June

- Organized diverse children's festival activities;
- Received the title of "Good Partner for Voluntary Blood Donation" awarded by the Office of the Leading Group for Blood Donation in Quzhou City.

July

- Held a PPT lecture competition;
- Organized client service training;
- Won the "China Patent Excellence Award" issued by the China National Intellectual Property Administration.

August

- Launched the first phase of the Babysitting Program;
- Organized management system training in batches;
- Held a signing ceremony on August 28th to sign a fixed asset syndicated loan contract with the bank to promote projects in Guangxi and Hubei;
- Won the Third Prize for Invention Patent in the 1st Zhejiang Provincial Intellectual Property Patent Awards.

September

- Three key members and craftsmen of the Company participated in the torch relay for the Asian Games on behalf of Xianhe;
- Organized the annual staff team-building activity for the year 2023.
- Participated in the Labelexpo Europe 2023.

October

- Attended the 35th China International Medical Device Design and Manufacturing Technology Exhibition.

November

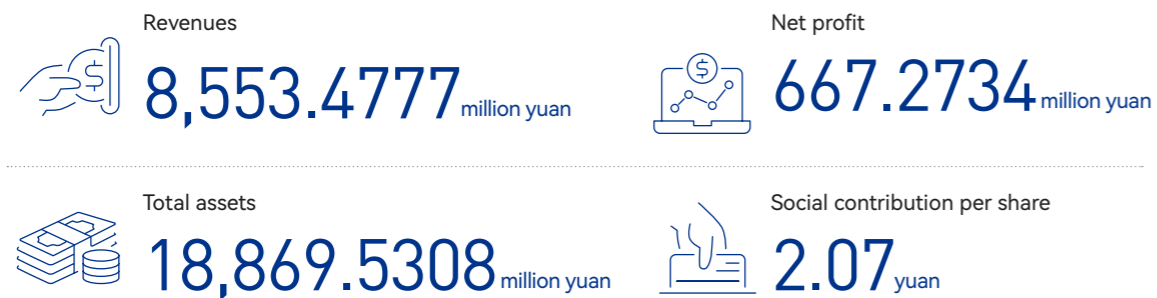
- Awarded by the Quzhou Trade Union with the title "Quzhou Craftsmen Academy Xianhe Branch";
- Selected into the "Second Batch of Provincial-level Intellectual Property Demonstration Enterprises in Zhejiang";
- Participated in the First World Forestry Industry Conference.

December

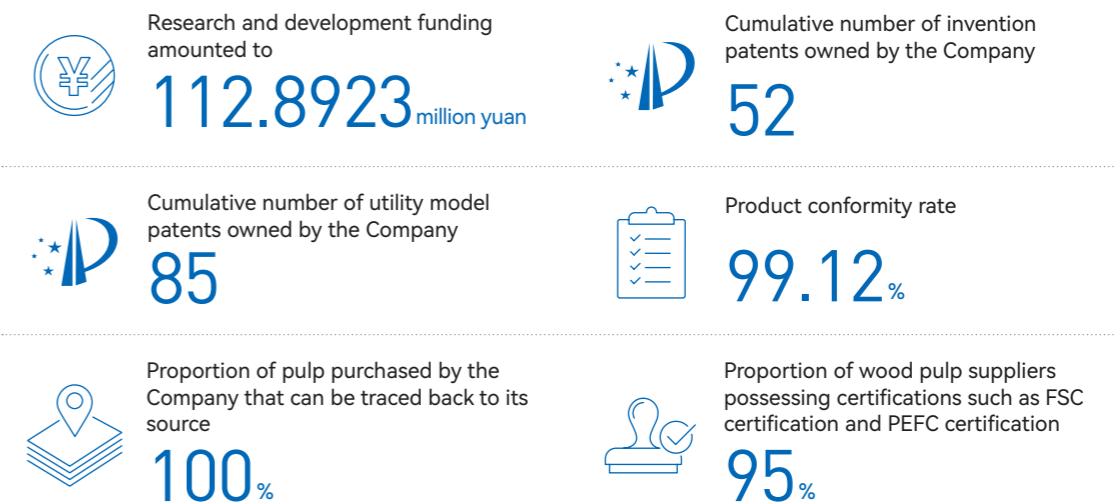
- Designated as "Provincial-level Industrial Tourism Demonstration Base in Zhejiang" by the Economy and Information Technology Department of Zhejiang and the Department of Culture and Tourism of Zhejiang Province;
- Recognized by the Economy and Information Technology Department of Zhejiang as one of the third batch of "Cloud-based Enterprises" in Zhejiang Province;
- Selected into the first batch of star-rated "Wealth Creation Enterprise" in Quzhou City;
- Awarded the title of "Zhejiang Province Incorruptible Private Enterprise Demonstration Unit";
- Zhejiang Tangfeng, a subsidiary of the Company, was selected into the "Second Batch of Zhejiang Province's Specialized and Innovative Small and Medium-sized Enterprises in 2023";
- Attended the Labelexpo Asia 2023.

2023 Highlights Performance

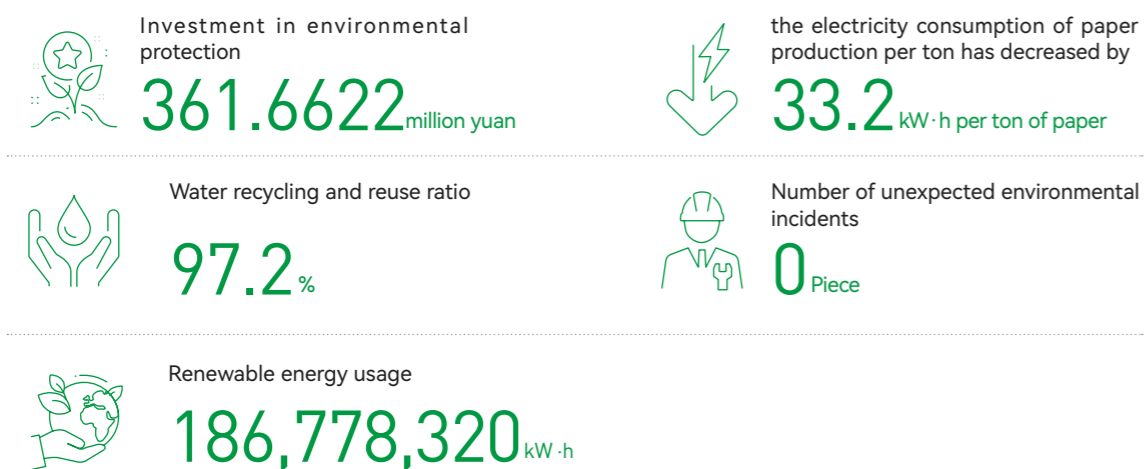
Financial Performance



Quality First & Win-Win Cooperation



Green Development and Low-carbon Transformation



People-oriented, Sharing of Results





Sustainable Development Management



Xianhe insists on the responsibility strategy of "adhering to sustainable development and becoming a global leader in the high-performance paper-based functional materials industry". It insists on contributing to the sustainable development of society and the economy, integrating the philosophy of sustainable development into its corporate development strategy, as well as corporate management and daily operations. It improves the company's ESG and social responsibility work system and collaborates with stakeholders to contribute to sustainable development.

15	17	17	18
Strategy for Sustainable Development	Sustainable Development Cooperation Framework	Communication with Stakeholders	Analysis of Material Topics

Strategy for Sustainable Development

Xianhe has formulated six major strategic initiatives, effectively implementing the Sustainable Development Goals proposed by the United Nations (UN SDGs) and integrating sustainable development principles into various aspects of functional management and business development. Through practical actions, Xianhe has contributed to the cause of sustainable development.

The Six Major Responsibility Strategic Initiatives of Xianhe

- 01 Guided by the "Family-oriented Culture" construction and harmonious development;
- 02 Use digital management tools such as ERP (Enterprise Resource Planning) and MES (Manufacturing Execution System) to achieve precise control;
- 03 Build a solid foundation through certifications such as the "Three-in-One" system;
- 04 Comprehensively introduce an excellent performance appraisal mechanism and striving for excellence;
- 05 Innovative development supported by technology and talent;
- 06 With "Made in Zhejiang" as the standard, we are striving towards "Made in China 2025", continuously improving innovation, pursuing perfection, and taking the lead in high-performance paper-based functional materials that are "domestically leading and internationally advanced".

UN SDGs and Corporate Actions

	<p>Achieve gender equality and empower all women and girls</p>	<p>We uphold the principle of gender equality, respect women's rights and ensure that female employees are treated equally with male employees in the economic, social, and political spheres.</p> <p>We set up the Committee for Female Workers, which is dedicated to protecting the rights and interests of female employees. The committee has been selected for the second batch of "Special Work Brands for Women Workers of Trade Unions" by the Office of Women Workers Committee of the Trade Union of Zhejiang Province.</p>
	<p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p>	<p>We have actively planned the layout of the new energy industry, and established Xianhe New Energy, Zhefeng Energy, Guangxi Xianhe Energy, and Hubei Xianhe Energy, with a focus on distributed photovoltaic power generation, power sales services, and heat supply, thus promoting sustainable development.</p> <p>Since 2014, we have been using solar photovoltaic power generation equipment, and have laid out photovoltaic power generation in each of our production parks to effectively supplement production energy. As of the end of the reporting period, the installed capacity of photovoltaic power generation has reached 52.24 kWh, with an annual electricity savings of up to 51.76 million kWh, an equivalent energy consumption of 15,938 tons of standard coal.</p>
	<p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all</p>	<p>We advocate the "Family-oriented Culture", create employment opportunities in the communities where we are located, build a safe and livable working environment for our employees, and continuously improve their sense of well-being.</p> <p>Over the years, we have constantly promoted the prosperity of education and provided solid support for the nurturing of young people through the establishment of the education fund, the awarding of the Wang Bendao Scholarship, and our participation in charitable giving programs for underprivileged university students.</p>
	<p>Ensure sustainable consumption and production patterns</p>	<p>We actively seize the development opportunity of "replacing plastic with paper", continuously develop new environmentally friendly paper-based products, make full use of raw materials and energy, and abide by the principle of responsible production.</p> <p>We specialize in the research, development, and manufacture of environmentally friendly, low-carbon products, promoting sustainable consumption through our main business.</p>
	<p>Take urgent action to combat climate change and its impacts</p>	<p>We have established a systematic climate change management system, implemented a greenhouse gas emissions monitoring program based on internal energy consumption, conducted a gradual carbon inventory, and formulated a strong emissions reduction plan to push Xianhe toward the goal of low-carbon transformation and development.</p> <p>We focus on building forest-pulp-paper integration, actively carrying out forestry construction, fully developing "carbon sink" resources, and contributing to the mitigation of the impact of climate change.</p>
	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>We integrate compliance concepts into the operation process and employees' daily work, and create an environment of integrity, efficiency, and stability.</p> <p>We fully implement the anti-corruption philosophy, establish a comprehensive integrity management system covering all employees, and promote the in-depth development of a corporate culture of integrity through diverse integrity management measures.</p>

Sustainable Development Cooperation Framework

We have established the ESG Committee to provide guidance on the Company's ESG efforts and to oversee the effective operation of the Company's sustainability system. Meanwhile, the Board of Directors of the Company deliberated and passed the "Rules of Work of the ESG Committee of Xianhe Co., Ltd." to clarify the main responsibilities of the Committee and hold regular annual meetings, which provide strong support for the Company to continuously improve its ESG management system and enhance its ESG management capability, and to enhance the Company's sustainable development performance.



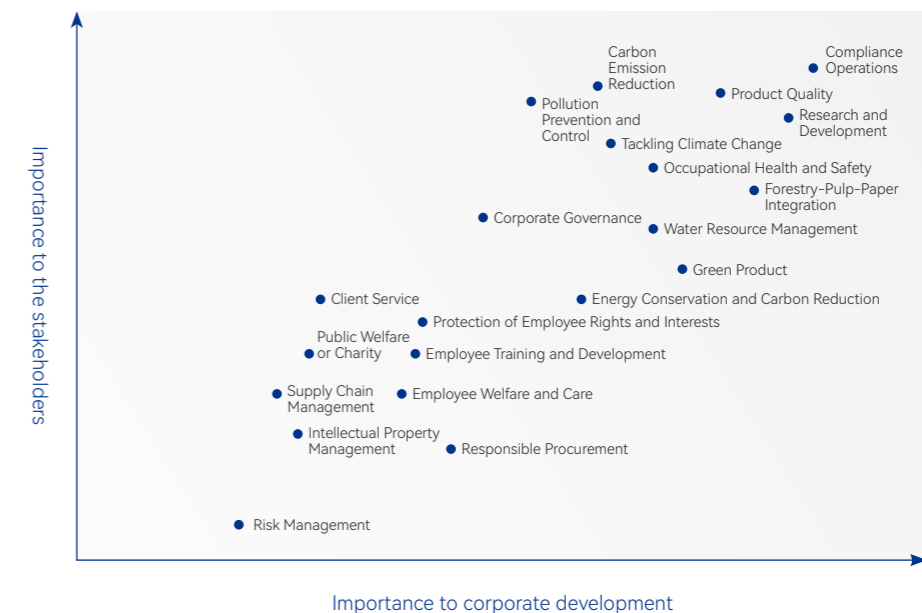
Communication with Stakeholders

To effectively adapt to the continuously changing social demands and business environment, and ensure the effective management of environmental, social, and corporate governance issues, the Company constantly strengthens its communication and collaboration with stakeholders, aiming to enhance its overall capability for sustainable development.

Key stakeholders	Government	Shareholder	Employees	Clients	Suppliers and partners	Communities	Social organizations and the public
Expectations and demands	<ul style="list-style-type: none"> Operate in accordance with the law Honest taxpaying Job creation Promote regional economic development Environment protection 	<ul style="list-style-type: none"> Performance Return on investment Steady operation Information disclosure and transparency 	<ul style="list-style-type: none"> Protection of rights and interests Compensation and benefits Career development and advancement Safe and comfortable working environment Work/life balance 	<ul style="list-style-type: none"> High-quality and diversified products Quality services 	<ul style="list-style-type: none"> Fair procurement Mutual benefit and win-win Promote industrial development 	<ul style="list-style-type: none"> Promote community development Public service activities 	<ul style="list-style-type: none"> Public engagement Transparent operation
Response Measures	<ul style="list-style-type: none"> Observe laws and disciplines Honest taxpaying Improve people's livelihood Pay attention to pollution prevention and control 	<ul style="list-style-type: none"> Improve corporate governance Strengthen risk management and control Formulate business strategies Timely information disclosure Implement investor roadshows and organize investor surveys 	<ul style="list-style-type: none"> Legal conclusion of labor contracts Provide welfare and care Share the development outcomes Improve the training mechanism Implementation of production safety 	<ul style="list-style-type: none"> Persist in independent research and innovation Product quality management Improve the client service system Understand client satisfaction 	<ul style="list-style-type: none"> Stick to transparency in procurement Honesty and integrity in fulfillment of commitments Carry out the professional exchange 	<ul style="list-style-type: none"> Charitable donations Participate in volunteer activities 	<ul style="list-style-type: none"> Accept public and media supervision Publicity

Analysis of Material topics

During the reporting period, we updated the issues identified in the previous reporting cycle to guide the Company in effectively advancing ESG and social responsibility management. Combining the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB), and other relevant international standards, and taking into account the needs of stakeholders, we have consolidated a collection of material topics that are in line with the Company's business model, current state of development, and fit in with its future strategic layout.





Environment: Green Development and Low-carbon Transformation

Xianhe upholds the philosophy of "Green China, Clean Factory" with a strong sense of social responsibility and mission. It deepens environmental governance and strives to build resource-saving and environmentally friendly enterprises through powerful measures and excellent pollution control achievements. Xianhe aims to achieve harmony, unity, and mutually beneficial cooperation between the enterprise, the environment, and society.

21	23	31	35	36
Environment Management	Tackling Climate Change	Water Resource Management	Pollution Prevention	Biodiversity Protection

Environment Management

Xianhe strictly abides by laws and regulations such as the "Environmental Protection Law of the People's Republic of China" and the "Water Pollution Prevention and Control Law of the People's Republic of China". It has formulated a series of environmental protection procedure documents such as the "Environmental Management System" and the "Environmental Operation Control Procedure". Additionally, Xianhe has continuously improved its environmental protection system, implemented target management, and ensured the effectiveness of environmental governance.

Construction of Environmental Protection System

Xianhe has promoted the construction of an environmental protection system, fulfilled environmental responsibilities, and established a targeted and systematic environmental emergency mechanism. Every year, it conducts identification and assessment of environmental factors, continuously strengthens supervision, restraint, and training mechanisms, enhances the environmental awareness of all staff members, and ensures the effectiveness of corporate environmental management.

Xianhe Co., Ltd., Zhefeng New Materials, Xianlu New Materials, Henan Xianhe, Zhejiang Tangfeng, Korai New Materials, and Kingdecor have been certified by ISO 14001 environmental management system.

Implementation of Environmental Protection Responsibility



Xianhe has set up a three-level environmental protection and clean production management network of the Company, departments, and branches to carry out comprehensive, whole-person, and whole-process environmental protection and clean production management and environmental protection technology supervision. Xianhe has established an Environmental Protection and Clean Production Management Committee which is directly led by the Board of Directors. This Committee organizes monthly meetings on environmental protection and energy conservation to manage the environmental and clean production work. The Committee has established the Office of Environmental Protection and Clean Production, which is fully responsible for the management and supervision of the Company's environmental protection work.

Environmental Risk Prevention and Control



The General Manager's Office is responsible for the identification and assessment of environmental factors and the compilation of the "List of Important Environmental Factors". This list shall cover the entire lifecycle of all products, activities, or services of the Company. The assessment results shall be updated annually and effectively control environmental factors.

Establishment of Emergency Mechanism



According to the characteristics of sewage treatment and flue gas treatment process and possible accident factors, Xianhe takes "prevention-oriented, self-help, unified command, division of responsibility" as the principle, develops emergency plans for accidental discharge of sewage and flue gas, implements emergency response measures, and improves the disposal capacity of unexpected environmental pollution incidents.

Raise Environmental Awareness



In alignment with the municipal government's "five water" (namely sewage, floods, waterlogging, water supply, and water saving) shared governance, Xianhe promotes behaviors such as controlling the use of water resources, sorting garbage, using water efficiently, and refraining from littering, to enhance employees' environmental awareness. Xianhe carries out carbon emission management training to improve the knowledge and operation skills of the personnel related to carbon emission management and provide personnel security for the implementation of carbon emission management.

Key Performance

Investment in environmental protection

36,166.22 RMB 10,000

The annual special meeting(s) on environmental protection and energy conservation

12 Times

The emergency response plan(s) formulated by the subordinate of the Company and filed with the environmental protection department

7 Pieces

Number of training on environmental protection

25 Times

Total number of participants in environmental training

4,350 Person-times

The coverage ratio of environmental protection training for employees

85.82%

Annual emergency drill(s) for unexpected environmental incidents

3 Times

Environmental penalty incidents and amounts resulting from excessive pollutant emissions or violations

0 RMB 10,000

Number of unexpected environmental incidents

0 Piece



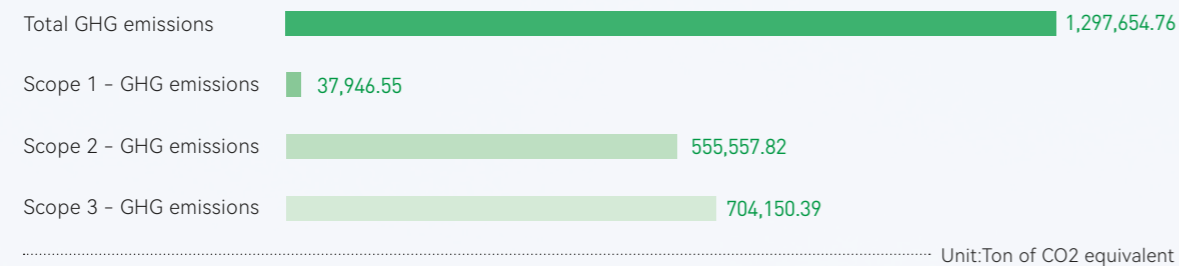
Tackling Climate Change

Xianhe implements a strict carbon emission management system and achieves energy saving and carbon reduction through energy efficiency optimization and the use of clean energy technologies. Additionally, it develops carbon sink projects and green low-carbon products, takes comprehensive actions to address climate change, and helps achieve dual carbon goals.

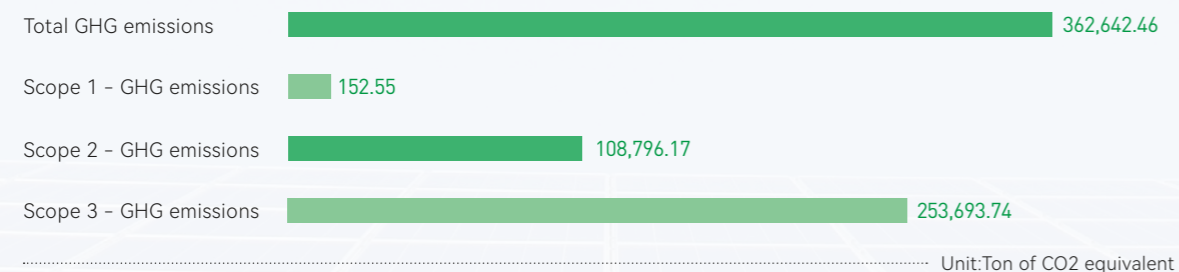
Carbon Emission Management

In response to the requirements of regulatory agencies and downstream clients, Xianhe has conducted a carbon inventory from 2022 onwards. It involves tracking the carbon emissions of both the Company and its products, enabling the management to have a clear and visual understanding of the current greenhouse gas emissions, thus facilitating the effective development of comprehensive carbon reduction plans for the entire company. In 2023, Xianhe further expanded the scope of carbon inventory and carbon footprint measurement. It signed a project consulting contract with Lianhe Equator and completed carbon inventory for its subsidiary companies Zhefeng New Materials and Hefeng New Materials. Additionally, carbon footprint measurements have been completed for glassine paper and food card paper, further advancing comprehensive quantification management of carbon emissions.

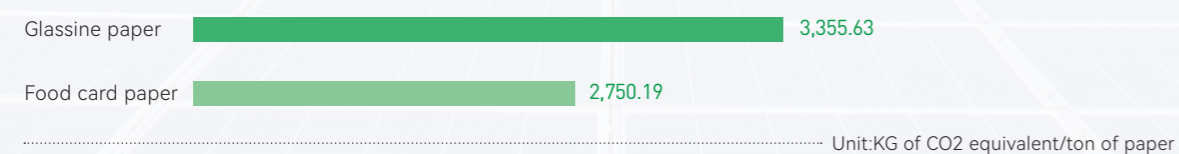
Carbon Inventory Results of Zhefeng New Materials



Carbon Inventory Results of Hefeng New Materials



Product carbon footprint



Carbon Sink Development

Xianhe adheres to the development philosophy of "using paper to sustain forests and cultivating forests to produce paper", which not only achieves the sustainable utilization of forestry resources but also increases the carbon sink in the forestry industry. In 2022, Xianhe officially launched the integrated project for the production of 2.5 million tons of high-performance paper-based new materials for the pulp and paper industry in the Sanjiangkou New Area of Guangxi, and started the construction work for the project "2.5 million tons annual production of high-performance paper-based new materials in a circular economy" in Shishou City of Hubei. During the reporting period, Xianhe made significant progress in advancing project construction. Among them, the first production line of a high-performance paper-based new material circular economy project in Shishou City, Hubei, was put into trial production in January 2024. The production lines of the first phase of the projects in Hubei and Guangxi are expected to be gradually put into operation in 2024.



The High-performance Paper-based New Material Circular Economy Project in Shishou City, Hubei



The Project of High-performance Paper-based New Materials in Sanjiangkou area, Laibin City, Guangxi

Energy Conservation and Carbon Reduction

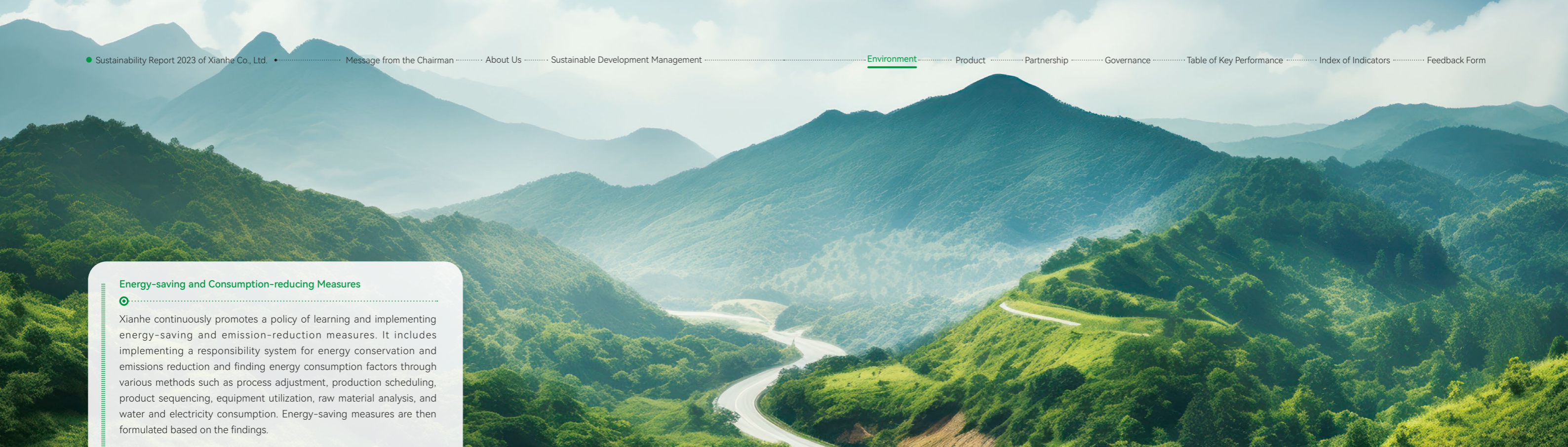
According to the national "thousand-ton, thousand-enterprise" energy-saving project, Xianhe has established an energy management organizational structure with the principle of "high quality, high productivity, low consumption, and green development". Through systematic thinking, bold innovation, and deep exploration, Xianhe has developed and implemented energy-saving measures, significantly improving the Company's production capacity, and achieving remarkable progress in energy-saving.

Establishing an Energy Management Organizational Structure

Xianhe has established the Energy Management Steering Team, which is led by the Vice President of Production, and includes the supervisors of each division and the Company's energy officials. The Team is responsible for the rational use, monitoring, and control of resources and energy. The Energy Management Steering Team has established an Energy Conservation Management Team, which is responsible for formulating regulations and systems for energy consumption in various areas such as production, water usage, electricity usage, and transportation, to ensure the implementation of energy-saving measures and efficiency. The "Hydrophobic Valve Inspection System" and the "Rotary Joint and Siphon Tube Inspection System" have been formulated to regularly examine these components and ensure their normal operation and maintenance.

Energy Metering Equipment Configuration and Maintenance

Accurate energy consumption management is inseparable from the application of measuring instruments. Xianhe has established the indicator of energy metering coverage rate, which includes equipment for external settlement, departmental workshop equipment, and key energy-consuming equipment within the scope of statistics. Additionally, it has set up a standard metrology room, equipped with metrology administrators, to carry out energy meter management under the direct leadership of the production plant manager, and to work with energy officials to establish an energy metering management system based on enterprise quality standards. The metrology administrators regularly conduct inspections, calibration, and maintenance of instruments and meters. Each sub-plant is responsible for the daily inspection and management of energy measurement equipment in their respective plants to ensure their normal operation.



Energy-saving and Consumption-reducing Measures

Xianhe continuously promotes a policy of learning and implementing energy-saving and emission-reduction measures. It includes implementing a responsibility system for energy conservation and emissions reduction and finding energy consumption factors through various methods such as process adjustment, production scheduling, product sequencing, equipment utilization, raw material analysis, and water and electricity consumption. Energy-saving measures are then formulated based on the findings.



Energy-saving Technology and Equipment Application

Electricity Saving

Transformation of inverters: Conducted inverter upgrades for paper machine equipment, investing approximately 1.8 million yuan to purchase more than 120 inverters.

Application of new turbine fans: Adopting a new type of turbine fan to reduce energy consumption, with a cumulative investment of nearly 3 million yuan in turbine fan renovation.

Steam Saving

Maximize steam recovery: New technology is used to maximize the recovery of steam from part of the production process and reduce steam consumption.

Inspection and rectification of steam pipelines: The steam pipelines are inspected and rectified for insulation to reduce heat loss in the pipeline.

Installation of preheating recovery devices: The hot air hood adopts advanced heat exchanger for three-stage preheat recovery, fully recovering waste heat.

Adoption of advanced natural gas combustion furnaces: Adopting imported or domestic advanced natural gas combustion furnace to improve the thermal efficiency, hot air recycling to reduce the exhaust gas emission.



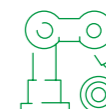
Process optimization

The use of new wood pulp materials and improved processes effectively reduce the number of production steps.

Introducing a mixing and pulping process to reduce energy consumption in the intermediate stages.

The use of retention and filtration aids at the paper surfacing stage improves raw material retention and reduces wastage.

Adopting automatic paper guiding system to increase production rate and reduce energy consumption.



Automation Applications

By adopting the DCS production process automation control system, the entire production process can be automated, thus reducing unnecessary human waste.

By using the QCS quality control system, achieve automatic control of relevant production parameters.

The PLC control system is adopted to implement accurate control of relevant production equipment.

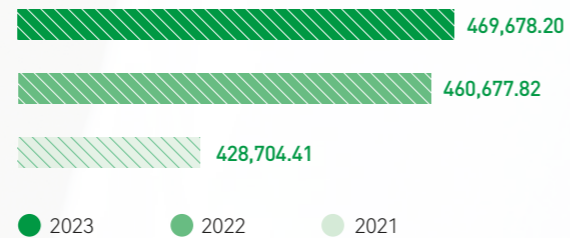
Equipped with an automatic measuring system, it automatically measures water, electricity, steam, raw materials, and other production processes.

Equipped with the web inspection system (WIS), it provides real-time and effective monitoring of various web inspections occurring on the paper web during operation. This facilitates prompt response from operators and enables them to quickly identify the causes of web inspections, thereby reducing paper wastage and improving the yield of finished products.

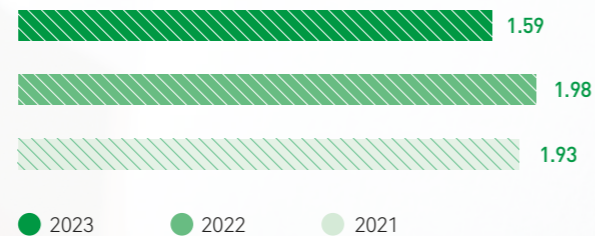
Equipped with the MCC management center, the operation of the motor is monitored, controlled, and protected through on-site motor control and protection devices. The communication function of the device is combined with the upper computer monitoring system to achieve intelligent monitoring, control, and protection of the motor.

The MCS auxiliary drive control system is utilized to achieve effective control of some of the devices on the paper machine.

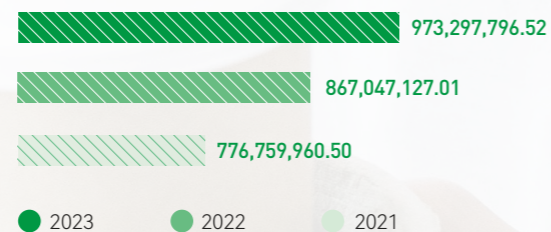
Comprehensive energy consumption expenditure Unit: Ton of standard coal



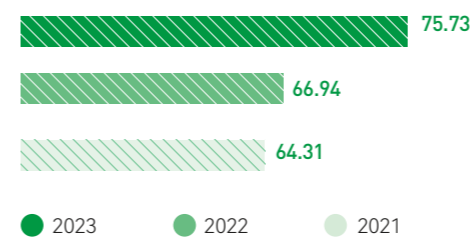
Comprehensive energy density Unit: Ton of standard coal/yard



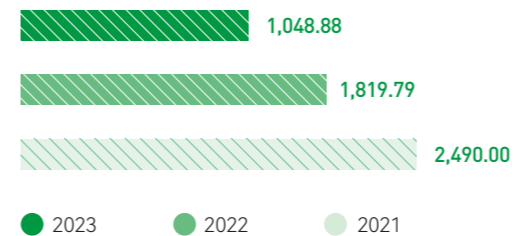
Electric power consumption Unit: kWh



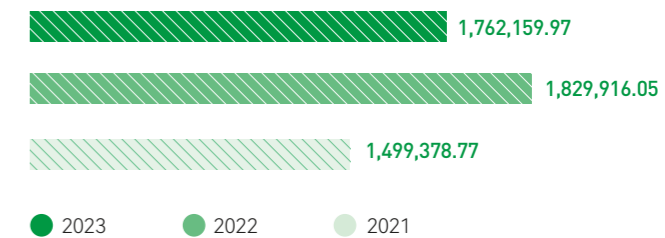
The proportion of electricity consumed in energy consumption Unit: %



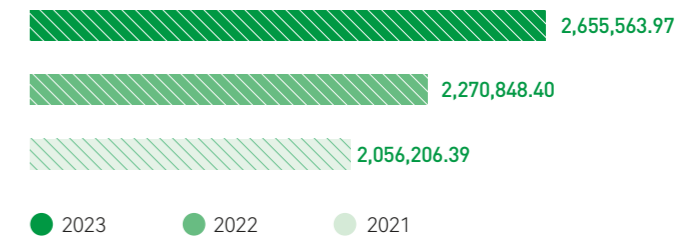
Investment in energy-saving and consumption-reducing technologies Unit: RMB 10,000



Heat consumption Unit: Ton



Steam consumption Unit: Ton



Key Performance

In the past three years, the electricity consumption of paper production per ton has decreased by

33.2 kWh per ton of paper

resulting in an annual saving of

9.3247 million kWh

Standard coal

2,657.6 tons

Utilization of Clean Energy

Construction of distributed photovoltaic power generation: The company has invested 43.1036 million RMB to expand 17.49 MW distributed photovoltaic power generation projects in the plant area of Linhu North Road in Donggang and its subsidiaries such as Xianlu New Materials, Zhefeng New Materials, Korai New Materials and Hefeng New Materials, with an average annual power generation of about 17.7755 million kWh.

Construction of user-side energy storage project: Implementation of a 22.36MW/44.72MWh user-side energy storage upgrade project. The Zhifeng Energy Storage Project, the largest single user-side energy storage station in industry, fully utilizes the effectiveness of energy storage projects in energy saving and carbon reduction, assisting the Company in energy conservation and emission reduction.

Case The construction of largest single-user energy storage station in China began

On September 28, 2023, the construction of the Zhefeng Energy Storage Project, located in the planning area of Zhefeng New Materials, a subsidiary of Xianhe, was officially started. The project plans to occupy 15 acres of land to mainly build an energy storage power station with a rated power of 42 MW and a rated capacity of 284.884 MWh. As one of the largest single-user energy storage stations in China, the project, once completed, will be able to achieve up to 10 hours of energy storage, which is five times that of a traditional storage station. The project has a daily discharge of 250,000 kWh and an annual peak and valley discharge of 80,000,000 kWh, which saves large amount of electricity costs for the Company every year. This project can effectively address issues associated with intermittent, unstable, and uncontrollable new energy sources. It not only generates and stores energy in a safe and environmentally friendly manner, but also achieves energy saving and emission reduction for businesses by charging during off-peak hours at night and discharging during peak hours in the daytime.

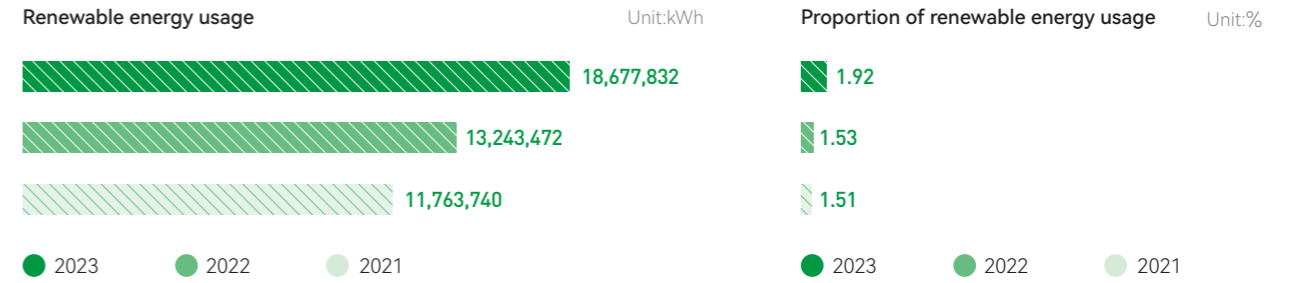
In addition, Xianhe strongly supports the construction of user-side energy storage projects. The 22.36MW/44.72MWh user-side energy storage upgrade project, located at the headquarters, officially commenced in early February 2024, assisting the Company in optimizing its energy structure and reducing greenhouse gas emissions.



Zhefeng Energy Storage Project Effect Picture



Photovoltaic Panels Installed by the Company



Environmentally Friendly Products

The Company has developed products such as carbon-free printing paper, carbon-free copy paper, and low-intensity decarbonized electrolytic capacitor paper to help downstream clients expedite their low-carbon transformation process. During the reporting period, the Company continued to increase investment in research and development and developed environmentally friendly products, aiming to continuously enhance the proportion of environmentally friendly products.

Environmentally friendly product A

Environmental attributes
This type of paper is made from natural plant fibers without adding any harmful substances during the production process. It has high environmental performance and can be recycled and reused, which reduces the consumption of natural resources.

Application scenarios
It is often used in high-end packaging, food packaging, business cards, certificates, greeting cards, and printed brochures, to enhance the texture of products and meet packaging requirements such as food safety, waterproofing, and moisture resistance.

Environmentally friendly product B

Environmental attributes
This type of paper is made from wood fibers as raw material. The production process does not generate harmful substances, and it can naturally degrade after being discarded. Additionally, the production process requires less energy.

Application scenarios
It can be used to protect photovoltaic panel battery cells from damage caused by environmental factors, and can also be used as the surface protection material for photovoltaic panels, thus prolonging their lifespan. Besides, it can be used in fields such as automotive glass that require high reflection and high insulation.

Water Resource Management

Xianhe strictly adheres to laws and regulations such as the "Water Law of the People's Republic of China" and the "Water Pollution Prevention and Control Law of the People's Republic of China". It has formulated systems and documents such as the "Water Metering Management System" and the "Planned Water Use Management System". It has also set up a Water Conservation Office to coordinate the Company's water resource management under the leadership of the Clean Production Management Committee, including setting goals, decomposing them, and overseeing the implementation of water-saving measures. Meanwhile, equipped with accurate water metering equipment, supported by data, we identify factors that consume high amounts of water, formulate water-saving measures, and promote their implementation to ensure the scientific and efficient use of water resources. Additionally, we effectively dispose of sewage and eliminate the impact of production operations on the water environment by adopting specialized disposal equipment, constructing sewage treatment plants, and actively seeking suggestions from relevant parties.

Water Saving Goals and Progress

The Company has formulated the "Ten-year Water Plan", which sets a clear goal to complete the renovation of domestic water facilities and reduce the use of domestic water by 2023. During the reporting period, the Company replaced damaged water valves and faucets, upgraded the water and electricity meters in the living areas to smart ones, and adjusted the automatic water supply duration in offices and restrooms from 10 seconds to 7 seconds. The completion of these upgrades improved water usage efficiency in the living facilities.



Water consumption objectives:

- Complete the renovation of domestic water facilities by 2023 to reduce domestic water consumption;
- In 2030, a water balance test will be conducted to comprehensively understand the condition of the water distribution network and scientifically enhance water management.

Water-Saving Measures

To maximize the improvement of the water resource utilization and reduce water consumption, the Company actively promotes the transformation and upgrading of production lines, and implements standardized water-saving programs, aiming to minimize the water consumption.

Reduce water consumption in production

In terms of water production, the Company fetches water from reservoirs after government approval. After being treated and purified, the water meets industrial water standards, avoiding the use of drinking water. This not only ensures the water source for the Company's water supply but also conserves drinking water resources. Meanwhile, the Company actively adopts water-saving technologies and equipment on the production line to reduce water usage.

Install advanced water saving equipment and facilities on the paper machine production line to recycle related raw materials and water.

Energy displacement and fully enclosed circulating water system are adopted to realize the recycling of cooling water, and the production water enters the production system without wasting a drop of water in the process.

Upgrade and transform the fabric cleaning system for paper-making machines.

Install a sand filtration system to filter and recycle the wastewater at the end point.



Key Performance

Reusable dense white water was

100%

The recycling rate of thin white water was above

95.5%

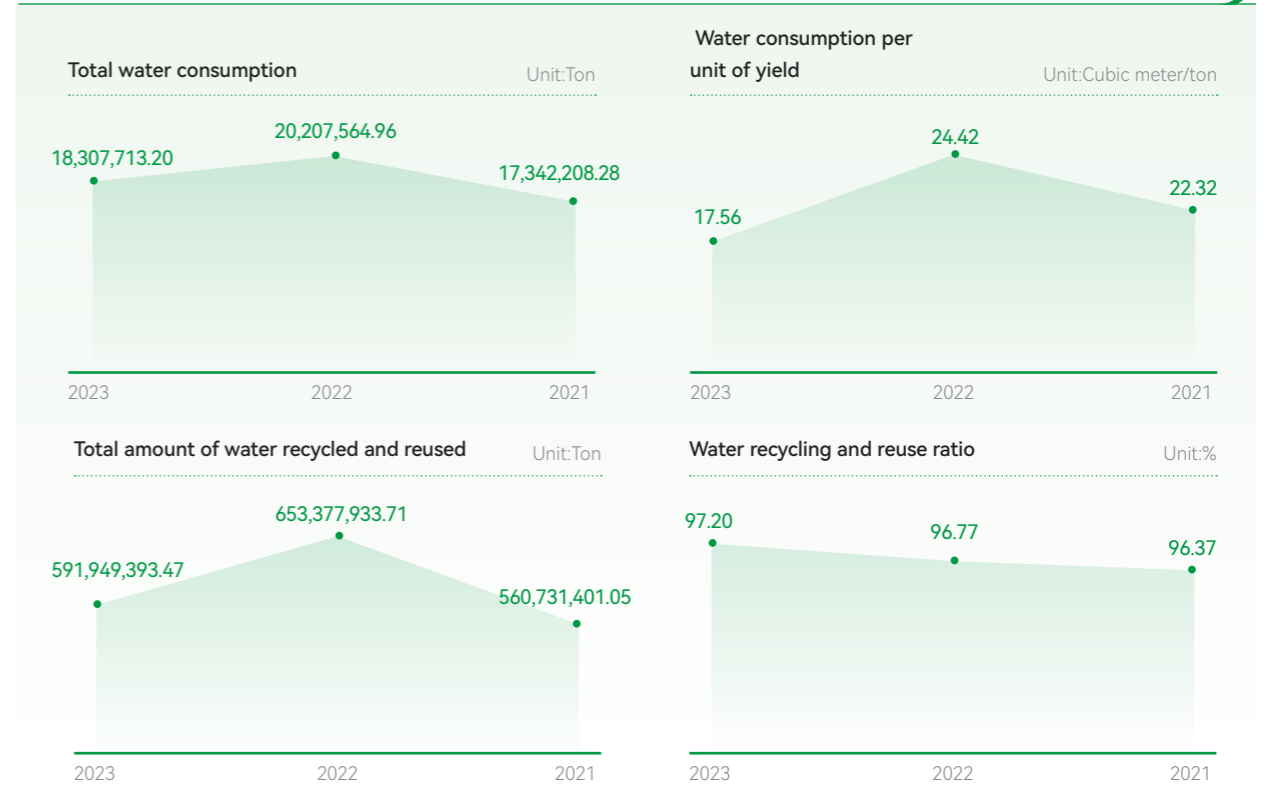
The total water saving for the entire year was

300,000 cubic meters

Normalized water-saving program

<p>Create a water-saving culture</p> <p>The Company posts water conservation signs in major water usage areas and on appliances, organizes pre-shift and post-shift meetings to create a culture of water conservation, conducts annual water conservation campaigns, and raises awareness among employees about the importance of conserving water.</p>	<p>Strict control over water consumption</p> <p>The Company has set water consumption targets for each plant to strengthen the control of water resource development and utilization. Any changes in water usage shall be reported to the Water Management Department for approval.</p>
<p>Strengthen equipment management</p> <p>The Company enhances the management of water-saving equipment and formulates the "Water-saving Equipment Management Regulations" to clarify the use, management, maintenance, and other work arrangements of water-saving devices, fully maximizing their effectiveness.</p>	<p>Promote recycling</p> <p>The Company and its subsidiaries have invested in the construction of water treatment systems, such as the intermediate water treatment system and the recycled white water system, to improve water resource utilization efficiency and effectively control water usage.</p>

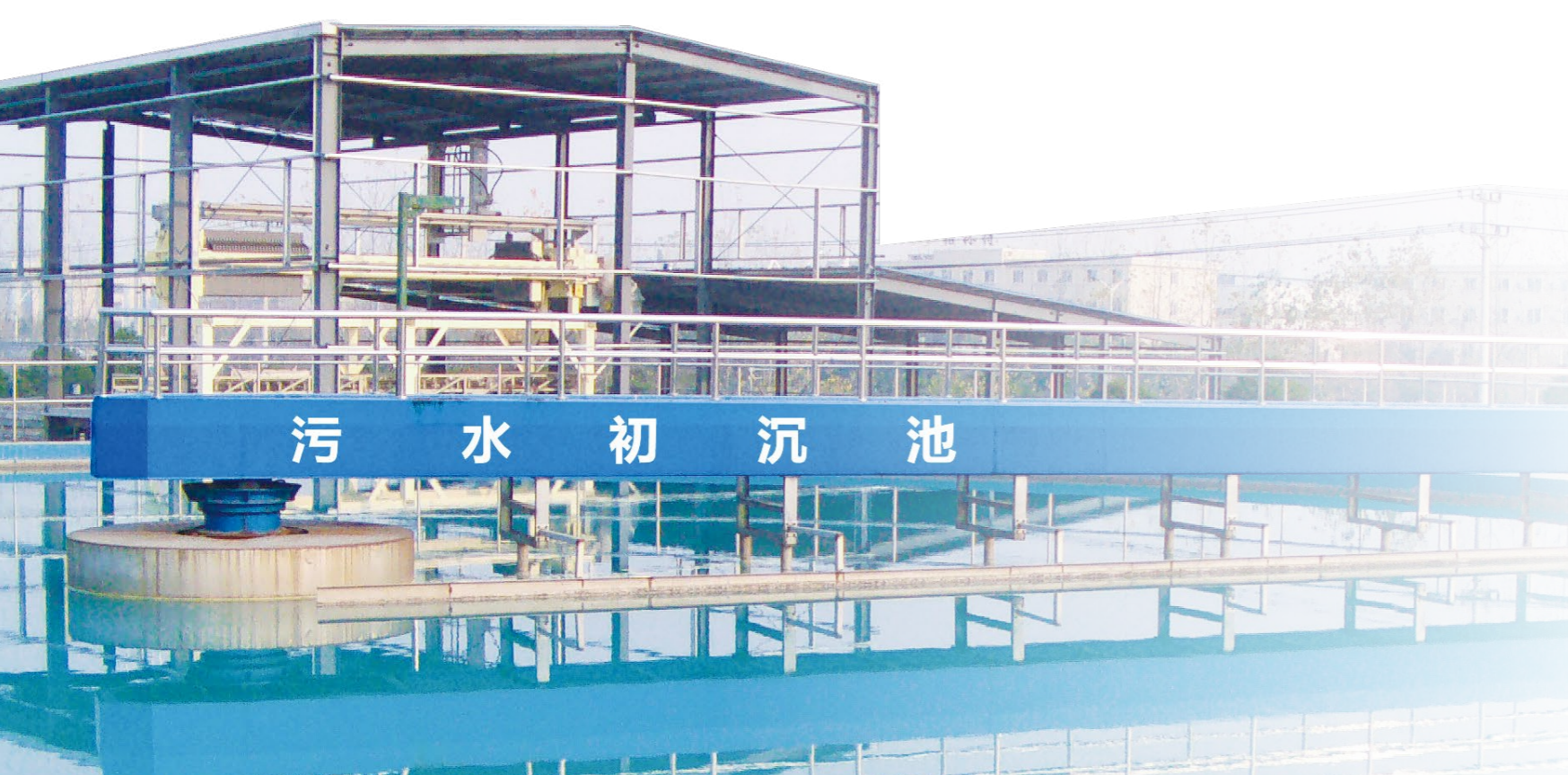
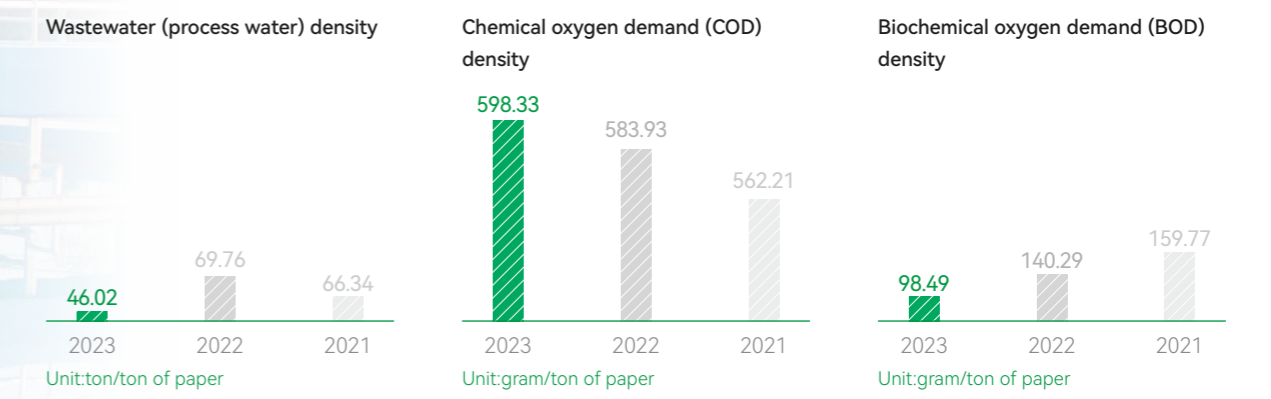
Key Performance



Sewage Disposal

The Company has established an alkali recovery system and a comprehensive utilization system for black liquor to reduce the pollution caused by "cooking black liquor" in the production process. It also invests in sewage treatment equipment, updates wastewater treatment technology, increases the number of bio-tanks, and reduces the chemical oxygen demand and ammonia nitrogen concentration in the wastewater. Meanwhile, the Company strictly follows the "Procedures for Negotiation and Information Exchange Management", fully considers the opinions, suggestions, and complaints of its employees and local residents, and promotes the improvement of water pollution prevention and control. Moreover, the Company regularly monitors the discharge of wastewater. If there is an excessive amount, measures will be taken in accordance with the "Accident, Incident, Nonconformity, Correction, and Preventive Control Procedures" to ensure proper disposal of the wastewater.

Key Performance



Pollution Prevention

Xianhe strictly implements the "Waste Gas, Solid Waste and Noise Management System and Control Procedures", strengthens the management of wastewater, exhaust gas, solid waste, ambient noise, and sound source noise, and strives to recycle wastewater, exhaust gas, and solid waste as much as possible to minimize their impacts on the environment.

Emission Management

The exhaust gas of the Company mainly comes from the unorganized exhaust from wastewater treatment of sewage stations, volatilization of liquid raw materials and products, fume emission from kitchen of cafeteria, emission from office cars, emission from analysis experiments, etc., among which the unorganized exhaust from wastewater treatment of sewage station accounts for the largest proportion. The Company has specified the responsible departments and control measures for each emission source. A yearly monitoring of emissions is conducted to ensure compliance. If the test results show that the exhaust gas exceeds the standards, the General Manager's Office is responsible for supervising the use of exhaust gas purification equipment and arranging for professional personnel to inspect and repair the equipment. Meanwhile, the Company actively adopts waste gas treatment technologies and processes, to carry out emission improvement for waste gas and ensure compliance with emission standards.

Management of Wastes

The wastes generated from daily activities are classified into general wastes and hazardous wastes according to the "National Catalogue of Hazardous Wastes". Among them, general wastes mainly include household wastes, construction wastes, recyclable paper, metal wastes, and general plastic wastes. Hazardous wastes mainly include waste oil, waste batteries, oily wastes, and other hazardous wastes.

The Company is implementing clean production to reduce the generation of general wastes and hazardous wastes. Meanwhile, the Company follows the principle of "saving resources and making the best use of resources", and constantly seeks ways of comprehensive waste utilization, such as recycling and other ways to reuse solid waste resources through external sales. For waste that cannot be recycled, the Company entrusts qualified third-party organizations for disposal.

Noise Management

The Company tries to use new technologies and equipment that have minimal or no harm to reduce the damage of noise to employee's health. Additionally, it develops the "Noise Emission Management System" to specify the sources of noise and various measures for controlling noise. According to the Class III standards of GB 12348-2008 "Emission Standards for Industrial Enterprises Noise", noise monitoring shall be conducted once in the first quarter by on-site inspectors, and the results shall be recorded. In terms of employee protection, the Company provides protective equipment for positions that are affected by noise, arranges regular annual medical examinations to reduce the harm caused by noise to employees, and conducts relevant training to raise awareness of noise protection among employees.

Biodiversity Protection

The Company aims to minimize the negative impact on biodiversity by optimizing the production process, reducing reliance on natural resources and emissions of pollutants, and developing environmentally friendly technologies and new paper-based functional materials. With the goal of "integrated use of pulp and paper" for a circular economy, the Company promotes ecological conservation. For example, the Company has planted eucalyptus trees on a large scale in Guangxi and has built more than 3,000 mu of forest by itself; meanwhile, it has cooperated with local governments and state-owned forest farms to invest in afforestation by taking the construction of raw material bases as an opportunity to expand the area of forest. We are collaborating with the government in Hubei to engage in reed eco-conservation. Furthermore, in project development, emphasis is placed on biodiversity conservation and the voluntary payment of "forest vegetation restoration fees" to ensure the protection of occupied forests.



Eucalyptus Trees in Guangxi Base



Reed Bush in Hubei Base



04

Product: Quality First & Win-Win Cooperation

Based on its scientific research advantages, Xianhe seizes the development opportunity of "replacing plastic with paper" to meet the growing consumer demand for special paper in industrial development and daily life. By focusing on accelerating the research and development investment and construction of paper-based materials, adhering to responsible procurement principles, and ensuring product quality, we work together with partners in the upstream and downstream of the industrial chain to move towards a new height of sustainable development.

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Product Development
and Innovation

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Product Quality
Management

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Construction of A Sustainable
Supply Chain

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Supporting Industry
Development

Product Development and Innovation

Continuous innovation, research, and development are the key factors that enable us to maintain market competitiveness. Since its establishment, Xianhe has always adhered to the innovation concept of "independent design and collaborative development", with a focus on innovative ecological construction and R&D process optimization. We strive to create a good atmosphere for innovation and are committed to providing clients and the market with more high-quality products.

Building An Innovative Ecosystem

As a national high-tech company, Xianhe regards innovation, research, and development as its top priority. It has established management systems such as the "New Product R&D Management Regulations", "Research Funding Allocation & Management Regulations", and "Talent Recruitment Management Measures" to encourage employee innovation. These systems help attract and retain top talents in the industry, ensure the reasonable allocation and monitoring of research funds, guarantee the efficient utilization of resources, and create an orderly, efficient, and incentivizing environment for research and development activities, thereby forming a solid foundation for sustained innovative progress.



01

Establishing incentive mechanism

Each branch and plant collects employees' rational suggestions and improvement proposals, which are categorized into four levels based on their value. At the end of the year, they are reported to the headquarters for unified evaluation and precise rewards. An "Innovation Team Award" is also provided to stimulate the team's innovation vitality.



02

Increasing investment in innovation

Advanced production equipment is introduced to improve production efficiency and product quality; industry experts are introduced to build a professional talent team and enhance the team's professional capabilities and innovation potential.



03

Create an atmosphere of innovation

The Company has joined hands with municipal and provincial trade unions to organize vocational skills competitions in the papermaking industry, to demonstrate and enhance the professional skills of papermaking workers, to promote technical exchanges and experience sharing within the industry, and to set up industry-university-research platforms such as the Xianhe Research Institute, and the Academy of Paper-Based Materials Industry.

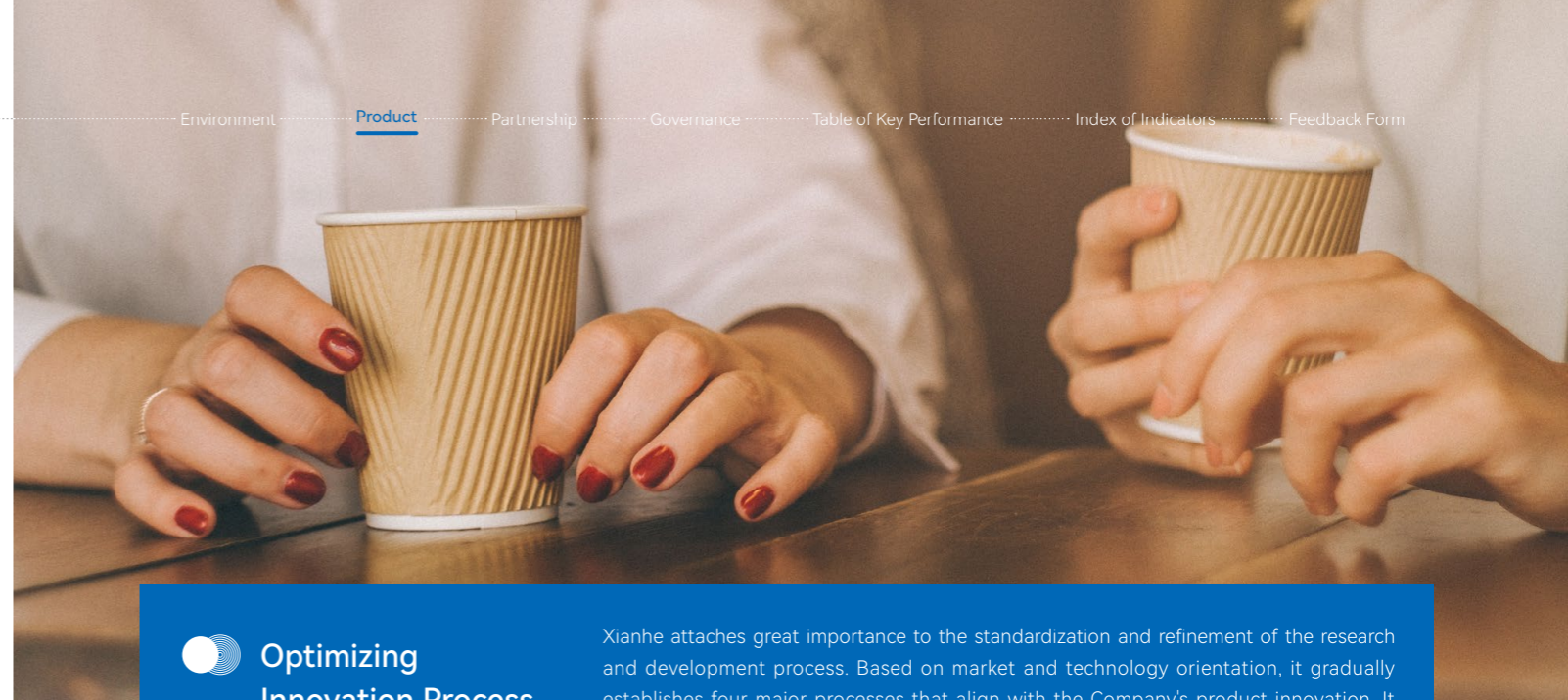
Key Performance

research and development funding amounted to

112.8923 million yuan

Proportion of R&D personnel:

5.33 %



Optimizing Innovation Process

Xianhe attaches great importance to the standardization and refinement of the research and development process. Based on market and technology orientation, it gradually establishes four major processes that align with the Company's product innovation. It ensures the practicality and competitiveness of product innovation, maximizing the value of innovation achievements. Each link is closely connected, forming an efficient and high-quality innovation mechanism.

Investigation, research, analysis and decision-making

A comprehensive analysis of technical and economic feasibility is conducted centered on four core dimensions: market demand, market share, current and future trends in technology development, and resource efficiency. This analysis aims to grasp the current status and future direction of industry technology, providing precise decision support for product development.

Review of new product achievements

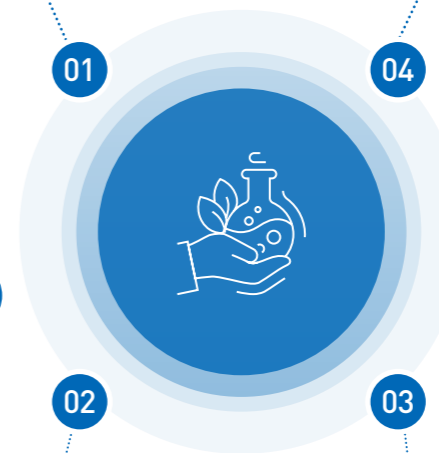
Based on the evaluation, we will follow the relevant regulations formulated by the State Council and Ministry of Science and Technology on awards for scientific and technological achievements and technological progress, as well as the Company's management system, to conduct professional evaluations of the achievements and execute the corresponding approval procedures.

Product design management

We strictly follow the "three-stage design" process to sequentially complete the technical design specifications, technical design proposals, and work drawing designs for new products.

Management of new product trial production and appraisal

Before the new product is officially put into mass production, sample trial production and small-batch trial production will be conducted first. Based on the characteristics of the project, the products produced during the trial phase will be formally evaluated and assessed in terms of economy and technology. This assessment will determine whether they meet the criteria for moving on to the next step of trial production or transitioning to full-scale production.



Harvesting Innovative Achievements

Currently, the Company has 85 utility model patents and 52 invention patents. It focuses on the research and development of new paper-based products as an alternative to plastic, as well as high-performance paper-based materials. While continuously improving its independent innovation capabilities, it makes steady progress in the special paper industry.

New Patents Obtained in 2023

Utility model patent

A type of high-strength medical packaging paper	A water transfer printing paper device
A device for effectively degrading food packaging paper	A sizing mechanism for the production of digital thermal transfer printing paper
A double-sided calendering mechanism for digital thermal transfer printing paper	A press roller for the production of electrolytic capacitor paper
A scented milk packaging of kraft base paper	

Invention patent

An online ash absorption control system for a paper machine	A preparation method for high smoothness glassine paper
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Patent Certificate of the Company

Key Performance

Obtained **7** new utility model patents

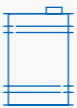




Obtained **2** new invention patents

Product Quality Management

High-quality products are the key to winning the trust of our clients. Since its establishment, Xianhe has made it a priority to create safe and reliable products. With the business philosophy of "client needs are our standards," we provide clients with one-stop services for research and development, production, and technology. We continuously improve our client feedback mechanism to effectively enhance product quality and service.

Quality Management Process

Xianhe is committed to ensuring excellent and stable product quality. In 2023, it formulated new management regulations, such as the "Management Regulations on Leftover Materials" and "Regulations on the Inspection of the Appearance of Finished Roll Paper", based on the existing management systems such as "Quality Safety Control Procedures" and "Production Process Control Procedures". These new regulations further clarify and refine the key points of quality control in the production process. The Company ensures the superior performance and reliability of its products by establishing a quality management team that continuously monitors and evaluates the entire process, from design and manufacturing to final delivery, and following the highest standards. This is done to meet client expectations.

- 
Raw material control
 - We have developed a "Procurement Plan" and compiled quality standards for raw materials under national and industry standards, combined with specific company requirements, to prevent the use of substandard materials during the production process.
- 
Design and development
 - Following the principle of "three-stage design", we strictly implement sample trial production and small batch trial production in the process of product development. The Production Technology Department is responsible for setting process conditions, and comprehensive management of process production technology, as well as reviewing and supervising process records, thus ensuring high-quality implementation of the process flow.
- 
Standardized production
 - The production process shall be set up and carried out according to the detailed parameters specified in the "Process Instruction Sheet", which includes specific requirements for process flow diagrams, operating instructions, technical standards, and process indicators;
 - Establish a dual inspection model consisting of self-check by production employees and inspection by inspectors;
 - Build a 5G "smart workshop", rely on 3D models and dynamic data visualization of production operation processes, to ensure product quality.
- 
Quality inspection
 - According to the "Product Inspection and Control Procedures" and "Quality and Safety Production Control Procedures", the production stages of pulp production, papermaking, rewinding, etc., as well as quality and appearance, are inspected;
 - Defective products shall be labeled separately according to the degree of defects and properly classified and isolated to prevent mixed use;
 - After the review, rework, repurposing, and pulp crushing will be carried out for the sub-quality products.
- 
Package transport
 - The finished products shall be packaged and stored strictly in accordance with the requirements of the "Process Instruction Sheet" and "Product Protection Control Procedures" to prevent contamination or damage. If long-distance transportation or the use of new packaging materials is involved, transportation stability and reliability tests shall be conducted as necessary.

Harmful Substances Management

We strictly adhere to RoHS and client requirements to review materials and finished products, effectively controlling the use of hazardous substances in product design, procurement, production, and warehouse management. Meanwhile, we take into consideration the potential external release of hazardous substances during transportation. Moreover, we rely on certified institutions to conduct inspections to ensure the health and safety of our employees and clients.

Measures for Hazardous Substance Management

Organizational structure	We have established the Hazardous Substances Management Team, with the Deputy General Manager in charge of the team, responsible for leading the management of hazardous substances and ensuring that relevant measures are effectively implemented.
Management regulations	The "Hazardous Substances Control Procedures", "Hazardous Substances Management Standards", and "Hazardous Substances Inventory" are formulated to ensure that products comply with the local regulations of the production and operation and meet the requirements of clients.
Training and publicity	We regularly organize relevant units or personnel to undergo training on the control requirements of hazardous substances to ensure that the harmful substance content in the product is within the standard, from design to sales.

Excellent Client Services

Xianhe insists on the direct sales business model of "production + service," upholding client rights, focusing on user experience, and continuously seeking opportunities for product and service improvement. Besides, we have formulated client service systems such as the "After-sales Service Management Measures," "Processing Management Measures for Complaints Compensations," and "Management Measures for Client Visits," forming a well-defined organizational structure with the sales department responsible for gathering client feedback and the technical department providing technical support. Additionally, we provide various feedback channels, including client service hotline, fax, website, and written survey forms. It is required to respond to communication matters within 24 hours. For significant and sudden quality issues, immediate analysis and resolution shall be conducted. If necessary, technical personnel shall be dispatched to handle the situation on-site, ensuring that clients receive attention and response promptly.

Client Service Initiatives



Sticky development and personalized customization

We deeply understand and accurately capture client needs, provide customized products and excellent services, deepen client loyalty, and enhance brand stickiness.

Flexible production

We have installed 52 sets of advanced and modern paper production facilities, incorporating cutting-edge production technology processes. A complete production, logistics, information processing system, and storage capacity for goods have been established, ensuring the superiority of the manufacturing process. The production process demonstrates exceptional adaptability. We can quickly respond to market dynamics and the evolving needs of clients, and adapt to diverse, small-scale batch, and rapid delivery order requirements.

client satisfaction survey

We regularly conduct in-depth evaluations of client satisfaction to accurately grasp their recognition of our products and services. Targeted optimization and enhancement are performed to improve client satisfaction.

Management Procedures for Client Complaints



Key Performance

Score of client satisfaction survey	Handling rate of client complaints
91.35 points	100 %

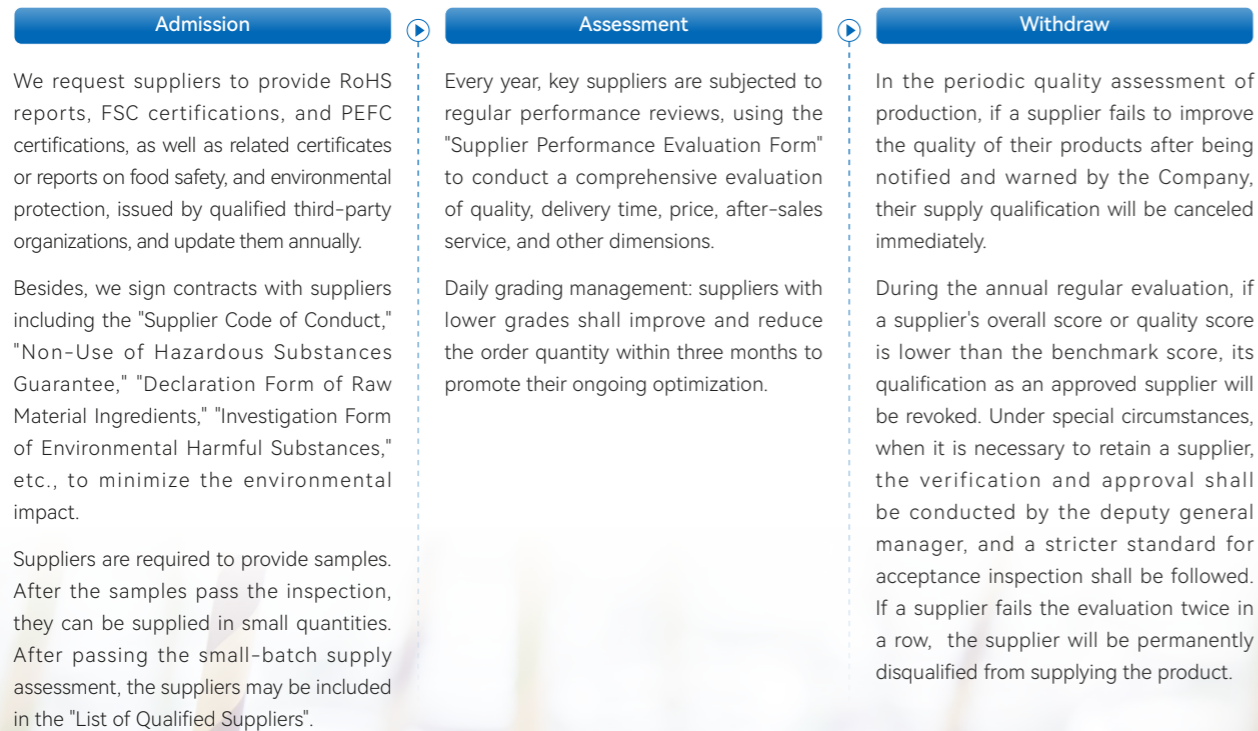
Construction of A Sustainable Supply Chain

Xianhe is committed to working together with suppliers for mutual growth. Xianhe has established and implemented various regulations such as the "Supplier Management System," "Supplier Evaluation and Assessment Procedures," "Procurement Control Procedures," and "Sustainable Procurement Policy" to ensure that the admission review and daily maintenance of suppliers align with the Company's sustainable development needs. We actively advocate for suppliers to practice the concept of sustainable development. We refer to international conventions and relevant laws and regulations of China to develop and implement the "Supplier Code of Conduct", aiming to build an efficient, stable, and sustainable supply chain network and achieve strategic development goals.

Supply Chain Management

We have implemented strict supplier qualification assessment and ongoing daily management mechanisms, with an emphasis on environmental and social responsibility in the auditing process, to ensure that we only establish cooperative relationships with enterprises that meet our high standards for sustainability and stability. In addition to admission audits, we conduct regular environmental and social responsibility audits on suppliers, to optimize supply chain efficiency and enhance supply chain resilience.

Supplier Management Process



Sustainable Procurement

To implement responsible procurement and ensure the sustainable management of forest resources, Xianhe has formulated and issued the "Sustainable Procurement Policy" based on international initiatives, domestic regulations, and its development needs. The Policy details sustainable procurement strategies from six dimensions, aiming to fulfill its commitments and promote the coordinated development of the industry chain. Xianhe encourages all stakeholders to participate in the supervision of procurement activities. In the event of a violation of the Policy, feedback shall be reported to us through a transparent and public reporting mechanism.

Sustainable Procurement Policy

A fair working environment	The suppliers are required to ensure a fair working environment, which includes providing fair benefits for employees, prohibiting discrimination, respecting the right of employees to assembly and association, having zero tolerance for forced labor, and prohibiting the use of child labor.
Factory and process safety	Suppliers are required to conduct comprehensive risk assessments on their production operations to ensure that their production, manufacturing, transportation, and operational processes do not have any impact on the safety of employees, the public, and surrounding communities. Identified risk points shall be addressed and corrected effectively.
Product safety	The products provided by suppliers shall comply with the certification standards of FSC or PEFC, ensuring their safety in terms of human health and environmental protection while reflecting sustainable development and the sustainable management capability of forest resources. In addition, suppliers shall provide sufficient information to ensure the safety of the products. For products containing hazardous substances, special attention and handling shall be given, and a rigorous evaluation of the product's safety shall be conducted in the risk assessment process.
Fair competition and anti-corruption	All suppliers are required to adhere to the principle of honesty, and strictly comply with all relevant laws and regulations, including but not limited to provisions on fraud, bribery, and corruption prevention. Additionally, suppliers shall insist on the principle of fair competition and comply with the laws and regulations of their respective countries regarding anti-monopoly and fair competition, ensuring the legitimacy and propriety of their business practices.
Reducing environmental impact	We advocate and encourage suppliers to participate in actions aimed at reducing their environmental footprint and establishing and pursuing environmental goals similar to those of Xianhe.
Supply chain transparency	We work closely with suppliers to jointly build a transparent and traceable supply chain system, effectively evaluate and monitor potential risk factors, and ensure that raw material procurement aligns with our sustainable procurement policy.

Key Performance

Proportion of pulp purchased by the Company that can be traced back to its source

100%

Proportion of wood pulp suppliers possessing certifications such as FSC certification and PEFC certification

95%

Supporting Industry Development

Special paper is classified as an "advanced basic material" and "key strategic material" in the "14th Five-Year Plan" for the development of the new material industry in Zhejiang Province. We seize the trends of the times, keep up with market demands, and focus on the research and development of paper-based materials, devoting ourselves to industry development. Over the years, we have consistently been driving innovative achievements toward the path of technological advancement, reliable quality, and environmental sustainability.

Participation in Industry Development

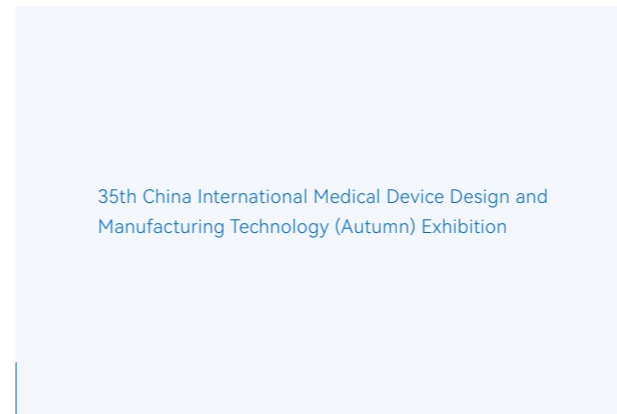
Since its establishment, Xianhe has been deeply engaged in the paper-making industry. Its product matrix presents a characteristic of a wide variety and extensive coverage, with applications that reach into various aspects of daily life. In recent years, we have firmly grasped the development opportunities of "replacing plastic with paper". Besides, we have increased investment in innovative talent, equipment, and funds, fully utilizing the performance characteristics of special paper to develop green products with high durability and applicability. We have developed and put into production products such as mold-resistant paper for solar energy use, high-temperature self-adhesive paper, and adhesive dialysis paper.

In 2023, we shouldered the responsibility of leading the industry. Our subsidiary, Zhefeng New Materials, was involved in the drafting of GB/T 43011-2023 "Paper, Board and Paper Products — Determination of Chloropropanol Content". Besides, we adhere to the concepts of "going global" and "bringing in" by participating in various domestic and international industry exhibitions and seminars upon invitation. We showcase our innovative technologies and product highlights to the public. Alongside our partners, we strive to make progress in the development of high-performance paper-based functional industries.

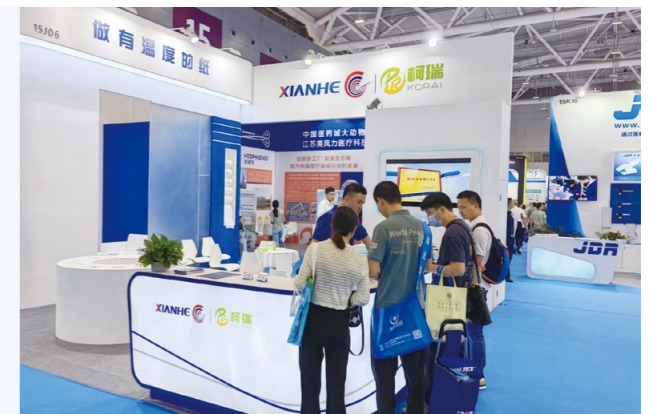
China International Medical Equipment Fair (CMEF)	34th China International Medical Device Design and Manufacturing Technology (Spring) Exhibition
	35th China International Medical Device Design and Manufacturing Technology (Autumn) Exhibition
Food packaging exhibition	FHA HoReCa (A Leading Hospitality Trade Show In Singapore)
	FFA (Fine Food Australia)
Label Exhibition	Labelexpo Asia 2023
	Labelexpo Europe 2023
Product exhibition	The First World Forestry Industry Conference



34th China International Medical Device Design and Manufacturing Technology (Spring) Exhibition



35th China International Medical Device Design and Manufacturing Technology (Autumn) Exhibition



Labelexpo Asia 2023



The First World Forestry Industry Conference



Supporting "Made in China 2025"

2023 is a crucial year for the implementation of the "14th Five-Year Plan". Xianhe has been upholding the standard of "Zhejiang Manufacturing" as a benchmark for quality, firmly pursuing the grand blueprint of "Made in China 2025". We are advancing towards intelligent transformation and are committed to becoming a leading company in the high-performance paper-based functional materials industry, both domestically and internationally. We aim to contribute significantly to the realization of "Made in China 2025".

During the reporting period, we completed the pilot work of smart workshops at the PM27 and PM28 production lines in the Donggang Base. By leveraging digital technology, we introduced 3D models and a dynamic data visualization system to monitor real-time production data and energy consumption, enabling effective tracking of order progress and workshop equipment operation status. Additionally, we relied on production data to establish a digital twin system, simulated and optimized the entire production process, and standardized production operations. In the future, we will continue to improve the construction of smart workshops, steadily and gradually achieving the "Digital Xianhe" Industrial 4.0 strategy.



Smart Workshop Digital Twin System

Recipient of "Provincial New Product" Certification in 2023



High-cleanliness release paper



With outstanding anti-adhesive performance, it solves the issue of adhesion in the process of product manufacturing in electronics, automotive, printing, and other industries. Besides, it is characterized by high cleanliness, high efficiency, and environmental protection.

High-pressure-resistant electrolytic capacitor paper



With excellent voltage resistance, electrical properties, and absorption properties, it is used to manufacture electrolytic capacitors that can withstand high voltage and current.

Light-blue spunlace and non-woven fabric-based material



It is mainly used for medical, hygiene, and protective products, with a soft texture, strong waterproof performance, and strong toughness. It is easy to cut, bond, and process.



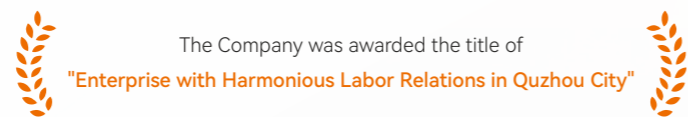
05
Partnership:
People-oriented, Sharing of
Results

Xianhe insists on putting people first and continuously builds a "Family-oriented Culture", striving to create itself as a career stage, spiritual paradise, and happy home for employees. It ensures that employees feel fully trusted and respected, have equal opportunities for professional development, have a vast space to showcase their talents, feel the warmth and care of the Company, work with ease, live a happy and fulfilling life, and achieve mutual growth with the Company. Meanwhile, we extend this kind of care to a wider social group, doing our best to enable more people in need to feel cared for and warm.

53	59	63	66
Employee Benefits and Welfare	Employee Growth and Development	Employee Health and Safety	Public Welfare and Philanthropy

Employee Benefits and Welfare

Xianhe adheres to relevant laws and regulations to ensure employee rights, implements diverse talent policies, provides competitive salaries and comprehensive benefits, and creates a fair and caring work environment.



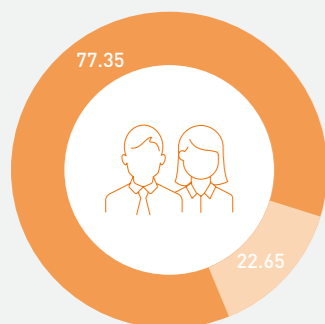
Protection of Rights and Interests

The Company strictly adheres to the requirements of labor rights-related laws and regulations such as the "Labor Law of the People's Republic of China" and the "Labor Contract Law of the People's Republic of China". It has formulated and continuously optimized systems such as the "Compensation Management System" and the "Talent Incentive System", which cover labor relations, promotion, performance, salary, benefits, and leave, to regulate labor employment in accordance with the law. Additionally, it is committed to establishing harmonious and stable labor relations with employees. Moreover, it is strictly prohibited to hire child labor and engage in forced labor, to avoid employment discrimination based on gender, race, region, and other factors, thus fostering a diverse talent pool.

Total number of employees **5,069** Person

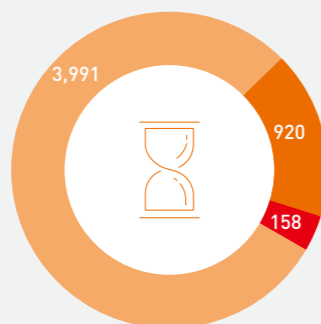
By gender (Unit:%)

- Percentage of male employees
- Percentage of female employees



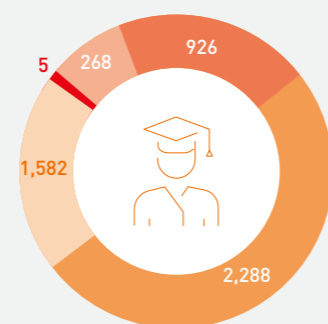
By age (Unit:Person)

- Below 25 years old
- 25 to 55 years old
- Above 55 years old

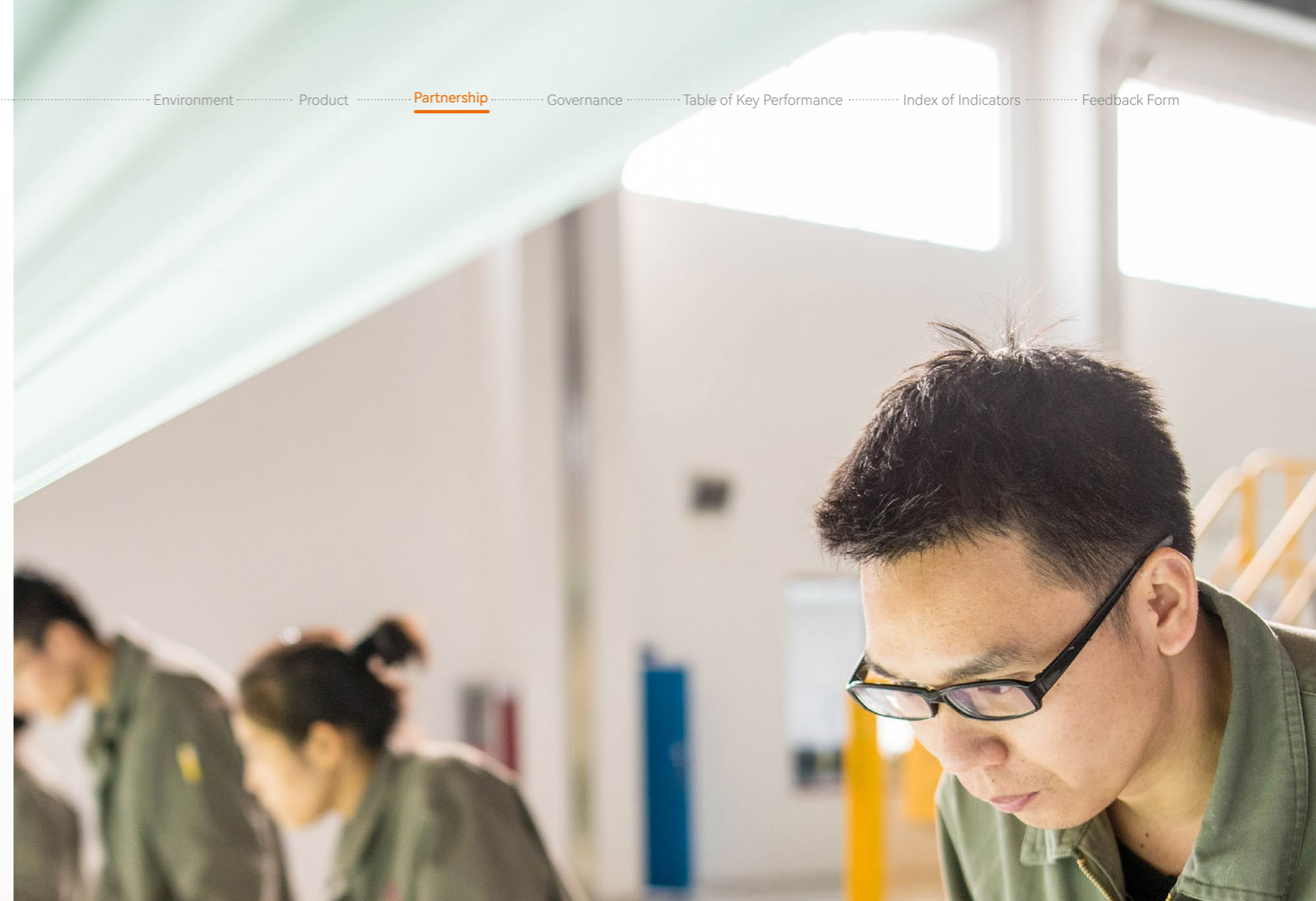
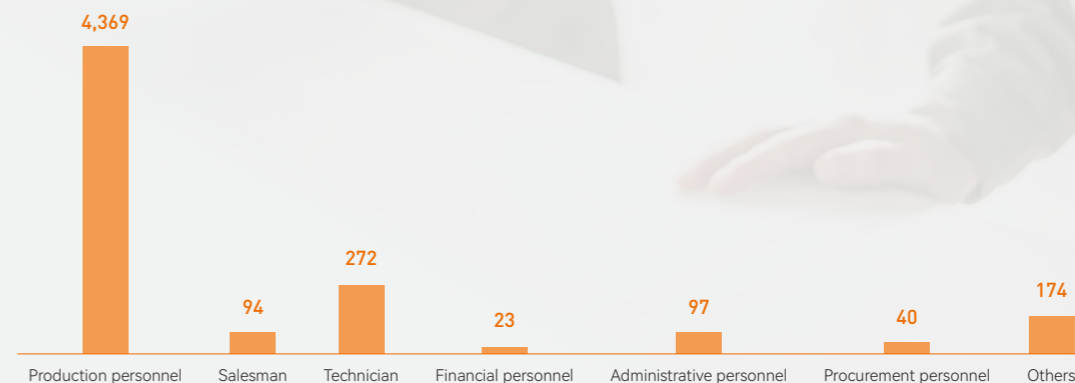


By education background (Unit:Person)

- Master's degree and above
- Bachelor's degree
- Junior college
- Technical secondary school and senior high school
- Junior high school and below



By job type (Unit:Person)



Employment Management

The Company implements democratic management, strictly guarantees the fairness of performance, and provides competitive salaries. Meanwhile, we continuously improve employee benefits, hold various employee activities, and enhance team collaboration and employee satisfaction.

Democratic governance

The Company attaches great importance to democratic management and is committed to establishing a smooth and multi-channel two-way communication mechanism. Employees can directly express their opinions and suggestions to the general manager via email, ensuring that their voices are heard. Additionally, the Company regularly holds meetings on techniques and equipment, as well as team report meetings, so that employees can participate in the daily operations and decision-making processes. Moreover, the Company implements the employee representative assembly as the basic form of a democratic management system, encouraging employees to actively contribute their ideas and suggestions for the development of the Company. The Female Workers' Committee was set up to protect their rights and interests.

Key Performance

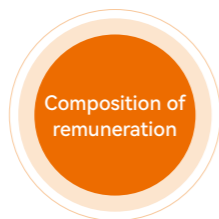
Organize a representative conference or other democratic communication meeting 2 Times	Collective agreement coverage rate 100%	Employee participation rate 100%
The labor union receives employee proposals/suggestions 15 Pieces	Implementation of employee proposals/suggestions by the labor union 15 Pieces	

Compensation Management

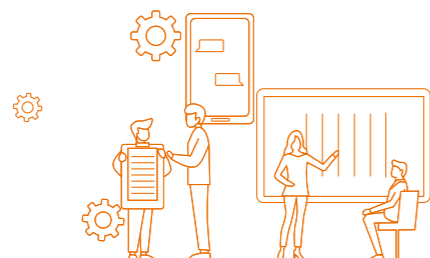
The Company has established and continuously optimized the "Salary Management System," which is based on the basic salary and follows the principle of equal pay for equal work. It also includes a fair and beneficial compensation structure that integrates performance bonuses and allowances to support employee development. This system covers all employees. Besides, the Company provides employees with "five social insurance and one housing fund" and timely pay salaries. The Company regularly conducts the salary benchmark analysis to ensure fair compensation and benefits, while providing employees with competitive salaries within the region. During the reporting period, the Company increased the employee's basic salary, five social insurance and one housing fund. The overall annual total remuneration increased by approximately 5%.



The Company adheres to the principles of fairness, competition, incentive, economy, and legality in salary management. It establishes a salary management institution to review salary adjustments.



Basic salary + allowances + bonuses + overtime pay + various subsidies



Overall adjustment: Adjustments will be made based on macroeconomic conditions, industry competition in different regions, corporation strategy, and corporation performance.

Individual adjustments: These are categorized into regular adjustments (adjustments to salaries based on annual performance appraisals) and irregular adjustments (adjustments to employees' salaries based on skill enhancement, job changes, job promotions, etc.).

Benefits provided to employees

Under the leadership of a "Family-oriented Culture", Xianhe regards its employees as family members and provides various benefits, aiming to create well-being for employees and allow them to share the achievements of the Company's development.



- We provide employees with staff dormitories, which have different types of units and facilities, for convenient living.
- We have funded a provincial second-grade kindergarten next to the dormitory area and conducted the summer care program to meet the needs of employees to take care of their children.
- We provide 1 yuan working meals to ensure the health and safety of employees' diet.
- We provide gifts for weddings, childbirth, birthdays, condolence, and care about the personal matters of employees.
- We provide benefits and condolences to retired employees on International Women's Day.

Case Childcare Is Everywhere with Love and Summer Is Full of Joy

To deepen employee care services and ensure that employees have no worries at work, our Labor Union pays close attention to and properly resolves employees' practical needs. In response to the balance between work and child care during the holidays, we organized the first Summer Care Program from July 10th to August 4th, 2023. With the core concept of "letting employees work without worries, children are taken care of by us", we provide professional childcare services during holidays. The childcare program, through a comprehensive "care and education" model, not only allows children to learn and grow in happiness but also greatly reduces the pressure on employees to look after their children.



Art Performance of the Summer Care Program

Staff Events

The Company actively organizes employees to participate in various sports and cultural activities. Regular team-building activities with diverse forms are organized for employees to meet their spiritual needs and enhance their happiness.



Feihong Slippery Meadow Team Building



Children's Day Activities



Summer Care Program



Fitness Running



PPT Presentation and Public Speaking Competition



Distributing Spring Festival Couplets to Employees' Families



Organizing Team Building Activities in Guangxi for Employees



Organizing Employees to Visit the Production Base



Organizing Team Building Activities in Hunan for Employees

Employee Growth and Development

Employee growth is the cornerstone of a successful company. Xianhe perseveres in placing talented individuals in appropriate positions, providing everyone with a broad space and platform to showcase their abilities and fully unleash their potential. Meanwhile, we continuously improve the promotion system and strive to bring outstanding talent to the forefront, maximizing the utilization of their abilities.

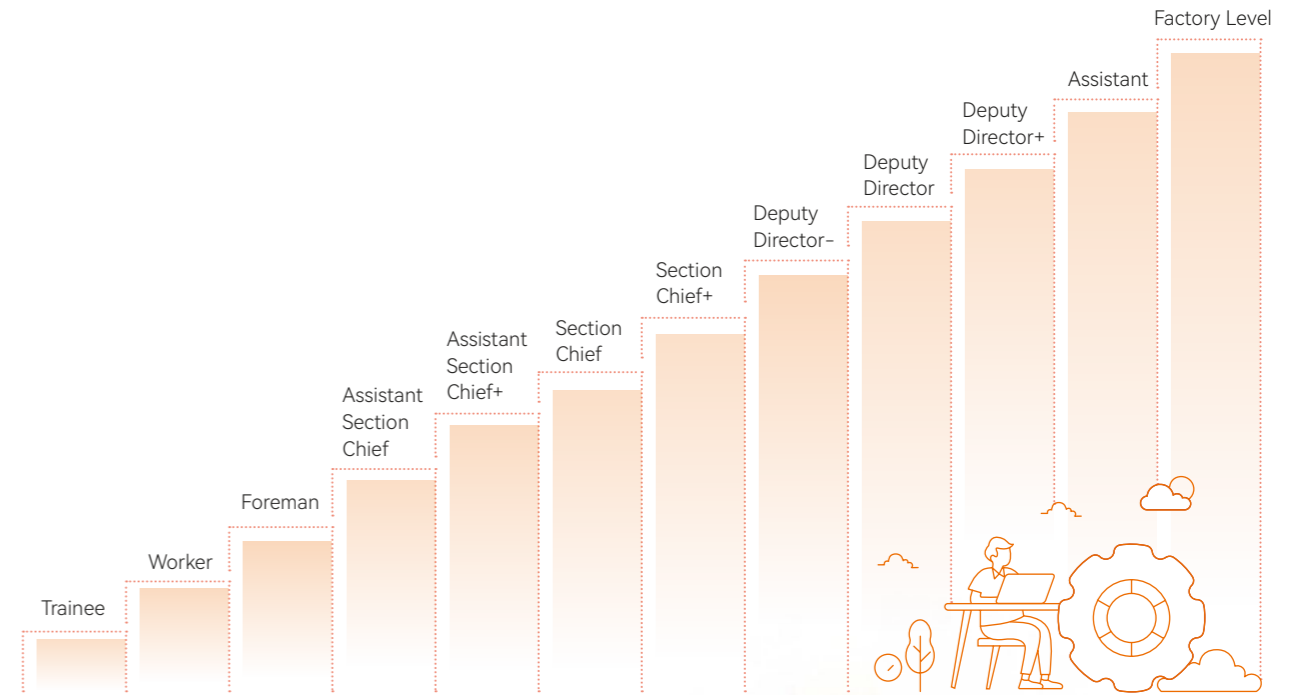
Talent Introduction and Incentives

The Company improves its talent management measures and formulates the "Management System of Talent Introduction" and "Management System of Recruitment and Employment" to introduce and hire talents in a diversified manner, and attract outstanding talents as much as possible in an attractive manner. We actively cooperate with local schools to recruit students, establishing a long-term and stable talent pipeline; additionally, we introduce professionals from different fields in universities and research institutions to continuously inject new energy into the Company, etc. To attract, develop, and motivate talents more effectively, the Company has established an annual talent incentive bonus to reward employees who have made significant contributions to the Company's business development, thus achieving a win-win situation for both talents and the Company.

Career Development

The Company is committed to building a complete, transparent, and fair promotion mechanism. It has formulated the "Employee Promotion Management Measures" to clarify the promotion standards, corresponding allowances, adjustment periods, and implementation processes. It aims to inspire employees' enthusiasm for work, guide their self-growth, and achieve mutual progress for both employees and the Company.

Specific Promotion Path of Management Position



Promotion Path

Technology roadmap

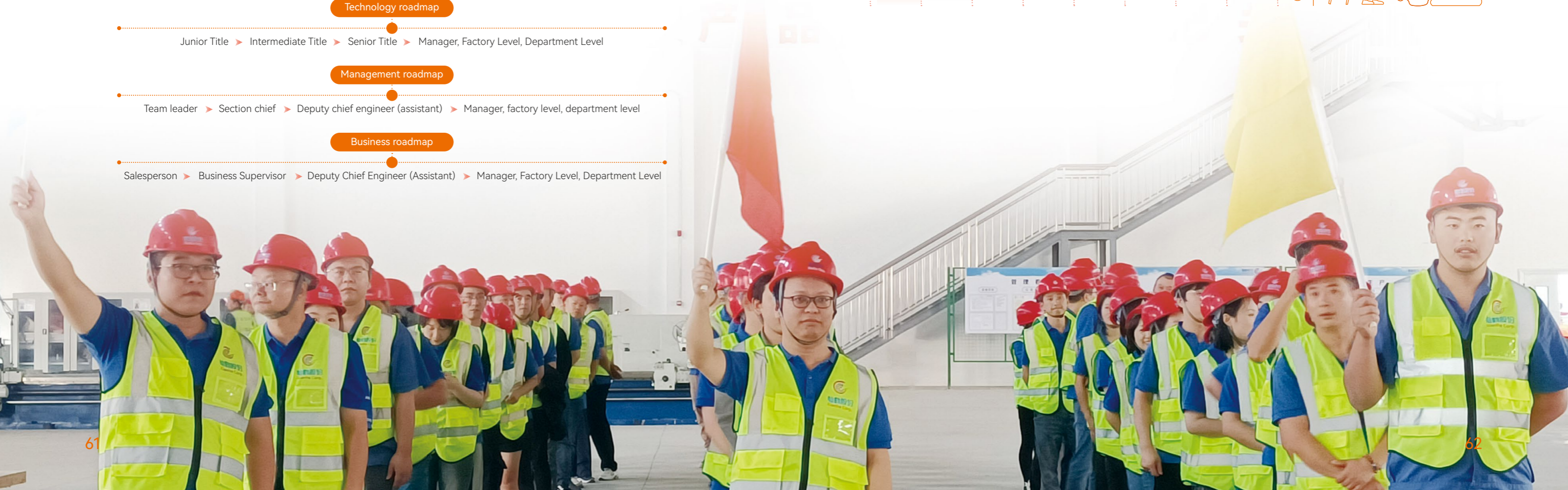
Junior Title > Intermediate Title > Senior Title > Manager, Factory Level, Department Level

Management roadmap

Team leader > Section chief > Deputy chief engineer (assistant) > Manager, factory level, department level

Business roadmap

Salesperson > Business Supervisor > Deputy Chief Engineer (Assistant) > Manager, Factory Level, Department Level



Staff Training

The Company adheres to the employment philosophy of "recruiting talents, maximizing their potential, and fully utilizing their abilities". With the support of the management team, the Company provides various training programs, including theoretical training, mentoring, skill competitions, re-education, and external visits and learning. These training programs are tailored to suit different employees, such as new hires, existing staff, and management personnel. In conjunction with an independent evaluation system, the Company aims to provide employees with suitable positions and strives to create a high-quality platform for self-value realization.

Recruiting talented individuals

- The Company hires outstanding talents through two methods: internal recruitment and external recruitment.
- Newly recruited employees are required to participate in pre-service training, after which they will be assessed and the last places will be eliminated.

Make the best use of talents

- We organize staff skills competitions to select skilled technicians and outstanding technical individuals and promote personal growth through healthy competition among employees.
- According to the needs of the positions, the company organizes professional skills and theoretical knowledge training to help employees improve their employment skills.
- We adopt a "one-on-one" mentorship approach to enhance skills and professional qualities through guiding, teaching, and supporting.
- Employees shall possess professional technical capabilities and the ability to innovate independently. Besides, they shall be able to cultivate or apply for professional technical talent.
- Regular arrangements are made for senior and middle-level cadres to visit various regions for study and learning, to grasp advanced management concepts and experiences. In 2023, the Company arranged for executives and senior leaders to attend 66 external trainings and participate in 31 external conferences.

Make the best use of one's talents

- For the training of university students, the method of rotating and then fixing posts is adopted. The rotating personnel are fixed and graded according to their personal development intention, job matching degree, and job vacancies, to make the best use of their talents.
- We carry out self-evaluation in an organized manner, taking into account the actual production situation of the Company. The self-evaluation focuses on assessing the professional abilities, job performance, professional ethics, and craftsmanship spirit of employees in different occupations and levels. We aim to identify the employees' skills and specialties and place them in suitable positions.



New Employee Orientation Training



Sales Skills Training



Customer Service Training



Management System Training

Employee Health and Safety

The Company strictly complies with the requirements of national laws and regulations, continuously improving its occupational health and safety management system. It has been certified by GB/T 45001-2020/ISO 45001:2018. According to the requirements of the occupational health and safety management system and the user guide, we have set up the Production Safety Committee, improved the production safety management organization, formulated the production safety management system and operating procedures, investigated and managed hidden dangers and monitor major sources of danger, and established a preventive mechanism; we carry out a various safety education to enhance the awareness of employees of production safety and to consolidate the foundation of production safety.



The Company has obtained the Occupational Health and Safety Management System Certification (conforming to the GB/T 45001-2020/ISO 45001:2018 standards)



Security System Construction

The Company has developed safety production-related management systems, such as the "Occupational Health and Safety Hazard Identification and Risk Assessment Procedures", "Occupational Health and Safety Operation Control Procedures", and "Labor Protection and Protective Equipment Control Procedures", under current legal regulations and the actual situation of the Company. These management systems cover aspects such as risk control, operation control, labor protection and protective equipment control, hazardous chemicals control, emergency preparation and response control, etc. They regulate all aspects related to safety production and ensure that safety production is carried out in accordance with regulations and detailed implementation.

Security Risk Control

The Company has established a safety risk defense mechanism that covers safety risk identification, safety production inspections, safety production operating procedures, employee health checks, etc., to ensure effective prevention and control of production risks. Specifically, it includes identifying occupational hazards through HSE inspections, occupational pathology investigations, and occupational hazard pre-evaluation; using MES qualitative evaluation methods to assess the risks of working conditions; designating the 16th day of each month as "Safety Inspection Day" to carry out on-site safety inspections; regularly convening safety production analysis meetings to review and reflect on safety work; adhering to the "Five Simultaneous Principles" of safety production; organizing regular health examinations for all employees and inviting doctors to conduct free blood pressure and other health checks in the accommodation area, etc.



Safety Production and Operation Monthly Meeting



Safety Inspection Site

Safety Education

The Company attaches great importance to improving employees' safety awareness and actively conducts safety education and drills. New employees are required to undergo factory safety education, general safety education, and on-site education for their specific positions. The Company holds monthly safety meetings and conducts safety education for employees in each department. The sections and work teams conduct safety education activities during their weekly meetings to enhance employees' alertness to safety production. The Company organizes annual activities such as fire drills, confined space operation drills, and safety knowledge competitions to promote a deep understanding of safety production among the employees.



Fire Safety Training



First Aid Training



Safety Drill

Key Performance 

Investment in safety training/ education

24.6 RMB 10,000

Total number of participants in safety production training

5,614 Person-times

Average duration of safety production training for employees

12 Hours

Safety production training coverage

100%

Safety emergency drills

6 Times

Total number of participants in the safety emergency drill

4,600 Person-times

Number of working days lost due to work-related injury

100 Days

Total number of recorded accidents

3 Times

Number of work-related fatalities

0 Person



Public Welfare and Philanthropy

Xianhe closely links corporate development with community building, and upholds the value of "creating wealth and serving the community". It is committed to becoming a respected enterprise. The Company actively responds to the national strategy of rural revitalization and participates in public welfare undertakings. Through public welfare donations and the development of rural industries, it supports the construction of rural areas and a better society.



Charitable donations

Rural development

Zhejiang Zhefeng New Materials Co., Ltd.

Targeted donation to Pingwu County for East-West Collaboration and Pairing Assistance

100,000 RMB

Henan Xianhe Special Pulp and Paper Co., Ltd.

Support for the opening ceremony of Cultural Square in Dongwangying Village

10,000 RMB

Xianhe Co., Ltd.

Donation to the Amity Foundation

80,000 RMB



Educational donations

Henan Xianhe Special Pulp and Paper Co., Ltd.

Student aids

142,000 RMB

Henan Xianhe Special Pulp and Paper Co., Ltd.

School visits on Teacher's Day (6 schools)

18,000 RMB

Xianhe Co., Ltd.

Wang Bendao Scholarship

80,000 RMB



Charitable Funds

Xianhe Co., Ltd.

Donated to Quzhou Charity Federation

1,000,000 RMB

Henan Xianhe Special Pulp and Paper Co., Ltd.

Donated to the Neixiang County Charity Federation

408,500 RMB

Rural Revitalization

The Company's wholly-owned subsidiary, Henan Xianhe, has extended its industrial chain based on production and operation characteristics. It relocates some of the product processing stages to rural areas, relaxes employment conditions, provides favorable treatment for rural employees, and sets flexible working hours. Meanwhile, efforts have been made to enhance skills training, enabling a large number of rural migrant workers to acquire employable skills, ensuring the quality of products, and promoting the simultaneous development of enterprises. This approach has paved the way for absorbing more migrant workers and addressing the social issue of rural employment. Henan Xianhe has built a total of 31 fixed rural production workshops.



06 Governance: Pragmatic Implementation Lays A Solid Foundation

Xianhe is committed to establishing a standardized and well-operated governance system, with scientific management and a culture of integrity and transparency, to create a positive business environment. By establishing a sound governance structure, improving the compliance management system, and promoting a corporate culture featured with integrity, we aim to strengthen the foundation of governance and ensure the long-term healthy development of the enterprise.

69	72	75	78
Corporate Governance	Compliance Operation	Business Ethics	Risk Management

Corporate Governance

A scientifically standardized corporate governance system is an important foundation for enhancing the overall value of a company. Xianhe continues to improve its corporate governance structure, optimize and improve governance systems, attach importance to investor rights protection, and effectively enhance standardized operations.

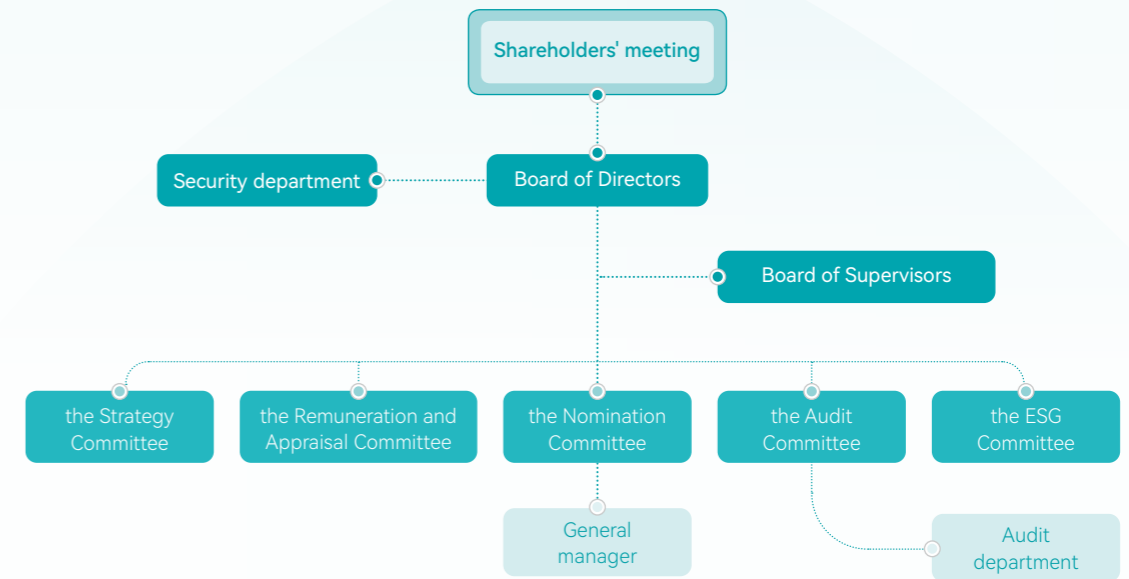
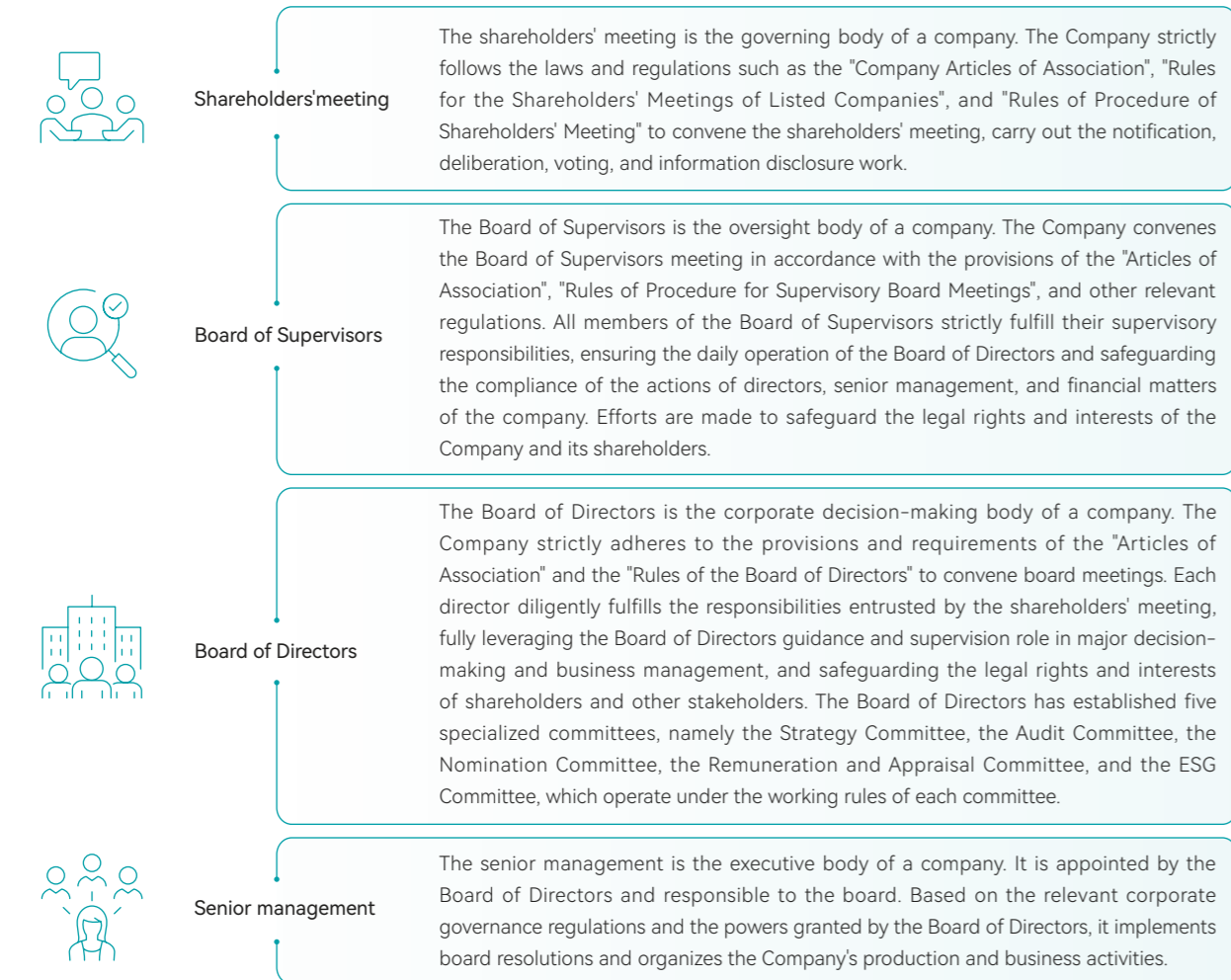
Governance Architecture

Xianhe strictly adheres to the requirements of the "Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "Code of Corporate Governance of Listed Companies", and the "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", as well as regulatory documents issued by the China Securities Regulatory Commission and the Shanghai Stock Exchange. The Company formulates and timely revises various rules and regulations, establishes a sound operating model consisting of shareholders' meetings, Board of Directors, Board of Supervisors, and management, continuously improves the corporate governance structure, regulates corporate operations, and enhances the level of corporate governance.

System Revision

In 2023, the Company revised and reviewed multiple governance systems, including but not limited to the "Articles of Association", "Regulations on Audit Committee", "Regulations on Independent Directors", "Regulations on Remuneration and Evaluation Committee", and "Regulations on Nomination Committee". These governance systems are aimed at further strengthening the Company's governance structure and helping the Company adapt flexibly to the constantly changing internal and external environment.

The governance structure of "Shareholders' meeting, Board of Directors, Board of Supervisors and Senior management"



Holding of the Three Meetings in 2023 and Composition of the Board of Directors

Key Performance

Number of board meetings	Number of supervisory board meetings	Number of shareholder's meetings	Number of meetings convened by the Board of Directors' Strategic Committee
8 Times	6 Times	5 Times	1 Time
Number of meetings convened by the Board of Directors' Nomination Committee	Number of meetings convened by the Board of Directors' Remuneration and Evaluation Committee	Number of meetings convened by the Board of Directors' Audit Committee	Number of meetings convened by the Board of Directors' ESG Committee
1 Time	1 Time	5 Times	1 Time
Number of directors	Number of female directors	Number of independent directors	
7 Person	1 Person	3 Person	

Investor Relation Management

The Company attaches great importance to the protection of investors' rights and strictly adheres to the regulations of regulatory agencies and the requirements of the "Articles of Association". It communicates Company operational information to investors truthfully and comprehensively through methods such as conducting performance briefings, publishing regular and interim reports, organizing and receiving institutional investor research, and utilizing the "SSE E-interactive" network platform, hotline telephone, and email. This effectively safeguards the legitimate rights and interests of all shareholders.

During the reporting period, the Company actively organized the annual performance briefing for 2022, the semi-annual performance briefing for 2023, and the third-quarter performance briefing for 2023, to facilitate timely and effective communication with investors.

Key Performance

Number of performance briefings 3 Times	Q&A response rate on the interactive platform 100%	Number of responses to investor inquiries on the interactive platform 29 Times	Number of announcements of research status of reception organizations 4 Pieces
Total number of announcements disclosed through the designated information disclosure channel 155 Pieces	Host the themed event focused on lawfulness and compliance 322 Times	Employee participation in legal and compliance training 2,523 Person-time	Number of internal special audit projects 12 Times
Number of training on internal control 1 Time	Number of projects that undergo third-party audits 16 Times		



Compliance Operation

The Company adheres to the business philosophy of honesty and legality, continuously monitors and improves the corporate compliance and intellectual property management system, integrates compliance concepts into the operation process and employees' daily work, and creates an environment of integrity, efficiency, and stability.

Compliance Management

The Company strictly insists on the "Internal Audit Management System", the "Internal Accounting Control Regulations" and other systems and regulatory requirements. It continuously improves compliance and internal control management mechanisms to ensure the effectiveness of the internal control management system. To further promote refined management, the Company has established 47 internal control procedures, which specify the responsible departments, management requirements, and execution specifications of various operational activities, providing a solid guarantee for the Company's stable operation.

Compliance and Internal Control Management Process



Compliance training

To improve the management level and enhance employee compliance awareness, the Company organizes training activities on civil code, sales contracts, and other relevant laws and regulations, covering the Company's management and relevant departments.

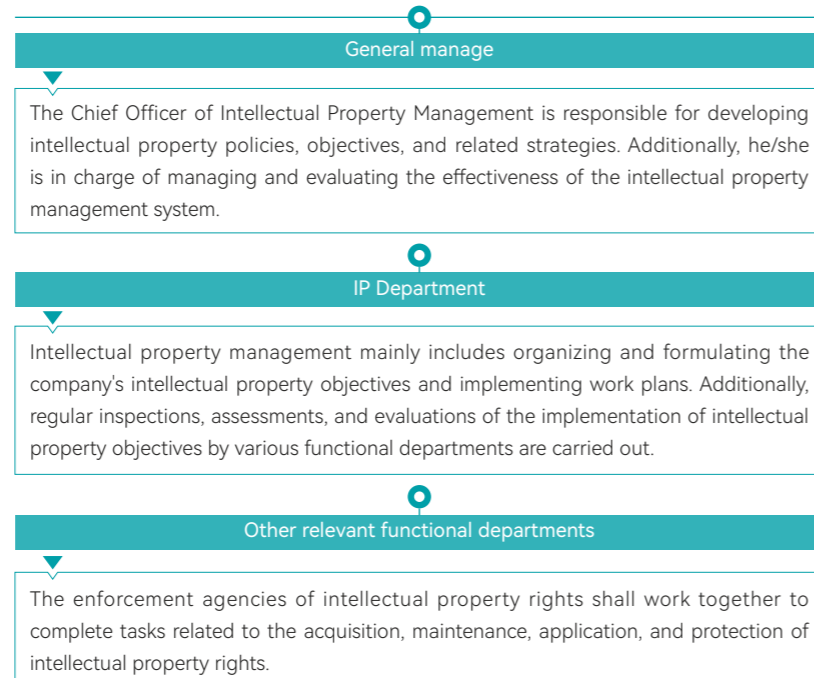


Training Site of the Civil Code Training

Intellectual Property Management

The Company always highly respects intellectual property rights, and regards "innovative development, protection of intellectual property rights, enhancement of core competitiveness" as its development policy. We adhere to the basic principles of "complying with relevant national intellectual property laws and regulations, respecting the intellectual property rights of others, ensuring the right of inventors to be credited, and effectively safeguarding our intellectual property." We have established a knowledge management structure and system that covers from the general manager to functional departments, to systematize and standardize the management of intellectual property risks and improve the efficiency of intellectual property management. Meanwhile, we actively participate in external intellectual property-related training, promote the value realization of innovation achievements, and promote the healthy development of the overall industry.

Management architecture



Institutional system

The Company has developed a series of intellectual property management regulations, including the "General Principles of Intellectual Property Management", "Patent Management Regulations", "Trademark Management Regulations", "Software Copyright Management Regulations", and "Intellectual Property Rewards and Penalties System", etc. These regulations establish a comprehensive intellectual property management system, which not only ensures the Company's technical and brand advantages but also helps the Company gain a unique competitive edge in the market, laying a solid foundation for its ongoing development and position in the industry.

External training

Training events	Participants	Organized by
Quzhou "April 26" Intellectual Property Rights Promotion Week Launch Ceremony and Intellectual Property Summit Forum Activities	Director of General Manager's Office	Office of Quzhou Municipal People's Government
Lecture on Intellectual Property Protection Practice	Department of Production and Technology	Quzhou Market Supervision Administration
Conference on Intellectual Property Rights	Department of Production and Technology	Quzhou Market Supervision Administration
Conference on the Criminal Protection of Intellectual Property	Deputy General Manager and Director of General Manager's Office	Zhejiang Provincial Public Security Bureau
Conference on Citywide Intellectual Property Protection Program	Chief Engineer and Minister of Investment and Development Department	Quzhou Market Supervision Administration

Information Disclosure

The Company has established a dedicated department and allocated professional personnel under the provisions of the "Rules Governing the Listing of Stocks on the Shanghai Stock Exchange". It designates the "Shanghai Securities News" as the media for the Company's public information disclosure, to effectively fulfill the obligation of information disclosure. The Company strictly follows the requirements of the "Working Rules for Information Disclosure". It has established, and discloses relevant information based on the principles of truthfulness, accuracy, completeness, and timeliness, to ensure that all shareholders have equal opportunities to access information.

Business Ethics

Since its establishment, the Company has regarded the culture of integrity as its top priority in operations and development, with a long-term belief in "building the organizational integrity with the highest professional ethics." We fully implement the anti-corruption philosophy, establish a comprehensive integrity management system covering all employees, and promote the in-depth development of a corporate culture of integrity through diverse integrity management measures. While encouraging employees to proactively report any suspected illegal or unethical behavior, it is essential to firmly protect the legal rights and interests of whistleblowers and prevent any form of retaliatory action.

Clean Government Management

The Company has formulated a series of regulatory documents, including the "Code of Business Ethics," "Integrity Management System," "Integrity and Control System," "Integrity Supervision System," and "Anti-Corruption and Gift Management System." It is committed to creating a standardized and rule-based business environment. It aims to establish a comprehensive system for all employees to participate in the construction and management of integrity, covering all levels from the Board of Directors to all staff members. This is done to ensure the effective implementation of integrity management and supervision. Additionally, a series of management measures, such as raising awareness, are taken to promote the construction of a clean and honest corporate culture.

Enhancing the awareness of primary responsibility

The Chairman of the Company signs and issues the "Declaration of Integrity" and posts it at various locations such as the company gate, workshop, and office building to enhance awareness of integrity.



Highlighting the exemplary role of management

We have introduced the "List of 20 Positive and Negative Aspects of a New Type of Clean and Honest Government-Business Relationship" and signed the "Integrity Commitment Letter" with the main cadres at all levels, strengthening the role of cadres in setting an example.



Improving internal constraint mechanism

We include employees' integrity as a basis for annual performance evaluations, to achieve a deep integration of integrity and personal interests.



Enhancing integrity consciousness comprehensively

We incorporate the regulations on integrity management into the training program for new employees, provide them with a clean and honest package, and regularly carry out advocacy activities for all newly hired personnel. The Company regularly organizes integrity education activities for all employees, including special events such as "Integrity 15 minutes" and "Integrity Education Week," aiming to continuously enhance employees' awareness of the rule of law and compliance.



Creating a clean and honest work environment

Based on the theme of integrity education, we have established a "Five-Ones" stronghold, which includes a bar, a pavilion, a wall, a corridor, and a training room with the theme of integrity, to create an atmosphere of integrity culture.



Creating a supply chain featured with integrity from upstream to downstream

We have specified the "Supplier Integrity Agreement" in procurement and sales contracts to guide upstream and downstream partners to comply with the Company's integrity requirements.



Integrity Corridor in the Company's campus

Key Performance

Number of training on anti-corruption and integrity

42 Times

Number of employees participating in training on anti-corruption and integrity

2,800 Person-time

Proportion of senior staff receiving training on anti-corruption/integrity (%)



Proportion of mid-level staff receiving training on anti-corruption/integrity (%)



Proportion of ordinary staff receiving training on anti-corruption/integrity (%)



Proportion of board members receiving training on anti-corruption/integrity (%)



Lawsuits related to corruption involving the Company or its employees

0 Piece

Total number of complaints and reports received

0 Piece

Total number of complaints and reports processed

0 Piece

Protection for Whistleblowers

We have established a comprehensive whistleblower system, encouraging employees to report any illegal or unethical behavior that violates our business ethics policies to their supervisors or the General Affairs Department. In addition to internal employees, external stakeholders are also encouraged to report suspected violations.



General Manager's Office Suggestion Box in the OA System

To protect the legal rights and interests of whistleblowers, the Company has established the "Code of Business Ethics of Xianhe", which strictly prohibits any form of retaliation against whistleblowers. Any violation will result in the accountability of the relevant individuals and their superiors. For actions that seriously endanger the rights and interests of whistleblowers, they will be promptly reported to judicial authorities and criminally prosecuted in accordance with the law. Meanwhile, we require employees to sign an informed consent statement to ensure that they fully understand the Company's regulations regarding reporting violations and prohibiting retaliation, further emphasizing their commitment to safeguard the rights of all employees to report freely within the Company.

Risk Management

We focus on risk prevention and management, establish a sound risk management framework, standardize risk response and opportunity control procedures, effectively protect the interests of shareholders and other stakeholders, and safeguard the Company's sustainable development.

Risk Management Structure

We have established a three-tier risk management framework consisting of the "Board of Directors, Risk Management Committee (accountability unit), Audit Department (professional department)", with a commitment to comprehensive risk control. The Company has established the "Control Procedures for Responding to Risks and Opportunities", which specifies operational requirements including risk response measures, risk avoidance, risk mitigation, and risk acceptance to effectively control various types of risks.

Risk identification and response

The Company has formulated the "Financial Risk Control Management System" and a dedicated risk management department conducts periodic evaluations based on the principles of comprehensiveness, importance, balancing, adaptability, and cost-effectiveness. Meanwhile, the department establishes a financial risk management early warning system, ensuring the stability of the Company's financial operations through timely risk prevention and mitigation.



The Company's dedicated legal personnel are responsible for managing legal risks by conducting compliance checks, issuing risk assessment reports, providing professional references for decision-making, and mitigating legal risks.

We organize sales personnel to conduct training on contract law, risk control, and other legal risk prevention, and strengthen the legal risk awareness of relevant departments.



Table of Key Performance

Environmental performance

Indicator	Unit	2021	2022	2023
Water resource utilization				
Water consumption	Ton	17,342,208.28	20,207,564.96	18,307,713.20
Total amount of water recycled and reused	Ton	560,731,401.05	653,377,933.71	591,949,393.47
Proportion of total water recycled and reused to water withdrawal	%	96.37	96.77	97.20
Comprehensive Water consumption per unit of output	Cubic meter/ton of paper	22.32	24.42	17.56
Energy Use				
Natural gas consumption	M3	19,861,909.57	22,957,532.32	26,331,553.74
Coal consumption	Ton	419,647.28	323,837.89	315,173.72
Steam consumption	Ton	2,056,206.39	2,270,848.40	2,655,563.97
Heat consumption	Ton	1,499,378.77	1,829,916.05	1,762,159.97
Electricity consumption	kWh	776,759,960.50	867,047,127.01	973,297,796.52
Total solar power generation	kWh	11,763,740.00	13,243,472.00	18,677,832.00
Self-sufficiency rate of electricity	%	35.69	33.06	24.27
Proportion of electricity in energy consumption	%	64.31	66.94	75.73
Renewable energy usage	kWh	11,763,740.00	13,243,472.00	18,677,832.00
Proportion of renewable energy usage	%	1.51	1.53	1.92
Comprehensive energy consumption expenditure	Ton of standard coal	428,704.41	460,677.82	469,678.20
Comprehensive energy density	Ton of standard coal/ton of paper	1.93	1.98	1.59
Investment in energy-saving and consumption-reducing technologies	RMB 10,000	2,490.00	1,819.79	1,048.88
Emissions				
General waste emission density	Gram/ton of paper	0.099	0.095	0.100
Dangerous waste emission density	Gram/ton of paper	71.80	46.47	34.99
Solid waste emission	Ton	95,635.78	81,297.68	81,604.12
Reuse rate of solid waste	%	66.48	65.40	78.00
Sulfide emission	Ton	0.980	0.013	0.370
Average emission intensity of sulfides in the past three years	Gram/ton of paper	1.15	0.86	0.94

Indicator	Unit	2021	2022	2023
NOx emission	Ton	160.65	96.98	114.13
Average emission intensity of NOx in the past three years	Ton/ton of paper	61.97	64.81	69.01
Particulate matter emission	Ton	21.69	7.65	8.17
Wastewater (process water)	Ton	10,471,573.00	10,944,878.00	12,171,885.00
Wastewater (process water) density	Ton/ton of paper	66.34	69.76	46.02
Chemical oxygen demand (COD)	Ton	461.96	416.12	487.10
Chemical oxygen demand (COD) density	Gram/ton of paper	562.21	583.93	598.33
Biochemical oxygen demand (BOD)	Ton	42.52	39.95	31.23
Biochemical oxygen demand (BOD) density	Gram/ton of paper	159.77	140.29	98.49
Scope 1: Carbon Dioxide Emissions	Ton of CO2 equivalent	761,316.36	335,018.45	227,142.90
Scope 1: Carbon Dioxide Emission Intensity	Ton of CO2 equivalent/ton of paper	3.59	2.12	1.18
Scope 2: Carbon Dioxide Emissions	Ton of CO2 equivalent	608,818.16	762,723.69	870,016.38
Scope 2: Carbon Dioxide Emission Intensity	Ton of CO2 equivalent/ton of paper	9.50	9.14	9.77
Environment Management				
Environmental protection investment	RMB 10,000	3,198.71	3,470.37	36,166.22
The annual special meeting(s) on environmental protection and energy conservation	Time	12	12	12
The emergency response plan(s) formulated by the subordinate of the Company and filed with the environmental protection department	Piece	7	7	7
Number of training on environmental protection	Time	20	23	25
Total number of participants in environmental training	Person-time	3,552	3,930	4,350
The coverage ratio of environmental protection training for employees	%	83.75	85.00	85.82
Annual emergency drill(s) for unexpected environmental incidents	Time	3	3	3
Environmental penalty incidents and amounts resulting from excessive pollutant emissions or violations	RMB 10,000	0	0	0
Number of unexpected environmental incidents	Piece	0	0	0

Social Performance

Indicator	Unit	2021	2022	2023
Employee Composition				
Total number of employees	Person	3,883	4,161	5,069
Number of male employees	Person	2,900	3,166	3,921
Number of female employees	Person	983	995	1,148

*To facilitate analysis by stakeholders, we have adjusted the statistical method for the environmental protection investment indicators to an annual basis and recalculated the data for 2021 and 2022. As a result, the figures for 2021 and 2022 in this table differ from those previously disclosed in the sustainability report.

Indicator	Unit	2021	2022	2023
By age				
Below 25 years old	Person	536	515	920
25 to 55 years old	Person	2,986	3,487	3,991
Above 55 years old	Person	361	159	158
By education background				
Master's degree and above	Person	3	3	5
Bachelor's degree	Person	140	164	268
Junior college	Person	442	546	926
Technical secondary school and senior high school	Person	1,809	1,951	2,288
Junior high school and below	Person	1,489	1,497	1,582
By job type				
Production personnel	Person	3,266	3,498	4,369
Salesman	Person	95	95	94
Technician	Person	260	269	272
Financial personnel	Person	22	21	23
Administrative personnel	Person	79	91	97
Procurement personnel	Person	29	30	40
Others	Person	132	157	174
Employee turnover				
Total employee turnover	%	10.45	10.78	10.19
Male employee turnover	%	11.31	11.71	11.25
Female employee turnover	%	7.79	7.70	6.36
By age				
Turnover of employees below 25 years old	%	22.21	25.90	19.58
Turnover of employees aged 25 to 55	%	8.88	8.19	7.53
Turnover of employees above 55 years old	%	2.43	7.02	14.13
By education background				
Turnover of those who have obtained a Master's degree and above	%	0	0	0
Turnover of those who have obtained a Bachelor's degree	%	8.50	11.83	7.90
Turnover of those who graduated from junior colleges	%	11.78	10.05	8.68
Turnover of those who graduated from technical secondary schools and senior high schools	%	7.94	7.97	6.23
Turnover of those who graduated from junior high schools and below	%	13.13	14.36	16.47

Indicator	Unit	2021	2022	2023
By job type				
Turnover of production staff	%	11.61	12.15	11.07
Salesman turnover	%	6.86	2.06	3.09
Technician turnover	%	1.52	3.58	2.88
Financial staff turnover	%	12.00	8.70	0.00
Administrative personnel turnover	%	3.66	3.19	3.00
Procurement personnel turnover	%	6.45	0.00	0.00
Other turnover	%	3.65	15.72	8.90
Employee Training and Development				
Number of employees receiving training	Person-time	15,705	15,534	20,000
Number of male employees receiving training	Person-time	12,204	10,000	15,470
Number of female employees receiving training	Person-time	3,501	5,534	4,530
Average training time per employee	Hour	24	26	32
Labor Union				
Number of representative conferences or other democratic communication meetings	Time	1	1	2
Employee participation rate	%	100	100	100
Collective agreement coverage rate	%	100	100	100
The labor union receives employee proposals/suggestions	Item/piece	3	15	15
Implementation of employee proposals/suggestions by the labor union	Item/piece	3	15	15
Number of strikes in the past three years	Piece	0	0	0
Occupational Health and Safety				
Investment in safety training/education	RMB 10,000	212.26	22.50	24.60
Total number of participants in safety production training	Person-time	4,000	5,602	5,614
Average duration of safety production training for employees	Hour	3	12	12
Safety production training coverage	%	100	100	100
Safety emergency drills	Time	3	6	6
Total number of participants in the safety emergency drill	Person-time	3,000	4,512	4,600
Number of working days lost due to work-related injury	Day	170	122	100
Total number of recorded accidents	Time	0	0	3
Number of work-related fatalities	Person	0	0	0
Proportion of number of work-related fatalities	%	0	0	0
Investment in occupational health and safety	RMB 10,000	93.93	128.70	97.60
To ensure the safe distribution of performance bonuses	RMB 10,000	37.50	45.60	55.40
Number of training on occupational safety	Time	56	65	51
Employee health examination coverage	%	100	100	100

Indicator	Unit	2021	2022	2023
Supply chain management				
Number of wood pulp suppliers (Chinese Mainland)	numbers	2	8	8
Number of wood pulp suppliers (Outside Chinese Mainland)	numbers	10	34	34
Total purchases of wood fiber	Ten thousand tons	33.70	40.07	65.00
Proportion of wood fiber raw materials purchased from third-party certified forests	%	90	100	100
Number of suppliers audited by the Company during the reporting period	numbers	6	4	7
Number of suppliers whose cooperation has been suspended due to non-compliance	numbers	0	0	0
Number of potential suppliers rejected due to non-compliance	numbers	0	0	0
Product quality				
Number of copies of client satisfaction survey forms distributed	Copy	100	100	300
Number of valid client satisfaction survey forms collected	Copy	76	84	280
Percentage of products sold or shipped but recalled due to safety and quality reasons	%	0.59	0.36	0.40
Product conformity rate	%	98.80	98.87	99.12
Total average score of client satisfaction	Point	90.99	91.31	91.35
Handling rate of client complaints	%	100	100	100
Innovation and R&D				
R&D investment	RMB 10,000	15,809.38	10,401.68	11,289.23
R&D personnel	Person	260	269	270
Proportion of R&D personnel	%	6.70	6.46	5.33
Percentage increase in R&D investment of the Company compared to the previous year	%	20.89	-34.21	8.53
Annual number of invention patents obtained by the Company	numbers	0	18	2
Annual number of invention patents declared by the Company	numbers	15	20	25
Cumulative number of invention patents owned by the Company	numbers	32	50	52
Annual number of utility model patents obtained by the Company	numbers	10	12	7
Annual number of utility model patents declared by the Company	numbers	12	25	20
Cumulative number of utility model patents owned by the Company	numbers	78	90	85
Cumulative number of national standards obtained by the Company	numbers	5	6	6
Cumulative number of industry standards obtained by the Company	numbers	2	2	2
Cumulative number of Zhejiang manufacturing standards obtained by the Company	numbers	6	6	7
Public Welfare and Philanthropy				
Investment in public welfare and philanthropy	RMB 10,000	66.05	434.00	183.85

Governance Performance

Indicator	Unit	2021	2022	2023
Corporate Governance				
Number of board meetings	Time	8	11	8
Number of supervisory board meetings	Time	7	8	6
Number of shareholder's meeting	Time	2	5	5
Number of meetings convened by the Board of Directors' Strategic Committee	Time	2	2	1
Number of meetings convened by the Board of Directors' Nomination Committee	Time	1	3	1
Number of meetings convened by the Board of Directors' Remuneration and Evaluation Committee	Time	1	1	1
Number of meetings convened by the Board of Directors' Audit Committee	Time	4	3	5
Number of meetings convened by the Board of Directors' ESG Committee *	Time	---	0	1
Number of directors	person	7	7	7
Number of independent directors	person	3	3	3
Number of female directors	person	1	1	1
Number of performance briefings	Time	2	3	3
Q&A response rate on the interactive platform	%	100	100	100
Number of responses to investor inquiries on the interactive platform	Time	88	45	29
Number of announcements of research status of reception organizations	Piece	15	8	4
Total number of announcements disclosed through the designated information disclosure channel	Piece	115	141	155
Compliance Operation				
Number of training on anti-corruption and integrity	Time	22	39	42
Number of employees participating in training on anti-corruption and integrity	Person-time	1,800	2,536	2,800
Proportion of senior staff receiving training on anti-corruption/integrity	%	96.20	96.70	96.91
Proportion of mid-level staff receiving training on anti-corruption/integrity	%	90.39	91.57	94.32
Proportion of ordinary staff receiving training on anti-corruption/integrity	%	90.85	92.17	94.26
Proportion of board members receiving training on anti-corruption/integrity	%	57.14	57.14	57.14
Host the themed event focused on lawfulness and compliance	Time	280	319	322
Employee participation in legal and compliance training	Person-time	2,088	2,317	2,523
Number of internal special audit projects	Time	12	12	12
Number of training on internal control	Time	1	1	1
Number of projects that undergo third-party audits	Time	11	9	16
Lawsuits related to corruption involving the Company or its employees	Piece	0	0	0
Total number of complaints and reports on corruption received	Piece	0	0	0
Total number of complaints and reports on corruption handled	Piece	0	0	0

*ESG Committee was established in June 2022

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Reporting Framework	GRI Standards	SASB
About the Report	GRI 2-2: Entities included in the organization's sustainability reporting GRI 2-3: Reporting period, frequency and contact point	
Message from the Chairman	GRI 2-22: Statement on sustainable development strategy	
About Us	GRI 2-1: Organizational details GRI 2-6: Activities, value chain and business relationships	
Sustainable Development Management	GRI 2-12: Role of the highest governance body in overseeing the management of impacts GRI 2-13: Delegation of responsibility for managing impacts GRI 2-14: Role of the highest governance body in sustainability reporting GRI 2-22: Statement on sustainable development strategy GRI 2-29: Approach to stakeholder engagement GRI 3-1: Process to determine material topics GRI 3-2: List of material topics GRI 3-3: Management of material topics	
Environment: Green Development and Low-carbon Transformation		
Environment Management		
Tackling Climate Change	GRI 302-1: Energy consumption within the organization GRI 302-2: Energy consumption outside of the organization GRI 302-3: Energy intensity GRI 302-4: Reduction of energy consumption GRI 305-1: Direct (Scope 1) GHG Emissions GRI 305-2: Energy Indirect (Scope 2) GHG Emissions GRI 305-3: Other indirect (Scope 3) GHG Emissions GRI 305-4: GHG Emissions Intensity GRI 305-5: Reduction of GHG emissions	RR-PP-110a.1 RR-PP-130a.1

Reporting Framework	GRI Standards	SASB
Water Resource Management	GRI 303-1: Interactions with water as a shared resource GRI 303-2: Management of water discharge-related impacts GRI 303-3: Water withdrawal GRI 303-4: Water Discharge	RR-PP-140a.1 RT-CP-140a.1
Pollution Prevention	GRI 305-6: Emissions of ozone-depleting substances (ODS) GRI 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions GRI 306-1: Waste generation and significant waste-related impacts GRI 306-2: Management of significant waste-related impacts GRI 306-3: Waste generated GRI 306-4: Waste diverted from disposal GRI 306-5: Waste directed to disposal	RR-PP-120a.1 RT-CP-120a.1 RT-CP-150a.1
Biodiversity	GRI 101-4: Identification of biodiversity impacts GRI 101-5: Locations with biodiversity impacts	
Product: Quality First & Win-Win Cooperation		
Product Development and Innovation		
Product Quality Management	GRI 416-1: Assessment of the health and safety impacts of product and service categories GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services GRI 417-1: Requirements for product and service information and labeling	RT-CP-250a.1
Construction of A Sustainable Supply Chain	GRI 204-1: Proportion of spending on local suppliers GRI 308-1: New suppliers that were screened using environmental criteria GRI 308-2: Negative environmental impacts in the supply chain and actions taken GRI 414-1: New suppliers that were screened using social criteria GRI 414-2: Negative social impacts in the supply chain and actions taken	RR-PP-430a.1 RR-PP-000.C RT-CP-410a.1 RT-CP-410a.2 RT-CP-430a.1 RT-CP-430a.2
Supporting Industry Development		

Reporting Framework	GRI Standards	SASB
Partnership: : People-oriented, Sharing of Results		
Employee Benefits and Welfare	GRI 2-7: Employees	RT-CP-000.C
	GRI 2-8: Workers who are not employees	
	GRI 2-23: Policy commitments (human rights)	
	GRI 2-30: Collective bargaining agreements	
	GRI 401-1: New employee hires and employee turnover	
	GRI 405-1: Diversity of governance bodies and employees	
	GRI 405-2: Ratio of basic salary and remuneration of women to men	
Employee Growth and Development	GRI 406-1: Incidents of discrimination and corrective actions taken	RT-CP-250a.1
	GRI 404-1: Average hours of training per year per employee	
	GRI 404-2: Programs for upgrading employee skills and transition assistance programs	
	GRI 404-3: Percentage of employees receiving regular performance and career development reviews	
Employee Health and Safety	GRI 403-6: Promotion of worker health	RT-CP-250a.1
	GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	GRI 403-8: Workers covered by an occupational health and safety management system	
	GRI 403-9: Work-related injuries	
Public Welfare and Philanthropy	GRI 403-10: Work-related ill health	
	GRI 203-2: Significant indirect economic impacts	
Governance: Pragmatic Implementation Lays A Solid Foundation		
Corporate Governance	GRI 2-9: Governance structure and composition	
	GRI 2-11: Chair of the highest governance body	
	GRI 2-14: Role of the highest governance body in sustainability reporting	
	GRI 2-16: Communication of critical concerns	
Compliance Operation	GRI 405-1: Diversity of governance bodies and employees	
	GRI 205-1: Operations assessed for risks related to corruption	
	GRI 205-2: Communication and training about anti-corruption policies and procedures	
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Feedback Form

Thank you for reading the "Sustainability Report 2023 of Xianhe Co., Ltd." To provide you and other stakeholders with more valuable information and improve our ability to fulfill social responsibilities and conduct sustainable development management, we sincerely welcome your comments and suggestions on the report.



Please scan the QR Code to fill out the feedback form.